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vidwat

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DHRUVA
defining excellence

VIDWAT (विद्वत) in Sanskrit means: know, understand, find out, learn, ascertain, discover and expound.

"Vidwat – The Indian Journal of Management", published by Dhruva College of Management, Hyderabad, reflects this array of meanings. It is a vehicle for a wide range of researches from across the globe to bring their insights to B-Schools as well as practicing managers.

"Vidwat – The Indian Journal of Management" is a bi-annual publication. Its objective is to encourage and publish applied research in all the functional areas of management. It lays emphasis on management issues that are relevant to academicians and practicing managers.

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Vidwat Speak

Vidwat wishes you, the honored reader, ***"ayu arogya aishwarya ananada"*** in 2015. In my journey over the last eight years I've remained a medium for sharing knowledge and wisdom. This issue Volume VIII - Issue I is no exception.

Managing Editor Speak

*****A day in my life**

Jan 1, 2015

Woke up at 6AM. I see various Gods in my mind's eye. Then the regimen: Tulsi water + a tablet for acidity, tea, oblusions, yoga, shower, internet, phone calls, readying for the day that invariably ends NEXT day.

*Yadgiri brings Shiva and his colleagues of M/s. R H, I get into Innova - a car with bucket seats I could buy after 3 long years of dilly dallying about funds! (I maneuvre into back seat -though Shiva objects, for I consider him -and every visitor as DHRUVA guest). Its a lovely journey with Shiv. Shiv narrates his story-he is from Tirupati, studied in SVU, did masters including LL.B, changed a couple of jobs before settling down @ R H 8 years ago. He likes it so much that he owns up his company-for every syllable he uttered was a buffet of his passion, love, longing, involvement, intent adinfinitum. I only wish every manager/employee is like Shiv.

Few snippets :

SPR: Shiv, what RH does ?

Shiv: It takes care of High Networth Individuals (HNI)' wealth management

SPR: Will you please elaborate

Shiv: We at RH scout for individuals from higher strata, meet with them, understand their earnings / savings / plannings / requirements and advise them an appropriate portfolio. Once, HNI is convinced, we serve him disinterestedly

SPR: Why any body (specially HNIs) should seek third party assistance -if yes, why only RH

Shiv: You're right sir; reason one is that they've neither time nor awareness of multitude of options, second we unlike competitors believe in GLOCAL (Spread a.k.a Global horizon & individualised reach a.k.a Local.)

SPR: Whats the certainty of RH client continuing his association

Shiv: 99% of our clients never disassociate. -for its like a bonding

SPR: What is the annual package you offer to Dhruva graduates PGDM Class of 2015?

Shiv: We're a start up company Sir; we can pay only Rs 3,75,000

Shiv: Sir, I'm changing track; where are you from ?

SPR: I'm an Indian-err!I'm a world citizen!!.

Shiv: I suspected you to be that -for I could gauge your .... (I don't elaborate further, for it connotes self praise!)

SPR: Yes, I'm from a middle class agriculture family in Nalgonda district. Studied 10+2 in a Telugu medium Guv school in my native village Tirumalagiri and later Hanamkonda

Shiv: (indirectly) KCR Vs Naidu a.k.a Telangana Vs A.P

SPR: I'm from Telangana - but I consider all of us are Telugu, nay! Indians, nay, nay!! VASUDHA EKA KUTUMBEEKULAM

Shiv: There is "abhadrata bhav" amongst Andhras

SPR: Its a figment of imagination. We're all sovereign citizens of. India. No body can claim exclusive one-up-manship.For that matter, majority of my colleagues and students are from outside Telangana. Specially, people from Seemandhra feel quite secure @ DHRUVA. No force on earth can shake my resolve in making every body feel "at home" @ DHRUVA.

*We reach DHRUVA campus.

*Breakfast/tablets

Shiv: Breakfast is wonderful/ambience is good/DHRUVA is different

*Class: During lecture I play video "Steve Jobs address at Stanford" and asked students to recap what they heard.

I critique every student's "elevator spiel".I was surprised to see majority speak so well !

*Faculty meeting: As a part of agenda, we always discuss health of individual faculty as well as what one does to keep fit.

*Return journey:

Shiv over took me and occupied Innova back seat ...(Isn't it like a guest playing host in being hospitable !)

After dropping Shiv and his colleague at their office I return home.

*Internet / TV serials / Dinner / Valium (which I've been consuming for sleep since 40 years) / phone calls etc

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“I am glad to have met Dr. S. Pratap Reddy - a down to earth and Straight forward person”.

I always look forward to your benevolent guidance
---Shiv's mail Jan 1, 2015

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* To bed; 1AM **Jan 2, 2015**

Op-Ed

THE EVOLVING DOMAIN OF DATA SCIENCE

Prof Kamakshaiah Musunuru, Associate Prof., Editor Vidwat, Dhruva College of Management

Data scientist - who?

A new title - yet attached with huge importance in the business domain! "The job of data scientist didn't exist five or 10 years ago," says Duncan Ross, director of data science at Teradata. Davenport and Patil predicted that the role of data scientist is going to be critical for business success. They in fact, mentioned that data scientist is the sexiest job of the century. But *Sean Kandel's* article in the same journal appears to have a very shrewd approach to this observation. Kandel's argument gets one to ground realities. He, in fact, asserts that the data is growing in leaps and bounds, but the role of the data scientist is not clear as to what is expected of him. In most of the organizations, it is just collecting, storing, disseminating - where as the reality is different.

Critics suspect whether the value of data can ever be realized-in the sense is it possible at all! There must be sufficient mechanisms for extracting meaning, understanding the same and using it strategically to engender business value. There are skeptics who rebuke the importance of data for effective decision making and value creation.

Data analytics is often heard across several functions in business organizations whereas the other side there is individuals working on core aspects of this field who label themselves with domain specific names. It is also not uncommon to state that certain titles like "data scientist", "data engineer" were new roles of the century. Edala, S., a data scientist at Manta.com mentions that the data scientist should have the ability to access and analyze endless sources of data which rampant at different places. He also worry that the data is growing in leaps and bounds so much so that there is approximately 2.5 quintillion bytes of data every day.

Big data: is it a big revolution?

Companies are increasingly worried about managing deluging data. Managing velocity, volume of this ever growing data happened to be one of the difficult tasks to business managers. Moreover, the data is not unique but has to be organized in assortments. So there came a new problem came to be known as “variety”. These three characteristics (velocity, volume and variety) given rise to a new trend known as “big data”. For instance, Wal-Mart database contains over 2.5 petabytes of data streaming every 1 million transactions per hour from its retailers. YouTube analyze 48 hours of video uploaded to its website every minute. Companies like Google, Facebook, Twitter and a couple of other started worrying about increasing volumes of data most of which is redundant. These companies had to find an operable solution so that data is distributed across networks rather than in computers. Due to this very fact, distributed computing and parallel processing came to limelight that was forgotten for quite some time. In fact, when Google published two papers on “distributed file systems” and “MapReduce” in 2003, two other engineers in the same company had to build up a new platform which later came to be known as Hadoop. One of the chief engineers called Cutting did it so wonderfully by doing it in open source way. Hadoop, had it not been a community project, it would have been just like any other proprietary software.

Social Networking: Will it redefine data science?

As Amod Malviya said, "data is a largest asset that is often not used to its full potential in most organizations. There is a huge amount of technology investments that we can make in this area." While there is nothing wrong about it, but those investments must be able to ensure economic growth in general and business growth in particular.

The rising importance of social networking necessitated data analytics and its associated technologies to tackle exploding data. Companies are in search of fortunes while societies are busy in networking. Social networking arena evolved as a new platform for data analytics. Company's use social networking for communications, while public is crazy in sharing data. Facebook alone has to manage approximately 600 TB of streaming data every day. Now the company is trying to scale up to 300 PB.

There is a special section of data analysts working on these platforms. There are free as well as proprietary solutions to work upon social network data. SAS provides solutions to extract and understand social media data but doing it is not so cheap. There are certain reliable free and open source alternatives which not only appear as handsome as proprietary tools but also more efficient.

The rising communities and trembling companies!

In fact, not talking about community interventions is almost a sin while we deal with data analytics. There are huge amounts of transformation in the industry as far as data analytics can lay its hands on. We are living in almost revolutionary times and astonishingly much more yet to take place. When John M. Chambers invented S at AT&T bell laboratory in 1976, he must have not thought about his invention that changed the entire landscape of data analytics. He along with a couple of other software wizards laid foundation for such a mammoth happening and now it is almost a history. S failed miserably due to infancy of data analytics as a domain. It was almost untimely innovation. But, two professors at Auckland University paved the way for next generations to take up statistical computing. They invented a statistical suite which later came to be known as R language. They did it as an open source initiative. They called it R which is almost lingua franca of statistics. [v] R changed the way people did statistical computing and it will continue to charm. Chambers, the inventor of S, who was ecstatic at R saying “the diversity and excitement around what these people are doing is great”. That shows the power of R and its incessant growth. It is not an exaggeration to state that R has every damn solution that might be achievable with mathematics and statistics. Had Ross and Robert did not handed over to open community, R would have ended up like another S.

The community approach to software development is not new. There were many such efforts that went so successful by community way. One of such successful projects in the history was “Linux”. In fact, when Eric S. Raymond gave a lecture at Linux Kongress on May 27, 1997 in Wurzburg, it almost went viral across the software industry. Though the habit of community participation started in software industry it is almost taken as a spirit for most of the scientific developments.

Can rising salaries alleviate pangs of rising data?

There is nothing wrong to say that the data analytics changed the scenario of software job industry. Data scientist or analyst is almost IT's hottest jobs. Many of the conventional software guys musing about shifting to data science or analytics domain due to its lucrative monetary attractions. Although data scientist remuneration in Asia and Europe is lower, but rest of the world offer really handsome salaries to these crazy geeks and neophytes. Indeed.com observes that there is 15000 percent growth in job postings for data scientist between 2011 to 2012 and estimates that there will be drastic demand for data scientist by 2015.

Homage to Dr K Anji Reddy - first chairman, Dhruva Governing Board

“The greatest (drug) discoveries have often happened not in the largest and most impressive laboratories but in modest facilities. They have often been ascribed to chance and serendipity, but why chance favour a few? The answer I think, was provided by Louis Pasteur more than 150 years ago when he famously said that "chance favours the prepared mind". The essential prerequisite for a "prepared mind" is a very high order of scientific competence, but I suspect that it helps greatly to have an equal concern for the human condition and a compulsive desire to better it ".

— Dr K Anji Reddy,, "An unfinished agenda", Penguin Books Ltd, 2015.

"RELATIONSHIP BETWEEN THE PERFORMANCE AND ITS INDICATORS IN COMMERCIAL BANKS" – A STUDY

*Eliza Sharma
**Jyoti Sindhu

ABSTRACT
The main objective of the study is to identify the various indicators of performance of banks and the relationship between the performance indicators and performance of the banks in context of India. On the basis of review literature, five indicators of the performance of the banks have been taken such as; liquidity, asset quality, capital adequacy, profitability and efficiency. The study is based on the secondary data taken for last three financial years from 2009-10 to 2011-12. Multiple regression analysis technique has been used in the study. It was found from the study that ROA is positively related to efficiency, liquidity, profitability and capital adequacy ratio while ROA is negatively related with asset quality variable.

Keywords: *Commercial banks, liquidity, efficiency, capital adequacy and asset quality.*

Financial institutions may be defined as economic agents specializing in the activities of buying & selling of financial contracts and securities at the same time. Banks may be seen as a subset of the financial institutions, which are retailers of financial securities; they buy the securities issued by borrowers and sell them to lenders. In common terms a bank is an institution whose main operations consist of granting loans and receiving deposits from the general public.

"Thank God, in joy & sorrow, to deposit & borrow, BANKS ARE THERE, Otherwise, the question would be funny, to keep & get money, HOW & WHERE ………?"

These words of Montek Singh Ahluwalia, Former Deputy Chairman of the Planning Commission of Republic of India, indicate the importance of Banks. Banking system occupies an important role in economy of a nation. In fact, banking system of any country is the lifeblood of an economy. A banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market in country. The banking sector performs three primary functions in an economy; the operation of the payment system, the mobilization of savings and the allocation of savings to investment projects. The banking system which constitutes the core of the financial sector plays a critical role in transmitting monetary policy impulses to the entire economic system. An efficient banking structure can promote greater amount of investment which can help to achieve a faster growth rate of economy. Worldwide experience confirms that countries with well developed and market oriented free banking system grow faster and more consistently.

A diverse range of various studies have been conducted by the researchers for measuring the performance of the banks, which present different perspective with regards to the performance of the banks in different countries. Various performance indicators have been used by the researchers to measure the performance of the banks. The current study is an attempt to include almost all the important indicators for measuring the performance of the banks and to find the relationship between performance and its indicators.

OBJECTIVES OF THE STUDY

The main objective of the study is to measure the relationship between financial indicators; liquidity, profitability, efficiency, asset quality and capital adequacy ratio with performance of the banks.

RESEARCH METHODOLOGY

In the current study secondary data has been collected from annual reports of the banks, RBI annual publications such as statistical tables of the banks, trend

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and progress reports of banks and handbook of Indian Economy, database of Indian Banks Association, Centre for Monitoring Indian Economy (CMIE) prowess database. The secondary data has been collected on the five variables as liquidity, profitability, efficiency, asset quality and capital adequacy ratio, which has been identified from the literature review. The secondary data variables have been explained in

Table 1 - Variables used for the secondary study

Variable	Formula	Description	Expected Relationship with Performance
Liquidity (LQ)	Mean value of L1 + L2 + L3	L1=Consumer & Short term funds to Total Assets, L2=Credit Deposit Ratio L3=Total Loans to Total Assets	Positive
Profitability (PR)	Mean value of P1 + P2 + P3	P1=Interest income to total asset ratio, P2=Non-interest income to total asset ratio, P3=Net interest margin (NIM)	Positive
Efficiency (EFF)	Mean value of E1+E2+E3	E1=Human capital efficiency (HCE) ratio E2=Structural capital efficiency (SCE) ratio E3=Capital employed efficiency	Positive
Asset Quality (AQ)	Mean value of A1 + A2 +A3	A1=Net non-performing asset to net advances A2=Gross non-performing asset to gross advances A3=Loan loss provisions to total loans	Negative
Capital Adequacy Ratio (CAR)	CAR=Capital (Tier I & Tier II)/Risk Weighted Assets	Capital Tier I=Equity Capital and Free reserves. Capital Tier II = Debts	Positive

Population and sampling

The secondary data has been collected for three years from the period 2009-10 to 2011-12. Since the secondary data has been collected on financial indicators of commercial banks, all the commercial banks operating in India during the above period are the population of the study.

Sample of 30 banks consists of 15 public sector banks, 10 private sector banks and 5 foreign banks. The proportion of public, private and foreign banks in the total sample of 30 banks is based on the contribution of assets of these three types of banks in the total assets of the banking industry as on 31st March 2012. Among each group of public, private and foreign banks, banks have been randomly selected by using random number method.

Data Analysis

This section deals with the analysis of financial indicators to find out the relationship between these indicators with the performance of the banks. The data has been collected for all the 30 banks in the sample, for the period 2009-12 on the five parameters such as; liquidity, profitability, efficiency, asset quality and capital adequacy. The multiple regression model used in the study is as follows:

$$Y = a + b*LQ + c*PR + d*EFF + e*AQ + f*CA$$

Where;

Y (Dependent Variable) = Return on Assets (ROA), Independent Variables: LQ = Liquidity, PR = Profitability, EFF = Efficiency, AQ = Asset Quality, CA = Capital Adequacy.

a = constant and b, c, d, e and f are regression coefficients.

Table II - Regression Result

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.884	0.781	0.731	0.2136525

Table III - Regression Coefficients

Model		Beta	Std. Error	t-value
1	(Constant)	-1.603	0.474	-3.380
	LQ	0.021**	0.011	1.962
	PR	0.245*	0.116	2.106
	EFF	0.119	0.139	0.854
	AQ	-0.356*	0.101	-3.537
	CA	0.082*	0.023	3.532

*1 percent level of significance.
**5 percent level of significance.

Table IV - ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.	Durbin Watson Test
1	Regression	3.511	5	0.702	6.567	0.001	2.265
	Residual	2.566	24	0.107			
	Total	6.077	29				

The ANOVA results (table III) depict that a significant model emerged, $F (5, 24) = 6.567$, $p < 0.01$ at 1 percent level of significance. Table I shows the regression results R Square is 0.781, which is a significant value. It shows that 78.1 percent of the performance of the banks is explained by the five independent variables. The rest of the 21.9 percent can be attributed to other factors. The regression results in table I indicate that Liquidity (LQ), Profitability (PR), Efficiency (EFF) and Capital Adequacy (CA) are positively related to Return on Asset (ROA) while Asset Quality (AQ) is negatively related to Return on asset (ROA). Most of the regression coefficients are statistical significant at 1 percent level of significance. Durbin Watson Test is used to test the presence of auto correlation among the variables. If the value of Durbin Watson test lies between 0 and 4, it shows that the residuals from a linear regression or multiple regressions are independent. If the Durbin–Watson statistic is substantially less than 2, there is evidence of positive serial correlation. If Durbin–Watson is less than 1.0, there may be cause for alarm. In the table III it is found that the value of Durbin Watson test is 2.265 which show the absence of autocorrelation among the variables used in the multiple regression analysis.

Null Hypothesis 1 (H_{01}): There is no relationship between liquidity and performance of banks.

Liquidity variable is expected to be positively related to the Return on asset. As per the regression results it is found that liquidity and Return on asset has a positive relationship. The beta value of liquidity variable is 0.021, which shows that liquidity has positive and significant relationship with return on asset. Thus the Null Hypothesis 1 (H_{01}) stands to be rejected and there is a significant relationship between liquidity and performance of banks.

Null Hypothesis 2 (H_{02}): There is no relationship between profitability and performance of banks.

Profitability variable is expected to be positively related to the Return on assets (ROA). As per the regression results it is found that profitability and Return on asset has a positive relationship. The beta value of profitability variable is 0.245, which shows that liquidity has positive and significant relationship with return on asset. Thus the Null Hypothesis 2 (H_{02}) stands to be rejected and there is a significant relationship between liquidity and performance of banks.

Null Hypothesis 3 (H_{03}): There is no relationship between efficiency and performance of banks.

Efficiency variable is expected to be positively related to the Return on asset (ROA). As per the regression results it is found that efficiency and return on asset has a positive relationship. The beta value of the efficiency variable is 0.119, which shows that efficiency has positive but insignificant relationship with return on asset. Thus the Null Hypothesis 3 (H_{03}) stands to be accepted that there is no relationship between efficiency and performance of banks. The efficiency has been measured through three ratios; human capital efficiency (HCE), capital employed efficiency (CEE) and structural capital efficiency (SCE). In the literature survey it was found that out of these three ratios only HCE has been positively and significantly related with the performance of banks while other two ratios are not significantly related with the performance of banks.

Null Hypothesis 4 (H_{04}): There is no relationship between asset quality and performance of banks.

Asset Quality variable is expected to be negatively related to the performance of the banks, which is measured using dependent variable Return on Asset (ROA). As per regression results it is found that asset quality and return on asset has negative and significant relationship. The beta value of asset quality variable is -0.356, which shows that asset quality is negatively related to the return on asset. Thus the Null Hypothesis 4 (H_{04}) stands to be rejected and there is a significant relationship between asset quality and performance of banks.

Null Hypothesis 5 (H_{05}): There is no relationship between capital adequacy ratio and performance of banks.

Capital Adequacy variable is expected to be positively related to the performance of the banks, which is measured using dependent variable Return on Asset (ROA). As per the regression results it is found that capital adequacy and Return on asset has positive and significant relationship. The beta value of capital adequacy variable is 0.082. Thus the Null Hypothesis 5 (H_{05}) stands to be rejected and there is a significant relationship between capital adequacy ratio and performance of banks.

Overall it can be interpreted from the regression analysis that Return on Asset (ROA) which is used as proxy variable for measuring the financial performance of the bank is positively related to the liquidity, profitability, efficiency and capital adequacy while ROA is negatively related to the asset quality indicator.

CONCLUSION

It can be concluded from the study that ROA is the best indicator of performance of banks and used by most of the analyst as a proxy variable for performance of banks. It is also found from the study that ROA is positively related to efficiency, liquidity, profitability and capital adequacy ratio while ROA is negatively related with asset quality variable.

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"I Keep Six Honest Serving Men ..."

– Rudyard Kipling

I keep six honest serving-men
(They taught me all I knew);
Their names are What and Why and When
And How and Where and Who.
I send them over land and sea,
I send them east and west;
But after they have worked for me,
I give them all a rest.

I let them rest from nine till five,
For I am busy then,
As well as breakfast, lunch, and tea,
For they are hungry men.
But different folk have different views;
I know a person small—
She keeps ten million serving-men,
Wh oget no rest at all!

She sends'em abroad on her own affairs,
From the second she opens her eyes—
One million Hows, two million Wheres,
And seven million Whys!

"CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY" - 21ST CENTURY SYNERGIES

Dr. Neetu Sharma

ABSTRACT

The paper explores the interrelationships between corporate governance (CG) and corporate social responsibility (CSR): First is by theoretically reviewing the literature and surveying various postulations on offer; second is by empirically investigating the conception and interpretation of this relationship in the context of a sample of firms operating in Lebanon. Accordingly, the paper seeks to highlight the increasing cross-connects or interfaces between CG and CSR, capitalizing on fresh insights from a developing country perspective. ***Methods:*** A qualitative research methodology was adopted. Findings are significant and interesting, implying that recent preoccupation with CG in developing countries is starting to be counterbalanced by some interest/attention to CSR, with growing appreciation of their interdependencies and the need to move beyond CG conformance toward voluntary CSR performance. ***Conclusions:*** CG and CSR share more in common than it is assumed, and this needs to be accounted for by practitioners. The research can also alert policy makers in developing countries so as to increase the vigilance and capacity of the regulatory and judicial systems in the context of CG reform and to increase institutional pressures, particularly of the coercive and normative variety to enhance CSR adoption.

Keywords: *Corporate Governance, Institutional Theory, Corporate Social Responsibility, Business Outcomes, National Outcomes*

Corporations have traditionally been conceived as self-centered, profit-maximizing entities constituting the central tenets of capitalism and free market philosophies (Hg, 2007). Until recently, the connections between capitalism, economic growth, and self-interested corporation have largely gone unquestioned in policy circles (Hg, 2007). However, recent and monumental corporate scandals and failures have redirected attention to issues of good governance, ethics, trust, and accountability, heightening the debate on topics of corporate governance (CG) and the ethics of economic conduct (Marsiglia and Falautano, 2005). Accordingly, at no time in history have the role and power of the corporation been accorded more popular attention and concern, with the pure profit maximization axiom increasingly called into question.

While shareholder value maximization is still a major goal for corporations worldwide, the rise in social activism and the emergence of new expectations have indeed caused other aspects of corporate performance to be examined alongside financial results. As firms grow in size and influence, they are no longer expected to be mere contributors to the global economy, but rather to reconcile and skillfully balance multiple bottom lines and manage the interests of multiple stakeholders (Jamali, 2006). There is some recent evidence to suggest that organizations are generally more inclined today to broaden the basis of their performance evaluation from a short - term financial focus to include long term social, environmental, and economic impacts and value added (Hardjono and van Marrewijk, 2001).

This is where the concepts of CG and corporate social responsibility (CSR) enter into the picture. Under the umbrella of CG, companies are encouraged to promote ethics, fairness, transparency, and accountability in all their dealings. They are expected to continue generating profits while maintaining the highest standards of governance internally. A firm's decision should also be aligned with the interests of different players within and outside the company (Freeman, 1984). Hence, businesses have to also keep their activities attuned to society's ethical, legal, and communal aspirations. This falls in the realm of CSR, which has attracted increasing attention in recent years in relation to how companies approach their interactions with their various stakeholders – from providing quality products and services, to undertaking charitable activities.

Much of the previous literature has researched and discussed CG and CSR independently and unrelated accountability models, whose guidelines, reporting standards, and oversight mechanisms have evolved separately (Bhimani and Soonawalla, 2005). However, we feel that CG and CSR are strongly and intricately connected, and that previous literature has fallen short

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in capturing the nature and essence of this relationship. As Bhimani and Soonawalla (2005) put it, CG and CSR are two sides of the same coin. This paper will explore this relationship in depth; firstly by theoretically reviewing the literature and highlighting how this CG–CSR relationship has been posited. Through a qualitative study in the Lebanese context, this paper will also investigate managerial interpretation and practical application of CG and CSR, their understanding of the nature of this relationship, as well as their efforts at pragmatic integration of each of these two paradigms in their daily operations.

RESEARCH METHODOLOGY

The research undertaken is interpretive in nature (Gephart, 2004), capitalizing on in-depth interviews with top managers of eight corporations operating in Lebanon to explore their interpretations in relation to CG, CSR, and their perceptions of the CG–CSR link. Interpretive research is qualitative, seeking to unearth collective frames of reference, or construed realities that guide the attribution of meaning and help account for how managers create, enact, or interpret the reality they inhabit (Isabella, 1990). To gain a better understanding of CG/CSR interpretations, it was deemed useful to seek viewpoints derived from managers involved in different types of organizations (e.g., Lebanese versus multinational, and shareholder versus family ownership). This diversified sample composition was deemed necessary to capture and detect differences in perceptions, practices, and interpretations between local managers and their international counterparts, as well as institutions with potentially differing CG and CSR dynamics. Our sample thus came to comprise eight medium and large companies operating in Lebanon, six of which are Lebanese owned, while two are subsidiaries of multinational corporations.

Initial website screening provided a preliminary idea of the scope and sophistication of both CG and CSR in the context of a sample of Lebanese and multinational firms. Ten local firms and three subsidiaries of multinational corporations were subsequently contacted through phone and invited to participate in the research, taking into consideration both proximity and availability of personal contacts. Upon securing preliminary approval from six local companies and two MNCs, a cover letter explaining the nature and scope of the research, a copy of the interview guide, and an appointment scheduled within two weeks to conduct the interview was forwarded to managers. The interviews which consumed on an average of two hours were conducted primarily in English, tape recorded, and subsequently transcribed and compiled in the form of a case study addressing CG, CSR, and their interfaces for each company. Each case study consisted of 10–15 pages of script on an average.

An interview guide comprising three sections was developed, based on the literature review presented in the previous sections, addressing CG practices, CSR practices, in addition to CG–CSR relationships. To gain a better understanding of managerial interpretations, it was deemed useful to seek viewpoints derived from managers involved in CG/CSR at different managerial levels. Accordingly, managers occupying different positions in these firms were contacted including those of CEOs, VPs, country managers, deputy general managers, senior accounting managers, and heads of corporate communications; our meetings hence solicited feedback from a total of 10 managers representing different hierarchical levels within their respective organizations. All interviewees had solid educational qualifications and international experience although demographic data was collected in brief as managers spoke mostly in the capacity of representatives of their respective organizations.

While the interview guide served the purpose of steering discussions around common themes, the semi - structured nature of interviews also left the interviewer to decide on the sequence/wording of questions in the course of the interview. While some of the questions yielded factual information (e.g., ownership structure, composition of board of directors), others allowed significant room for interpretation (e.g., motives for good CG; principles motivating CSR). The last section of the interview was devoted to a discussion of the different potential interrelationships between CG and CSR as per our three models presented earlier, leaving questions there open ended to capture to the fullest managerial interpretations in relation to CG–CSR interfaces.

Following the transcription of the interviews and the compilation of case studies, a joint analytical effort involving all three authors focused on detecting commonalities or patterns of agreement/convergence in the statements provided in relation to the basic dimensions; areas of divergence were equally noted, debated, and highlighted. The analysis of the data collected in the last section of the interview regarding conceptions of the link between.

CG and CSR followed a grounded theory approach as formulated by Glaser and Strauss (1967), involving a comparison of the data with theory (presented in our models) throughout the data collection/analysis process. Theory helped direct attention to important dimensions while the actual data collected helped shed light simultaneously on the theory's suitability in light of the data being collected (Isabella, 1990). The result of this fluid movement between theory and data is, according to Isabella (1990), very fruitful in way of reconceptualization and accounting for all nuances in the data. In this respect, points that participants tended to repeat served to augment the evolving theory (Isabella, 1990).

In the framework of the methodology outlined above, we present our main findings in the following sections. The findings aggregated were feasible, with convergence and divergence highlighted at every turn, while relevant excerpts are also extracted verbatim to illustrate specific points when discussing the main findings. The identities of the managers are, however, concealed for confidentiality and anonymity reasons. As illustrated below, the interviews provided interesting and fruitful insights regarding CG, CSR, and CG–CSR relationships and interfaces, based on managerial conceptions and practical interpretations.

RESEARCH FINDINGS

Assessment of CG Practices

We obtained interesting feedback about current CG practices, generally indicating awareness of and engagement with CG issues and what they entail. All interviewees discussed various aspects of CG that are commonly integrated in the practice of their respective firms, with the most frequently discussed aspects revolving around compliance, transparency, and disclosure. While firms in our sample exhibited different ownership structures involving large, small, and institutional shareholders as well as family owned structures, they mostly had independent directors (five out of eight), and board of directors committees (four out of eight). In half the cases, the chairman of the board of directors also acted as the CEO (four out of eight). The majority of firms had formulated a remuneration policy for board members and key executives, highlighting the link between remuneration and performance (six out of eight). The majority of the firms had codes of conduct in place (seven out of eight), and all stressed on the importance of required disclosure and the regular review of internal controls (eight out of eight).

The reported strength in current CG practices revolved around the strategic guidance exercised by boards, and their regular oversight of internal control mechanisms. All managers mentioned the regular use of audit committees to oversee the company's disclosure practices. There was a mention in two cases (local firms) of boards taking on day-to-day operational responsibilities rather than focusing on long term strategic issues. Three managers described their company boards as either passive “rubber stamps” or as active participants in furthering the interests of only controlling shareholders. Several managers also mentioned in confidence problems arising from concentrated ownership, weak shareholder protection, insufficient disclosure, or a combination of these factors. All the interviewees generally shared the view that the emphasis in their CG practice is on ensuring compliance with laws and regulations, establishing codes of conduct, and the oversight of internal control systems for financial reporting. Generally, the control facet of GG was certainly more emphasized in the discussions held than the strategic leadership component.

Comparing the CG practices of foreign companies to those of their local counterparts, we noticed that the two subsidiaries of international firms in our sample separated between the position of CEO and chairmanship of the board, which was not the case for most of their local counterparts. We also noted more transparency on their part regarding the process of staffing boards and the configuration of remuneration for board members and key executives. The declared motives for the adoption of sound CG practices revolved around consistency with mother firm practice and compliance with international standards. Local companies claimed, on the other hand, that a major incentive for them to adopt sound CG norms and principles stemmed from the requirements of international certification (e.g., ISO), and also to keep up with the requirements of global competitiveness (e.g., Basel II requirements). Several of the local companies, however, admitted outstanding problems in way of CG implementation, stemming from macroeconomic instability and the very limited vigilance and capacity of the regulatory and judicial systems in the country.

Assessment of CSR Practices

We also obtained interesting feedback regarding the current CSR practices of our sampled firms. All the managers interviewed adhered to a voluntary action or philanthropic type conception of CSR. When asked about the type of CSR performed, all managers consistently referred to philanthropic activities and programs revolving mainly around philanthropic donations and ranging from the sponsoring of scholarships and events to donations/programs involving the orphans or handicapped, to volunteering and promoting good working conditions. The majority of local companies (five out of six) had no formal CSR program in place and no specific CSR values, with their philanthropic CSR activity rooted in most cases in principles of legitimacy and generalized community commitments.

When asked about the principles motivating CSR behavior, most managers mentioned the principle of legitimacy and the principle of managerial discretion. As noted by several of the managers interviewed, legitimacy is generally conceived as a license for continued operation and appreciation by society, despite the conspicuous absence of specific institutionalized expectations. Hence, all the managers interviewed – with no exception – mentioned the importance of maintaining legitimacy and credibility in a shared environment, and providing their share of reciprocal benefits and investments. Four managers also mentioned the principle of managerial discretion in the sense that their firm's CSR orientation has been moulded by the philanthropic values and enlightened entrepreneurship exercised by founders, owners, or top managers of the enterprise.

In relation to the distinction between internal and external CSR, the external dimension of CSR was clearly emphasized by all the managers interviewed, with all the managers referring to customers as the most important external stakeholder, followed by the community stakeholder. This reflects an overall instrumental approach to CSR, which is nuanced by normative flavors vis-à-vis the community stakeholder. The internal dimension of CSR and relevant issues there pertaining to health, safety, training, and working conditions were in turn mentioned by four of the managers interviewed (two local firms and two international), and employees were classified as the second most important stakeholder in the majority of cases (six out of eight). Generally, stakeholders seem to be considered important when they represent rational or economic motives for the firm.

The instrumental approach to CSR is further illustrated through the reflections obtained on the anticipated benefits of CSR, with the managers of local firms focusing primarily on issues relating to differentiation, enhanced reputation, legitimacy, and recognition in the community. Interestingly, the managers of international firms accorded equal attention to the potential internal benefits of CSR involvement as reflected in increased employee satisfaction and enhanced innovation. A sense of enlightened self-interest was detected among the majority of the managers in the sense that they appreciated the short-term and long-term benefits of CSR, particularly in terms of increasing the credibility and trustworthiness of the firm in the eyes of internal and external stakeholders.

None of the companies interviewed measure systematically the social impacts of their CSR interventions, and the findings suggest that corporate social reporting has not picked up momentum in the Lebanese context. The companies interviewed indeed seem to be according no attention to social assessment devices, such as social indicators or the social balance sheet. Despite this trend, and the possibility of a spontaneous social desirability bias in the context of CSR research, the managers provided valid and concrete examples of CSR initiatives, as in charity donations and/or specific donations to the Lebanese Red Cross, sponsorships and educational scholarships, environmentally friendly technology, and partnerships with NGOs in pursuit of social goals. These were invariably fleshed out with reference to concrete investments and examples.

By comparing the conceptions and practices of Lebanese and foreign companies, only one local Lebanese company has a formal CSR program, whereas the CSR programs of the two multinational firms seem to have been institutionalized. Most local companies seem to have also made only modest progress in way of formalizing their CSR values or integrating CSR into daily operations and decision making processes. While the subsidiaries of multinational corporations also have maintained an altruistic approach to CSR and had vaguely formulated values, they have made significant strides in way of setting specific budgets and themes for their local CSR programs. They are thus more sophisticated in their approach and more at ease in communicating their CSR strategies and programs.

Assessment of the CG–CSR Link

We obtained in turn varied reflections on the nature of the CG–CSR relationship from managers, based on their actual practice and interpretation. Five of the respondents share the view that a company cannot have a genuine CSR orientation, if it does not have a solid CG pillar in place. It is essential, according to these interviewees, to lay the necessary infrastructure in way of strategic leadership and good control systems, in order for the firm to benefit its owners and internal/external stakeholders. These views lend support to the Hancock (2005) postulation (model # 1). Two of the respondents argued that CG and CSR are two facets (internal and external) of commitment to sound business conduct and that they should be integrated into the same spectrum or continuum of corporate disclosure. The argument advanced by these managers is that CG and CSR are indeed complementary and mutually reinforcing in the sense that an effective CG structure protects shareholders from unlawful action while an effective CSR program prevents various actions which may be legal but inappropriate in relation to their impact or implications for specific constituencies/stakeholders. Hence, we could detect some support for the Bhimani and Soonawalla's (2005) model examined earlier (model # 3). Only one of the local managers/ respondents interviewed considered CSR as a dimension or attribute of CG as per model 2. According to this view, good CG also entails ensuring that companies are run in a socially responsible way. In a way, this is a more sophisticated conception of CG that considers CSR as an integrated mandatory aspect or dimension of good governance. Based on our excursion in this paper, and accumulated reporting evidence, it is clear that most firms still conceive of CSR as optional and discretionary rather than as an integrated/ mandatory attribute of CG. We have thus encountered limited support for this conception in our sample, and we expect this to be more widely shared.

DISCUSSION OF FINDINGS AND THEORETICAL PROPOSITIONS

The findings are discussed critically in this section in a way of fleshing further relevant insights and identifying concrete theoretical implications. In relation to CG, the interviews conducted and managerial interpretations clearly suggest the prevalence of mainstream CG in the Lebanese context, dominated by the traditional neoclassical view, coupled with an emphasis on the control and compliance aspects of CG. Our findings suggest that the pressures for convergence are salient, and particularly felt by the large multinational firms. As articulated by one of the managers "we are continuously adapting our CG practices in line with the dominant international model given the integration of financial markets and pressures from our international institutional investors." Awareness of international codes of good governance was, however, counterbalanced and nuanced by an appreciation among the majority of managers interviewed (particularly local ones) that CG needs to be considered in context, and that CG practices are invariably influenced and molded by national institutional environments, and cultural, economic, and sociopolitical constellations. "CG practices need to take account of differences in culture, political tradition, financing options, corporate ownership patterns and legal and regulatory environments" as noted by one of the local managers. Divergence from best practice was invariably interpreted and justified in this context, as in the failure to pursue a dual strategic leadership pattern in some cases, or problems arising from concentrated ownership, weak shareholder protection, or insufficient disclosure. Various managers also noted constraints stemming from macroeconomic instability and the very limited vigilance and capacity of the regulatory and judicial systems in the country. According to one of the managers, "while it is difficult to undermine the benefits of integrating best CG practices, there are many hurdles, stemming from existing rules and regulations that are neither exhaustive nor properly enforced, regulatory bodies that are incapable of inspecting complaints and violations, and a largely incompetent judicial system." Our findings thus highlight the salience of the sociopolitical view of CG as suggested by prior research (Aguilera and Jackson, 2003; Gordon and Roe, 2004: Aguilera *et al.*, 2006; Zattoni and Cuomo, 2008), translating into our first theoretical proposition:

Proposition 1: Despite convergence pressures arising from globalization, local socio politico institutional environments significantly affect CG practices in developing countries.

In relation to CSR, our findings suggest the prevalence of a philanthropic conception of CSR among the managers interviewed. This orientation is mostly rooted in religious principles in the Lebanese context as noted in previous studies (Jamali, Zanhour and Keshishian, 2008), although this connection was difficult to establish in this research given that it was not explored in depth. An instrumental CSR orientation was detected among the majority of the managers interviewed, translating into an enlightened self-interest and concern with long-term value maximization (Jensen, 2002), and an interim focus on traditional stakeholders, including customers, employees, and shareholders. As noted by one of the local managers, "our objective is to attend to the needs of our customers and employees, which in the long run implies greater value creation for our owners and shareholders." Some local managers explicitly admitted their concern with the anticipated benefits of CSR, particularly with the strong corporate branding and enhanced public image that are byproducts of CSR adoption, while others echoed a more sophisticated stakeholder orientation, nuanced by normative flavors particularly in relation to the community stakeholder. As expressed by one of the managers, "we seek to nurture a wide spectrum of trust based stakeholder relationships, which can serve as a source of opportunity and competitive advantage." Another manager expressed the view that "we realize that we operate within a bounded space and that giving back to the community is paramount." The natural environment was conversely accorded the least attention among managers in our sample, suggesting in turn that ecological sustainability does not constitute an integral part of managerial interpretations of CSR and that triple bottom line integration remains a distant aspiration. Various managers noted in this respect limited institutional pressures for CSR in their local context, particularly in relation to the environmental dimension and expressed a desire for more active involvement on the part of governments and NGOs. These findings combine to explain the limited sophistication of CSR conception among local managers, the continued prevalence of philanthropic CSR, and a gap between CSR rhetoric and reality in developing countries as suggested by previous research (Jamali and Mirshak, 2007; Jamali, 2008), leading to our second proposition:

Proposition 2: Limited institutional pressures for homogenization in CSR translate into philanthropic and instrumental CSR orientations in developing countries.

We turn here to analyze the third and most important component of this research relating to CG–CSR links and interfaces. Our findings reveal a predominant interpretation of CG as a pillar of CSR among managers (consistent with model #1), suggesting conceptions of CSR as necessarily anchored in a strong CG foundation. In the words of one manager, "a company can not apply a standalone CSR program, if it does not first instill a credible robust, trust engendering, accountability setting, rights protecting CG framework." Several managers aptly communicated in this respect that the nature of a firm's CG invariably persuades managers and executives to emphasize particular goals and objectives in relation to CSR and that company boards are accordingly key participants in ensuring companies do promote and meet CSR standards. Consistent with the views of Elkington (2006), CSR is thus conceived by the majority of the managers interviewed as a board responsibility, or, as aptly suggested by one manager, as "the outward expression of a Board's CG policies." One manager summed it up nicely in these words "the external CSR pulse is invariably framed in the context of sound and effective CG policies." That CSR needs to be anchored in a strong CG pillar and polices and needs to be increasingly considered as part of the responsibility of company boards has also received support in prior research (e.g., Mahoney and Thorne, 2005; Mackenzie, 2007; Parsa, Kouhy and Tzovas, 2007). This leads to our third theoretical proposition:

Proposition 3: Good CG is increasingly considered in developing country as a necessary foundational pillar for a genuine and sustainable CSR orientation.

Our findings finally suggest some interpretations among the managers interviewed of CG and CSR as complementary and coexisting components of the same accountability continuum. The difference between the two ends of the continuum as expressed by one of the managers is that "with CG, we are practically applying the letter of the law, whereas CSR represents the spirit of the law." In other words, while CG standards and conformance may be required to ensure protection from abuses, this cannot replace a general sense of responsibility in business that goes beyond the letter of the law as illustrated in voluntary social performance. The same analogy was echoed by another manager who expressed that "CG is the way you run your business, while CSR effectively represents its conscience." The same manager expressed that "CSR is a self-regulating form of governance, it is not legally binding, but morally guiding." Two managers observed increasing concern with the right end of the continuum, going beyond legal conformance to tackle initiatives consistent with voluntary corporate social performance. As summarized by one manager, "while the role of CG in establishing accounting standards and a framework of accountability cannot be discounted, we are increasingly trying to adopt commitments to wider forms of social and environmental engagement and reporting, as reflected in corporate performance on the right end of the continuum." These observations combine to suggest that firms are increasingly expected to address CG and CSR issues hand in hand, and to move beyond conformance or compliance to voluntary performance, which is also supported by previous research (e.g., Marsiglia and Falautano, 2005; Clarke, 2007), leading to our fourth proposition:

Proposition 4: The ascendancy and taken for grantedness of good CG in developing economies is increasingly complemented by due regard and consideration for voluntary corporate social performance.

Based on the research presented in this paper, and on the insights derived through the empirical component and discussions with managers, we propose a model that summarizes the main interfaces of CG and CSR. Our model reconciles the main contributions of the three models presented earlier. The model illustrates our starting assumption in this paper that CG and CSR are two sides of the same coin (as per Bhimani and Soonawalla, 2005). Second, it posits CG as a necessary foundational pillar or building block for CSR as per Hancock (2005). Third, it illustrates the cross connects between CG and CSR revolving around strategic leadership and stewardship as implied in Ho's (2005) postulation (reiterating in this respect the point that CSR is equally the responsibility of corporate boards) while also capturing the overlap between CG and the internal dimension of CSR revolving primarily around progressive human resource management. Finally, our model suggests that while CG is increasingly conformance or compliance driven, CSR falls on the other hand in the realm of voluntary social performance as per Bhimani and Soonawalla (2005).

Reflecting further on the wider implications of this research, our findings posit some challenges to agency theory, suggesting increasing convergence between the views of both principals and agents regarding a widened stakeholder approach, reconciling basic principles of CG and CSR. This can be safely drawn from the interviews we conducted generally, but two of the interviews specifically involved both shareholders and managers, who seemed in agreement regarding a systematic and balanced attention to all stakeholders in the context of a sound CG framework and a wider CSR orientation. Thus, the tension between fiduciary responsibility and the responsibility to a wider spectrum of stakeholders or what is referred to as the stakeholder paradox (Freeman, 1984) is not as salient as often assumed. Stakeholder theory seems to provide the flexibility for coping with the demands of a broadened CG/CSR agenda, even at the expense of increasing agency costs as per Jensen (2002).

Our findings lend support to institutional theory, suggesting that convergence in the context of both CG and CSR is often undermined by local socio politico economic constraints in developing countries. Despite familiarity with international CG and CSR codes and principles, the majority of managers reported serious hurdles in way of best practice implementation stemming from both internal and external environments. This translated into an accentuated emphasis on internal CG mechanisms to offset perceived weaknesses in legal and judicial structures, but challenges were reported in the internal domain as well, suggesting that global convergence toward a single Anglo American model of governance is more protracted and complicated than often assumed (e.g., Hansmann and Kraakman, 2001). These findings are consistent with what is reported by Khanna, Kogan and Palepu (2002) of no evidence of convergence in CG practice with the advent of globalization, aside from the adoption of general CG recommendations, which are, in turn, not widely implemented.

Our findings finally suggest significant linkages between the two ascending fields of CG and CSR. Both disciplines have attracted increasing attention in the context of globalization and escalating demands for greater accountability by companies. This research has made it clear that those two disciplines share more in common than previously assumed and that these interfaces are also increasingly appreciated by managers in the context of their actual practice and interpretation. Appreciation for those synergies and interdependencies has certainly been detected in this study and is deserving of further scrutiny and consideration in other contexts. While CG was generally conceived as establishing a basic framework of stewardship and trusteeship, CSR was conceived as the outward expression or manifestation of internal CG policies and principles.

CONCLUSION

In researching the nature of the CG–CSR relationship, this paper has surveyed the literature and explored the perceptions and interpretations of CG and CSR in Lebanon. The first conclusion that can be safely drawn is that CG and CSR should not be considered and sustained independently. Irrespective of the type of relationship that exists between CG and CSR, a company without an efficient long-term view of leadership, effective internal control mechanisms, and a strong sense of responsibility *vis-a-vis* internal stakeholders cannot possibly pursue genuine CSR. CSR interventions risk being taken for public relations attempts particularly when the CSR orientation is not rooted in the context of a solid internal CG foundation. Conversely, CG is not entirely effective without a sustainable CSR drive because a company has to respond to the needs of its various stakeholders in order to be profitable and create value for its shareholders/owners. These observations suggest in turn that the link between CG and CSR is unequivocally a salient two-way relationship.

Our interpretive research in the Lebanese context suggests that most respondents appreciate the increasing convergence between CG and CSR, with the view that the more robust the CG framework in place, the more likely the evolution toward a sustainable CSR drive. In this respect, our findings support the insights of Elkington (2006) that the CSR agenda is progressively an extension of the CG agenda and is the responsibility of corporate boards. As noted in this paper, the nature of a firm's CG sets the overall tone for the organization, and can be used to entice executives to pursue specific goals and objectives in the CSR domain. In light of this empirical investigation, we have put forth a number of theoretical propositions that can serve to guide further research on the topic, suggesting that CG is a necessary pillar for a genuine and sustainable CSR orientation and that the ascendancy and taken for grantedness of CG is increasingly complemented in developing countries by due regard for voluntary CSR performance.

Reflecting further on the theoretical and practical implications of this study, our findings challenge the usefulness of agency theory as the dominant paradigm in CG research in favor of stakeholder theory. The managers interviewed seemed less concerned about the importance of CG mechanisms in reducing agency costs, than they were about creating stakeholder value in the wider sense. Stakeholder theory indeed seems to be a promising theoretical lens for future research relating to CG–CSR interfaces. Moreover, the findings suggest that institutional theory could provide fruitful insights when exploring patterns of global convergence in CG and CSR research. Our findings indeed support the path dependence hypothesis in the context of CG and CSR, suggesting that national history trajectories and specific institutional constellations stand as potential barriers to convergence in the CG and CSR domains.

Further research can seek to shed light on the diffusion of CG and CSR, particularly in developing countries, and the multifaceted nature of CG and CSR and their complex interfaces. There is room in this respect for research on the interplay of internal and external CG mechanisms in specific institutional contexts and how these reflect in turn and mould peculiar CSR orientations. There is also room for research on the largely voluntary accountability paradigm advocated in the context of CSR, and how this agenda can be reconciled with agency theory. Of particular interest is the trend to articulate international standards and obligations in the CSR domain and how these potentially cross-connect with international CG codes and principles.

While this paper has provided fruitful initial insights into CG–CSR interfaces from a developing country perspective, the research, admittedly, has a number of limitations. The findings stem from a single-country investigation. This, combined with the small sample size (eight companies), may imply that the results cannot be readily generalized, although they are likely to have wider relevance and applicability, particularly in developing countries. The evidence gathered is also based on self-reporting, given the qualitative interpretive approach adopted, hence raising the possibility of a potential social desirability response bias. Social desirability response bias has indeed been noted to be particularly salient in the context of developing and collectivist economies (Bernardi, 2006).

Notwithstanding these limitations, we believe this study makes important contributions and constitutes a significant advancement in CG–CSR research. The study indeed has explored relatively new ground by investigating CG and CSR conceptions and applications in developing countries as well as interpretations of CG–CSR interfaces, suggesting that both CG and CSR need to be considered as complementary pillars for sustainable business growth in a globalizing environment. Our research, moreover, challenges the hegemony of agency theory as the dominant paradigm in CG and CSR research, highlighting in turn the usefulness of alternative stakeholder and institutional theoretical lens in accounting for a complex blend of normative and instrumental motivations and orientations in developing country contexts. These initial trends can hopefully be further explored and validated through future research on the topic.

REVIEW OF LITERATURE

Corporate Governance Literature

This paper will focus on an important – and in no way simplistic – definition of CG as “the system by which companies are directed and controlled” (Cadbury, 2000: 8). The control aspect of CG encompasses the notions of compliance, accountability, and transparency (MacMillan, Money, Downing and Hillenbrad, 2004), and how managers exert their functions through compliance with the existing laws and regulations and codes of conduct (Cadbury, 2000). The importance of CG lies in its quest at crafting/continuously refining the laws, regulations, and contracts that govern companies' operations, and ensuring that shareholder rights are safeguarded, stakeholder and manager interests are reconciled, and that a transparent environment is maintained wherein each party is able to assume its responsibilities and contribute to the corporation's growth and value creation (Page, 2005). Governance thus sets the tone for the organization, defining how power is exerted and how decisions are reached.

A narrow view of CG portrays it as an enforced system of laws and of financial accounting, where socio-environmental considerations are accorded a low priority (Saravanamuthu, 2004). There is, however, a broader CG conception, emphasizing every business' responsibilities toward the different stakeholders that provide it with the necessary resources for its survival, competitiveness, and success (MacMillan *et al.*, 2004). As such, managers are primarily accountable toward stockholders whose wealth and fortunes are at stake. But they are also responsible toward employees, suppliers, customers, and communities whose investments in the company are equally significant in other important respects. Thus, within this broader conception, the interests of all stakeholders are accorded due regard and consideration and posited as constraints on managerial action and shareholder rights (Kendall, 1999; Page, 2005).

Other focal elements or ingredients of good governance include corporate leadership and strategy setting. These aspects involve defining roles and responsibilities, orienting management toward a long-term vision of corporate performance, setting proper resource allocation plans, contributing knowhow, expertise, and external information, performing various watchdog functions, and leading the firm's stakeholders in the desired direction (MacMillan *et al.*, 2004; Cadbury, 2000; Page, 2005). The leadership and control aspects of CG are thus not mutually exclusive; rather, they go hand in hand, and they both define the extent of power accorded to various stakeholders, including executives, managers, employees, and, to a lesser extent, external constituencies and actors (MacMillan *et al.*, 2004). Leaders in this respect should exercise their flair in taking their companies forward, while according due regard to their responsibilities to shareholders and stakeholders (Mallin, 2005).

Corporate Governance is also intimately concerned with honesty and transparency, which are increasingly expected of the public both in corporate dealings and disclosure (Page, 2005). Investor confidence and market efficiency depend on the disclosure of accurate information about corporate performance. To be of value in global capital markets, disclosed information should be clear, consistent, and comparable (OECD, 1999). Moreover, transparency and disclosure of information between managers and employees are essential to earn employee trust and commitment. These factors ensure an accurate and timely reporting of activities, thus providing the necessary underpinning that would facilitate the application of sound governance mechanisms (Cadbury, 2000).

While the above focuses primarily on internal governance mechanisms and principles, a holistic view of CG needs to also account of external governance mechanisms, including the takeover market and the legal system (Denis and McConnell, 2003). Admitting that the legal system is a universally important CG mechanism, providing for the protection of investor rights and enforcement of rules (La Porta, Lopez de Silanes, Shleifer and Vishny, 1998), the market for corporate control becomes salient when there is enough incentive for outside parties to seek control of the firm or, in other words, when internal control mechanisms fail to a large degree (Denis and McConnell, 2003). Given the dynamic interrelationships among various CG mechanisms, external aspects invariably deserve consideration to provide a contextualized understanding of firm-specific internal CG dimensions.

In summary, CG thus generally revolves around a set of universal attributes, including ensuring accountability to shareholders and other stakeholders (Keasy and Wright, 1997), creating mechanisms to control managerial behavior (Tricker, 1994), ensuring that companies are run according to the laws and answerable to all stakeholders (Dunlop, 1998), ensuring that reporting systems are structured in such a way that good governance is facilitated (Kendall, 1999), crafting an effective leadership/strategic management process that incorporates stakeholder value as well as shareholder value (Tricker, 1994; Kendall, 1999), and enhancing accountability and corporate performance (Keasy and Wright, 1997). Leadership, direction, control, transparency, and accountability attributes thus lie at the heart of sound and effective CG (Huse, 2005; Van den Berghe and Louche, 2005).

A variation of these core attributes is articulated in turn in the OECD Principles (1999). These principles, originally adopted by the 30 member countries of the OECD in 1999, have become a reference tool for countries all over the world (Jesover and Kirkpatrick, 2005), providing an international benchmark for CG, and specific guidance for policy makers, regulators, and market participants in improving the legal, institutional, and regulatory framework that underpins CG. These principles have exhibited a good level of adaptability in varying legal, economic, and cultural contexts, and they have served as the basis for various reform initiatives by governments and the private sector in different countries (Jesover and Kirkpatrick, 2005).

Corporate Social Responsibility Literature

CSR on the other hand is a concept that has attracted worldwide attention and acquired a new resonance in the global economy (Jamali, 2006). Heightened interest in CSR in recent years has stemmed from the advent of globalization and international trade, which have reflected in increased business complexity and new demands for enhanced transparency and corporate citizenship. Moreover, while governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society's needs have exceeded the capabilities of governments to fulfill them (Jamali, 2006). In this context, the spotlight is turning to focus on the role of business in society, and companies are seeking to differentiate themselves through engagement in what is referred to as CSR. The World Business Council for Sustainable Development (WBCSD) defines CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities (WBCSD, 2001). More generally, CSR is a set of policies, practices, and programs that are integrated throughout business operations and decision-making processes, and intended to ensure the company maximizes the positive impacts of its operations on society (Business for Social Responsibility, 2003).

The most common conceptualizations of CSR are those of Carroll (1979) and Lantos (2001). Carroll (1979; 1991) differentiated between four types of CSR, namely, economic (jobs, wages, services), legal (legal compliance and playing by the rules of the game), ethical (being moral and doing what is just, right, and fair) and discretionary (optional philanthropic contributions), while Lantos (2001) collapsed these categories into three: ethical, altruistic, and strategic. According to Lantos (2001), ethical CSR is morally mandatory and goes beyond fulfilling a firm's economic and legal obligations, to its responsibility to avoid harm or social injuries, even in cases where the business does not directly benefit. Altruistic CSR, according to Lantos (2001), is humanitarian/ philanthropic CSR, which involves genuine optional caring, irrespective of whether the firm will reap financial benefits or not. Examples include efforts to alleviate public problems (e.g., poverty, illiteracy) in an attempt to enhance society's welfare and improve the quality of life. Strategic CSR on the other hand is strategic philanthropy aimed at achieving strategic business goals while also promoting societal welfare (Jamali, 2007). The company strives to identify activities and deeds that are believed to be good for business as well as for society (Quester and Thompson, 2001). Many scholars also conceive of CSR as encompassing two dimensions: internal and external. On the internal level, companies revise their in-house priorities and accord due diligence to their responsibility to internal stakeholders, addressing issues relating to skills and education, workplace safety, working conditions, human rights, equity considerations, equal opportunity, health and safety, and labor rights (Jones, Comfort and Hillier, 2005). With respect to the external dimension of CSR – which admittedly receives more attention in the literature (Deakin and Hobbs, 2007) – priority shifts to the need for corporations to assume their duties as citizens, and accord due diligence to their external – economic and social - stakeholders and the natural environment (Munilla and Miles, 2005). The environmental component addresses primarily the impacts of processes, products, and service on the environment, biodiversity, and human health, while the social bottom line incorporates community issues, social justice, public problems, and public controversies. Addressing these two CSR dimensions often implies difficult adjustments and willingness to consider multiple bottom lines (Elkington, 2006). It also often requires good communication of CSR objectives and actions (Hancock, 2005), new standards, control and performance metrics (Lantos, 2001), and the successful integration of CSR into the culture of the organization (Jamali, 2006).

Links between CG and CSR

In light of the overview presented above, there is a discernable overlap between CG and CSR. More specifically, when considering the broader conception of CG, it is clear that good governance entails responsibility and due regard to the wishes of all key stakeholders (Kendall, 1999) and ensuring companies are answerable to all stakeholders (Dunlop, 1998). There is thus a clear overlap between this conception of CG and the stakeholder conception of CSR that considers business as responsible *vis-à-vis* a complex web of interrelated stakeholders that sustain and add value to the firm (Freeman, 1984; Post, Preston and Sachs, 2002; Jamali, 2008). Conversely, various CSR scholars emphasize the need to uphold the highest standards of governance internally, particularly in discussions of the internal dimension of CSR (Perrini, Pogutz and Tencati, 2006; Rosam and Peddle, 2004; Grosser and Moon, 2005).

Other links can also be detected. Both CG and CSR call on companies to assume their fiduciary and moral responsibilities toward stakeholders. This act of accountability is crucial for a business to gain and retain the trust of its financial investors and other stakeholders (Page, 2005). Both concepts thus draw vigor from the same sources, namely transparency, accountability, and honesty (Van den Berghe and Louche, 2005). Marsiglia and Falautano (2005) similarly suggest that good CG and CSR initiatives are gradually advancing from a philanthropic variant of corporate capitalism to authentic strategies intended to regain the trust of clients and society at large. While CG implies "being held accountable for," CSR means "taking account of" and both mechanisms are increasingly used by firms to regulate their operations (Beltratti, 2005; Marsiglia and Falautano, 2005). Windsor and Preston (1988) argue that, within the framework of legitimacy theory, CG and CSR are intricately related notions defining the interaction between an organization and its internal and external sociopolitical environment, with both increasingly considered as complementary fundamental prerequisites for sustainable growth within a globalizing business environment (Van den Berghe and Louche, 2005).

Both disciplines are also perceived to confer important long-lasting benefits and to ensure the endurance of the business. With respect to CG, it is observed that good governance mechanisms reconcile the interests of owners, managers, and all those dependent on the corporation, allowing corporations to secure long-term capital, retain the confidence of financiers, and to use the obtained capital proficiently. Gompers, Ishii and Metrick (2003), for example, find evidence that CG is significantly correlated with both stock returns and firm value. Ho (2005) reports evidence that good CG generally enhances firm competitiveness and results in superior financial performance. CSR in turn increases the trustworthiness of a firm and strengthens relationships with core stakeholders (Aguilera, Rupp and Ganapathi, 2007), which may lead to decreased transaction costs and increased attractiveness in the eyes of investors (Hancock, 2005). While the business case for CSR remains controversial (Margolis and Walsh, 2003), a bulk of accumulating evidence suggests that CSR can result in lower environmental costs, enhanced innovation capability, improved recruitment/retention rates, increased employee satisfaction, and positive perceptions of the firm (Hancock, 2005; Aguilera *et al.*, 2007; Barnett, 2007). Admittedly, short-term costs may be incurred when designing good CG and CSR initiatives, but there are also several indicators pointing to positive win-win outcomes for businesses that are seriously committed to both (Marsiglia and Falautano, 2005).

Three Relational Models Examined

While we have witnessed significant advances in research relating to each of these respective paradigms, and few recent formulations hinting to their cross-connections, some lingering questions persist, pertaining to their interrelationships, namely, are CG and CSR independent or interdependent functions? Are they mutually exclusive or mutually coexistent and increasingly convergent? A potential convergence is alluded to in a recent paper by Elkington (2006), where there is a mention of a progressive overlap between the

CG agenda and the CSR and sustainable development agendas. Elkington (2006: 522) claims that "it is timely to review the increasingly complex cross-connects between the rapidly mutating governance agenda and the burgeoning world of CSR, social entrepreneurship and sustainable development." In heeding this call, we present here a review of several models which have posited a relationship between CG and CSR, namely: (1) CG as a pillar for CSR, (2) CSR as an attribute of CG, and (3) CG and CSR as coexisting components of the same continuum.

Model # 1: CG as a Pillar of CSR. This depiction of CG as a pillar of CSR requires an effective CG system to be in place as a foundation for solid and integrated CSR activities. This is clearly illustrated in the postulation of Hancock (2005) who delineates four pillars for CSR, with strategic governance (entailing traditional CG concerns coupled with strategic management capability) highlighted as one of these core pillars.

Hancock (2005) argues that investor and senior management attention should be focused on these four core pillars, *strategic governance*, *human capital*, *stakeholder capital*, and the *environment*, which together help account for about 80 per cent of a company's true value and future value creating capacity. In other words, consistent with a resource based perspective (Barney, 2007; Wright, Dunford and Snell, 2007), the model argues that value creation, even in relation to CSR, is contingent on leveraging human, stakeholder, and environmental capital through (or coupled with) good strategic governance. CG is thus considered according to this model as one of CSR's basic building blocks. This conception is consistent with Elkington's (2006) who views CSR as the responsibility of corporate boards, and good CG as a foundational requirement or pillar for sustainable CSR.

Model # 2: CSR as a Dimension of CG. Another model encountered in the literature is the one presented by Ho (2005), who considers CSR as an attribute or dimension of CG, thus widening the scope of CG, and incorporating nonfinancial risks into the risk mitigation dimension of CG activities. This conception of CG includes conventional dimensions or attributes (e.g., board structure, strategic leadership, stewardship, social responsibilities, and capital structure and market relations), as well as CSR. This is consistent with the writings of other authors (e.g., Kendall, 1999; OECD, 1999), who also consider CSR as an integral part of CG. Ho (2005) proposes through this framework to gauge CG more holistically by considering a range of relevant attributes, including CSR. Her work builds in this respect on the work of Kendall (1999) who considers that good CG also entails ensuring that companies are run in a socially responsible way and that there should be a clearly ethical basis to the business complying with the accepted norms of the society in which it is operating. In other words, according to this model, being responsible externally to the society at large and internally to employees should be embedded in CG formulations and structures. Ho's study (2005) provides evidence that higher commitments to CSR are strongly and positively related to the qualifications and terms of directors, boards that exercise strong stewardship and strategic leadership roles, and the management of capital market pressures, and that these various attributes combined constitute the hallmarks of good CG.

Model # 3: CG and CSR as Part of a Continuum. Bhimani and Soonawalla (2005) portray CG and CSR as complementary constituents of the same corporate accountability continuum. They consider that poor CG and misleading financial statements are one side of the corporate coin - the other side being poor CSR (Bhimani and Soonawalla, 2005). Their corporate responsibilities continuum is intended as an integrative framework, designed to reconcile conformance and performance reporting issues that should be articulated in a comprehensively integrated manner rather than disparately (Bhimani and Soonawalla, 2005). The continuum reflects varying degrees of compliance with laws and legally enforceable standards, with stress placed on corporate conformance on the left end of the continuum and attention shifting to corporate performance on the right end, where codes/standards are extremely difficult to apply, and oversight mechanisms are much less evident.

Implied in this model is the idea that CG has been the predominant focus of attention in research and practice, but this is starting to be counterbalanced by some interest in CSR and CSR reporting, which, while still not mandatory, is portrayed as increasingly desired (Bhimani and Soonawalla, 2005). The model presented here is also a good reminder of the nuances increasingly noted in the literature (e.g., Marsiglia and Falautano, 2005; Clarke, 2007) between legally binding requirements increasingly embodied in governance mechanisms requiring compliance and conformance, and self regulatory stakeholder and CSR initiatives, which are evidence of voluntary corporate social performance. It is evident that even today, CG and compliance with continuously evolving legal requirements continue to draw more attention than voluntary CSR performance. Nevertheless, the continuum serves the purpose of delineating the basic building blocks of corporate accountability, with CG and compliance on the left hand side constituting the basic cornerstone and the remaining items being gradually integrated in an attempt to strengthen overall accountability on a global basis.

We revisit those three models in the empirical section through a qualitative study in the Lebanese context, exploring managerial conceptions and practical application of CG and CSR, and their understanding of the nature of their interrelationships. The Lebanese context provides a fertile ground for an exploration of CG and CSR dynamics and their interrelationships, given that CG and CSR issues have attracted increasing attention in the postwar environment (Saidi, 2004). The Lebanese context could also provide interesting insights into the interplay of political economy constraints and CG/CSR applications, with potential relevance to other developing countries. We thus turn in the next section to provide a brief relevant contextual background about Lebanon followed by the presentation of the research methodology and empirical findings of the paper.

BACKGROUND INFORMATION ABOUT LEBANON

Lebanon is a small country located along the eastern shore of the Mediterranean Sea bounded on the north and east by Syria and on the south by Israel, with a total area of 10,452 square kilometers and a population of around four million inhabitants. Lebanon qualifies as a parliamentary republic with a centralized, multi religious and multiparty government. Its quasi democratic political system is based on power sharing between the country's confessional groups. The grouping of people by religion plays a critical role in Lebanon's political and social life and has given rise to Lebanon's most persistent and bitter conflicts.

Since its independence from French rule in 1943, Lebanon has been characterized by large public freedoms, which have given it a distinctive position that made it a haven in the region, a place where different ideas, currents, and trends can thrive and interact. Peaceful multicultural coexistence, however, collapsed into violent warfare in the years 1975–1989. The conclusion of the Taef Accord of 1989 led to the reinstatement of security. However, the war, which Lebanon endured, interrupted the normal course of development, leading to an overall deterioration in political, economic, and social conditions.

Lebanon is now in the phase of reconstitution of its political, economic, and social structures and institutions. The first phase of reconstruction and development, namely the rehabilitation of the physical infrastructure, has been completed and has reestablished normal operations of public services. Daunting challenges, however, lie ahead particularly in terms of economic recovery. Postwar governments have pursued monetary stabilization policies aimed at curbing inflation rates and restoring confidence in the national currency. However, recent governments have had to go further in their stabilization policy to finance the growing budget deficit.

The main economic challenge confronted by successive governments in recent years has indeed been large recurring budget deficits, averaging more than 18 per cent of estimated GDP over 1997–2006. Efforts to restore fiscal balance have generally been undermined by the high costs and expenditures allocated to sustaining the postwar reconstruction program. Fiscal issues have therefore tended to dominate policy making in the postwar years, limiting the government's scope to adopt more growth oriented measures, and accentuating the need for greater reliance on the private sector to promote growth, generate employment, and improve standards of living.

The Lebanese private sector has traditionally been the dominant engine of growth in a relatively open and liberal economic environment, and its resilience has been invoked in the postwar context to lead the reemergence of Lebanon as a preeminent regional hub for trade and services. Capitalizing on its traditional strength in the banking and services segments, the private sector is rising to the challenge, but the constraints imposed by fiscal macroeconomic realities are real, and the scope for private sector maneuver seems limited at best. The private sector is equally constrained by an outdated legal and institutional governance framework, with the limited evidence available suggesting significant room for improvement in Lebanon's equity market - Lebanon's stock market capitalization is 15 per cent of GDP – as well as regulatory capacity and enforcement (Institute for International Finance, 2005).

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A letter from Abraham Lincoln to his son's head master…

I published this because I liked the beauty of expression and the gravity of the essence….

Abraham Lincoln, the 16th president of the united states of America (1861 – 1865) is one of the world's great statesmen for all time. Here is a letter written by Abraham Lincoln to the head master of his school in which his son was studying, a letter so typical of the man who bore malice towards none and had charity for all.

He will have to learn, I know, that all men are not just, all men are not true. But teach him also that for every scoundrel there is a hero: that far every selfish politician, there is a dedicated leader…

Teach him that for every enemy there is a friend. It will take time, I know a long time, but teach, if you can, that a dollar earned is of more value then five of found.

Teach him, to learn to lose…And also to enjoy winning. Steer him away from envy, if you can, teach in the secret of quiet laughter.

Teach him, if you can the wonder of books…But also given quiet time wonder the eternal mystery of birds in the sky, bees in the sun, and flowers on the green hillside.

In a school teach him, it is far more honorable to fail than to cheat…

Teach him to have faith in his own idea, even if anyone else tell him they are wrong…

Teach him to be gentle with gentle people and tough with tough.

Teach him to listen to all men…But teach him also to filter all he hears on a screen of truth, and take only the good one that comes through.

Teach him, if you can, how to laugh when he is sad. Teach him there is no shame in tear.

Teach them to sell his brawn and brain to the highest bidder but never to put a prize tag on his heart and soul.

Teach him gently, but do not cuddle him, because only the test of fire makes the fine steel.

Teach him always to have sublime faith in himself because then he will always have some sublime faith in mankind.

This is a big order, but see what can you do… He is such a fine little fellow, my son! Dad"

MICRO-FINANCE IN INDIA- A WAY FORWARD

* Hardeep Kaur
** Dr. Jasmindeep Kaur

ABSTRACT

Microfinance is a system under which small amount of loans are provided to the poor, without any type of collateral security against the loan. These small loans enable them to start micro business activities. Microfinance is a continuing growth process under which the poor have been given an opportunity to attain reasonable economic and social empowerment. It has been providing the best way to lead a better living standard and make them self dependent. In India NABARD initiated microfinance by the process of forming and nurturing small groups (SHGs) and making them capable of earning their livelihood and providing employment opportunities. The SHG-Bank linkage programme has emerged as the biggest micro-finance programme in India enabling about 103 million poor households to gain access to micro-finance facilities from the formal banking system. The present paper is focused on the evaluation of growth and performance of Microfinance and its strategies in India for the future.

Keywords - *Self Help Groups, Bank Linkage Programme, Poverty, NABARD*

Microfinance in its long journey has crossed various milestones. In the beginning it was concerned with only micro savings and micro credit. But with the passage of time, new concepts like micro enterprises, micro insurance, micro remittance and micro pension have emerged. It is a continuing growth process under which the poor have been given an opportunity to attain reasonable economic and social empowerment. It has provided the best way to have a better living standard and make the poor self dependent.

Self-help groups (SHGs) have created a prominent place not just in rural areas but also in urban areas. India is basically a rural country and hence rural development is the basic requirement for the development of the country. Since independence, a number of programmes have been launched from time to time to alleviate the poverty especially in rural areas. The problem of poverty in rural and urban areas has been due to lack of access of facilities to the poor. Poor people have been facing various problems like illiteracy, lack of jobs, lack of finances, less land holdings, low agricultural productivity, poor health facilities and sanitation etc. The problem has been that the credit facilities have not been reaching out to the poor sections of the society. In the villages, for finance, people were mostly dependent on informal sources and moneylenders. In order to remove rural people from the clutches of the moneylenders, National Bank for Agriculture and Rural Development (NABARD) introduced a programme for rural and poor people i.e. "SHG-Bank Linkage Programme" in 1992. SHGs are based upon some basic principles i.e. group approach, mutual trust, organization of small groups, sprit of thrift, lending on demand, collateral free loans for women, comfortable repayment, training and empowerment. Micro finance is a unique programme in India. It has touched the lives of millions of people, especially in rural India and helped in the mobilisation of funds and generated employment for the poor people.

Self Help Group Bank Linkage Programme (SHG-BLP) started with mere 500 SHGs of rural poor two decades ago and has now crossed 8 million groups by 2013. The geographical spread of this movement has also been impressive – initiated in Andhra Pradesh and Karnataka, they now have reached the remote areas of the country.

OBJECTIVE OF THE STUDY

To evaluate the growth of microfinance and its future prospects in India.

Sources of Data

The study is based on secondary data that has been collected through RBI Bulletin, various reports of NABARD, statistical abstract, newspapers, journals, internet, etc. over a period of 10 years i.e. from 2003-04 to 2012-13.Various tools of data analysis have been used in the study as per the requirement, such as percentages, exponential growth rate etc.

Growth and performance of micro finance in India

SHGs linkage programme has come a long way since

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1992 passing through stages of pilot (1992-95), mainstreaming (1995-1998) and expansion phase (1998 onwards) and emerged as the biggest micro-finance programme in terms of outreach linking 73.18 lakh savings-linked SHGs and 12.20 lakh credit linked SHGs groups by March 31, 2013.

For the purpose of measuring the growth of SHG-Bank linkage programme, the study period from 2003-04 to 2012-13 has been taken. The growth over of 10 years has been analysed with the number of SHGs formed during the year, bank finance during the year and refinance by the bank.

Table 1-Progress under SHG-Bank Linkage in India

Year	No. of SHG Credit linked	Bank loan during year	Re-finance by NABARD (Rs in millions)
2003-04	361731	18555.31	7054.00
2004-05	539365	29942.52	9678.00
2005-06	620109	44990.83	10677.00
2006-07	686408	65703.90	12928.60
2007-08	1227770	88492.62	16155.00
2008-09	1609586	122535.14	26200.30
2009-10	1586822	144533.03	31735.6
2010-11	1196134	145477.32	35268.20
2011-12	1147878	165347.68	37434.50
2012-13	1219821	205853.64	39166.40
Growth Rate	**13.48**	**29.12**	**22.91**

Source: Various Reports on Progress of SHG Bank Linkage in India and Status of Micro Finance in India NABARD, Mumbai from the year 2003-04 to 2012-13.

Table -1 depicts the progress under SHG bank linkage programme over the period 2003-04 to 2012-13. It can be observed from the table that the total number of credit linked SHGs increased from 3.61 lakh in the year 2003-04 to 12.19 lakh in 2012-13 showing a growth of 13.48 per cent whereas the bank loan during the year has increased from Rs.18555.31 million in 2003-04 to Rs. 205853.64 million in 2012-13 showing maximum growth of 29.12 per cent. In the year 2008-09, tremendous growth has been recorded with respect to number of SHGs that stood at 16.09 lakh and Rs. 12253.51 million loans were disbursed to these SHGs and Rs. 26200.03 million was refinanced by NABARD. The table also shows that the amount of refinance increased from Rs. 7054.00 millions in 2003-04 to Rs. 39166.40 millions in 2012-13 with a growth of 22.91 per cent.

Table-2 shows the region wise cumulative growth of SHGs over the period from 2003-04 to 2012-13. It can be observed from the table that the maximum number of SHGs were present in southern region. Table also reveals that, number of SHGs has increased from 10.79 lakh in year 2003-04 to 73.17 lakh in year 2013 throughout India. The table highlights that in the year 2003-04, the highest number of groups were formed in southern region (62.5%), followed by eastern region (14.7%) and lowest number of groups (1.1%) were formed in the north east region. The table also depicts that over the study period, self help group movement has spread all over India. Southern region accounted for 48.3 per cent SHGs formed at the end of the study period, followed by eastern region (20.1%) and 4.4% of SHGs were formed in the north east region. The table

Table 2 - Region wise cumulative progress of SHGs in India

Period	Northern	North-East	Eastern	Central	Western	Southern	All India
2003-04	52396(4.8)	12278(1.1)	158237(14.7)	127009(11.8)	54815 (5.1)	674356(62.5)	1079091(100)
2004-05	86018(5.3)	34238(2.1)	265628(16.4)	197365(12.2)	96266 (5.9)	938941(58.1)	1618456(100)
2005-06	133097(6)	62517(2.8)	394351(17.6)	267915(12)	166254(7.4)	1214431(54.2)	2238565(100)
2006-07	257956(6.2)	133138(3.2)	748905(18)	474306(11.4)	382774(9.2)	2163504(52)	4160584(100)
2007-08	208166(4.1)	203045(4.05)	1074043(21.4)	644896(12.8)	472734(9.4)	2406910(48.0)	5009794(100)
2008-09	310998(5.0)	240093(3.9)	1233635(20.1)	712915(11.6)	796262(13.0)	2827244(46.1)	6121147(100)
2009-10	351801(5.0)	292188(4.2)	1374242(19.7)	765965(11.0)	945620(13.5)	3223434(46.3)	6953250(100)
2010-11	322772(4.3)	324739(4.3)	1527618(20.4)	786436(10.5)	960921(12.8)	3489460(46.7)	7461946(100)
2011-12	409326(5.1)	366718(4.6)	1625714(20.4)	812767(10.2)	1062087(13.3)	3683737(46.27)	7960349(100)
2012-13	372837(5.09)	323896(4.4)	1471099(20.1)	702198(9.5)	906016(12.38)	3541505(48.3)	7317551(100)

Source: Various Reports on Progress of SHG Bank Linkage in India and Status of Micro Finance in India NABARD, Mumbai from the year 2003-04 to 2012-13.

Note: Figures in the bracket is the percentage of respective total.

Table 3 - Savings and Loan of SHGs with banks as on 31st March

	Savings		Loan disbursed		Loan Outstanding	
Year	**No. of SHGs savings linked**	**Amount** (Rs. in millions)	**No. of SHGs credit linked**	**Amount** (Rs. in millions)	**No. of SHGs against loan outstanding**	**Amount** (Rs. in millions)
2006-07	4160584(-)	35127.08(-)	1105749(-)	65703.89(-)	2894505(-)	123664.94(-)
2007-08	5009994 (20.4%)	37853.89 (7.7%)	1227770 (11.0%)	88492.62 (34.6%)	3625941 (25.2%)	169999.07 (37.4%)
2008-09	6121147 (22.1%)	55456.18 (46.5%)	1609586 (31.1%)	122535.14 (38.5%)	4224338 (16.5%)	226798.42 (33.4%)
2009-10	6953250 (13.5%)	61987.09 (11.7%)	1586822 (-1.4%)	144533.04 (17.9%)	4851356 (14.8%)	280382.81 (23.6%)
2010-11	7461946 (7.3%)	70163.03 (13.1%)	1196134 (-24.6%)	145477.32 (0.6%)	4786763 (-1.3%)	312211.66 (11.3%)
2011-12	7960349 (6.6%)	65514.15 (-6.6%)	1147878 (-4.3%)	165347.69 (13.6%)	4354442 (-9.0%)	363400.02 (16.3%)
2012-13	7317551 (-8.7%)	82172.55 (25.4%)	1219821 (6.26%)	205853.64 (24.4%)	4451434 (2.2%)	393752.97 (8.3%)
Growth Rate	**10.58**	**14.87**	**-0.48**	**18.90**	**6.57**	**20.89**

Source: Various Reports on Progress of SHG Bank Linkage in India and Status of Micro Finance in India NABARD, Mumbai from the year 2003-04 to 2012-13.

Note: Figures in the parenthesis indicates growth/decline over the previous year)

also depicts that, with the passage of time the other regions have acquired a remarkable position in the formation of groups.

Table -3 depicts the growth of SHGs savings, loans disbursed and loans outstanding against SHGs over the period from 2006-07 to 2012-13. It shows that the number of savings linked SHGs has increased from 41.60 lakh in 2006-07 and 73.17 lakh in 2013 witnessing a growth of 10.58 per cent whereas amount of savings of SHGs during this period has increased from Rs. 35127.08 million to Rs. 82172.55 million representing a growth of 14.87 per cent. The study also found that the number of savings linked SHGs and the amount has increased by 1.8 and 2 times respectively in the same period. The table reveals that the number of credit linked SHGs has increased from 11.05 lakh in 2006-07 and 12.19 lakh SHGs in 2012-13 representing a negative growth of -0.48 per cent whereas the amount during this period has increased from Rs. 65703.89 million in 2006-07 to Rs.205853.64 million in 2012-13 representing a growth of 18.90 per cent over the period. The study also found that the number of loans disbursed to the SHGs and amount has increased by 1.1 and 2.2 times respectively in the same period. The table also reveals that the number of SHGs against loans outstanding has increased from 28.94 lakh in 2006-07 to 44.51 lacs in 2012-13 representing a growth of 6.57 per cent whereas amount during this period has increased from Rs.123664.94 million to Rs.393752.97 million representing a growth of 20.89 per cent. The Table found that the number of SHGs against loans outstanding and the amount has increased 1.6 and 2.5 times respectively in the same period.

Table -4 depicts the growth of savings of women SHGs, loans disbursed and loans outstanding against women SHGs over the study period from 2006-07 to 2012-13. It can be seen from the table that number of savings linked women SHGs has increased from 32.71 lakh in 2006-07 to 59.38 lakh in 2012-13 with a growth of 11.03 per cent. Whereas the amount of savings linked women SHGs has increased from Rs. 30249.83 millions in 2006-07 to Rs. 65148.70 million in 2012-13 recording a growth of 13.19 per cent. The table highlights that the number of savings linked women SHGs and the amount has increased by 1.53 and 1.7 times respectively in the same period. The table also reveals that the number of women SHGs having disbursed loans has increased from 95.79 lakh in 2006-07 to 103.74 lakh in 2012-13 registering a negative growth of 1.07 per cent whereas the amount of loan disbursed to women SHGs has increased from Rs. 56773.64 million 2006-07 to Rs. 178543.10 million in 2012-13 with a growth of 19.09 per cent. The table also found that the highest number of women SHGs was formed in the year 2011-12 and the loans disbursed amounted to Rs.141320.23 millions. Loans outstanding against the number of women SHGs have increased

Table 4 - Savings and Loan of Women SHGs with banks as on 31st March

	Savings		Loan disbursed		Loan Outstanding	
Year	No. of Women SHGs	Amount (Rs. in millions)	No. of Women SHGs	Amount (Rs. in millions)	No. of Women SHGs	Amount (Rs. in millions)
2006-07	3271239(-)	30249.83(-)	957920(-)	56773.64(-)	2389408(-)	101373.88(-)
2007-08	3986093(21.8)	31086.51(2.7)	1040996(8.6)	74742.56(31.6)	2917259(22.0)	133356.08(31.5)
2008-09	4863921(22.0)	44340.30(42.6)	1374579(32.4)	105273.76(40.8)	3277355(12.3)	185835.36(39.4)
2009-10	5310436(9.1)	44986.58(1.4)	1294476(-5.8)	124293.68 (18.1)	3897797(18.9)	230303.63 (23.9)
2010-11	6098034(14.8)	52986.45(17.7)	1017218(-21.4)	126223.34(1.6)	3983597(2.2)	261237.56 (13.4)
2011-12	6298686(3.2)	51043.29(-3.6%)	923232(-9.2)	141320.23(11.9)	3649408(-8.3)	304652.84(16.6)
2012-13	5938519(-5.7)	65148.70(27.6)	1037402(12.3)	178543.10(26.3)	3757241(2.9)	328400.45(7.7)
Growth Rate	**11.03**	**13.19**	**-1.07**	**19.09**	**7.40**	**21.78**

Source: Various Reports on Status of Micro Finance in India NABARD, Mumbai from the year 2006-07 to 2012-13.
Note: Figures in the bracket is the percentage of respective total.

from 23.89 lakh in 2006-07 to 37.57 lakh in 2012-13 representing a growth of 7.40 per cent whereas outstanding amount against women SHGs during this period has increased from Rs. 101373.88 million in 2006-07 to Rs.328400.45 million in 2012-13 recording a growth of 21.78 per cent .The table also found that the number of loans outstanding SHGs and the amount has increased by 1.31 and 2.46 times respectively in the same period.

Findings of the study

The main findings of the study are as under:

- The SHG Bank Linkage Programme has made a good progress over the study period. The results show that the credit linked SHGs have recorded a growth of 13.48 per cent while the bank loan has shown a maximum growth of 29.12 per cent over the study period. The amount of refinance by NABARD has increased at a growth of 22.91 per cent.
- During the initial period, the southern region selected for the study dominated the presence of SHGs, but with the passage of time, the other regions also have acquired a remarkable position in the formation of groups. Over the period of 10 years, Northern states also have shown progress in this regard.
- The study results show that the number of savings linked SHGs have increased representing a growth of 10.58 per cent while the amount of savings of SHGs during this period has increased and registering a growth of 14.87 per cent. The study also found that the number of savings linked SHGs and the amount have increased by 1.8 and 2 times respectively during the same period.
- It was found that number of SHGs that disbursed loans have shown negative growth of 0.48 per cent while the amount during this period has increased with a growth of 18.90 percent over the study period. Study also found that, the number of loans disbursed by SHGs and the amount has increased by 1.1 and 2.2 times respectively during the same period.
- The results also reveal that the number of SHGs with loans outstanding has increased by 6.57 per cent while the amount during this period has increased by 20.89 per cent. Study also found that the loan outstanding against a number of SHGs and amount has increased by 1.66 and 2.52 times respectively during the same period.
- It was found that the number of savings linked women SHGs has also increased and recorded a growth of 11.03 per cent, while the amount of savings linked women SHGs has increased recording a growth of 13.19 per cent. The study also highlights that the number of savings linked SHGs and the amount have increased by 1.53 and 1.7 times respectively during the same period.
- It was revealed that the loans disbursed to a number of women SHGs linked have increased and registered a negative growth of 1.07 per cent while the amount of loans disbursed to women SHGs has increased by 19.09 per cent.
- The study found that the highest number of women SHGs was formed in the year 2011-12 and the loans that were disbursed amounted to Rs.141320.23 millions.
- NABARD acts as the main facilitator of micro finance in the country. It acts as a catalyst for the

growth of micro finance in India and for that, it has formed a structure for the period 2013-17. NABARD would be focusing on all the eligible poor rural households in the country and they would be covered through SHG BLP by March 2017 which shall alleviate poverty to some extent.

- NABARD would be focusing on promoting 20 lakh new SHGs to certain poor sections in the states of Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Assam and West Bengal and they would be linked to the banks during the coming three years.
- In order to remove regional imbalances NABARD would be focusing on Block-based planning to address the issue of intra-district imbalances in promotion of SHGs.
- NABARD would be aiming on various initiatives for financial literacy drive of members of the SHGs.

CONCLUSION

Micro finance is a continuing growth process under which the poor have been given a great opportunity to attain reasonable economic and social empowerment. It has been providing the best way to lead a better living standard and to make them self dependent. Under this SHGs are considered as a boon for the life of women in villages for their social and economic empowerment. NABARD has worked as the main facilitator and advisor of microfinance initiatives in the country. It took many initiatives especially for the SHG-BLP programme. It is now focusing on all eligible poor rural households in the country and they shall be covered through SHG BLP by March 2017 which shall alleviate poverty to some extent.

REVIEW OF LITERATURE

Ahmad (1999) analyzed a case study on thrift groups in Assam and the study highlighted that women had come to the administration directly for their justice, rights and to address their grievances boldly. **Gaonkar (2001)** studied the impact of SHGs on women in Goa and concluded that the SHG movement could significantly contribute to the reduction of poverty and unemployment in the rural sector of the economy. **Sultana (2005)** revealed that the women empowerment could be achieved through self-help groups. The study was undertaken in the Vikarabad Mandal of Ranga Reddy district in Andhra Pradesh. The study concluded that women self help groups should be increased and encouraged for the development of the economy and removal of poverty among the poorest of the poor. **Sahu and Dass (2007)** analyzed the role and performance of Self Help Groups (SHGs) in promoting women empowerment in Gajapati district of Orissa. The study concluded that the operational efficiency and group dynamics could be attributed to several factors like background of SHG formation, internal problem, support provided by the promoters and effective leadership **Vinayagamouerthy (2007)** focused on the economic improvement of women after they had joined the Self Help Groups (SHGS). The study was undertaken in northern Tamil Nadu and had covered three villages from north districts. The study concluded that the income of the SHG members had increased due to positive changes in their income but the rate of growth of savings was low because the incremental expenditure was high. **Angaswamy (2009)** focused on Self Help Groups formed by rural people those were mostly women. The study concluded that the livelihood of women improved through collective savings and investment in income generating activities. **Jothi (2010)** opined that SHG plays a pivotal role in improving both social and economic lives of the members and bring them more respect both domestically and socially. Study concluded that the self-help groups contributed substantially in pushing up the conditions of the female population. **Arora and Meenu (2011)** analysed the role of microfinance interventions in promoting women empowerment in rural India. The study has been carried out in the rural areas in three districts of Punjab namely Amritsar, Jalandhar and Ludhiana revealing that women had a habit of saving, and the maximum number of the respondents was having savings bank accounts and post office savings. **Sardagi (2012)** explained that Self Help Groups have been potential source to empower women. The study analyzed that SHG Bank linkage has emerged as popular means of assisting the poorest of the poor in Karnataka. The study concluded that Women empowerment aimed at enabling them to realize their identities, their potential and empower them in all spheres of lives. **Vasanthakumari (2012)** examined the economic empowerment achieved by beneficiaries of micro enterprise. The study found that the SHGs through micro enterprise development have been recognized as an important mechanism for empowering women.

It could be observed from the above reviews that, micro finance has been playing a vital role for the rural poor, especially in the uplift of women. Most of the studies conveyed the concept of Micro finance, role and performance of Self help groups and their role in economic empowerment of women.

Micro finance: conceptual framework

Basically, microfinance means providing financial services on a small scale to the rural and urban poor, including the self employed. Microfinance scheme provides a wide range of financial services to people who have little or nothing in the way of traditional collateral. **The task force on micro finance set up by NABARD** has defined microfinance as *"provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban provided to customers to meet their financial needs; with only qualification that (1) transactions value is small and (2) customers are poor."*

Thus microfinance is a system under which small amount of loans are provided to the poor without any type of collateral security against the loan. These small loans enable them in starting micro business activities on their own. These micro enterprises help them in making their livelihood. It has proved that Microfinance is a powerful tool which helps in uplifting the economic conditions of the asset-less poor through a group approach. The Microfinance SBLP is the largest and the fastest growing programme in the world with 73.17 lakh Self Help Groups, of which 59.38 lakh are women groups as on 31 March, 2013.

There are two dominating models in microfinance sector, which are as under:

1. **SHG - Bank Linkage Programme (SBLP):** This programme involves the SHGs financed directly by the banks viz., Commercial Banks (Public Sector and Private Sector), Regional Rural Banks and Co-operative Banks.
2. **MFI - Bank Linkage Programme (MBLP):** This programme covers financing of Microfinance Institutions (MFIs) by banking agencies viz., Commercial Banks, Regional Rural Banks and Co-operative Banks for on-lending to SHGs and other small borrowers

Origin and concept of self help groups

The origin of Self Help Groups (SHGs) is the invention of Grameen Bank of Bangladesh, founded by Prof. Mohammed Yunus in 1975. He tried out a new approach for rural credit in Bangladesh. Grameen banks gave loans without asking borrowers either to provide collateral or engage in paperwork. In India NABARD initiated Self Help Groups in the year 1986-87 but the real effort was taken after 1991-92 from the linkage of Self Help Groups with the banks. Providing microfinance through SHGs has been one of the major policies of RBI in India since 1996.

According to **the National Bank for Agriculture and Rural Development (NABARD)**, a self-help group is a small economically homogeneous and affinity group of rural poor, voluntarily coming together : to save small amounts regularly; to mutually agree to contribute to a common fund; to meet their emergency needs; to have collective decision making; to solve conflicts through collective leadership and mutual discussion and to provide collateral free loans with terms decided by the group at market driven rates .

The main features of SHG are as follows:

- The ideal size of Self Help Groups is between 10 to 12 members.
- The groups need not be registered.
- From one family, only one member could participate.
- The groups consist of either only men or of only women
- Women groups are generally found to perform better.
- Members have the same social and financial background
- Compulsory attendance of all the members during group meetings.

SHGs are considered as a boon for the life of the women in villages for their social and economic empowerment. The main objective of SHG concept is to improve the economic development of women and to facilitate them in their social transformation so that gender discrimination can be eradicated.

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ANNEXURE 1

NABARD's Strategic Focus on SHG-BLP (2013-17)

NABARD has worked as main facilitator and adviser of microfinance initiatives in the country. It takes many initiatives especially for the SHG-BLP programme. NABARD has extended 100 per cent refinance facility to all the banks participating in this programme. NGOs, the Self Help Promoting Institutions, rural financial institutions, Farmers' Clubs and SHG Federations, etc were also encouraged on different fronts. NABARD's strategy for the coming four years from 2013-2017 is as follows:

1. The strategy has focused on all eligible poor rural households in India and they would be covered by SHG BLP by the year end March 2017.
2. It has been decided that poor states of Uttar Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, Maharashtra, Odisha, Assam and West Bengal would be the main focus areas for promotional interventions under SHG-BLP during the next four years. Emphasis would be given on 127 districts in these poor states where less than fifty percent of the potential for promotion of SHGs have been exploited and of which 33 districts were already covered under Women SHG Development Scheme. It has been decided that about 20 lakh new SHGs will be promoted and linked to the banks during the coming three years. The strategy has focussed to work in collaboration on meeting with various Government Programmes like National Rural Livelihood Mission (NRLM) to maximise benefits to the SHG members.
3. In order to remove regional imbalances in promotion of SHGs, it has been decided that there would be strategic shift from State and District-based planning for SHG-BLP to Block-based planning, to address the issue of intra-district imbalances in promotion of SHGs.
4. Attention would also be given through special schemes that will revive dormant SHGs through effective capacity building and hand holding support.
5. The strategy has also focused on various initiatives for additional financial literacy drive at the SHG level to eliminate over indebtedness at the member-level, especially in high SHG density States.
6. NABARD has also given attention to community based organizations those would be encouraged as the nodal points for promoting livelihood activities of members of SHGs.

"Generations to come will scarce believe that such a one (Gandhi) as this ever in flesh and blood walked upon this earth."

— Albert Einstein, On Peace

GOAL DISTRIBUTION IN A FOOTBALL MATCH UNDERSTANDING THROUGH LENS OF STATISTICS

Nikhil Grover

ABSTRACT
A football match is all about tactics, including mental and physical abilities in trying to beat the opposition. The aspect that differentiates the two teams playing against each other and proves to be the decisive factor is the number of goals scored at the end of the match. There are two halves of 45 minutes in which both the oppositions play to score as many number of goals as they can. The aim of the paper is to check whether there is a significant difference between the number of goals scored in the first half and the second half in a football match, whether teams play more aggressively in the first half or the second half, whether teams come up attacking from the starting minute of the game or wait for the final minutes to go for the win. The author has taken the data from English Premier League 2012-2013 season to check for this relationship. Then another finding factor in the paper is the correlation between the goals scored in the two halves.

Keywords: *football, 1st half, 2nd half, goals, English premier League*

A football match is played between two teams with 11 players on each side. There are three referees (including two linesmen). It is played by 250 million players in over 200 countries, making it the world's most popular sport. English Premier League is an English professional league for men's association football clubs. Contested by 20 clubs, it operates on a system of promotion and relegation with the Football League. The Premier League is the most-watched football league in the world, broadcast in 212 territories to 643 million homes and a potential TV audience of 4.7 billion people. In the Premier League 2012-2013 season, first 30 matches, around 45% of goals have been scored in the first half and 55% in the second.

METHODS

Hypothesis

There is a significant difference between the number of goals scored in the first half and the number of goals scored in the second half of a football match.

Please Refer to Table 1 in Appendix section for values of first half and second half goals scored.

Table 1- Statistics For First Half Goals

Median	= 18
Mode	= 18
Mean of the first half goals scored	= 19.3
Standard Deviation of the first half goals scored	= 6.530092
Variance of the first half goals scored	= 46.64211

Table 2 - Statistics For Second Half Goals

Median	= 23
Mode	= 22
Mean of the second half goals scored	= 24.05
Standard Deviation of the second half goals scored	= 7.584437
Variance of the second half goals scored	= 57.52368

Putting the value of $S^2 = 52.71$, please refer to Equation 1 in appendix section, the value of t calculated is 2.068 (taking mod value) and it is greater than 2.025 (for degrees of freedom = 38 and 95% confidence interval). So, the null hypothesis is rejected. Therefore, there is a significant difference between the number of goals scored in the first half and the number of goals scored in the second half of a football match. The above hypothesis can also be checked using "p-value".

P-value is found using Excel Solver, and it is 0.040551. Now since it is for 95% confidence interval, and p-value < 0.05, we will reject the hypothesis. So, using both the t-calculated and p-value we can reject the null hypothesis and hence prove the consistency of the result.

Correlation

In statistics, 'Correlation' refers to any of a broad class of statistical relationships involving dependence. So, by finding the correlation coefficient between the first half goals and second half goals, we can plot the relation

Source: "Overview of Soccer", Encyclopaedia Britannica

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between the two. The correlation coefficient is 0.5065. Please refer to Fig 4 and Chart 1 in the appendix section.

CONCLUSION

Talking about how different clubs approach a football match with different strategies and how these strategies work out for them, this paper reflects the fact that there is a significant difference between 1st half and 2nd half goals scored by the 20 clubs playing in the English Premier League (2012-2013 seasons, first 30 matches). Secondly, a correlation analysis has been done among the two variables (goals scored in 1st half and 2nd half by the clubs) and it is observed that they are moderately positively correlated.

FUTURE SCOPE OF STUDY

This study is an attempt to observe the statistics on goal distribution in football, but the data taken is of only one league (England) and that too for only 30 matches of one season. In future, the study can be expanded to take into account other football leagues all over the world with more years of data.

LITERATURE REVIEW

Statistical techniques can be used and applied to model sporting events. Models are often used to suggest strategic improvements for either individual competitors or to improve the excitement from the spectator's viewpoint. According to **(Dixon & Robinson, 1998),** one could relate to the differences in the number of goals scored in a football match over the two 45 minute halves. Some points mentioned by **(Dixon & Robinson, 1998)** are:

- A team is likely to be more vulnerable just after they have scored a goal. ('Immediate strike back' by the opposite team).
- More goals are scored as the game progresses perhaps because of exhaustion of the players.
- Teams tend to formulate strategies depending on the current score- for example teams may try to defend a lead or to restore equality if they are ahead or behind respectively.

Taking the first point, a team after scoring could become vulnerable because they might become complacent. At the same time, the opposition will try to bounce back into the game. So, they will be aggressive. This increases the total number of goals scored in a half.

It's clear that scoring increases linearly as the match wears on. And it doesn't matter if the matches end in a win for the home or away side, or even a draw. There can be lots of reasons for this, including perhaps most obviously, that the teams that are behind by 2 goals may not defend as hard as teams that are tied; or teams that are up by 2 goals are just having a better day and continue to score; or players just get tired and make more mistakes. So, looking at the data in Table 1, mostly the teams tend to score more in the second half which eventually means that teams tend to concede more in the second half due to the reasons mentioned above. There are a few exceptions to this- as some teams score majority of the goals in the first half and from there onwards tend to defend on their lead successfully.

As the match wears on, the ability to score increases, due to the exhaustion of the players. Then there are other factors as well. As every team plays both home and away matches against each team, the home team tends to gain the upper hand because of the crowd support. So, they are more liable to score as the match goes forward in the second half. Substitutions are another crucial point. If a team is winning by suppose 2 goals, there will be substitutions in the second half by both the teams and this could play a huge role in the number of goals scored in the second half. The trailing team will want to score and get back in the game by bringing on attacking options while winning team might take their striker off to maintain the lead. Well this is not always the case as some teams keep attacking till the final whistle. So, either way the second half usually sees more number of goals scored than the first half.

Substitutions, as mentioned play a key role. Three players are allowed to come off the bench to replace the on-field players. The managers of the teams decide whom to and when to replace. Usually the substitutions are made in the second half. This mostly always proves to be the deciding factor and increases the probability of the team scoring goals. So, the second half will see fresh players coming off the bench and influencing the flow of the game. Eventually increasing the goals scored in the second half.

This is although not always the case. Some teams tend to score more in the first half rather than second. They tend to take early lead by a goal or two and tend to defend for the rest of the match in the event of having high class defenders or inability of the opposition being able to score goals. This could see the team scoring more in the first half, contradictory to what is mentioned above. Scoring, also to a very large extent depends on the quality of the forward striker, mid fielders of the attacking team and the defenders of the other team. If the defenders are weak, they will concede more goals, while if the strikers are strong, the probability of scoring is high in the match.

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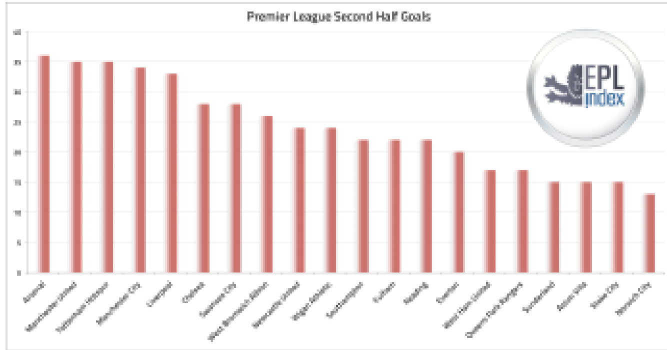
APPENDIX

Fig 1 and Fig 2 show the distribution of number of goals scored by all 20 teams over the 30 matches in the first and second half respectively.

Figure 1 - Number of goals scored by each team in the first half

Source Courtesy: Official EPL Index

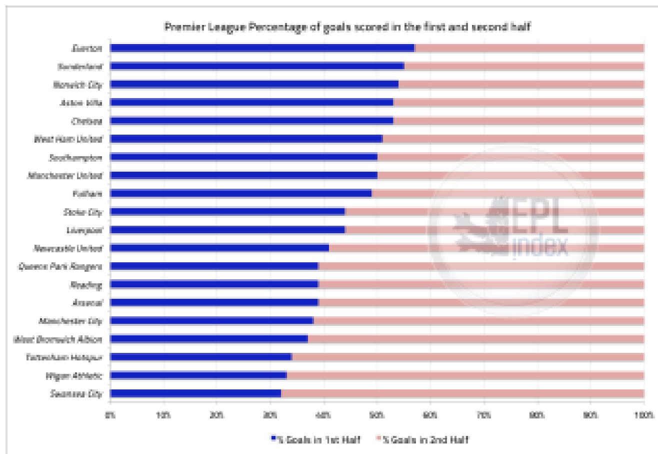
Fig 2 - Number of goals scored by each team in the second half



Source Courtesy: Official EPL Index

In Fig 3, the percentage of goals scored in first and second half out of the total goals scored has been displayed.

Fig 3 - Percentage Distribution of goals by different teams



Source Courtesy: Official EPL Index

Figure 4 - Correlation between 1st and 2nd half goals scored (Correlation value is highlighted)

A	B	C
	1st half goals	2nd half goals
1st half goals	1	
2nd half goals	0.506580986	1

"Ask not what your country can do for you - ask what you can " *- John F. Kennedy.*

Table 1 - Number of goals scored in different halves by the clubs

Final Position	*Team*	*First half goals scored*	*Second half goals scored*	*Total goals scored*
1	Manchester United	35	35	70 (C)
3	Chelsea	31	28	59
7	Liverpool	26	33	59
4	Arsenal	23	36	59
2	Manchester City	21	34	55
5	Tottenham Hotspur	18	35	53
6	Everton	27	20	47
14	Southampton	22	22	44
12	Fulham	21	22	43
16	Newcastle United	17	24	41
8	West Bromwich Albion	15	26	41
9	Swansea City	13	28	41
19	Reading	14	22	36
18	Wigan Athletic	12	24	36
10	West Ham United	18	17	35
17	Sunderland	18	15	33
15	Aston Villa	17	15	32
11	Norwich City	15	13	28
20	Queens Park Rangers	11	17	28
13	Stoke City	12	15	27

Equation 1 - The above equations used to calculate the required t-value

$$t = (x_{mean} - y_{mean}) / \mathrm{Sqrt}(s^2 / (1/n_1 + 1/n_2))$$

$$S^2 = \frac{n_1 sx^2 + n_2 sy^2}{n_1 + n_2 - 2}$$

Where,

x= mean of the first half goals

y= mean of the second half goals

n_1= sample size of first sample

n_2= sample size ofsecond sample

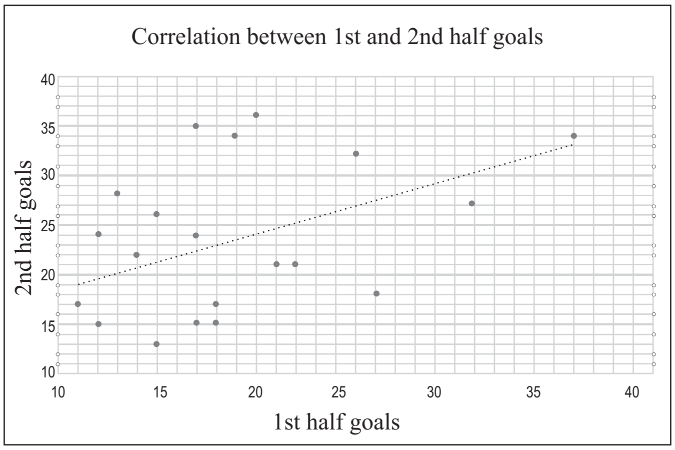
Sx = standard deviation of the first sample

Sy = standard deviation of the second sample

S = Expected standard deviation

Sqrt = Square root

Chart 1 - The correlation coefficient between 1st and 2nd half goals is 0.50 (See Fig 4.) which indicates that the variables (1st half and 2nd half goals scored) are moderately correlated.



"Winners dont do different things, they do things differently" — Shiv Khera,
You Can Win: A Step by Step Tool for Top Achievers

"THE SELECTION OF COMPANIES BY INVESTORS WHILE DECIDING ABOUT MERGER-BASED INVESTMENTS" – A STUDY

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ABSTRACT

The most important expansion strategy used by the corporates to achieve an immediate growth is Mergers and Acquisitions (M&A). Merger transaction involves two companies, viz. namely acquirer and the target company. Equity investors have to decide whether to invest in the target company or the acquirer company. This present study examines the selection of companies by investors while deciding about merger-based investments. This study is fully based on primary data. Primary data has been obtained from the equity investors. The statistical tools like simple mean, factor analysis, cluster analysis, discriminant analysis, chi-square test, correspondence analysis, ANOVA, post-hoc analysis and canonical correlation have been utilised to analyse the data. This study reveals that though the investors prefer mergers, they are giving more importance to the management of the company before deciding about merger-based investments. This study also reveals that the proportion of the money invested in equity is exerting the maximum influence on importance accorded by investors while selecting the company for investment.

Keywords - *Acquirer, target, domestic, foreign*

Business enterprises grow and expand in the course of existence. Such growth warrants corporate restructuring in the form of M&A, takeovers, demergers, disinvestments and franchising. Corporate restructuring is a business expansion strategy used by business firms to bring about betterment in their performance in relevant market. Some companies will acquire the business for reorganising purpose and sell them off to other owners at profit (Proctor, 2001). Corporate restructuring is a business expansion strategy used by business firms to improve their stand in the market by bettering their position over competitors. The process of corporate restructuring commences from an effective designing of the process of restructuring, which shall be the duty of the company secretary, who will take the responsibilities over these processes. There is no simple decision which will be applied in all the restructuring cases (Champlin, 1998).

M&A is an important mechanism used by corporates endeavouring for external growth in short notice (Rhe´aume & Bhabra, 2008). Any merger transaction involves two companies, the acquirer and target company. The company purchasing another company is referred to as the acquirer company while the target company is the company so purchased. Investors making merger-based investments consider different factors before selecting the company in which they shall make such investments.

RESEARCH METHODOLOGY

This present study is descriptive in nature and based on primary data. Primary data has been collected by administering a well-structured interview schedule to 513 equity investors in Puducherry and Chennai. The interview schedule consists of both open-ended and close-ended questions. The researcher conducted pilot study by administering an interview schedule to 59 respondents. Reliability of the data has been measured using Cronbach's alpha (Cronbach, 1951). The statistical tools of simple mean, factor analysis, cluster analysis, discriminate analysis, chi-square test, correspondence analysis, ANOVA, post-hoc analysis and canonical correlation have been applied to analyze the collected data. The statistical software and packages such as Microsoft Excel, SPSS 19 and STATA 10 have been used for this study.

Selection of Companies for Making Merger-Based Investments

The investors have been asked to indicate the level of importance accorded by them to these factors in a

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Likert's five-point scale and the results of mean analysis have been displayed in Table 1.

Table 1 - Mean Analysis and Rank Scores

S.No.	Selection of Companies	Mean	Rank
1.	I will prefer to buy acquirer company shares (Acquirer company)	3.35	5
2.	I will prefer to buy target company share (Target company)	3.35	6
3.	Though I prefer mergers, I will give importance only to the management of the acquirer company (Acquirer management)	3.98	1
4.	Though I prefer mergers, I will give due importance to the company with longer period of existence (Old acquirer company)	3.57	3
5.	Though I prefer mergers, I will give importance to the company with shorter period of existence (New acquirer company)	2.61	9
6.	I will purchase the shares of the company which is merging with large cap company (Acquiring large cap company)	3.65	2
7.	I will purchase the shares of the company which is merging with small cap company (Acquiring small cap company)	2.81	8
8.	I will purchase the share of the company which is merging with domestic company (Acquiring domestic company)	3.43	4
9.	I will purchase the share of the company which is merging with foreign company (Acquiring foreign company)	3.3	7

It can be observed from Table 1 that Acquirer Company's management has the highest mean score of 3.98, followed by large cap of company (3.65), age of acquirer company (3.57), residential status of company (3.43), acquirer company (3.35) and the newness of acquirer company (2.61). Hence, it can be said that investors accord maximum importance to the management, large cap and oldness of the acquirer company while they accord least importance to invest in new companies.

Factorisation of Selection of Companies by Investors While Deciding About Merger-Based Investments

About nine items have been assigned to assess the importance given by investors making merger-based investments. However, some of these items may be related to each other. Factor analysis groups such similar items under distinct group.

Table 2 - KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.622
Bartlett's Test of Sphericity	Approx. Chi-Square	772.895
	Df	36
	Sig.	0.000

Table 3 - Total Variance Explained

Factors	Eigen Value	% of Variance	Cumulative %
Component 1	1.720	19.110	19.110
Component 2	1.633	18.141	37.252
Component 3	1.468	16.316	53.567
Component 4	1.348	14.983	68.550

Table 2 highlights that KMO value is 0.622 while Bartlett's test is significant at one percent level. Hence, the data available is adequate for conducting factor analysis.

Factor analysis has grouped the nine items into four components. The Eigen values in respect of all the components exceed unity. The first component explains 19.110 percent of variance, followed by the second component explaining 18.141 percent, component 3 explaining 16.316 percent and the fourth and final component explaining 14.983 percent. These four components totally explain 68.550 percent of variance, which is quite good. Hence, these four factors may be considered for future analysis.

The first factor embraces three items, viz. namely acquiring domestic company, acquiring large cap company and acquirer management. Since this factor consists of statements conveying investors interested in

Table 4 - Rotated Component Matrix

	Components			
	Big domestic target company	Both acquirer & target	Year of existence	Small foreign target company
Acquiring domestic company	0.773			
Acquiring large Cap company	0.696			
Acquirer management	0.627			
Acquirer company		0.874		
Target company		0.794		
New acquirer company			0.864	
Old acquirer company			0.619	
Acquiring small cap company				0.768
Acquiring foreign company				0.726

investing in shares of acquirer companies venturing into merger deals with big domestic target companies, it has been designated as "Big domestic target company". The second factor immerses two statements-the acquirer company and the target company. Since these statements are expressive of investors' interest in both the target and acquirer companies, it has been designated as "Both acquirer & target". The third factor comprises of two statements of new acquirer company and old acquirer company. Since this factor consists of statements articulating investors interest in investing in companies giving due regard to their length of existence, it has been labeled as "Year of existence". The fourth factor engulfs two statements of acquiring small cap company and acquiring foreign company. Since this factor consists of statements indicating investors' concentration towards investing in acquirer companies entering into merger deals with small foreign target companies, this factor has been branded as "Small foreign target company".

Segmentation of Investors

The importance accorded while deciding about making merger-based investments will vary among investors. K-means cluster analysis has been used to group investors based on such variance.

Cluster analysis has resulted in the formation of three distinct groups of investors. The first cluster has been labeled as "No specific criteria" as the mean score in respect of all the factors for this cluster are below three. This cluster includes 69 investors. The second cluster has been labeled as "All types of company" because the mean scores in respect of all the factors for this group exceed the level three. This group includes 272 investors. The third cluster has been designated as "Big domestic target company" because the mean in respect of big domestic target company factor for this segment is the highest (4.35). This factor embraces 172 investors. The F value in respect of small foreign target company is the highest (388.536) followed by big domestic target company (242.107), both acquirer and target (85.644) and year of existence (40.184). All these F values are significant at one percent level. Hence, all these four factors contribute to segmentation of the investors.

Table 5 - Final Cluster Centers and ANOVA

	Final Cluster Centers			ANOVA	
	1	2	3	F	Sig.
Big domestic target company	2.43	3.59	4.35	242.107	0.000
Both acquirer and target	2.49	3.54	3.38	85.644	0.000
Year of existence	2.48	3.30	3.00	40.184	0.000
Small foreign target company	2.23	3.73	2.33	388.536	0.000
Cases	69	272	172		

Reliability of Segmentation

Discriminant analysis has been employed to assess the reliability of segmentation. The four factors of big domestic target company, both acquirer and target, year of existence and small foreign target company have been taken as independent variables while cluster membership scores of selection of companies by investors is taken as grouping variable.

Table 6 - Eigen Values and Wilks' Lambda

Function	Eigen value	Canonical Correlation	Wilks' Lambda	Chi-square	Sig.
1	1.796	0.801	0.172	895.932	0.000
2	1.083	0.721	0.480	373.165	0.000

Eigen values of the two functions are 1.796 and 1.083. Both the values are greater than one. Canonical correlation value for function 1 and 2 are 0.801 and 0.721 respectively. Hence, it can be said that stronger relationship exists between the functions and factors related to selection of companies by investors while deciding about making merger-based investments. Wilks' lambda value of function 1 is 0.172 while that of the second function is 0.480. This suggests that both the functions are distinctive. The values are significant at one percent level. Hence, there is consistency in segmentation.

Table 7 - Structure Matrix

	Function	
	1	2
Small foreign target company	0.916*	0.122
Big domestic target company	-0.173	0.909*
Both acquirer and target	0.237	0.466*
Year of existence	0.229	0.242*

Table 7 shows standardized beta values of two functions. These functions will describe characteristics of population. Two functions are
*Z1 = 0.916 * Small foreign target company*
*Z2 = 0.909 * Big domestic target company + 0.466 * both acquirer and target + 0.242 * Year of existence*

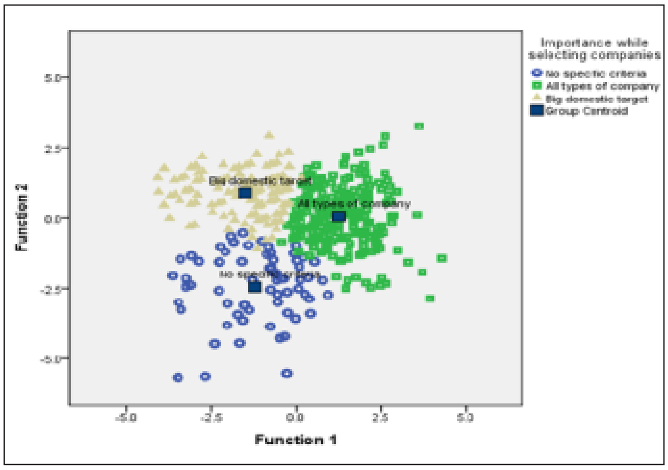

Figure 1 - Group centroids

Figure 1 displays group centroids, viz. namely no specific criteria, all types of company and big domestic target company. All the three centroids are located in different areas in the figure. This suggests that the investors are properly aligned.

It can be inferred from Table 8 that 99.6 percent of investors have been correctly classified under “all types of company” while 98.8 percent have been correctly classified under “big domestic target company” and 94.2 percent have been correctly classified under “no specific criteria”. Hence, almost all the investors have been correctly classified.

Relationship between Profile of Investors and Selection of Companies by Investors While Deciding About Merger-Based Investments

The relationship between the profile of investors and importance given by them while deciding about merger-based investments has been explored using chi-square test, ANOVA and independent samples t-test. Results of chi-square analysis have been displayed in Table 9.

Table 8 - Extent of Correct Classification

	Selection of Companies	Predicted Group Membership			Total
		No specific criteria	All types of company	Big domestic target company	
Count	No specific criteria	65	2	2	69
	All types of company	1	271	0	272
	Big domestic target company	2	0	170	172
%	No specific criteria	94.2	2.9	2.9	100.0
	All types of company	0.4	99.6	0.0	100.0
	Big domestic target company	1.2	0.0	98.8	100.0

Table 9 - Association between Personal Profile and Selection of Companies

	Selection of Companies	
	Value	Sig.
Gender	1.884	0.390
Age	10.693	0.098
Educational qualification	13.289	0.102
Occupation	28.838	0.011
Monthly income	8.252	0.409
Family members	16.003	0.042
Dependents	14.888	0.136
Income earning members	3.793	0.705
Family members in share market	2.445	0.875
Savings	2.445	0.875

Table 9 portrays that only two variables of occupation and number of family members have significance value less than 0.05. Hence, majority of the profile variables do not have significant association with the importance accorded by investors while deciding about making merger-based investments.

Figure 2 displays that investors employed in private sector and those having four family members are purchasing shares of all types of companies. Investors having less than three family members and those who have retired are not following any specific criteria during making such investments. Self-employed investors purchase shares of acquirer companies which strikes merger deals with big domestic target companies. Hence, occupation is the profile variable which has significant association with the investors making merger-based investment.

Table 9 depicts that eight profile variables do not have significant association with investors deciding about merger-based investments. ANOVA has been used to test whether these eight variables have significant relationship with the investors making merger-based investments and Table 10 portrays the results.

It can be observed from Table 10 that the profile variables, viz. namely age, monthly income, number of dependents, income earning members and savings have significance value less than 0.05. Hence, it can be

Figure 2 - Association between Personal Profile and Selection of Companies

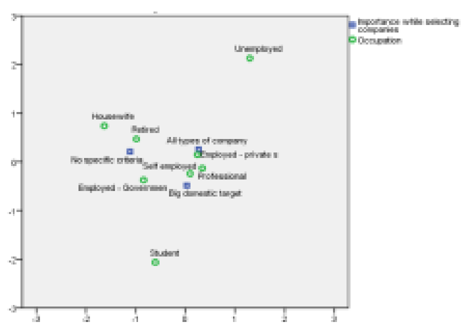

Figure 2 (a) - Occupation & Importance while selecting companies

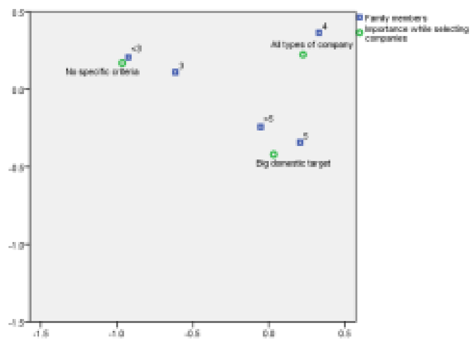

Figure 2 (b) - Family Members & Importance while selecting companies

Table 10 - Relationship between Personal Profile and Selection of Companies

	Big Domestic Target Company F (Sig.)	Both Acquirer and Target F (Sig.)	Year of Existence F (Sig.)	Small Foreign Target Company F (Sig.)
Gender	-1.394 (0.172)#	0.456 (0.651)#	-0.772 (0.445)#	0.069 (0.945)#
Age	2.228 (0.084)	4.11 (0.007)	1.437 (0.231)	1.918 (0.126)
Educational qualification	0.276 (0.894)	1.473 (0.209)	1.769 (0.134)	1.155 (0.33)
Monthly income	2.675 (0.031)	1.482 (0.206)	2.391 (0.05)	0.756 (0.554)
Dependents	1.447 (0.206)	3.19 (0.008)	0.31 (0.907)	1.03 (0.399)
Income earning members	1.089 (0.353)	1.393 (0.244)	2.776 (0.041)	0.525 (0.665
Family members in share market	0.594 (0.619)	0.37 (0.775)	0.298 (0.827)	0.299 (0.826)
Savings	1.486 (0.205)	0.826 (0.509)	1.559 (0.184)	2.729 (0.029)

observed that age and number of dependents influences investors' investment decision to make merger-based investment while monthly income influences investors' decision to make merger-based investment in acquirer companies, endeavoring to strike merger deal with big domestic target company. Monthly income and income earning members significantly influences investors' decision to invest in shares of companies based on year of existence. Savings of investors influences their decision to invest in shares of acquirer companies striking merger deals with small foreign target companies.

Table 12 - Association between Investment - Related Factors and Selection of Companies

	Selection of Companies	
	Value	Sig.
Investment avenues	4.044	0.400
Period of investments	4.147	0.657
Equity investment avenues	12.102	0.147
Money in equity	10.219	0.250

Table 11 – Post Hoc Analysis

Age	Both Acquirer and Target		Dependents	Both Acquirer and Target		Savings	Small Foreign Target Company	
	1	2		1	2		1	2
>70	2.7500		1	3.1038		>25	2.7451	
51-70	3.1650	3.1650	0	3.2192		10-15	2.9727	2.9727
30-50		3.3956	4	3.3667		21-25	2.9872	2.9872
<30		3.4063	2	3.3867		16-20		3.1524
			3	3.4070		<10		3.1620
			>4		3.8750			

Table 11 displays that investors aged more than 70 years are not interested to invest in shares of both the acquirer and target companies. Investors having more than four dependents prefer to invest in shares of both the acquirer and target companies. Investors saving more than 25 percent of their income are not interested to invest in the shares of the acquirer striking merger deal with small foreign target companies.

Proceeding further, the relationship between investment-related factors and investors deciding about merger-based investments has been explored using chi-square and the results have been displayed in Table 12.

It can be inferred from Table 12 that investment-related factors do not have significant association with investors deciding about merger-based investments.

The relationship between investment-related variables of investors and their decision to make merger-based investments has been explored using ANOVA and the results have been displayed in Table 13.

Table 13 highlights that three investment related variables, viz. namely investment avenues, equity investment avenues and proportion of money invested in equity have significance value less than 0.05. Hence, these three investment-related variables have

Table 13 - Relationship between Investment-Related Factors and Selection of Companies

	Big Domestic Target Company F (Sig.)	Both Acquirer and Target F (Sig.)	Year of Existence F (Sig.)	Small Foreign Target Company F (Sig.)
Investment avenues	4.97 (0.007)	0.779 (0.46)	4.462 (0.012)	0.607 (0.545)
Period of investments	0.37 (0.774)	0.46 (0.711)	0.954 (0.414)	1.312 (0.27)
Equity investment avenues	2.984 (0.019)	1.606 (0.171)	4.267 (0.002)	1.147 (0.333)
Money in equity	2.72 (0.029)	4.776 (0.001)	2.018 (0.091)	1.387 (0.237)

Table 14 - Post Hoc Analysis

Investment Avenues	Big Domestic Target Company		Year of Existence	
	1	2	1	2
Medium financial maturity	3.5610		3.0366	
High financial maturity	3.6128		2.9692	
Low financial maturity		3.8234		3.1986

significant relationship with investors' decision to make merger-based investments. Investment avenues, equity investment avenues and proportion of money invested in equity, influence the investors to invest in shares of the acquirer striking merger deals with big domestic target company. Proportion of money invested in equity, influences investors to invest in the shares of both the acquirer and the target companies while investment avenues and equity investment avenues influence investors to invest in shares of companies based on their length of existence.

Table 15 - Post Hoc Analysis

Equity Investment Avenues	Big Domestic Target Company		Equity Investment Avenues	Year of Existence		
	1	2		1	2	3
Equity, derivatives and mutual funds	3.5407		Equity and mutual fund	2.9021		
Purely equity in primary as well as secondary market	3.6207		Purely equity in primary as well as secondary market	3.0402	3.0402	
Both cash segment and derivatives	3.6835		Equity, derivatives and mutual funds	3.0793	3.0793	
Equity and mutual fund	3.6942		Both cash segment and derivatives		3.1835	3.1835
Purely equity in secondary market		3.9671	Purely equity in secondary market			3.3333

Table 14 shows that investors with low financial maturity are giving more importance to the acquirer companies striking merger deals with big domestic target companies. They also accord great importance to length of existence of the company.

Table 15 depicts that those investors who have invested purely in secondary market accord more importance to acquirer companies striking merger deals with big domestic target companies while they accord moderate importance to length of existence.

Table 16 shows that investors who have invested more than 80 percent of their money in equity are according least importance to acquirer and target company, particularly when the merger deal involves big domestic target companies.

Influence of Profile of Investors on Importance Given While Selecting the Company for Investment

Results of chi-square, independent samples t-test and ANOVA have found the prevalence of relationship between importance given by investors while deciding

Table 16 - Post Hoc Analysis

Money in Equity	Big Domestic Target Company		Both Acquirer and Target	
	1	2	1	2
More than 80 percent	2.8667		2.4000	
60-80 percent	3.2667	3.2667		3.1000
41-60 percent	3.4938	3.4938		3.0926
21-40 percent	3.6303	3.6303		3.4455
<20 percent		3.7786		3.3145

Table 17 - Canonical Correlation

	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
u1						
impo	-1.524433	.4021629	-3.79	0.000	-2.314525	-.7343404
v1						
age	.5271537	.4677065	1.13	0.260	-.3917063	1.446014
occu	.1151916	.165264	0.70	0.486	-.2094875	.4398706
monin	.0295275	.3921677	0.08	0.940	-.7409284	.7999834
fm	-.5335624	.313064	-1.70	0.089	-1.148611	.0814857
dep	-.0152243	.2778154	-0.05	0.956	-.5610227	.5305741
incmem	.0221255	.4361558	0.05	0.960	-.8347498	.8790008
sav	-.038692	.210561	-0.18	0.854	-.4523618	.3749779
inav	.279078	.4005036	0.70	0.486	-.5077546	1.065911
equin	-.1908048	.2033769	-0.94	0.349	-.5903607	.2087512
mone	.8222445	.3906717	2.10	0.036	.0547277	1.589761

(Standard errors estimated conditionally)

Canonical correlations:
0.1654

Tests of significance of all canonical correlations

	Statistic	df1	df2	F	Prob>F
Wilks' lambda	.972651	10	502	1.4115	0.1716 e
Pillai's trace	.0273494	10	502	1.4115	0.1716 e
Lawley-Hotelling trace	.0281185	10	502	1.4115	0.1716 e
Roy's largest root	.0281185	10	502	1.4115	0.1716 e

e = exact, a = approximate, u = upper bound on F

about the company in which they shall make their merger-based investment and ten profile variables, viz. namely age, occupation, monthly income, number of family members, number of dependents, number of income earning members in family, savings, investment avenues, equity investment avenues and proportion of money invested in equity. Canonical correlation has been employed to arrive at the most influencing profile variable on importance accorded by the investors before making merger-based investments. Cluster score has been taken as set one and the 10 profile variables have been taken as set two and the results have been displayed in Table 17.

Table 17 shows canonical correlation value of 17 percent and the significance value more than 0.05, suggesting insignificant correlation between the two sets. However, the value of significance in respect of proportion of money invested in equity is less than 0.05, implying that proportion of money invested in equity alone influences investors' merger-based investment decisions.

CONCLUSION

Investors in share market accord importance to different factors while selecting to invest in companies making merger announcements. This study finds that though the investors prefer mergers, they are according paramount importance to management of the company before deciding about investing in the company. Investors accord least interest in the merger deals of companies with shorter duration of existence. This study has grouped the importance given by investors while selecting the company for investment into four factors of big domestic target company, both acquirer and target, year of existence and small foreign target company. Investors have been grouped into three categories, viz. namely companies without any specific criteria, all types of company and big domestic target company. Existence of significant relationship between importance accorded by investors and their profile characteristics of age, occupation, monthly income, number of family members, number of dependents, number of income earning members in family, savings, investment avenues, equity investment avenues and proportion of money invested in equity has been established. Proportion of money invested in equity is exerting the utmost influence on importance accorded by investors while selecting the company for investment.

REVIEW OF LITERATURE

Feito-Ruiza & Menéndez-Requejo (2012) have analyzed the value assigned by European shareholders of acquiring companies to diversification decisions by considering 447 M&A deals struck during 2000-07 and using event study methodology. The study has come out with two regression models, the first model dealing with factors influencing companies to strike diversified M&A deals, while the second model deals with determinants of CAR using legal & institutional characteristics, acquiring ownership characteristics, interactions and other firm & deal related variables as independent variables. The study divulges that legal & institutional characteristic influences companies to negotiate diversified deals. The study has also found that European firms prefer to diversify into unrelated businesses through diversification deals.

Subeniotis, Tampakoudis, Kroustalis & Poulios (2011) have studied the effect of merger deals on the wealth of shareholders of acquiring and acquired companies in the US. The study has covered 125 companies which have struck merger deals during the first quarter of 2005 and used the market model for estimating AR and -90 to -11 as the estimation period. The study has revealed that acquiring companies' market reaction to merger deals is insignificantly negative.

Shim (2011) studied the relationship between M&A, diversification and corporate financial performance of the US property-liability insurance companies during 1989-2004. The study has established that risk-adjusted ROA, return on equity, Z-score and the total risk explains performance of the companies.

Bhal, Bhaskar & Ratnam (2009) have assessed reaction of 225 managers towards M&A deals, focusing on behavioral, cognitive and affective reactions. Results of the study reveal that an effective reaction facilitates the relationship between behavioral and cognitive reactions. Wang & Han (2008) have analyzed the reasons behind failure of M&A deals in China. The study has identified alienation of local government as the chief cause for such failures.

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