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Editor-in-chief Message

Dear Reader,

Research is an ongoing phenomenon, which gets refined by itself. More aspects are added in order to keep it at pace. In this regard, JSSGIW Journal of Management has been putting constant endeavours to improve the quality of research. We are thankful to the authors who have contributed their papers and case studies for this volume.

The present issue of the journal highlights relevant issues in various areas of management including career orientation, efficient market hypothesis, Business Ethics FDI, SMEs and Ethical Reporting. The PDF copy of the journal is available on our website www.shim.co.in

In the fifth year, we anticipate similar cooperation from academicians and researchers again for further volumes of the journal. Research papers and case studies are invited as per the guidelines mentioned at the last page of the journal. The papers would be published after blind review process by the expert panel. Finally, I would like to my sincere express thanks to editorial committee for their continuous support.

Feedback for improving the quality of journal would always be appreciated.

Thanks and Regards,

Dr. Rakesh Anand
Director,
Sant Hirdaram Institute of Management
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An Empirical Analysis of Stock Market Behavior: Evidences from Indian Stock Market

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Abstract:

India is the firmest growing evolving economy, where transformation process started in 1991. As a consequence, demand for savings funds is rising expressively and capital market evolution is anticipated to play a gradually significant role in the process. The capital market developments in India present a situation where a sensible combination of competition, deregulation and guideline has led to constant reforms and enlarged efficiency. At this provisional stage, it is essential to measure the level of competence of the Indian equity market so as to launch its longer tenure role in the procedure of economic development. Though, studies on market proficiency of Indian markets are very insufficient. They are also out-of-date and mostly unconvincing. The purpose of this study is to assess whether the equity markets of India are weak form of market or not. EMH, like other theories need future anticipated prices or returns, & use past real prices or returns for the assessments. Groups of share price variations are verified for serial independence. Random walk theory for prices of equity show a market in which innovative information is rapidly discounted into prices and irregular or additional returns cannot be made from witnessing past prices. The next section of this paper provides a brief background of the Indian equity market and a brief literature review of studies testing market efficiency in emerging markets. Section 3 explains the methodology used in this study and data sources, followed by the results of the analysis in section 4. The last section summarizes the conclusions and their implications.

Keywords: Indian Equity Market, NSE, Random Walk theory.

Introduction:

In the last three decades, a large number of countries had initiated reform process to open up their economies. These are broadly considered as emerging economies. Emerging markets have received huge inflows of capital in the recent past and became viable alternative for investors seeking international diversification. Among the emerging markets India has received it's more than fair share of foreign investment inflows since its reform process began. One reason could be the Asian crisis which affected the fast developing Asian economies of the time (also sometimes collectively called tiger economies). India was not affected by the Asian crisis and has maintained its high economic growth during the period.

The reform process in India began in early 1990s with stock exchanges and then spread to banks, mutual funds, NBFCs and of late, to insurance companies. However, reforms in equity market in particular commenced in mid-1980s. Mumbai (formerly known as Bombay) Stock Exchange (BSE) has always played the dominant role in the equity market in India. Traditionally, stock exchanges were governed by brokers leading to conflict of interest situation between the interest of common investors and those of brokers/owners of stock exchanges. With the establishment of National Stock Exchange (NSE), a new institutional structure was introduced in India that could ensure smooth functioning of market through a combination of new technology and efficient market design. The Securities Exchange Board of India (SEBI) was set up as a market regulator with statutory powers to control and supervise operations of all participants in the capital market viz. stock exchanges, stock brokers, mutual funds and rating agencies. The development of debt market is another significant development, which has been facilitated by deregulation of administered interest rates. Opening of stock exchange trading to Foreign Institutional Investors (FIIs) and permission of raising funds from international market through equity linked instruments have introduced a degree of competition to domestic exchanges and other market participants. Processes of FIIs have smoothed outline of finest practices and study inputs in trading and risk management systems.

Random Walk Theory:

The basic premise of the theory is that the present day prices incorporate all past trends of price. Movement and hence cannot be used to predict future prices and profit from that. Deriving its name from the book '*A Random Walk Down Wall Street'* by Malkiel the fans of the theory contend that the information flow in the market is efficient so that all information and past prices are reflected today making any exercise in prediction and analysis useless. Malkiel goes a step further and questions the validity of both fundamental and technical analysis on the above-mentioned grounds and is emphatic in his belief that any profits using these theories are more a stroke of luck than sleight of hand. Prices have no memory; therefore past and present prices cannot be used to predict future prices. The adjustment to this new information is so fast that it is impossible to profit from it. Furthermore, News and events are also random and trying to predict these (fundamental analysis) is also a lesson in futility.

Literature Review:

Fama (1965) propounded his famous efficient market hypothesis for US securities, a number of empirical research have been carried out to test its validity, mainly in the developed countries with booming financial markets (Summers, 1986; Fama and French, 1988; Lo and Mackinlay, 1988). Fama classified stock market efficiency into three forms. They are namely 'weak form', 'semi-strong form' and 'strong form'. The classification depends upon the underlying assumptions relating to information set available to market participants. Each information set here is more comprehensive than the previous one.

Weak Form Efficient Market Hypothesis, which is also known as Random Walk Hypothesis (RWH) states that present prices of securities fully reflect information contains in the their historical price. Therefore, the best predictor of the future price is the present price. It is not possible for the investors to design profitable strategy on the basis of past price of a security. Random walk is the path of a variable over time that exhibits no predictable pattern at all. If a price moves in a random walk, the value of price in any period will be equal to the value of price in the period before, plus or minus some random shocks.

Semi-strong Efficient Market Hypothesis claims that prices of securities incorporate publicly available information, while strong-form holds that all the information set whether public or/and private are enveloped in the market prices of securities. Hence the prediction of future price conditional on past information is not advantageous to market participants. The more efficient capital market is more random which makes the market return more unpredictable. In the most efficient stock market, future prices will be purely random and the price formation can be assumed to be a stochastic process with mean in price change would be equal to zero.

Fama (1991) renamed the market efficiency studies into three categories. The first category involves the tests of return predictability; the second group contains event studies and the third tests for private information. The concept of random walk was first developed by Bachelier (1900). He found that a successive price change between two periods is independent with zero mean and variance depends upon interval between two periods. The early studies on testing the weak form efficiency on the developed stock markets, generally agree with the support of weak-efficiency of the market considering a low degree of serial correlation (Cootner, 1962; Fama, 1965 and 1970).

Porterba and Summers (1988) confirmed the presence of mean reverting tendency and absence of random walk in the U.S. Stocks. Lo and McKinney (1988) proposed variance ratio test to test random walk hypothesis. Their findings provided the evidence against random walk hypothesis for the entire sample period of 1962 to 1985. Fama and French (1988) discovered that forty percentage of variation of longer holding period returns were predictable from the information on past returns for U.S. Stock markets. Cambel (1991) used variance decomposition method for stock return and concluded that the expected return changes in persistent fashion. Kim, Nelson and Startz (1991) examined the random walk pattern of stock prices by using weekly and monthly returns in five Pacific-Basin Stock Markets. They found that all stock markets except Japanese stock market did not follow random walk.

Pope (1989) noted that the traditional tests of random walk model such as serial correlation and run test are 3 susceptible to error because of spurious autocorrelation induced by non-synchronous trading. Shiller and Perron (1985) and Summer (1986) have shown that such tests have relatively little power against interesting alternative hypothesis of market efficiency.

Culter, Porterba and Summer (1990) found evidence of the mean reversion and predictability of the US stock market return. David Walsh (1997) employed variance ratio test to test the null hypothesis of random walk in the Australian Stock Exchange covering various sampling intervals and data period during January 1980 to December 1995. His result suggested that many indices of the stock exchange returned to random walk during October Crash 1987.

Pant and Bishnoy (2001) analyzed the behaviour of the daily and weekly returns of five Indian stock market indices for random walk during April 1996 to June 2001.They found that Indian Stock Market Indices did not follow random walk.

Shigguang Ma and Michelle Barnes (2001) tested both Shanghai and Shenzen stock market for efficient market hypothesis using serial correlation, runs and variance ratio test to index and individual share data for daily, weekly and monthly frequencies and found that Chinese stock markets were not weak form efficient.

Osei (2002) investigated the asset pricing characteristics and response to annual earnings announcement of the Ghana Stock market. He concluded that Ghana Stock Market is not efficient with respect to annual earnings information releases to the Ghanian Market.

Chakraborty (2006) investigated the stock price behaviour using daily closing figures of Milanka Price Index during January 1991 to December 2001 and daily closing prices of twenty-five underlying individuals companies included in the index from July 1991 to May 1999. The study found that stock market in Sri lanka did not follow random walk, while results of weak form efficient market hypothesis in twenty-five companies showed mixed outcome.

Daniel Simon and Samuel Laryea (2006) examined the weak form of efficient market hypothesis for four African stock markets-Ghana, Mauritius, Egypt and South Africa. Their results implied that South African market was weak form efficient, whereas that of Ghana, Mauritius and Egypt were weak form inefficient.

Rationale of the Study:

The competence of stock market in economic growth cannot be exaggerated. Efficient Stock Markets deliver the vehicle for assembling savings and investment capitals for evolving purposes. The study aims to test the market efficiency of National Stock Exchange. Statistical tools like run test and serial correlation test were applied to test the weak form of market efficiency. Increasing investor interest in emerging markets has motivated a great deal of research aimed at understanding the return risk characteristics of stock prices in this market.

Objectives of the Study:

1.) The objective of this research is to study the application of Efficient Market Theory hypothesis in Indian context.
2.) To investigate whether prices of Stocks in National Stock Exchange follow a Random Walk process as required by the market efficiency theory.
3.) To explore new vistas for further research.

Research Methodology:

The research is empirical in nature. For the purpose of statistical analysis of the weak form of efficient market hypothesis, the market prices of shares of National stock exchange for the different time periods have been taken as variables. Judgment sampling (non probability sampling) technique is used to select the samples. This research is a case study of NSE where nifty has been selected for the purpose of analysis. Attempt is made to analyze the performance of nifty keeping portfolio management perspective in view. Forty seven companies' data is used which were included in NSE index, NIFTY, the rest three companies were eliminated due to the swapping of those companies on index.

Secondary Sources are used to collect the data. Daily closing price data was collected from nseidia.com for all firms from 1st April 2007 to 31st March 2011. To analyze the data, statistical tools like run test and serial correlation are applied so as to know the extent of correlation among different variables.

Hypothesis Formulations:

For calculating the run test the following hypothesis has been formulated
Ho1: The price movements in the share prices of NIFTY are not affected by past prices.

Results and Discussions:
Run Test

Run test was used to find out whether the series of price movement had occurred by chance. Run test ignore the absolute values of the number in the series and observe only their sign. So the number of runs – consecutive sequence of signs in the same direction was counted. The consecutive rise in price was counted as a positive run and the decline was counted as negative run. For analysis weekly share prices of Nifty is selected for study from 1st April 2007 to 31st March 2011. To test the weak form of efficient market theory the following hypothesis has been formulated;

Ho1= the price movement in the share prices of Nifty are not affected by past prices.

Out of 47 companies, the value of Z of all the companies were higher than the critical value of ±1.96 at 5% level of significance, like the computed value of Bajaj Auto (18.43307638), Dr. Reddy's lab (18.48646142), HDFC bank (18.64148199) etc. Hence our hypothesis is rejected hence the price movement in the share prices of nifty is affected by past prices and are predictable. Further it can be seen that the price movement in share prices of nifty are not random in behavior and therefore we can use the historical data for predicting the future prices. So our result shows that the market is not efficient (Table 1).

Table 1: Showing Run Test Statistics

Company Name	Z Value
ACC	17.95477956
AMBUJA	18.4356409
AXISBANK	18.5023918
BAJAJAUTO	18.43307638
BHARTIARTL	18.46078423
BHEL	18.43410216
BPCL	18.48646142
CAIRN	18.67195762
CIPLA	18.4433357
DRREDDY	18.48646142
GAIL	18.49416866
GRASIM	18.47259313
HCLTECH	18.45103239
HDFC	18.46078423
HDFCBANK	18.64148199
HEROHONDA	18.61309898
HINDALCO	18.57443601
HINDUNLVR	18.4356409
ICICI	18.64148199
IDFC	18.48646142
INFOSYSYECDA	21.33580488
ITC	21.27507817
JINDAL	20.9743991
JPASSOCIAT	21.02786006
KOTAKBANK	21.0454978
LT	20.99990323
M&M	21.17046075
MARUTI	21.31493609
NTPC	21.60711935
ONCG	21.07653986
PNB	21.10029857
RANBAXY	21.20284897
RCOM	22.02852153
REL	21.10029857
RELCAPITAL	21.0199567

RELAINCE	**21.10029857**
SAIL	**21.12651485**
SBIN	**21.0199567**
SESAGOA	**21.40218543**
SIEMENS	**21.15519481**
STER	**21.21997316**
SUNPHAR	**21.15519481**
TATAMOTO	**21.15519481**
TATAPOWER	**21.12651485**
TATASTEEL	**21.02786006**
TCS	**21.72499866**
WIPRO	**21.18634516**

Serial Correlation:

To test the independence between the successive price changes serial correlation technique was used. Serial correlation measures the correlation coefficient in a series of numbers with the lagging value of the same series. Correlation was calculated between the price changes in period t+1 (or t + any number) with the price changes of the preceding period. (Table 2) The serial correlation is calculated for daily share prices of Nifty for the period 1st April 2007 to 31st March 2011. The correlation is calculated between the share prices of any period "t" and "t+1", between; "t +1"& "t + 2", between; "t + 2" & "t +3", between; "t +3" & "t + 4". To analyze the results, three limits of correlation coefficient were taken ±0 to ±0.25 (low correlation), ±0.25 to ±0.75 (moderate correlation) & ±0.75 to ±1 (high correlation).

It was analyzed that out of 47 companies, the prices of almost all the companies are highly correlated with the base day price i.e't'. But it is found that the past prices affect the immediate future prices more therefore the correlation value of all the companies in't+1' and't+2', comes under high correlation. And the correlation value of't+3' and't+4' are although highly correlated but the value is decreasing in comparison to't+1' and 't+2'.

All the companies of nifty had high auto correlation, so the result was that the historical prices are used to predict the future prices. The result of autocorrelation was found to be significant for all the periods't+1', 't+2', 't+3' and 't+4' . The results indicate high autocorrelation in prices and hence indicate a relationship between future and past prices. But it must be pointed out her that these results are indicative for a very short range of time period (t+1 to t+4).

Table 2: Autocorrelation between weekly price changes and lagged price changes of Nifty

Company Name	t+1	t+2	t+3	t+4
ACC	0.994368	0.987736	0.981349	0.975377
AMBUJA	0.995214	0.991087	0.986733	0.982029
AXISBANK	0.996578	0.992936	0.989487	0.986455
BAJAJAUTO	0.997832	0.995323	0.992869	0.990441
BHARTIARTL	0.995666	0.991408	0.98788	0.984465
BHEL	0.987558	0.973049	0.960293	0.947749
BPCL	0.995785	0.991526	0.987342	0.982962
CAIRN	0.995153	0.990627	0.986233	0.982116
CIPLA	0.996361	0.992915	0.989593	0.986799
DRREDDY	0.999064	0.998112	0.997145	0.996284
GAIL	0.993329	0.987154	0.981559	0.975864
GRASIM	0.995876	0.991891	0.987759	0.983213
HCLTECH	0.996808	0.99366	0.990805	0.988346
HDFC	0.588666	0.590182	0.609374	0.602349
HDFCBANK	0.996842	0.993179	0.989625	0.986449
HEROHONDA	0.998279	0.996572	0.995112	0.992986
HINDALCO	0.966627	0.969929	0.962123	0.957307
HINDUNLVR	0.987695	0.976522	0.965176	0.95414
ICICI	0.937682	0.941026	0.922219	0.920367
IDFC	0.937682	0.941026	0.922219	0.920367
INFOSYSYECDA	0.997744	0.995599	0.993693	0.992134
ITC	0.986136	0.973295	0.960836	0.949838
JINDAL	0.989769	0.97656	0.964079	0.951496
JPASSOCIAT	0.987107	0.974769	0.963529	0.953471
KOTAKBANK	0.992799	0.984703	0.976609	0.968359
LT	0.99669	0.992769	0.988592	0.983833
M&M	0.99186	0.982994	0.973921	0.965616
MARUTI	0.997247	0.993973	0.990774	0.987885
NTPC	0.982318	0.964163	0.947042	0.930344
ONCG	0.98744	0.974276	0.960806	0.947684
PNB	0.99557	0.99372	0.992204	0.990666
RANBAXY	0.9957	0.991382	0.986888	0.982005
RCOM	0.997772	0.995381	0.992917	0.990596
REL	0.993253	0.985546	0.977764	0.9706

RELCAPITAL	0.995106	0.988983	0.98301	0.976909
RELAINCE	0.994846	0.989197	0.983541	0.978809
SAIL	0.993514	0.986445	0.978959	0.972113
SBIN	0.700166	0.717673	0.765071	0.698645
SESAGOA	0.995656	0.991259	0.98683	0.982277
SIEMENS	0.996572	0.992798	0.98931	0.985848
STER	0.995316	0.990172	0.985427	0.980633
SUNPHAR	0.9858	0.971816	0.958503	0.945517
TATAMOTO	0.998194	0.99613	0.993822	0.99188
TATAPOWER	0.993103	0.98532	0.978247	0.971442
TATASTEEL	0.711909	0.703801	0.686352	0.709406
TCS	0.676658	0.574289	0.587214	0.599943
WIPRO	0.65193	0.308809	0.139412	0.18854

Implications and Suggestions:

The study is useful to the investors as it depicts the market reactions. The investors must not only rely on the technical analysts for investing in the market as there is no or very little correlation between past data and future prices which cannot be determined correctly by technical analysts. But that dos not rule out technical analysis completely, in fact the results of serial correlation tests were in support of technical analysis. Therefore it is prudent to use technical analysis only as the supportive measure and not the conclusive measure for stock market investment.

The equity research companies cannot totally depend on the past data analysis but should also concentrate on elaborate studies which can determine the results correctly. The Companies should neither get de-motivated nor over confident from the past highs and lows because as shown through analysis, past data does not affect future data and the current performance must be considered also.

Further the study could be conducted taking into account other indices as well so that the results could be generalized. The data used for the study is for 4 years which could be increased to get more appropriate results.

Conclusion:

The behavior of stock market returns is a central issue to the theory and practice of asset pricing, asset allocation, and risk management. This paper investigates the Random Walk (RW) behavior of stock market returns of India from the tenure of 1st

April 2007 to 31st March 2011. The data are obtained from the National Stock Exchange (NSE) website, Mumbai. Two tests have been applied in this research work to test the random walk behavior, which are run test (z) and autocorrelation. The result of run test (z) revealed that the movements in the prices are not random so the market is inefficient and do not supports the random walk behavior.

There were mixed results of the autocorrelation. Some of the companies had low correlation, some had high correlation, but most of the companies had moderate correlation, with that the researchers had analyzed that the past prices can sometime be used for predicting future prices. Mostly the past prices only affect the immediate future prices for obvious reasons as not much change is expected in companies and economy's fundamentals over a very short period of time. Prices follows previous days trend because of price momentum and predictable pattern of investors.

This provides an opportunity to the traders for predicting the future prices and earning abnormal profits. The implication of acceptance of weak form efficiency for investors is that they can better predict the stock price movements, by holding a well diversified portfolio while investing in the Indian stock market.

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Real Options in SMEs: Case La Rueca

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Abstract:

The objective of this work is the realization of a review of the theory of real options applied to the case of La Rueca, in addition to being able to achieve success in its entrepreneurship and investments in order to be able to absorb the uncertainty and to reduce the risk that is in the Environment and markets when making decisions, as this gives parameters of flexibility to that effect. The result of the analysis gives indications that small and medium-sized enterprises (SMEs) take into consideration the options presented to them, but in a generic way, this is an alternative, in the particular case, the owner of the firm implemented to consider the real options for decision-making. The relevance of the chosen topic is that the entrepreneurship of a business is carried out with the purpose of the above, the actors in this environment are in the constant pursuit of gain more utility with the decision making that lead a company towards success, and is where alternatives appear to achieve it. The impact in the area was that when lowering the level, and finding the right environment, it was decided to expand production and meet demand again. The research method is performed through the descriptive analysis of scenarios present in the business history obtained from the interview of its owner.

Keywords: Real options, SMEs, decision making

JEL: G31, M10, M20, O16

Introduction:

Real choices are inherently found in every aspect of an individual's life, as well as in the organizations they make up. Having said this, individuals, as economic and rational entities, are always in search of greater benefits that translate into greater well-being. Given that, the entrepreneurship of a business is carried out with the purpose of the above, the actors in this environment are in the constant search of obtaining more profits with the decision making that lead to a company towards success, and is where alternatives appear. To achieve this, and within these are found the real options, which present a viable scenario for such effect.

The objective of this study is to be able to establish the real options for the application in the sector of the SMEs, and to be able to achieve the success in their entrepreneurships and investments in order to be able to absorb the uncertainty and to diminish the risk that is in the environment and the Markets at the moment of making decisions, since this grants parameters of flexibility to that effect. The greater the uncertainty and risk, the flexibility of valuing real decision-making options increases in value when planning for the future (Bo, Jianhui and Fushuan, 2017, Martínez and Aizenstat, 2006, Turvey, 2001). This opens up the landscape for introducing real options into administrative decisions to establish the best strategy. Vargas-Hernández, Guerra García, Bojórquez Gutiérrez and Bojórquez Gutiérrez, define strategy as "the alignment or direction given to the internal resources of an organization to modify, lead, adapt and at worst survive the conditions of (2014, p.61).

In this way, a tool is available to guide the company through the objective path, be it sustainability, growth, generation of a new business or in the worst of scenarios, survival with a more specific definition, Rózsa mentions that decision making of real options is the ability of managers to recognize, maintain, support and exploit opportunities for real options in the specific environment of their business (Rózsa 2016, P. 704)

It is part of knowing the background of the company Rueca to be able to define if the real options apply to the context of an SME. Subsequently, a theoretical conceptual review is made to support the application to the case study. In this section it is analyzed the edges that can serve to take into account the use of this theory as a tool for decision making.

The research method is carried out through the descriptive analysis of scenarios presented in the business history obtained from the interview of its owner. Finally, the results and conclusions of the analysis are presented to support the application of the real options to reduce the risks of the strategies to be focused on the SMEs.

Background:

With the desire to have independence in business decision making, the young Mario Yáñez and Luz Gómez, started with a small workshop of clothes making in 1981 established in a small space in a property of the father of Mario located in the street Herrera and Cairo, in the colony Santa Teresita, in Guadalajara, Jalisco. The business consisted of three sewing machines, 5,000 pesos to make the investment of inputs, and manufacturing was done by both.

The beginnings came with the manufacture of overalls for children, as they had a small order from a customer who contacted them days before making the decision to launch into the business world with the name of "Choise sexy fashion." Three months later a customer was considered, which demanded more production, therefore, the acquisition of machinery was required. This was almost impossible, because there was no financial capital to make such an investment, however, due to the good faith of a sewing machine salesman, seeing the impetus of the young people to put their business in order, was granted a credit without endorsement, simply the signing of 6 promissory notes, and it was continued.

In 1983 they stopped making third parties, giving rise to the creation of the brand "La Rueca" and began to create models in blanket clothes and market it on their own. The choice of this raw material was based on the observation of a tendency in the preferences of the consumers by this style of casual clothing. The parameter that identified to be able to focus in this market sector was the increase of its demand of exponential way on the part of clients that were located in different geographic points of the Mexican republic like Durango, Colima, and Puerto Vallarta.

Currently the owners of La Rueca have had considerations to grow their business, however, there are several factors that must be analyzed in order to achieve its goal. One of these is the need for greater production where several alternatives are presented, but the decision has not been made, because the relevant analysis has not been carried out for this purpose.

Justification:

In the case of La Rueca, different scenarios have been developed to identify the real options presented to them, and the empirical analysis that was considered in order to be able to make decisions aimed at the objectives of the company based on its environment.

It can be defined that the case study company is in an industry where there is intensity in research and development (R & D), because they are in a market where fashion plays an important role to be able to consider the good to produce. Therefore, the need for greater flexibility when considering the strategic decisions that are taken is considered.

Later on, the events in the history of the business is presented where the real options play an important role in the context of the decision making that helped the organization to overcome the vicissitudes derived by the uncertainty and the risks always present in the environment, as well as economic factors that influence the entry of new companies where O'Brien, Folta and Johnson (2003) establish three categories: environmental factors affected by the return of venture capital; access to the necessary resources and their costs; and the level of uncertainty associated with the new project (2003, page 516).

Although there is no homogeneity in the different sectors and strata of the market, parameters can be considered to take into account, in the case that situations arise that the administrators could establish with similar characteristics and take into account the options that can be had.

Conceptual Review:

In order to define a real option, uncertainty must be taken into account, as well as the risks involved, as mentioned by Mahoney (2012), where resource allocation under uncertainty, establishes a valuation of administrative operations for flexibility and strategic choices of actions that are considered as real options (2012, page 287). This definition allows todistinguish between the alternatives that a company has and the real options under models of quantitative analysis. However, even though companies, where managers do not have formal knowledge of this tool, are still options with this characteristic, therefore, decision making is done under a completely empirical scheme supported by intuition and experience by the person responsible for these actions within the organization.

The uncertainty presents a relevant factor, as mentioned by Belanová (2014: 7) in the environment where investors have difficulties when making predictions due to the volatility of this, as well as the asymmetry of information that is presented (page 7). Therefore, it is essential that the managers of an organization have the capacity to absorb the lack of certainty, since, as Mahoney points out, where the manager's experience affects the productive services that all other resources offer (2012, p.240). This clearly defines that decision-makers have a responsibility to mitigate obstacles in their environment.

Other authors, Ragozzino, Reuer and Trigeorgis (2016), consider that having a focus on real options provides an administrative tool where capital outlays can be organized and kept at a minimum margin (2016: 428). Within this thought it should be noted that the decision that is made is called an option because it provides the holder with the right but not the obligation to make use of it, either now or in the future (Bo et al., 2017; Ragozzino et al., 2016, Turvey, 2001).

In turn, McGrath, Ferrier, and Mendelow (2004: 87) propose that sequential decisions are consistent with the reasoning of the option in forming a prediction of what will happen when making a decision considering the options. This is established once thinking focused on the actual options is part of the decision making process for choosing the strategy to follow. In addition to Turvey (2001), it is proposed that the use of real options is not only useful for giving value to flexible management, since it provides a new way of thinking about strategy (2001: 263).

As mentioned, one of the benefits of real options is that it gives managers flexibility when it comes to setting options and making a decision toward a particular goal. Belanová (2014: 11). mentions that the approach of the real options towards the investment improves the understanding of the investment of the firm under uncertainty. This framework establishes the existence of several real options that provide sufficient data to the decision makers to be guided by the path to which they want to focus. Achieving flexibility has more to do with effective administrative projects and an appropriate organizational structure (McGrath et al., 2004, p.90).

In addition to this concept, Turvey (2001: 244) mentions flexibility as the right of a manager to postpone making an irreversible decision until the market or other cash-generating activity improves, and the uncertainty that causes irreversibility ceases to cause problems. This definition gives rise to the consideration of a concept that must be taken into account when determining a mentality in the theory that is being presented. Belanová (2014, p.13) encourages taking into account flexibility in the analysis of real options because it increases the quality of these options.

The real options are aimed at investment projects, so it can talk about the entrepreneurship of a new business, and it should be not ignored the concept of irreversibility, where Belanová, (2014) mentions that it arises because "capital is very specific to an industry or company, therefore, cannot be used productively in a different industry or company (p.9). According to Turvey, he refers to the fixed capital investment that is uncollectible at original cost (2001, 244). However, there is consideration for this sunk cost to be mitigated in the model where several companies serve a particular sector and this is crowded, as O'Brien et al. (2003), if this model reduces the sunk cost for incoming companies, the exit will be easier because the value of the liquidity of its assets will be more favorable (p.529).

A parenthesis can be made where McGrath et al. (2004) consider that, in order to establish an alternative has no value as an option, it must tie with the following: 1) the resource in question does not generate future alternatives, and 2) the resource will not allow access to future opportunities (p. 89-90). These have two characteristics that managers must keep in mind when evaluating the alternatives that are presented and to be able to consider them as real options.

Real options have several features focused on flexibility in making strategic decisions, particularly when analyzing new investments, as Bo et al. (2017) that investment projects have inherent properties that are seen as options such as deferring, expanding or contracting, abandoning and changing (page 805). Likewise, in order to define these considerations, the structure of Mahony is taken into account.

Option to Defer:

This option considers, at its base, an option to wait, which is usually used, to consider future favorable changes, and to happen that way adds value to the option. O'Brien et al. (2003) argue that the basic intuition of the deferral option, in the case of ventures, is that they can be delayed (page 518). It is clear that the manager who chooses this option has already calculated an increase in future profits due to the high level of uncertainty that was happening in his current time. Mahony believes that the value of this option is more attractive when there is greater uncertainty and the cash flows of a project are low (2012, p.292).

Staged Option:

By having some project or undertaking, the decision maker can establish it in stages, according to the panorama that develops over time. Each stage of investment is considered as an option, thus, the value of each is taken into account to give way to the following (Mahoney, 2012, p.292). To clarify the options in stages, Gamba and Micalizzi (2007) consider establishing strategies for the introduction of products to the market, visualizing the need to launch pilot products and obtain information from this, followed by the development of marketing strategies to obtain participation in the new environment (p.91). In agreement with the above Bowman and Moskowitz, (2001) specify when establishing a stepwise option:

In the first, a small investment is made that gives the company the right to participate in a project. Later, when more information is known, the second stage occurs when the company faces the choice of making a larger investment for the project (p.773).
The foregoing tells that the administrator's efforts in planning must be imperative for the success in the investments of its objectives. This brings directly to the next feature of the actual options.

A. Option of Expansion, Contraction, Shutdown and Restart Operations:
For consideration of these options, future market information plays a key role in decision making. To this Mahoney (2012) states that when market conditions are more favorable than expected, companies have the option to expand their production, in the opposite direction. This is reduced and in extreme cases can be chosen to shut down and restart (2012, 293). These characteristics increase the viability of the option when the administrator gives a value, which will be presented later with the most used method.

B. Abandonment Option for Recapture Value:
Despite being stigmatized an option of failure on the part of the administrators, its election gives rise to new opportunities, since the value of rescue opens doors to new investments. However, Mahoney's considerations must have their weight given that it can lead to erosion in acquired skills and experience that can be applied elsewhere in the business, as well as the trust of its customers (Mahoney, 2012, 293). Being an option that can lower morale, because it is considered as the last resort of a firm, when exercising abandonment by the value of ransom, it must include the intangible resources that it has generated over time.

C. Change of Use Option:
To connect with economic slang, this option refers to economies of scope where Mahoney emphasizes the process of flexibility not only via the technological path, but also to consider the maintenance of relations with suppliers considering options in the relativity of their prices (Mahoney, 2012, p.293). It is considered of great value for a company to be able to choose between several options, in terms

of inputs and technology, since it provides the capacity to respond quickly to the changes that are generated in the environment.

D. Corporate Growth Option:

This option considers the growth of a company even though the initial investments give negative results. In this characteristic, Mahoney (2012, p.294) expresses that the experience and infrastructure obtained can be considered as a competitive advantage taking into account the costs of the learning curve. The applications of this option are directed towards industries with a high index of R & D, therefore, the generation of this option is accompanied by the long-term vision for the companies that exercise it.

E. Multiple Interaction Option:

As Mahoney mentions "in real-life projects, a collection of various options is usually involved" (2012, p. 295). For this reason, the considerations of several options in the same project are presented, as long as it is in mind or already in progress, even if it is to be concluded, since new alternatives may appear alongside it.

There is another classification for the real options that can be taken into consideration, where more emphasizes the approach of the option, rather than its characteristic. Table 1 shows the description of this way of considering the actual options.

Table 1. Definition of the types of options

Type of options	Description
Waiting to invest or time option	Is available for any capital expansion. Due to the uncertainty of the cash flow the manager can postpone the investment until there is some increase in certainty.
Growth option Flexibility options	The option appears when making an investment that provides dividends in uncertain markets where it ordinarily would not occur. It is derived from certain actions when exercising the option of time. Arise from the uncertainty of multiple markets, products and even human resources. In conditions of risk, it is usually

Output option	necessary to reallocate resources from one product or market to another. The value of the option increases with uncertainty. The output worthy of an industry or the abandonment of a project. It may be motivated by a rigid regulatory environment, development of new technologies may or may not be approved by a regulatory authority. A contingency plan adds value to the option to be high enough to continue the investment.
Learning option Hybrid options	It is found making small investments to test the value of a larger investment. This option will be very high for new products and early stages of some innovation due to lack of knowledge of their market. The option will have value based on excessive cost, can prevent large losses or indicate a high potential in profits. Real options are not mutually exclusive measures of uncertainty. Any project can have different types of options available at any time. The contemporary and consecutive evaluations of the real options increase the value of the firm by giving rise to strategic risk management.
Composite or platform options Rainbow Options	Appears when the exercise of an option gives rise to the appearance of one or more options that were not considered. For example, R & D provides the learning option, which in turn provides greater learning or growth options. An investment faces simultaneous sources of uncertainty. These cause conflict between

	options, creating options that are mutually exclusive to some extent.
Source: Table obtained from Turvey, (2010, pp. 245-246) Next, it is presented a review of various authors and the theoretical form of the considerations of a method to analyze and give value to the real options, to be applicable, and used empirically.	

Review of the Empirical Literature:

The usefulness of the theory of real options has established parameters to help decision makers in the choice of options that are presented in the environment in order to reduce uncertainty and risk, because this theory considers flexibility in their alternatives. Turvey (2001) mentions that a real option is an option in a real asset, rather than a financial asset and is usually linked to flexibility under risk conditions" (243-244).

Many researchers have tried to define the methodology to give a quantitative value for the real options and to be able to make strategic decisions aimed at their investment objectives. Bo *et al.* (2017) consider the process divided into: (i) Calculate The benefit, which is taken as the underlying state variable, and payments. (Ii) Determine the optimal stopping time, and the optimum investment plan, as well as each path through the decision period (page 808). These considerations must be inherently present in the manager's ability to apply the actual options. Due to the diversity of the characteristics of each real option, researchers such as Ragozzino *et al.* (2016) consider that managers should identify the valuation model compatible with the projects, as well as the estimation of the parameters required by the model, such as volatility. This creates the concern of the search towards some model that could consider, in generic way, its application for several modalities of the real options.

A review of the methods used to give value to the real options was found the cash flow discount model (DFE) that analyzes the investment capital proposals. Bowman and Moskowitz (2011, p.772) consider that under this model the expected cash flow is discounted from the present value at a discount rate reflecting the market price of the project risk. For example, a company may consider changing the use of a product, if its trend changes, or if demand for it increases exponentially, it can expand its output.

A second model, often used by economists, is the net present value (NPV), which is calculated by summing the likelihood of return on investment (negative and positive) according to the decision makers' estimates (Turvey, 2001, P.251). This definition is presented in the following formula:

$$VPN = P(positive\ returns) + P(negative\ returns)$$

Given the result of this estimation, a positive NPV result constitutes the investment established as a rational choice for decision making (Łukaszewski and Głoćko, 2016; Bo et al., 2017). This methodology refers to a viable financial option to choose between implementing a project or not, from the purely economic point of view.
There are other researchers who consider the NPV methodology as inefficient for calculating a real option. Turvey (2001, 244) explains that this method is not considered adequate for the analysis for a real options model, due to the lack of contingency variables that are presented in the investments. Volatility can be considered as one of the missing variables in the estimates of the VPN method. Consistent with this, Belanová (2014, p.8) states that the VPN rule is based on implicit assumptions that are overlooked. Moreover, it assumes that investments are irreversible for the consideration of irreversibility; the option of rescue value goes to counter this deficiency.

Martinez and Aizenstat (2006, p. 365) consider that with the VPN criterion, the possibility of a project or strategy cannot be evaluated today if the business environment and the economic environment change. This is why previous methodologies lack support to evaluate, from an economic base, the real value of an option due to the lack of inclusion of variables that directly affect the valuation.
Due to the points mentioned above, a methodology has been studied, which tries to take into account the variables considered and have an effect, either positive or negative on the value of the real options. For this purpose, he referred to the use of methodology, to which Rózsa (2016, p. 704) states that "many of the techniques for defining the option prices currently used are variations of the Black-Scholar model for its solution and procedure. This model is done as an adjustment, called with the letter C, to the VPN, since it is added to the calculation of this to be able to support a more accurate valuation to a real option. Thus, the formula, for this effect of the value of the real option, is as follows

$$Value\ of\ the\ Real\ Option = VPN + C$$

For illustrative purposes, the variables comprising the formula for calculating C as well as its description are presented in Table 2 below.

Table 2. Variables for the Black-Scholes model

Investment variable	Symbols Black-Scholar Option	Option Variables	Direction of Value Option When Changing Variable	Economic Significance
Present Value (VP) of the investment opportunity	*S*	Price of the action	Increases	As the VP increases, the project's VPN increases, keeping X constant. The option increases in value as its intrinsic value increases. As value increases, there is more flexibility to postpone decisions to invest now, but with greater opportunity for future payments.
Initial investment	*X*	Exercised price	Decreases	As X increases, VPN decreases. If the VPN decreases, the value of the option decreases, as well as the value of the investment

Time to defer investment	*T*	Expiration time	Increases	In the world of real options, the soft grip condition is triggered by the value of the option relative to the value of the investment. The longer you take to make the investment, the greater value you will have, because uncertainty resolves over time. On the other hand, the lifetime of the option cannot exceed the lifetime of the investment.
Dividend rate	□	Dividend or convenience yield.	Decreases	The value of the real option can be affected by how quickly a resource is depleted for non-renewable resources or storage costs. For commodities, the convenience yield would be performance above storage. As convenience performance increases, the value of the option decreases.
Time of money value	*R*	Risk-free rate of return	Decreases	The value of the real option and the value of the investment will increase when the discount rate increases. Due to the fact that the value of the option when exercising it decreases when the opportunity cost of postponing it increases.

Investment risk	σ	Standard deviation of share performance	Increases	The real options exist because of the uncertainty. As financial options, if there is no risk, there is no value of the option or the need for an option. The real option is a contingency, which means that its value is derived only from positive values. This factor is usually ignored in conventional analysis. Minimized risk is limited because the value of the option converges to zero when the associated probabilities result out of money increase relative to the probabilities associated with the results of the money. The uncertainty in an options framework has value because it provides opportunities to increase its value. If the risk is exogenous, the greater the volatility, the greater the value of the option.

$$Modelo\ Black-Scholar:\ C = Se^{-\delta t} * \{\mathrm{N(d1)} - \mathrm{Xe}^{-rt} * \mathrm{N(d2)}\}$$

$$where\ \mathrm{d1} = \frac{\{\ln(\mathrm{S}/X) + (\mathrm{r} - \delta + [\sigma^2/2])\mathrm{t}\}}{\sigma} * \sqrt{t}, y\ d2 = d1 - \sigma * \sqrt{t}$$

And N () is the cumulative normal probability distribution evaluated in d1 or d2 Source: Table obtained from Turvey, (2010, pp. 254-266)

As can be observed, the Black-Scholar model presents variables directly related to the theory of real options, such as the time to defer the option, as well as the investment risk, which represents the option's volatility. As well as the dividend rate, which pays attention to the consumption of resources, which may affect the decision to expand or contract production. Likewise, Turvey (2001, p.263) considers the need to understand, in a qualitative sense, the importance of risk and flexibility

However, the appreciation of the investment irreversibility variable can be considered. This variable can tend to minimal expressions, if we consider investments within a cluster, as determined by O'Brien et al. (2003), where the theory of real options benefits from the moderate role of irreversibility, the clusters reduce sunk costs for firms, and thus have few exit barriers (p.529). This refers to the ease that companies can have within these structures because, in the abandonment option, it can be considered to obtain a fair value of the fixed assets.

A tool that helps to visualize the real options is the decision tree, since it presents a map for the formalization of several strategic paths, therefore, the valuation of opportunities is necessary to pursue the strategic objectives of the company (Ragozzino et al. 2016, p 435). In this way all the options are presented in order to be able to make the best choice according to the goals.

The benefits apply to the aforementioned methodology, depends on the generation of value of the real options. Thus, the manager is in a better position, such as Ragozzino et al. (2016) states that (1) evaluates real options individually, as well as their portfolio, and (2) understands the optimal time exercise of several real options held by the firm.

Contextual Framework:
In order to be able to establish a context of the real options applicable by their value at the time of the decision making of a company, some alternatives will be displayed in a timely manner in table 3, considering the possibility of the options being combined, as shown then.

Table 3. Conditions for applying options to companies

Feature of the option	Condition of application
Option of expansion	This flexibility considers the possible expansion to have a value today, C, that must be integrated to the VPN of the objective project, to obtain a modified net present value, VPN, given by VPN = VPN + C. As well as the observation of the increase in demand.

Two-stage contraction option	In the first the company invests an initial amount, usually small, to conduct market studies. Subsequent investment depends on the results of such studies. If, in the second stage, the product does not present the expected acceptance, the company can exercise the real option of contracting production by cutting future investments.
Temporary closure option	If the expected cash flows are less than the variable costs, then the operations are suspended, which generates a saving in variable costs.
Permanence option	In multi-stage investment projects, it is moved from one stage to the next if the expected profit is positive. Otherwise it is not invested in the next stage and, possibly, not in all the others.
Abandonment option	Assume that a company is operating at a loss in an environment of deep economic recession and that it could make the full closing decision, provided that the present value of the expected cash flows is less than a certain recovery value.
Exchange option	When a company can produce the same good or service with different sets of inputs. It is assumed that the time and cost of changing from one set of inputs to another does not represent an obstacle for the company

Composite option	Appears when an option whose underlying is another option. The composition of real options can be made in the same project or in other related projects

Source: Own creation with data from Martínez and Aizenstat, (2006, pp. 373-374)

Knowledge about the characteristics and applications of the real options are fundamental for the decision maker when choosing them, as MacGrath et al. (2004), which states that the value of the option depends on the investor's orientation in establishing the opportunities that have the potential to reduce risk (p.89). Therefore, the manager's considerations must anticipate and view, through their analysis, the portfolio of real options that are presented.

Concerning the choice of the real option, Łukaszewski and Głoćko (2016) establish two conditions that must be equalized: the existence of uncertainty as well as the expected value of the cash flow in the project and - the investor should limit the uncertainty taking some action, known as flexible administration (p.92). As can be seen, by taking into account these variables, it is possible to consider as an inherent capacity of the decision-maker the opening to opportunities that are presented according to the signals that the environment sends, emphasizing the remunerations of its strategies.

Analysis of Results:

By early 1986, Rueca already produced six thousand garments a month, had ten workers dedicated to the manufacture of garments, and six vendors who were in charge of marketing. However, it was a year that wreaked havoc on the founders, since five of the sales agents were not sufficiently trained to carry out their work, both in promotion and in collections. Due to these facts, the liquidity insolvency was present to continue operating, therefore, it was decided to liquidate its entire labor force through cash agreements that had a reserve for this type of contingencies or in kind, which considered the payment with sewing machines for whoever decides.

In this scenario the choice of abandonment option can be identified, since its cash flows were smaller than the uncertainty that was perceived, therefore, the choice made was based on the value of the company's redemption and compliance with obligations towards their workers. As stated by Bowman and Moskowitz (2001), they mention that the valuation of the option creates value in the option and must be compared with the current cost of the option. (Page 773).

In the year of 2002 it was glimpsed a promised future, based on the fact of not being able to cover the demand its market, a certain tendency in the fashion that consisted of clothes made of blanket, which made notorious the emergence of new companies that became his direct competition, so that the decision was made to reduce production, since, correctly, it was considered a shortage in the raw material as well as in the workshops that at that time were used for the maquila of the garments. This would lead to the increase of productive factors. Finally, it was expected that the fashion of consumption of blanket clothing would pass, forcing several producers to leave the market, and again take the channel to keep their business sustainable.

For this scenario it is possible to contemplate the composite option due to the signals that the environment was giving, and valuing in a very basic way about the diminishing proximity of the benefits. It was decided to contract the investments that were being made for the production due to the greater level of uncertainty in the market. Subsequently, when lowering this level, and finding the right environment, it was decided to expand production and meet the demand again.

At present, the business owners have observed a niche market that has been neglected by most of the producers of blanket clothing, so they were given the task of performing a cash flow returns analysis to be able to cover this new demand, without the need to make changes in its processes or the use of new inputs. There have been designs of dedicated to this environment to get a response from the market and thus to be able to define if the new investment will bear fruit.

In this case, the composite option is again observed given the intention of entering into new markets. The first option is chosen to change use, however, it has not been in full because the demand is not neglected but under the same installed capacity of technology and with the same inputs the new project is carried out. On the other hand, the way in which the investment has been made has been under the staged option scheme, where a pilot product is made and information is obtained, and after that, the second step is the increase or exit of the product. Market, of course depends on the signals of the environment. In addition, Gamba & Micalizzi (2007, p.91) consider that "investment in a pilot test allows the company to reduce uncertainty about potential demand, competition reaction and feasibility"

Conclusions and Recommendations:

In conclusion, it can be defined that the theory of real options has a substantial application within the business environment, even though valuation methodologies. For these effects do not adhere to professionalism. The decision making by SME entrepreneurs goes in function of an analysis, completely empirical, considering the options that the environment provides them.

It is emphasized the theoretical mention of the real options, where the most recurrent form in which they are presented is composed, since the present opportunities can be directed in different directions. In the same way, it can be inferred that the abandonment option is always present within the options portfolio, it is only possible to highlight if the rescue value is high enough to establish that the optimal choice is being taken.

It is worth noting the need to carry out more case studies, under a real option theory scheme in SMEs, in order to determine, in the first instance, whether the valuations they carry have any support that can be measured in order to establish a more practical guide and understandable in this sector. Secondly, to be able to establish which of the real options is more recurrent within this stratum, and to be able to facilitate the vision of the entrepreneurs and entrepreneurs to consider the opportunities that are presented and the way of being able to analyze them to impregnate the idea of project investment with the lowest possible risk and be able to succeed in future investments

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Ethics: A State of Self-consciousness towards Righteous Action- Lessons from Srimad Bhagavad Gita

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Abstract:

Srimad Bhagavad Gita is not a religious manual as much as a manual of practice. Present paper explains the ethical concepts from the perspective of Bhagavad Gita. Ethics involves systematizing, defending, and recommending concepts of right and wrong conduct. In Indian context ethics is explained as something that cannot be imposed, but something that is realized and voluntarily lived up to by each individual. So Ethics is actually an inner state of consciousness rather than a learned one. This study is based on qualitative research methodology called hermeneutics. It is broadly, the science and art of text interpretation. Traditionally, hermeneutics is the study of interpretation of written text, especially text in the areas of literature, religion and law. Paper covers two types of work culture i.e. divine and demonic which are actually different perspectives of one consciousness based on ethical wellbeing. It gives the power of discrimination between right and wrong. Action does not have power in itself. It draws its power from the dharma behind it. In the war of Mahabharata Arjuna was representing the minority of Pandavas against the majority of Kauravas. Arjuna's strength comes from Dharma, he fighting a righteous war, for just cause. Thus the action backed by the right cause is important.

Keywords: Self-consciousness, righteous action, Srimad Bhagavad Gita, Ethics, Dharma

Introduction:

Every a time a new chapter in sorry saga of deterioration of values and ethics especially corruption, crime has embroiled the society. In an attempt to bring back core values to society, management schools are now using ancient texts especially Srimad Bhagavad Gita, to bring about a slow change in society. "It is not a religious manual as much as a manual of practice. The advice given by Krsna to Arjuna during the Mahabharata when he was despairing about the prospect of massacring his relatives is relevant even today. It tells you how to regain your equanimity in a war-like situation." These value systems were taught to teachers across India and the Gulf. The wisdom of the ancient world is relevant in today's anxiety-ridden world, be it business, politics or teaching.

The term ethics derives from the Ancient Greek word ethikos, which is derived from the word ethos which means habit, "custom". Ethics involves systematizing, defending, and recommending concepts of right and wrong conduct. It defines the concept of human morality of being right and wrong, good and evil, virtue and vice, justice and crime.

In Indian context ethics is explained as something that cannot be imposed, but something that is realized and voluntarily lived up to by each individual. So our culture insisted upon self realization of what is actually right and what is wrong.

Bhagavad Gita explains two types of culture divine and devilish, which is nothing but two aspects of self. It explains how one can become a divine or devilish on its own, which reflects in one’s action also. It also explains the exact meaning of Dharma – the righteous action. Dharma is not which bifurcate people, but it is one which unites people. It is not to be spoken about, but it is to be live upon. In the war of Mahabharata Arjuna was representing the minority of Pandavas against the majority of Kauravas. Arjuna’s strength comes from Dharma, he fighting a righteous war, for just cause. Thus the action backed by the right cause is important.

Review of Literature:

Tripathi (2009) conceptualizes the framework of management on the basis of Srimad Bhagavad Gita and provides some guidelines for effective ethical management practices, based on the foundation of human values. There are different ways to analyze and study the management functions and activities. The Bhagavad Gita, which analyzes the human action originating from its’ root cause and, therefore, a classification of the functions based on this approach may prove to be more realistic in nature. There are different fundamental factors behind any action. The gunas or nature of the doer or agent of the work is the second. The third factor emphasizes the importance of the various instruments or tangibles being used.

Chinna and Michael (2009) explains that the basis of global business operations in the twenty-first century is knowledge. The Gita's essence of Yoga, Dharma, Dhyana, Samabhava, Nishkama Karma, and Tat-Twam-Asi provides the keys for influencing contemporary management thought and global business practices. Mahadevan (2009) in his article explained that if we approach the ancient Indian texts by considering its real value and its multi facet feature, we will be able to gainfully understand its usefulness to solve today's problems. Bhagavad Gita has so many perspectives it all depends on how we read it. It has been said in Gita-Whenever there is a deterioration of dharma the God takes one more incarnation (Avathaara) to uphold the dharma. But when the same thing is taken from management prospective then we can inferred that When the system attains disequilibrium and shows signs of being unstable and going out of control measures have to be taken to restore the equilibrium in the system.

Amrish and Omprakash (2013) intended to study the Indian ethos in management. Indian Ethos is all about what can be termed as "national ethos" the body of knowledge, which derives its solutions from the rich and huge Indian system of ethics (moral philosophy), is termed as indian ethos in management. Findings shows that Indian ethos are needed in Indian management to develop proper management system and Value oriented management system, to ensure all round development, growth and prosperity i.e., productivity, marketing and profitability. Indian ethos teaches us that if you work sincerely for the society, for your organization and for the Nature you will really enjoy your life through money harmony, peace and bliss. Indian wisdom indicates that productivity of human being is more important than plant capacity. Abbiramananda (2008), this paper explains ten principles of work ethic with the help of different incidences dramatized in Bhagavad Gita. It takes few verses of the Bhagavad Gita that expounded the philosophy of work. It also explains how to implement them all in day to day life for better results.

Research Methodology:

This study is based on qualitative research methodology called hermeneutics. It is broadly, the science and art of text interpretation. Traditionally, hermeneutics is the study of interpretation of written text, especially text in the areas of literature, religion and law. The procedure most suitable for the above task is method of conceptual analysis. The method of conceptual analysis is very important from the philosophical point of view to understand the management concept enshrined in Bhagvad Gita. So many researchers have attempted to give conceptual issues which deserve a closer attention on the part of researchers. The study undertaken here is the extension of such a spirit. In this study a combination of analytic and synthetic method is followed. In formulating management concept it is not possible to rely on any one of the conventional method of research, therefore a suitable method, incorporating some of the feature of well established method has to evolved and that is why such combination is attempted and followed.

Work Culture:

Krsna talks about the two paths that a person can pursue, either divine or devilish. He also states that each of these paths leads to its own consequences.
Daivi Sampat/ Divine work culture- fearlessness, purity, self control, sacrifice, straightforwardness, self denial, calmness, absence of fault finding, absence of greed, gentleness, modesty, absence of envy and pride.
Asuri sampat/demonic work culture- egoism, delusion, personal desires, improper performance, work not oriented towards service.

अभयंसत्त्वसंशुद्धिर्ज्ञानयोगव्यवस्थितिः।
दानंदमश्चयज्ञश्चस्वाध्यायस्तपआर्जवम्॥16.1
अहिंसासत्यमक्रोधस्त्यागःशान्तिरपैशुनम्।
दयाभूतेष्वलोलुप्त्वंमार्दवंह्रीरचापलम्॥16.2
तेजःक्षमाधृतिःशौचमद्रोहोनातिमानिता।
भवन्तिसम्पदंदैवीमभिजातस्यभारत॥16.3

The supreme personality of Godhead said: fearlessness; purification of once existence; cultivation of spiritual knowledge; charity; self control; performance of sacrifice; study of Vedas; austerity; simplicity; non violence; truthfulness; freedom from anger; renunciation; tranquility; aversion of fault finding; compassion for all living entities; freedom from covetousness; gentleness; modesty; steady determination; vigor; forgiveness; fortitude; cleanliness; freedom from envy and from the passion of honor- these transcendental qualities, O' son of Bharata, belong to godly men endowed with divine nature.

दम्भोदर्पोऽभिमानश्चक्रोधःपारुष्यमेवच।
अज्ञानंचाभिजातस्यपार्थसम्पदमासुरीम्॥16.4

Pride, arrogance, conceit, anger, harshness and ignorance- these qualities belongs to that of demoniac nature, O son of pratha.

दैवीसम्पद्विमोक्षायनिबन्धायासुरीमता।16.5

The transcendental qualities are conducive to liberation, while the demonic qualities make for bondage. This divine & devilish are not so much societal codes but two states of consciousness. A personality becomes divine by expanding the light of consciousness to include others as extensions of self. The same personality becomes devilish by shrinking this light down to the dark centre of the ego.

Once upon a time warrior approached a sage in a want of peace & wisdom. He asked sage to teach him how to attain peace & wisdom. To begin with please teach me how to differentiate between the divine & devilish. The sage eyed & said in a mocking tone of voice "you are a dumb headed fellow. How will you attain wisdom with your dull wit?" The warrior's pride was hurt & in anger he pulled out his sword & was about to chop off the head of a sage. The sage made a eye contact with warrior & said "This anger of yours & the action that you are about to commit under its sway is devilish. The warrior now understood that the sage has taught him the lesson he is looking for. The dropped his sword & asked for the sage's forgiveness for his anger. Sage said to warrior, this state of consciousness that you are in now is what you may call divine.

In 1982 Johnson & Johnson manufacturer of Analgesic drug Tylenol, was faced with crisis. One after another seven people in Chicago area who had consumed Tylenol died. Evidently some miscreant has poisoned the Tylenol capsule with cyanide. Company CEO was at a crossroad: whether to pull from drug store the entire production lot of more that $100 million in sales on wash his hands of the whole thing & carry on with business as usual. He decided to halt Tylenol production, distributed warnings to hospitals & distributors, and issued a recall of Tylenol products nationwide. While at the time of crisis the company's market share collapsed from 35% to 8%. It rebounded in about a year & its profiles multiplied manifold in a few years. The decision taken by him at most defining moment of crisis were based on their values. It shows the presence of divine qualities & right way of working in the company.

On the other hand the people who have qualities belonging to the devil do not know what is to be done & what is to be abstained from.

असत्यमप्रतिष्ठं ते जगदाहुरनीश्वरम्।

अपरस्परसम्भूतं किमन्यत्कामहैतुकम्॥ 16.8

They say that this world is unreal, with no foundation, no God in control. They say it is produced of desire and has no cause other than lust. It is because of their basic ignorance about their source self, which is the foundation of their faith. The capacity to know what is the right action comes from discrimination. This discrimination is a quality of source self. The further, one moves away from the self the less discrimination one has.

एतांदृष्टिमवष्टभ्यनष्टात्मानोऽल्पबुद्धयः।

प्रभवन्त्युग्रकर्माणःक्षयायजगतोऽहिताः॥16.9

Following such conclusions, the demoniac, who are lost to themselves and who have no intelligence, engage in unbeneficial, horrible works meant to destroy the world. The demonics are unable to discriminate between the real & unreal. As a result they hold distorted views on everything. They engage in action that leads to destruction. The consequence of lack of discrimination is programmed thinking. Krsna describes such programmed thinking in the language of possessions in which the devilish speak.

इदमद्यमयालब्धमिमंप्राप्स्येमनोरथम्।

इदमस्तीदमपिमेभविष्यतिपुनर्धनम्॥16.13

असौमयाहतःशत्रुर्हनिष्येचापरानपि।

ईश्वरोऽहमहंभोगीसिद्धोऽहंबलवान्सुखी॥16.14

आढयोऽभिजनवानस्मिकोऽन्योऽस्तिसदृशोमया।

यक्ष्येदास्यामिमोदिष्यइत्यज्ञानविमोहिताः॥16.15

The demoniac person thinks: So much wealth do I have today, and I will gain more according to my schemes. So much is mine now, and it will increase in the future, more and more. He is my enemy, and I have killed him and my other enemies will also be killed. I am the lord of everything. I am the enjoyer. I am perfect, powerful and happy. I am the richest man, surrounded by aristocratic relatives. There is none as powerful and happy as I am. I shall perform sacrifices, I shall give some charity, and thus I shall rejoice.' In this way, such persons are deluded by ignorance. This I have gained today; tomorrow I will gratify another desire. They say "This wealth is mini now and the rest will be mine before long".

Some of the devil qualities of leader include

(i) Incompetence - who lack will or skill to sustain effective action.
(ii) Rigid - who are unwilling to accept any new idea or adapt to change.
(iii) Intemperate - lack of self control.
(iv) Callous - Uncaring or an unkind attitude toward people.
(v) Corrupt - Involved in deception, stealing, cheating.
(vi) Insular - Disregarding the welfare of follower.
(vii) Evil - use pain & genocide as instrument of power.

An example quoted in this regard is of Wal-Mart. In 2000, a collision with a semi-trailer left 52-year-old Deborah Shank with permanent brain damage and in a wheelchair. Her husband and three sons were fortunate for a $700,000 accident settlement from the trucking company. After legal costs and other expenses, the remaining $417,000 was put in a special trust to care for Mrs. Shank. However, six years later the providers of Mrs. Shank’s health plan, Wal-Mart, sued the Shanks for the $470,000 it had spent on her medical care. Wal-Mart was fully entitled to the money; in the fine print of Mrs. Shank’s employment contract it said that money won in damages after an accident belonged to Wal-Mart. A federal judge had to rule in favor of Wal-Mart, and the family of Mrs. Shank had to rely on Medicaid and social-security payments for her round-the-clock care. Wal-Mart may be reversing the decision after public outcry. However this case pinpoints Wal-Mart’s often criticized treatment of employees as a commodity and its sometimes inhuman business ethics. The example of Union Carbide gas tragedy also highlights the same perspective.

One should opt for divine work culture for sure success. But mere work ethic is not enough. What is needed is a work ethic conditioned by ethics in work. It is in this light that counsel- ‘Yogah Karmasu Kausalam’ should be understood Kausalam. Kausalam means skills or technique of work which is an indispensable component of work ethic skills needed in the performance of one’s duty is that of maintaining an evenness of mind in face of success or failure. The calm mind in the face of failure will lead to deeper introspection and see clearly where the process went wrong so that corrective step could be taken to avoid shortcoming of future.

The people of west have a certain approach towards prosperity. Once they set their goal to get a crop of 2,000 apples per acre, they would toil relentlessly to reach that goal. They would not worry about the fertility of land whether it can give such produce and so on. They would somehow manage to reach that crop level, even if they had to use chemical fertilizer. This approach is known as result oriented management.

The approach of Japanese people however is slightly different. They would not be as keen as to how many apples grew in one acre. Instead, they would concentrate on the methodology of cultivating apples. In what type of soil can apple is cultivated how often should the plants be watered? Their whole attention would be on such matter concerned with the cultivation of apples.

This approach is known as process oriented management. The quantity of apples grown per acre by the Japanese may at times even be less than that grown by the west. But the apples cultivated by them would be tastier. This approach of Japanese is similar to essence of Bhagavad-Gita. Do your duty without worrying only on the result-the result is interwoven in the very act itself.

Righteous Action/ Dharma:

To act according to our dharma is to act righteously in accordance with this integrating principle.

Say for example a glass prism splits white light into different color light and make VIBGYOR rainbow. We can see these seven colors distinctly with naked eye but not that white light from which this colors emerged. Dharma works through us in the same way as white light does. At various instances in life it gives us right direction.

The Classical Sanskrit noun dharma is a derivation from the root dhṛ, which has a meaning of "to hold, maintain, and keep". Dharma is a key concept with multiple meanings in the Indian religions Hinduism, Buddhism, Sikhism and Jainism.[encyclopedia Britannica, Dharma] There is no single word translation for dharma in western languages. In Hinduism, dharma signifies behaviors that are considered to be in accord with rta, the order that makes life and universe possible,[Oxford dictionary of world religions, Dharma] and includes duties, rights, laws, conduct, virtues and ‘‘right way of living’’.

In Buddhism dharma means "cosmic law and order". In Buddhist philosophy, dhamma/dharma is also the term for "phenomena". Dharma in Jainism refers to the teachings of tirthankara (Jina) and the body of doctrine pertaining to the purification and moral transformation of human beings. For Sikhs, the word dharma means the "path of righteousness". It is not accessible through sensory modes of perception neither it is for merely spoken about, but it is actually to be live about. Power of dharma comes only when you practice it. Action does not have power in itself. It draws its power from the dharma behind it.

In the war of Mahabharata Arjuna was representing the minority of Pandavas against the majority of Kauravas. Arjuna's strength comes from Dharma, he fighting a righteous war, for just cause. Thus the action backed by the right cause is important. If you wish to help a man, never think what that man's attitude should be towards you. If you want to do a great or a good work, do not trouble to think what the result will be

"All living beings have actions (Karma) as their own, their inheritance, their congenital cause, their kinsman, their refuge. It is Karma that differentiates beings into low and high states."- Buddha.

Taking full responsibility of what happen in our life is the initial stepping stone for the personal development. You are responsible! You are responsible for everything that happens in your life. For everything you are happy with and everything you are not happy with. You simply must accept the fact, that everything that is around you right now is the direct effect of who you are, of who you were to that very moment.

Conclusion:

To the modern world generation where everything is moving at a very fast pace, where so many literature available on today's management, it may look rather strange to find that, Gita which is religious and a spiritual book, could say something about modern management. The present work may be helpful in breaking such a myth about Indian spirituality which is the foundation pillar of Indian culture.

India is possibly one of the very few countries which have the largest history of unbroken continuity of its culture, tradition and ethos. In India today the same Vedic hymns are chanted with the same tune in which they were chanted thousands of years ago. Indian ethos with some eternal values helps this great Indian culture to survive. Indian ethos is drawn from the Vedas, the Ramayana, the Mahabharata, the Bhagavad Gita and Upanishads. We Indians used to manage our trades and industry according to this ethos. From the perspective of Bhagavad Gita this ethics are the state of consciousness which derives one's action. Ethics can't be forced upon a person but they are the result of their inner well being. It inculcates the power of discrimination between right and wrong, and enables the action according to Dharma. Action does not have power in itself. It draws its power from the dharma behind it. It is not accessible through sensory modes of perception neither it is for merely spoken about, but it is actually to be live about. Power of dharma comes only when you practice it.

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A Study Examining the Relationship between Protean Career Orientation and Personality Traits

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Abstract:

As according to the career literature available traditional career are in declining mode. Protean and boundary less career attitudes are now emerging as two important approaches in the current era. While recent research has begun to recognize the links between career attitudes and other dispositional or behavioral factors, more empirical studies need to be done to enrich theory. In this regard, the present study examines the impact of personality aspect on protean and boundary less career attitudes. The results of the Pearson correlation test based on a survey conducted among a sample of 270 employees working in Amity University Haryana revealed that in general, personality had direct effects on career attitudes. In fact some of personality traits could be precursors of protean and boundary less career attitudes. Specifically, highly pleasant individuals dispose less to protean career orientation and in contrast, extroverted and open to experience people tend to follow protean and boundary less careers more.

Keywords: Protean career, boundary-less career, personality big five model

Introduction:

In the last two decades there have been wide-ranging discussions on the changing career environment. Traditional career arrangements highlight vertical succession in one or two firms and the amount of success is defined by the organization in terms of increased responsibility and salary. In new approaches to career field, the psychological contract between employer and employee does no longer automatically include a promise of lifetime employment and steady career advancement. That is, employees have to engage in a range of career self-management activities to create career options that allow them to realize their personal career goals and guarantee their employability, According to Briscoe and Hall (2006) protean career refers to a career that is driven by the person, not the organization. De Filippi and Arthur (1994) defined boundary less career as a sequence of job opportunities that goes beyond the boundaries of any single employment settings. Regardless of the success of the protean and boundary less career perspectives in the academic world, little empirical research subsists in general to support the theoretical propositions around them. Several authors considered demographic variables such as gender, age; education level as well as cultural differences which are hypothesized to influence the protean and boundary less career attitudes However, in the field of dispositional or behavioral factors such as individual personality or work-related values affecting the new approach in career attitudes, more empirical studies need to be done. In addition, both the protean and boundary less career models have been developed in the United States and tested in US or Western Europe (Briscoe & Hall, 2006). Thus, these career models need to be examined empirically in other cultural contexts like India china &Japan etc. The main focus of this study is to discover which personality part might be related to a protean career attitude for achieving this purpose, according to Briscoe, Hall and DeMuth (2006), we consider self-directed career management and values-driven career orientation as the main dimensions representing protean career. Boundary less career is also measured through two dimensions namely organizational mobility preference and boundary less mindset. This paper is organized as follows: Personality aspects based on the Big five model is also described. Then we will match personality traits to the career attitudes to construct our main question of the study.

Literature Review:

Within the realm of changing work environment, protean and boundaryless careers have emerged as the symbols of the new career (Çakmak-Otluoğlu, 2012). The protean career centers on Hall's, 1976, 1996, 2002 conception of psychological success resulting from individual career management, as opposed to career development by the organization (Briscoe et al., 2006). Briscoe and Hall (2006) have characterized the protean career as involving both values-driven attitudes and self-directed attitudes toward career management. It means that individuals who hold protean career attitudes are intent upon using their own values versus organizational values to guide their career. In addition, they take an independent role in managing their vocational behavior. In contrary, an individual who did not hold protean career attitudes would be more likely to borrow external standards, instead of internally developed ones, and be more likely to seek external direction and assistance in behavioral career management instead of being more proactive and independent. Thus protean career attitudes measure self-directed career management and values-driven predispositions (Briscoe et al., 2006).

A person with a boundaryless career attitude navigates the changing work landscape by enacting a career characterized by different levels of physical and psychological movement. Boundaryless career include psychological as well as physical mobility (Sullivan & Arthur, 2006). Briscoe et al. (2006) operationalized the boundaryless career along two dimensions: Organizational mobility preference and boundaryless mindset. Organizational mobility preference is defined as the interest in remaining with a single (or multiple) employer(s)" and boundaryless mindset is conceptualized as one's general attitude to working across organizational boundaries. Therefore, boundaryless career attitudes measure boundaryless mindset and organizational mobility preference. While the reviewed literature show some overlap between protean and boundaryless career attitudes, Briscoe et al. (2006) view these two career attitudes as independent yet related constructs. That is, a person could display protean attitudes and makes independent, inner-directed choices, yet not prefer cross-boundary collaboration. In contrast, a person could have a boundaryless mindset, yet rely on one organization to develop his or her career.

Personality is the dynamic and organized set of characteristics that creates a person's characteristic pattern of behavior, thoughts, and feeling. Traits are categorized into three types: cardinal trait, central trait and secondary trait and are known to play a key role in organizational behavior (Allport, 1961). Personality, defined as behavioral tendencies, is conceptualized as the Five-Factor Model (FFM) or Big Five which represents a broad description of the human characteristics of extraversion, agreeableness, neuroticism, openness to experience, and conscientiousness (Costa & McCrae, 1992). The components of Five-Factor Model of personality and their probable relationship with career attitudes are described below.

- High openness to experience individuals tends to be curious, flexible, receptive to ideas, seek novelty and explore the environment (Costa & McCrae, 1992). Because these individuals are drawn to novelty, we expect that they prefer organizational mobility rather than building a relationship based on the interactions with one organization.
- Conscientious individuals tend to strive for achievement and are dutiful, self-disciplined, hardworking, and reliable (Costa & McCrae, 1992). This factor evaluates competence, order, dutifulness, achievement striving, self-discipline, and deliberation (Rubenzer & Faschingbauer, 2004). Because conscientious individuals are more responsible and hardworking, we theorize that they will be more highly to keep close contact with organization career developing mechanisms.

- Individuals who are more neurotic tend to have large mood swings, poor emotional control, and experience negative effect, stress, and anxiety (Costa & McCrae, 1992). High neuroticism individuals are usually poor at handling interpersonal differences and because of low emotional stability are less likely to initiate developmental relationships with others (Wu, Foo, & Turban, 2008).Therefore, we predict that neurotic individuals will have less tendency to boundaryless career.
- High agreeableness individuals are warm, trusting, cooperative, and helpful and show empathy (Wu et al., 2008). It refers to point such as sympathetic, kind, forgiving, appreciative, trusting, softhearted, modest, and considerate (Rubenzer & Faschingbauer, 2004). It seems that such characteristics are less related to self-directed attitudes.
- Extraverted individuals tend to be warm, outgoing, positive, sociable, and with a high energy level and tend to be comfortable interacting with others (Costa & McCrae, 1992). Thus, because highly extraverted individuals handle social situations well, we expect extraversion employees to be more self-directed and with boundaryless inclination.
- Extensive research investigates the effects of personality aspects on a variety range of attitudes and behaviors. For example research indicates that personality influences social network characteristics (Bozionelos, 2003), job instability (Wille, Fruyt, &Feys, 2010), organizational commitment (Panaccio & Vandenberghe, 2012) and job performance (Barrick & Mount, 1991). However, little insight exists in how personality impacts career success. Thus, we extend this research and investigate the relationship between personality aspects and protean/boundaryless career attitudes. Our main study question is: which personality traits could be considered as the antecedents of protean and boundaryless career attitudes?

Research Methodology:

Research Question: Is there any relationship between personality traits and protean career attitude?

Objective of the study: Objective was to find out the degree of relationship between personality trails and protean careen attitude.

Data Collection Method:

The data was collected from 270 personnel working with Amity University, Haryana, the respondents participated in the survey through answering a questionnaire

.Females comprised 33.7% of the respondents. The average age of participants was 26 years old (SD=8.61) ranged from 22 to 64, with an average work experience of 9 years (SD=6.14) ranged from 1 to 32. In addition, 60.32 % of participants had bachelor degree, 50.8% had master or Doctorate degree

Protean Career Orientation:

Protean career attitudes were measured using the Protean Career Attitudes Scale presented by Briscoe et al., (2006). Eight items measured self-directed career management. Sample item are “Ultimately, I depend upon myself to move my career forward" and "Overall, I have a very independent, self-directed career." Six items measured the values-driven career orientation. Sample item are “What I think about what is right in my career is more important to me than what my company Thinks" and "I’ll follow my own guidance if my company asks me to do something that goes against my values". 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree), was used to indicate the extent of agreement with each item.

Boundary-less Career:

Boundary less career attitudes were measured using the Boundary less Career Attitudes Scale .Eight items measured the boundary less mindset. Sample items are "I enjoy working with people outside of my organization “and “I like tasks at work that require me to work beyond my own department”. Five items measured the organizational mobility preference. Sample items are “I prefer to stay in a company I am familiar with rather than look for employment elsewhere." (Reverse scored) and "I like the predictability that comes with working continuously for the same organization"(Reverse scored).A 5-point scale ranging from 1 (strongly disagree)to 5 (strongly agree), was used to indicate the extent of agreement with each item.

Big Five Personality Traits:

The Big Five personality traits are openness, conscientiousness, extraversion, agreeableness, and neuroticism. These five factors are assumed to represent the basic structure behind all personality traits. The Big Five personality traits were measured using the 44 items in The Big Five Inventory by John & Srivastava (1999). Sample items are "I am always organized" for conscientiousness, "I feel relaxed around people" for extraversion, "make people comfortable" for agreeableness," I often feel depressed" for neuroticism and "enjoy hearing new thoughts" for openness to experience. Respondents rate the extent to which they agree or disagree with each phrase on a Five point rating scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Results:

Reliability and Validity Tests of the Scales: The validity of the three scales was tested using factor analysis. 14 items of the protean career attitudes scale, 13 items of boundaryless career attitudes and 50 items of Big Five personality traits scale were factor analyzed using principal axis factoring and Varimax rotation. KMO=.87 for the protean career attitudes scale, KMO=.81 for the boundaryless career attitudes scale and KMO=.91 for the Big Five personality traits scale indicated that the correlation matrixes were suitable for factor analysis. Table A provides the loadings and t-values of the measurement model. The results show that all items significantly load on their corresponding factors at p<0.001(standardized loadings are greater than 0.5 and t - values are greater than 1.96). In sum, the factor analyses demonstrate that the translated scales performed as expected and yielded satisfactory results. In addition the reliability for each factor is also presented in table 1(Cronbach exceeding 0.7 indicates acceptable reliability for all cases).

Table A

Scale	Factors	Number Of Items	Standardized Loading Range	T-Value Range	Cronbach
Protean career	self-directed career management	8	0.62-0.79	4.52-8.82	0.76
attitudes	values-driven career orientation	6	0.59-0.68	2.34-6.17	2.34-6.17
Boundary less	boundary less mindset	8	0.82-0.92	7.38-8.69	0.83
career attitudes	organizational mobility	5	0.76-0.83	6.58-8.96	0.70
Big Five	conscientiousness	9	0.67-0.72	6.83-8.12	0.91

Data Analysis:

In order to answer the main question of the study that is to discover the relationship between personality traits and protean and boundary less career attitudes, Pearson correlation coefficients were used. Table B presents the means, standard deviations, and correlations between the study variables. As shown in table B, the correlation revealed that agreeableness trait was negatively related to self-directed career management and values-driven career orientation. Openness to experience and extraversion traits were positively related to self-directed career management, values-driven career orientation, boundary less mindset and organizational mobility preference. Conscientiousness and neuroticism did not demonstrate a significant relationship with any of the protean and boundary less career attitudes. In addition there were significant relationships between personality traits themselves. Extraversion was positively related to agreeableness and openness to experience and was negatively related to neuroticism. Openness to experience was positively related to conscientiousness and negatively related to neuroticism. Neuroticism was negatively related to conscientiousness and agreeableness and finally, agreeableness was positively related to conscientiousness.

Table B: Means, Standard Deviations and Correlation Coefficients among the Study Variables

	Variables	Mean (SD)	1	2	3	4	5	6	7	8	9
1	Self-Directed	3.78 (0.62)	-								
2	Values-Driven	3.91 (0.67)	0.51**	-							
3	Boundaryless Mindset	3.25 (0.51)	0.43**	0.52**	-						
4	Organizational Mobility	2.69 (0.86)	0.29**	0.31**	0.41**	-					
5	Conscientiousness	3.43 (0.61)	0.24	0.05	-0.11	-0.09	-				
6	Agreeableness	3.95 (0.51)	-0.31*	-0.42*	-0.04	-0.08	0.45**	-			
7	Neuroticism	2.85 (0.74)	0.07	0.10	-.013	-0.08	-0.32*	-0.51**	-		
8	Openness To Experience	3.12 (0.67)	0.24*	0.31*	0.63**	0.46**	0.21*	0.91	-0.14*	-	
9	Extraversion	3.69 (0.52)	0.41**	0.37**	0.22*	0.19*	0.11	0.16*	-0.21*	0.45**	-

N=228, $p<0.05$

Findings:

The results of this study have important inferences for understanding employees' new career orientations as well as the impact of personality on it. People are different according to their personality traits and the results of this study showed that the difference in personality traits do affects on career orientation. Specifically, high agreeable individuals incline less to protean career orientation and in contrast, extroverted and open to experience people tend to follow protean careers more. These findings also have importance for human resource management functions.

In employee selection it may be more useful for organizations to select individuals with less organizational mobility preference in areas that require a higher amount of assurance to stay in organization. Agreeable people are more suitable for these positions and extroverted and open to experience people may not be very effective in these kinds of situations. Unlike these cases, some positions like boundary spanners in organizations need people who are more willing to interact with other people or organizations. Extroverted and open to experience people who have more boundary less mindset could be suitable choices for these positions.

In addition, in career management, human resource experts should consider the differences between employees in order to decide their career. Some people with extroverted and open to experience personality are less willing to let the organization manage their career alone. In such cases an effective career management could be done by bearing in mind individual tendencies and values. A solution for effective career management of people with protean and boundary less career orientation might be job enlargement. Although they perhaps favor job enrichment, due to their increasing need for independence

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Foreign Direct Investment: An appraisal

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Abstract:

Rapid expansion of FDI in developing countries, including India is due to liberalization of trade, technology changes, investment regimes and deregulation or privatization of markets in emerging economies. Capital formation is one of the most important determinants of economic growth in the country. FDI plays an important role in capital formation and thus fulfils a gap between savings and investment. In India foreign investment, especially FDI at macro level acts as non debt, creating a source of external finance while at the micro level boost output, technology and skills with increase in employment opportunities. In developing countries, capital scarcity along with issues like poor public health systems, poverty, unemployment, low base of R&D, technology obsolescence, global competition create pitfalls for development. FDI serves as an important source to fulfil the gap between income and savings, in technology up gradation and efficient exploitation of natural resources along with the development of basic infrastructure. It improves balance of payment condition and helps the recipient firms to cope competition in better ways. Back in 1991, India was on the verge of rising from economic slumber and standing tall in the world to signify a structural shift in mind-set towards economic policies. This paper endeavours to provide a blue print of Foreign Direct Investment.

Keywords: FDI, India, economy, resources, development.

Introduction:

As India is a developing country, the scarcity of capital coupled with problematic areas like inadequate public health facilities, widespread poverty, unemployment, poor R&D base, obsolete technology, and poor global competitiveness result in hindrances in economic development. FDI acts a major source of bridging the gap between investment and savings, technology up-gradation and the development of basic infrastructure. An important role is played by FDI in capital formation as it helps to bridge the gap between required investment and the domestic savings. FDI is more attractive in comparison to other forms of external finance since it is non-debt creating, non-volatile and the returns depend on the performances of the projects financed by the investors. It also helps to improve the balance of payments condition and spurs the domestic firms to counter the competition in a better manner. Attracting FDI into India has become a vital component of the economic development strategies for India. FDI has been a flourishing factor that has strengthened the economic life of India. "Investor friendly" environment will help India establish itself as a favoured destination of foreign investors. India has enormous potential for absorbing greater flow of FDI in years to come.

Collins et al. (2008) delved into home country institutions as sources of variation in the level of foreign investment into India. The authors supported the idea that institutional voids found in India are less of a deterrent to investments from home countries with high levels of institutional development than from home countries with similar institutional voids. Overall, foreign investments in India are found to be significantly related to the strength of institutions within home countries. The levels of both approved and realized foreign direct investment (FDI) are strongly influenced by economic factors and home country regulative institutions, and weakly influenced by home country cognitive institutions. When considered separately, the cognitive institutions and regulative institutions within a given home country each significantly influence the level of approved/realized FDI into India. However, when considered jointly, only the strength of regulative institutions is predictive of FDI inflows.

Selected Literature Review:

Nandi and Sahu (2007) delved into past and the need of FDI in India. They remarked that there has been prevalent widespread opposition, specially by the left parties towards FDI in retail trade in India. It uses the argument that FDI is allowed in multiple sectors and the effects have been quite good without harming the domestic economy tries to stress on the fact that FDI in retail sector must be allowed.

Halepete and Iyer (2008) performed a micro- and macro-dimensional analysis, and applied the theory of eclectic firm to understand the investment dimension in the apparel retail environment in India. The authors found that foreign retailers looking to successfully capitalize on India's impressive growth need to understand several driving attributes. Singhania and Gupta (2011) examined the determinants of foreign direct investment (FDI) in India. It was found that of all macroeconomic variables taken, only GDP, inflation rate and scientific research are significant and that FDI Policy changes during years 1995-1997 have had a significant impact on FDI inflows into India.

Anwar and Mughal (2013) explored the Indian migrants' role in attracting outward foreign direct investment from India to their respective host countries. Diasporas play a crucial role in augmenting trade, foreign direct investment and prosperity of a country. They facilitate acquisition and exchange of technical knowhow, market information and physical capital, and are therefore considered as social capital. Authors find that the presence of Indian diaspora has a substantial positive effect on the volume of Indian overseas investments in the developed countries. Elfakhani and Mackie (2015) identified the main drivers which can explain the relative success of BRIC countries (i.e. Brazil, Russia, India and China), collectively and individually, in attracting foreign direct investment (FDIs). The findings suggest that individual countries enjoy different levels of strengths in economic/financial, social and political variables.

Indian Economy and FDI:

There are various complexities in terms of structuring of investment, market offering, entity options and tax implications in our country. India has improved its position in the aspect of FDI inflows through so many economic reforms under liberalized policy regime which has caused positive inclination in foreign investors towards Indian economy. The most striking feature of sectoral distribution of the FDI inflows is the increase in the share of the service sector and decline in share of manufacturing sector during 1990 to 2012, globally as well as developing countries.

As a broader view, in any economy, foreign investment plays an important role in supplementing the low level of domestic investment. Same happened in India also after the economic liberalisation in 1991. FDI was instrumental in the development of several industries and has been an integral part of India’s growth story since then. After 1991, the country has shown regular high growth rate in almost all of the macroeconomic indicators. Especially, in the period 2001-10, the country saw fairly high GDP growth averaging around 8.5 - 9 percent, increase in domestic savings, increase in investment levels and increase in foreign capital inflows. As part of the 1991 economic reforms, the government also liberalised its policy towards FDI.

Liberalizing foreign direct investment was an important part of India’s reforms, driven by the belief that this would increase the total volume of investment in the economy, improve production technology, and increase access to world markets. Many constraints that had historically been imposed on portfolio and direct investment were removed. The approval process for technical and financial collaborations was completely revamped. For many industries, the Reserve Bank of India (RBI) would give an automatic approval. Earlier the amount of FDI was low and confined to some selected sectors, but now the inflow of FDI has grown tremendously and almost in all the sectors of the economy. Revision of FDI policy during 2005 opened several new sectors for the foreign investors to start their business. In 2013, the government relaxed foreign direct investment (FDI) norms in almost dozen sectors including telecom, defence, PSU oil refineries, commodity bourses, power exchanges and stock exchanges (PTI, 2013).

In 2014, the government enhanced the foreign investment upper limit from 26% to 49% in insurance sector. The ambitious 'Make in India' programme, launched by the government is another big-ticket ride that the government expects the foreign investors to take to bring billions worth dollars of FDI into the country (PTI, 2014). FDI up to 100% under automatic route has been allowed in construction and operation & maintenance in specified Rail Infrastructure projects. FDI in Defence has been liberalized from 26% to 49%. In cases of modernization of state-of-art proposals, FDI can go up to 100%. Also, the norms for FDI in the Construction Development sector are being eased (GOI, 2014).

As compared to the period immediately following the policy changes in 1991, now, whenever the foreign direct investment (FDI) limits are relaxed for different types of industry, such announcements by the government are taken in a positive manner.

So, in November 2015, when the government announced relaxing of FDI limits in 15 sectors, including defence, retail, mining, civil aviation and broadcasting, it was welcomed by all. The steps include allowing foreign investment under the automatic route subject to caps in key sectors including defence and removing restrictions in sectors such as construction and single-brand retail. The government also raised FIPB approval limit to Rs 5,000 core from Rs 3,000 crore (FE Online, 2015).

FDI Inflows:

The main reasons for increase in FDI in India and other developing countries are the trade liberalization measures, technological changes, favourable investment regimes and privatisation and deregulation of markets. One of the most important indicators of economic growth in a country is the rate of capital formation. At macro level, the foreign investment, especially FDI, serves as non-debt source of external finance and at the micro level it helps to increase production, improve technology and skills, and creates new jobs. Over the years, several additional measures have been taken by the successive governments to attract more and more of FDI. All these measures have produced desirable results and FDI position is more than comfortable now. For the last 15 years from April 2000 and June 2015, the cumulative amount of FDI inflows received by India is $380,215 million. Out of this the largest share of 17% has come to services sector (including financial, banking, insurance, non-financial / business, outsourcing, R&D, courier, tech. testing and analysis), 9% to construction development and 7% each to computer software & hardware and telecommunications, followed by automobile industry, drugs & pharmaceuticals, chemicals (other than fertilizers), power, trading & metallurgical industries, in that order (GOI, 2015).

The only cause of concern here is that the FDI inflows are more in the non-manufacturing sectors. Therefore, efforts are required to get more FDI into the manufacturing sector. It is hoped that the 'Make in India' programme will become successful and contribute to more inflow of FDI in the manufacturing and allied sectors. According to United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2015, cited by IBEF (2015), India acquired ninth slot in the top 10 countries attracting highest FDI in 2014 as compared to 15th position in 2013. The report also mentioned that the FDI inflows to India are likely to exhibit an upward on account of economic recovery. India also jumped 16 notches to 55 among 140 countries in the World Economic Forum's Global Competitiveness Index that ranks countries on the basis of parameters such as institutions, macroeconomic environment, education, market size and infrastructure among others. As per the current trends, there is no major cause of concern as far as the overall FDI position is concerned.

India's FDI inflow is merely 4.3 per cent of its gross fixed capital formation (Mathew, 2014). Those who are anxious about FDI inflows would say that this much lower than over 8 per cent global average. However, the point really to be seen is that FDI alone cannot be relied on heavily for capital formation.

FDI has been growing, is growing and is likely to grow further in the near future. With the current government's thrust on attracting FDI for economic development, it has been seen that deals worth billions of dollars have been signed with several countries. It has been reported by IBEF (2015) that based on the recommendations of Foreign Investment Promotion Board (FIPB), the Government, in a meeting held on September 29, 2015, approved 18 proposals of FDI amounting to approximately Rs 5,000 crore (US$ 770 million).

BRIC Countries prominently attract larger capital because of their huge potential in consumer market due to large population. Brazil, Russia, India and China have emerged as major destination for Foreign Direct Investment (FDI) inflows in recent years. BRIC countries contributed only 3.5 % share in the total FDI inflows in the World in the year 1991. Major increase in FDI inflows took place in East Asia contributing nearly 50.8% of the total FDI inflows into Asia. This is because of market based reforms, trade liberalisation and reduced restrictions on foreign investment in that region. Flows into West Asia have also increased during the period 1991 to 2008 but with wide fluctuations. Apart from East and West Asia, other regions like South-East Asia and South Asia do not receive FDI commensurate with their potential. South Asia received FDI much below its potential even though it has a large market.

The greatest increase took place in East Asia making it the top FDI recipient in Asia as well as in developing countries. It has also been observed that East Asia contributes a major share (50.8%) in the total FDI inflows into Asia in the year 2008, while South-East Asia holds week position in terms of quantitative aspect by contributing only 12.4% share in the total FDI inflows into Asia, But it command strong position among all the Asian regions from growth point of view.

Determinants of Foreign Direct Investment:

Determinants of Foreign Direct Investment in India are Gross Domestic Product (GDP), Foreign Exchange Reserves, Long Term Debt (LTD), Inflation, Exchange Rate variables are found to be significant in India. The Inflation and Exchange Reserves variables have been found to be the major contributors of FDI. Inflation reflects negative relationship with FDI .This is because of the reason that high level of price in the country results in rising cost of production on account of increase in input prices like wages, cost of raw material, land prices and cost of capital. High price of the product also adversely affects domestic as well as international demand of product. All these factors ultimately lead to reduction in profitability in business thus discourage foreign investment in the countries with high inflation rate.

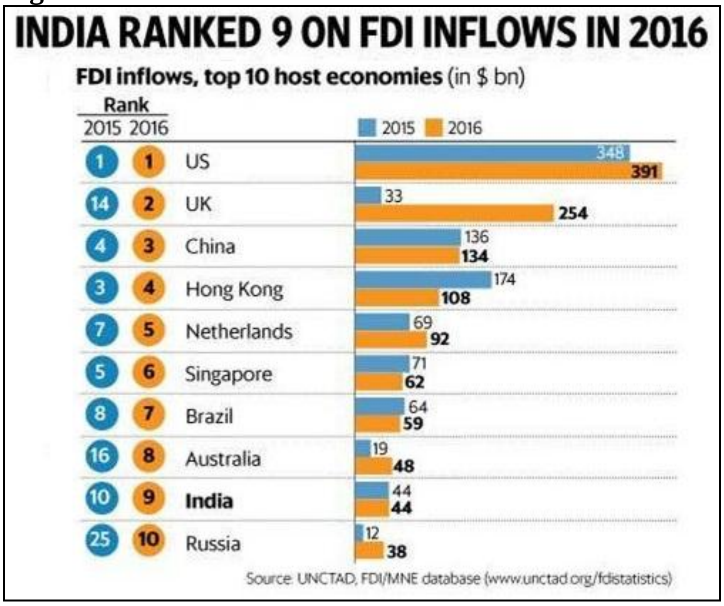
Vital Latest Deeds in FDI:

News reports in the beginning of October 2015 informed that India has emerged on top of the foreign direct investment league table, overtaking China and the United States, according to the Financial Times data service. A ranking of the top destinations for green field investment (measured by estimated capital expenditure) in the first half of 2015 shows India at number one, having attracted roughly $3 billion more than China and $4 billion more than the US, according to the Financial Times newspaper. "With midyear data on green field FDI now in, 2015 looks to be a milestone year for India following its impressive performance in 2014," The news comes as a shot in the arm for the Narendra Modi government which has taken several steps to attract foreign investment and has helped revive mood of investors since it came to power in May 2014.

While there has been a demand for accelerating the reforms drive, the government has unveiled several initiatives such as '**Make in India'** and **'Digital India'** to lure investors. It has moved to ensure that the country moves up the ranking on the World Bank's Ease of Doing Business and states have started their clean-up act on this parameter. But there are several areas where the government needs to step up reforms. The areas where investors want more reforms include tax policy, labour laws, cutting red tape and issues linked to land acquisition. Investors have started taking interest in the India growth story and the recent visit of Modi to Silicon Valley triggered enormous interest from software and technology czars. Growth is expected to be one of the fastest in the world and several multilateral agencies have said that India remains the bright spot among emerging economies. India is expected to benefit from the slowdown in China and the overall sluggishness in global commodity prices including crude oil is expected to provide a cushion to the growth fortunes of Asia's third largest economy. The government is confident of achieving close to 8% growth in the current fiscal year.

Our nation has also moved up on Global Competitiveness Index by 16 places to 55th position. For the past several years, China and the US have vied for FDI supremacy and fought each other nearly to a draw last year, with the US ranking as the number one green field destination by number of projects and China coming in first by capital expenditure. India ranked fifth last year for capital investment, after China, the US, the UK and Mexico. In a year when many other major FDI destinations posted declines, India experienced one of 2014's best FDI growth rates, increasing its number of projects by 47%. The figure below shows rank of India in terms of FDI inflows. From 2015, India has stepped one rank. However, there is much to improve in terms of increased inflows. Most of the FDI is limited to Maharashtra, Delhi areas.

Fig 1: Rank of India in FDI inflow



Source: UNCTAD statistics

"Our country is tracking well ahead of where it was at this time last year: it has more than doubled its midyear investment levels, attracting $30 billion by the end of June 2015 compared with $12 billion in the first half of last year," that news comes at a time when FDI into emerging markets as a group is falling off a cliff. 9th of November, the Indian government announces FDI reforms in 15 sectors.

Giving the much needed reforms impetus to the economy, Prime Minister Narendra Modi-led NDA government announced Foreign Direct Investment (FDI) reforms in as many as 15 sectors. According to the government's release, "The crux of these reforms is to further ease, rationalise and simplify the process of foreign investments in the country and to put more and more FDI proposals on automatic route instead of government route where time and energy of the investors is wasted." These FDI reforms are set to benefit sectors such as agriculture and animal husbandry, plantation, defence, broadcasting, civil aviation and manufacturing. Further refining of foreign investments in key sectors like construction where 50 million houses for poor are to be built. Opening up the manufacturing Sector for wholesale, retail and e-Commerce so that the industries are motivated to Make In India and sell it to the customers here instead of importing from other countries," the release added.

The proposed reforms also enhance the limit of Foreign Investment Promotion Board (FIPB) from current Rs 3,000 crore to Rs 5,000 crore. The proposal also contains many other long pending corrections including those being felt by the limited liability partnerships as well as NRI owned companies who seem motivated to invest in India. Few other proposals seek to enhance the sectoral caps so that foreign investors don't have to face fragmented ownership issues and get motivated to deploy their resources and technology with full force. India got FDI of $19.39 billion in the April-June period, according to government data, up 29.5% over the year earlier. The present government has been pushing hard to drum up overseas investment, easing FDI regulations in various sectors including the railways, medical devices, insurance, pension, construction and defence.

The government has added an element of social benefit to its latest plan for calibrated opening of the multi-brand retail sector to foreign direct investment (FDI). Only those foreign retailers who first invest 50% of FDI amount in the back-end infrastructure development within three years from the date of first tranche of FDI received would be allowed to set up multi brand retail outlets in the country. The idea is that the firms must have already created jobs for rural India before they venture into multi-brand retailing.

It is supposed that advantages of allowing unrestrained FDI in the retail sector evidently outweigh the disadvantages attached to it and the same can be deduced from the examples of successful experiments in countries like Thailand and China where too the issue of allowing FDI in the retail sector was first met with incessant protests, but later turned out to be one of the most promising political and economical decisions of their governments and led not only to the commendable rise in the level of employment but also led to the enormous development of their country's GDP.

FDI in retail sector may boost the socio economic development of the entire country if implemented wisely carefully while signing the agreements with the Foreign Investors. Key to the government's renewed development push will be power, labour and infrastructure, three senior government officials had told ET. Among the highlights is a revival package for power distribution companies, freeing up labour rules and a possible push for the railways, ET had said in its report.

It can be concluded that Foreign Direct Investment (FDI) has an important role to play in partly bridging the gap between savings and investment. This obviated the importance given to foreign direct investment in developing countries like India. After the economic liberalisation in 1991 in the country, foreign direct investment has regularly increased and now India has become one of the top destinations for foreign direct investment. Over years, the successive governments have tried to bring in more relaxations in rules to attract more and more of foreign direct investment.

The present government is also giving a lot of attention to efforts to attract more foreign direct investment. However, even though it is important to get more foreign direct investment. FDI alone cannot become the engine for economic development and government has to look inwards to reduce wasteful expenditure, increase public investment in infrastructure and take measures to stimulate demand to spur the private investment. India is one of the fastest growing economies since last few years and witnessed a large amount of foreign investment in various sector. The government has formulated it Policy aiming towards attracting more and more funds considering the domestic business concerns simultaneously.

Conclusion:

The impact of FDI on GDP in India is positive. This is due the reason that FDI enhances economic growth by promoting technological developments and increasing capital stock, level of production ,income and export potential of a country. The impact of FDI on domestic capital formation has been found positive and significant for India. Since FDI establishes backward and forward linkages with local industries, it can also encourage domestic investment by creating investment environment and by transferring technologies. However, the relationship between FDI and domestic investment depends on government policies, the quality of FDI and domestic regulatory environment. The variable exports to be a significant variable for FDI in India. This is because of the reason that the country with an importer of foreign technology can be postulated to have better export performance.FDI is also expected to have strong positive relation with the exports volume. India as a result of reservation of many items for small scale industries, heavy taxes, instability of exchange rate and high rate of inflation in India. The economic reforms have benefited a lot in terms of attempting FDI which has reached a historic high in recent years which in terms have significantly contributed to the growth of economy in general and exports in particular. There is a positive spill over effect of economic reforms on the FDI inflows of India which increased substantially.

It is notable that the policy framework everywhere plays an important role in determining the effects of FDI on a host country. There is also the opinion that at present, it is not FDI which promotes growth but it is growth which attracts foreign investment but however, FDI is one of the several factors which contribute to growth. The country needs much longer volume of FDI to attain growth rates in excess to 10% per annum so as to bolster in its economy. For FDI outflow, there is much scope to assess and motivate certain sectors of our country by the Govt. to invest in other sub continents by creating a specific channel for outbound investment. The Govt. should launch a sops plan based on sectors/subsectors specifically for certain industrialists /entrepreneurs to encourage them to expand their business at international level.

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Ethical Reporting & Disclosures for Intangibles- Trends of Indian Corporates

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Abstract:

Accounting profession is going through major changes in the last 20 years, especially after globalization and liberalization of trade and services. Many changes are happening in the field of accounting such as modification and changes in various accounting standards, Adaptation of IFRS, increase of importance of voluntary reporting (NFR) and disclosure practices, corporate governance practices etc. In the last two decades some contemporary issues such as Relevant reporting and discloser, Economic Value Added (EVA®) reporting, Brand valuation and reporting, Value added reporting, Accounting and reporting for intangible assets and ethical reporting etc are gaining more and more importance. However the important issues among these are ethical issues related to intangibles. Today, in the knowledge era, it is well accepted that intangible assets are the key drivers of the corporates. The intangible assets such as, brand, patents, franchises, software, research programme, ideas, and expertise are having major role in the value creation process. Intangible assets largely affect value creation of the firm and value creation takes place through innovations, research and development, brand building, relationships and networks–all intangibles. Keeping these views in mind the researcher highlights the concept of intangible assets, significance of intangibles in contemporary environment and the ethical issues related to intangibles assets and most importantly how Indian corporates are tackling these issues in a transparent and fair reporting and disclosure environment.

Keywords: Intangibles, ethical reporting, fair disclosures, value creation, non-financial reporting.

Introduction:

Disclosure of accounting information is an important aspect of the globalized environment because it includes relevance, faithful representation, comparability and understandability of information. Disclosure means information about a business unit is conveyed through various reports and statements to the stakeholders. Based on this information, interested parties and potential investors will know about the strengths and weaknesses of a particular firm, in terms of earning capacity, and/or whether the management of the business unit acts in a manner, which can be beneficial to the potential investors.

But unfortunately conventional financial statements appear to be rapidly becoming less useful within today's dynamic business environment. A principal factor behind this growing irrelevance of conventional financial statements has been the global transition towards a knowledge driven economy. During the last two decades most industrialized economies have progressively moved towards a knowledge-based rapidly changing economy where investments in human resources, information technology, R&D and advertising have become essential in order to strengthen a firm's competitive position and ensure its future viability. Reporting of intangible assets is one of the burning issues among the corporations of both the developed and the developing economics. Without including information about intangibles in reporting system we cannot think about fair reporting or reporting in an ethical manner.

Ethical Reporting:

Ethical reporting is nothing but preparation and presentation of books of accounts and supply of information to various parties which is ethically important and supported by relevant documents. The Markkula Center for Applied Ethics at Santa Clara University, USA, defines ethics as "*Standards of behavior that tell us how human beings ought to act in many situations in which they find themselves*" – as members of a family, citizens, businesspeople and so on.

Nowadays, ethical reporting has become an important business practice (one segment of corporate governance practices) and has acquired much attention from top management of the large companies be framing reporting and disclosure strategies. Many Indian leading firms such as Tata Steel, SAIL, BHEL, etc are focusing on ethical behaviour and reporting related to various aspects of business. Ethical reporting in accountancy focuses on ethical determination of revenue recognition, fair valuation of assets and liabilities and financial performance etc.

Due to the necessity to show better results in a highly competitive environment, many corporates are manipulating their books of accounts. This is done by:

- Treating capital receipt as revenue receipt to increase profitability.
- Incorporating fictitious revenue, this is not earned.
- Fraudulent disclosures or omissions.
- Fraudulent assets valuation like manipulation of stock valuation.

More importantly, in many industries, information is not disclosed / available about intangibles assets which are value creators. These practices and lack of ethical values in current accounting system results for arises of various frauds. Theses unethical practice in the accounting and reporting system creates a question mark about the accounting and reporting system. Consequently, various stakeholders are constantly demanding significant changes in the reporting and disclosers practices all over the world. In a world where intangible assets and corporate reputation are at the centre stage, the accounting professional needs to focus on ethical issues for better reporting and disclosure of accounting information. Responsible and sustainable activity is now a core part of business best practice (CSR initiative), while Government and business are increasingly working together to achieve public policy goals. In February 2010 the British Brands Group published a study on the investment made by brands into responsible business practices and the developing partnership approach between Government and brands to deliver public policy goals.

Rationale of the Study:

In the last two decades accounting profession is facing significant challenges due to the changes in the nature of transactions or the shifting of focus from trading economy to the knowledge economy. One of the key problems that the accounting profession faces is how intellectual and other capital is measured and reported in financial statements. A continued failure to effectively address this issue deteriorates the credibility of reported earnings and, therefore, the association between such earnings and stock market valuations. Intangible factors play a principal role in the ability of companies to innovate and subsequent competitiveness within a knowledge-based economy. Such assets enable knowledge intensive economies to maintain their competitive position compared to resource or labour intensive economies.

Traditional accounting techniques do an unacceptable job of measuring the value of the principle activities of a knowledge-intensive business. According to conventional accounting practices, tangible possessions such as computers, land & buildings and equipment are treated as company assets. Investment expenditure on knowledge-building activities such as training and R&D are, however, still largely treated as costs. This is despite such activities being a primary source of organizational wealth in the new economy. It is also argued that, accounting has failed to provide an accurate view of intangible value drivers and therefore, traditional financial statements have experienced a significant loss of relevance. According to Lev B "Intangible assets are the major drivers of company growth and will continue to be vital to companies and the challenge of how to manage, measure and visualize them has to be addressed in theoretical and practical terms". Many theories suggested that highly informative business disclosures can improve the market's understanding of a firm's value-creation process and the economic risks it faces. This reduction in information gap decreases the company's cost of capital by lowering the information risk premium. It follows that the lower the firm's cost of capital, the higher its market value. Over the years, companies have become more responsive to the needs of the investment community for relevant and reliable information on their activities, strategies and plans. On the other hand collection of information related to intangibles is not an essay task due to the unstable nature, non availability of an appropriate market, lack of monitoring and evaluation system.

Due to all these many ethical issues arise to intangible assets which are significantly affecting the reporting and discloser quality in the competitive environment. Withwell et al (2006) state that the confusion around intangible assets could potentially have a large impact on the market economy, and that it has resulted in a number of recent accounting scandals. Further, they argue that "over-valuation of intangible assets was the principal cause of corporate crashes such as World Com and Enron in the USA, and HIH and One Tel in Australia".

In most parts of the world, NFR remains a voluntary practice. So far, France is the only country to enact specific legislation requiring publicly listed companies to produce non-financial reports covering economic, social as well as environmental dimensions. Keeping all these factors in view an attempt is made by the researcher to analyze various aspects of intangible assets in general and ethical issues for intangible assets in particular related to Indian corporates.

Intangible Assets: The Concept

Intangible assets, in the current knowledge economy create more utility and value than the tangible assets like land and building and plant and machinery etc. It is a unique asset which sometimes we cannot see cannot touch but its impact is more in value creation and profit generation. To understand the exact nature of intangible assets it's important to go through with some standard definition given by various agencies. As defined by The Institute of Chartered Accountants of India (ICAI) *"An* *identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes."* Arthur Andersen proposed a definition of intangibles as *"resources controlled by the enterprise which are non-physical in nature, capable of producing future economic net benefits and protected legally or through de facto right".*

The Intangibles Research Center of the Stern School of the New York University provides a broad definition of intangibles as; *non-physical sources of future economic benefits to an entity or alternatively all the elements of a business enterprise that exist in addition to monetary and tangible assets. They also provide a narrower definition of intangibles as nonphysical sources of probable future economic benefits to an entity that have been acquired in an exchange or developed internally from identifiable costs, have a finite life, have market value apart from the entity, and are owned or controlled by the entity.*

By the above definitions intangible assets can be grouped into four categories. **First,** I.A. associated with product innovation, such as those that come from a company's research and development efforts. **Second,** assets those are associated with a company's brand. **Third**, structural assets, such as processes, and systems of doing things and, **fourth** are monopolies, the companies that enjoy a franchise, or have substantial sunk costs that a competitor would have to match or have a barrier to entry that it can use to its advantage.

Keeping all these factors in view an attempt is made to analyze the ethical reporting practices for intangibles among the Indian corporate's, how they are disclosing it in annual statement and how it affects shareholder value creation. For smooth and logical analysis, present research paper is divided in to IV sections. **First Section** deals with introduction of topic, statement of the problem, rationale of study, and review of literature. **Second section** deals with research methodology including research questions, objectives, hypothesis and limitations of the study. **Third section** deals with data analysis related to reporting and discloser practices for intangibles by Indian corporates and how ethically they are reporting it. And **fourth section** is for key observations, findings, suggestions and conclusion.

Review of Literature:

There is sufficient evidence in different studies that better discloser practices with regard to intangibles improve the market valuations. Published financial reports do not carry much information on intangibles. Companies do not disclose this information because they are not required under SEBI guidelines, Companies Act

1956, listing agreements and various other laws do not ask for this information to be disclosed. As a result the accounting processes are not geared up to generate such information.

Chakrabarty (2011) focused on the importance of non financial reporting in current era. He explained the status of company law, Non financial reporting adopted by various companies in India regarding corporate governance and sustainable reporting and why it is important as ethical dimension of reporting in India. Kaur et al (2011) explained how Corporate Social Responsibility can lead to the creation of better brand image. They investigated the efficacy of Corporate Social Responsibility initiatives creating positive brand image in the minds of the consumers. They found that the benefits of using Corporate Social Responsibility in branded content are endless. The most important one is that it helps to build a brands reputation and is a point of differentiation. It also encourages consumer trust and loyalty. Giampaolo explained that intangibles played an important role as levers of value creation in many industries. Consequently, investors are strongly interested in obtaining information about the intangible asset. Intangible assets are very relevant, particularly in highly innovative industries and, in general, in knowledge-intensive firms. He analyzed the intangible disclosure quality (IDQ) of pharmaceutical and biotechnology listed companies by applying the content analysis method to their annual reports. Joishy (2008) pointed out the need for valuation of intangible assets because; now a days knowledge and intangible assets are supreme as compared to other tangible assets. He had focused on the enterprise assets and contribution of intangible assets in the total value of business of Infosys, Dabur, HUL, Glaxo, and Ranbaxy. These are the companies in which contribution of intangible assets are between 90% to 70% of the total value of enterprise.

Tilak (2008) stated that reporting of intellectual capital in India is very important due to non-mandatory status. Only few companies are reporting it on voluntary basis. Some companies providing information according to the provisions of director's report under section 217 of The Companies Act and information of amortization in their annual reports as per AS-26. He observed that reporting for intellectual capital is diverse from company to company, due to absence of common glossary, no third party verification and high transaction cost. He also highlighted the current position and reporting trends world wide for intellectual capital reporting. Bhasin (2007) focused on intellectual capital reporting by Indian firms. He observed that intellectual capital reporting has been receiving increasing attention from accountants' in recent years. Since this concept is new, it is yet to be fully incorporated in financial reports. At present very few companies are making IC related discloser on voluntary basis. He observed that if IC information are not provided, it may adversely influence the decision making process of shareholders. Therefore, now a day's there is incredible need for standardization and harmonization in the field of IC reporting. He suggested some internal and external IC measurement methods, and maps, the current state of IC related disclosure by the Indian corporate. Chakraborty (2005) focused on the different aspect of intangible value and their impact on corporation's value creation. He explained economic value added, total shareholders returns, Brand value of pharmaceutical company on creation of intangible assets. He stressed that intangible assets accounting and reporting is very important for shareholders value creation.

Jhunjhunwala (2005) stated that in the era of information and knowledge, intangible assets have become the key value drivers. He provides a simple model to help management, stakeholders, investors and other analyst of the financial reports to value intangible assets. He also discussed case studies to show that the market is unable to value intangible assets appropriately, leading to the firm being either overvalued or undervalued. Ubha and Singh (2006) focused on the shifting of era from financial capital to knowledge capital. They argued that knowledge is a primary determinant of competitive advantage, not only of an enterprise but of a nation as well. The growing focuses on knowledge capital and its productivity has permanent importance in emerging knowledge intensive economies like India. They highlighted the need and importance of knowledge capital and various models related with knowledge activities. The study conducted by Vasal (2005) on accounting and reporting for Intangibles covers conceptual issues in accounting for intangibles and practices of reporting intangibles. Vassal, in his study extended corporate reporting of Indian public sector and concluded that there is consensus between preparers and users of corporate reports. Dhar and Jafar (2010) made a comprehensive discussion about the economic nature, definition and classification of intangibles. They also focused on the International Financial Reporting Standards and the relevant provisions in the IFRS regarding the accounting for intangibles. Chander and Mehra (2010) examined the reporting practice adopted by Indian companies regarding intangible assets. For this purpose they analyzed the annual reports of 243 companies for the year 2006-2007 and adopted content analysis method for collection of information regarding disclosure of intangible assets. Results showed that Infosys technologies ltd is having highest discloser score of 81.48%. Size of firm, nature of industry and audited practices are the key factor affecting the intangible reporting in India.

All these researches are related to various aspects of accounting and reporting for intangible assets, but no one explained and analyzed ethical perspective of intangibles and issues related to ethical reporting and disclosure of intangibles in current knowledge environment.

Research Methodology and Design:

This research study is a macro case study, based on the secondary source of data related with leading Indian industries such as Information Technology industry, Pharmaceutical industry, FMCG industry, Automobiles industry, Telecommunication industry, Infrastructure industry, Banking industry, and Capital goods industry. Most of the data related to ethical reporting had been collected from published annual reports and official websites of the sample companies. The data is related to last 10 financial years (From 2005-6 to 2014-15) because these years are very important for the growth and development of Indian corporate and reporting practices. Theoretical literature related to ethical reporting is collected from various secondary sources i. g leading journal, magazines, news papers and information available in official websites of the sample companies. To know the creation of intangible assets and ethical reporting about the sample companies, data is analyzed as; determination of intangibles by MCM and voluntary reporting methods related to intangibles assets.

Exhibit I: Selected Number of Companies and Annual Reports.

S.N.	Industries	Industry sample	Annual Report Sample (from 2005-6- to 2014-15).
01	Information technology industry	6	**6*10 = 60**
02	Pharmaceutical industry	**8**	**8*10 = 80**
03	FMCG industry	8	**8*10 = 80**
04	Automobile industry	8	**8*10 = 80**
05	Capital Goods industry	10	**10*10 =100**
06	**Infrastructure industry**	**8**	**8*10 = 80**
07	Telecommunication industry	6	**6*10 = 60**
08	Banking industry	6	**6*10 = 60**
	Total	**60**	**600**

Research Questions:

After the analysis of nature and significance of ethical reporting and intangible assets in the contemporary knowledge environment, it's important to examine the role of ethical reporting practices adopted by Indian corporates related to intangible reporting and disclosures. Based on such information the researcher is trying to find out answers for the following questions.

- How Indian corporates are defining and examining ethical reporting in knowledge economy?
- Is ethical reporting important for intangibles assets as appropriate indicators of shareholders value creation?
- How Indian corporates are ethically reporting & disclosing informations regarding intangibles?
- How ethical reporting affects value creation process in knowledge environment?

Objectives of the Study:

Keeping the above research questions in mind, the purpose of this study is to examine the ethical reporting practices for intangible assets. Further evaluate ethical reporting practices adopted by Indian corporates. Therefore; this study intends to deal with the following objectives:

- To understand the concept of ethical reporting and disclosure in the current competitive environment.
- To understand ethical reporting practices related to intangible assets.
- To find out status of Indian corporates and their ethical practices regarding intangible assets.

Limitations of the study: The following are the main limitations of the present study:

- This study is a macro nature case study, limited to 10 years (2005-06 to 2014-15) performance of the BSE listed companies.
- To evaluate ethical practices regarding intangibles content analysis method is adopted and annual report and web site information are observed in this study.
- The data used in this study have been taken from published annual reports only (secondary sources). As per the requirement and necessity of the study, some data is grouped and sub grouped.
- The size of the sample 60 is small to generalize the findings. The study has unveiled the quantitative aspect of disclosures in annual reports without looking into the quality of disclosure.

Data Analysis and Observations:

To analyze various informations regarding ethical reporting and disclosure of intangibles by Indian corporates, the annual reports and other documents are analyzed in two different ways: Information required under company law, (known as mandatory reporting and disclosure) and Non-financial reporting (know as voluntary reporting) which is not mandatory in nature, but many leading Indian companies are using it for value enhancement and value addition point of view.

Under mandatory reporting and disclosure by Indian companies information such as; Annexure to Auditor's Report, Annexure to Director's Report, Auditor's Certificate on Corporate Governance, Auditor's report on Consolidated Financial Statements, Auditor's Report to Members, Balance Sheet-Part I of Sch.VI, Balance Sheet Abstract and Company's General Business Profile (Part IV), Cash Flow Statement, Consolidated Financial statement with Indian GAAP, Corporate Governance Report, Director's Report including disclosures required u/ s217(1) (e),217(2A) and 217(2AA), Profit & Loss A/C(Part II), Related Party Disclosures, Risk Management Report, Schedules to Financial Statements, Shareholder Information/Reference, Shareholder pattern, Segment Reporting, Share Price Chart, Statement of Significant Accounting Policies and Notes to Accounts etc.

Similarly, to analyze non-financial reporting by companies information in the form of; Awards/ Achievements, Additional information on, Directors recommended for or seeking appointment, Brand Valuation Statement, CEO & CFO Certification, Chairman's Letter or CEO's Message, Code of Business Conduct and Ethics, Company Information, Corporate Social responsibility Statement/ Report (sep.), Current Cost Adjusted Financial Statements, Director's Resume/Profile, EVA, FAQs, Financial Statements as per GAAP of other Countries, Funds Flow Statement, Graphical Presentation, Global Presence Information, Highlights of Performance, Human Resource Accounting, Intangible Asset Score Sheet, Management Structure, Market Value Added, Past Performance or Selective Data/ Financial Highlights, Ratio Analysis, Reconciliation of Indian GAAP and US GAAP, Report on Environment, Health and Safety, Product Details with picture, Product Flow Chart, Sustainability Updates (Separate Statement), Value Added Statement, Value Reporting, Vision and Mission Statement, The Year At a Glance etc are popular as Non- financial reporting. This paper focuses on non-financial reporting practices (especially for ethical aspect of intangibles) adopted by Indian companies' because most of the intangibles are covered under these categories only.

Non Financial Reporting by Companies:

Non financial reporting is most important form of reporting which will covers information related to intangibles. Under this method non-financial item such as information about brands, human resources, competence, skills, methods and processes etc informed to the various interested parties. Many Indian companies apart from their mandatory reporting and disclosures, they are providing non financial information in ways of foot notes, narrative statement and as various annexure.

Intangible Assets and Indian Corporates:

Over the last fifty years, India had struggled to find its leading sector, and now it has found it in the knowledge sector of the economy. The fact that a large number of Indians works successfully in Silicon Valley today is clear evidence. In India as compared to other industries, Information technology industries are the leaders in respect of discloser and reporting of intangibles voluntarily. During the process of discloser and reporting they voluntarily report about intangible assets in the form of Human value, Brand valuation, EVA statement, MVA statement, Enterprise value and Intangible assets scoresheet, which are very useful for the investors for better judgment about the company's earning capacity & creation of intangible assets. In case of Information technology industries the contribution of intangible assets in their market capitalization is more than 85.8% that indicates the importance of IA in knowledge intensive industries.

In most of the Indian companies, reporting and discloser practices related to intangible assets are in the form of additional information other then financial statements. They are reporting about intangible assets in the form of:

Human Resource Valuation: They are providing the information about total number of human resources, their valuation and per human resource value etc, for the benefits of various stakeholders,

Value-added Statement: They are also providing information through value addition for the company and their disbursement for the various stakeholders such as employees, capital providers, to the government and for the development of their own business by way of reinvestment.

Brand Valuation: They are also providing information about the brand value and valuation methodology, because within the intangible assets brand is one of the important asset which generates additional revenue at national and international level.
Economic Value-Added (EVA®) statement: EVA is another way for the reporting of the intangible assets. If the firm is in a position to generate economic value added then really they are generating additional money for the shareholders, otherwise they are destroying the precious wealth of the shareholders.

Balance Sheet (Including Intangible Assets): Nowadays most of the companies are also publishing additional balance sheet along with the intangible assets just for showing the real wealth created by the company and real position of the company after incorporation of the intangible assets along with the tangible assets.

Intangible Assets Scoresheet: This is the new way of reporting for the intangible assets. Most of the Indian companies (especially I.T.) are collecting the information about the internal and external structure of the company, their different methodologies, consistency of clients, repeat orders, employee's index based on education and qualifications etc. They are providing the intangible assets score sheet for the benefit of the various stakeholders to know the real earning and managerial capacity of the company.

Exhibit II: Key Intangible Assets - Reporting and Amortization Practices

SN.	Industries	Key Intangible Assets	Reporting and disclosure practices
01	Information technology industry	Acquired contract rights, Technical know-how, software's	Software's amortized within 3-5 years. Technical know-how Amortized within 5 years
02	Pharmaceutical industry	**Software's, Drug patent, Non-compete fee. Technical know-how**	Software's amortize within 5- 6 years, Patent: Amortize within 3-10 years, Technical know-how: Amortize within 10 years, Non-compete fee. Non-com agreement or within 10 year.
03	FMCG industry	Software's, Trademarks, Business and Commercial Rights, patent, Non compete fees	Software's amortized within 3-5 years. Patent: Amortize within 10 years, Non-compete fee Amortize within 10 years Trademarks, Business and Commercial Rights.: Amortize within 10 years
04	Automobile industry	Software's, Industrial designs, Models fees.	Software's: Amortize within 3- 5 years Models fees.: Amortize within 3-5

			years (in some cases 10 years Technical know-how : Amortize within 6 years
05	Capital Goods industry	Technical know-how, Computer software, Mining rights	Software's: Amortize within 3- 5 years Technical know-how : Amortize within 6 years or useful life Mining rights : Amortize over the period of lease on SLM
06	**Infrastructure industry**	**Software's, Mining rights, Manufacturing and Technology rights, and Water drawing rights.**	Software's: Amortize within 3- 5 years Technical know-how :Amortize within 6 years, Mining rights : depreciated over the life of the mines, Water drawing rights.: Amortize within 10 to 30 years
07	Telecommunication industry	Software's, Bandwidth, Licenses, Entry/license fees, Indefeasible Rights of Use (IRUs).	Software's: Amortize within 3- 5 years, Bandwidth,: Amortize over the agreement period or 10 to 18 years, Indefeasible Rights of Use (IRUs).Amortized over the agreement period or 15to 20 years.
08	Banking industry	Application software.	Software's: Amortize within 3- 5 years,

***Source: Authors own compilation and collection from various annual reports of sample companies*.**

Indian Corporates- Current Practices:

After the careful analysis and observation of data related to intangibles and various reporting practices adopted by Indian corporates some important observations are listed as.

- In Pharma sector Dr Reddy's is one of the leading firm, which is voluntarily reporting and disclosing information related with Intangibles such as; EVA, MVA, Brand valuation, and Total shareholders returns in their annual reports.

- In FMCG sector, ITC and HUL are disclosing many intangible assets as part of accounting policies and annexure in their annual reports.
- One of the important observation is that in all the sample companies specially in automobile sector, Bajaj Auto ltd is the only company which is providing a separate section for 'Technical know how' as an intangible asset in their annual report. Many internal self generated methods and processes which are extremely useful for production and cost effectiveness are also not recognized by the companies as IA (self generated).
- In Telecommunication companies brand names, internal operation methodologies, network communication, client base are the other intangible assets which are not reported by them in their annual reports due to non recognition as intangible assets.
- Many industries such as FMCG, Banking etc are having effective intangible assets, but their monitoring system is not appropriate, intangible assets are out of the records and financial reporting system.
- Indian companies are disclosing information related to intangible assets in their annual reports under the head of accounting policies and annexure.
- Technical know-how, Trademarks, and Application Softwares are highly preferred intangible assets of the sample companies which is disclosed as additional information in financial statements.
- Indian corporates are not ready to disclose information about some secret intangibles such as; organization structure, organizational culture, company' strategies, process and procedures in their financial statements due to competitive advantages over competitors and secret nature of such information.
- Many FMCG companies are regularly informing about R&D, marketing and manufacturing process. They are focusing on mix of new products, innovative packaging, effective communication, aggressive marketing and deeper market penetration and good understanding of the local market conditions to develop a sustainable business model.

It is clear from the above analysis; Indian companies are not taking serious efforts to adopt voluntary reporting practices (or non financial reporting). For example among the other important factors brand is one of the popular intangible assets and many independent agencies are valuing the brand value of Indian companies, but the companies are not reporting about the brand value in their annual report in a separate section (except few). Similarly, in the knowledge era human resources are the key elements in the service industries, but hardly few Indian companies are adopting HRA as additional information for the benefit of various stakeholders.

Ethical Issues and Intangible Assets:

Since valuation of intangibles and reporting & disclosure practices are still voluntary in nature under Indian accounting system, a strong monitoring system with ethical values are needed in current environment. As intangibles are unstable in nature and frequently changes in value, as per economic decisions and government policies, we need a strong reporting and disclosure methodology. The ethical issues related to intangibles under the traditional accounting and valuation system are as follows:

- Intangibles are most often internally generated, while traditional accounting is transaction-based (double entry principle). Ethically and principally it’s difficult to record them in the books of accounts without transactions (money measurement concept).
- Relevance vs. reliability issue: The knowledge of the value of company intangibles is certainly relevant owing to today's business conditions and environment. However, this value is generally less reliable, verifiable and stable than that of a tangible asset.
- Recognition vs. disclosure: Another important ethical issue is recognition and disclosure of intangible assets. Measurement of intangible assets is a major issue along with that qualitative recognition is also important for intangibles, which always differ from industry to industry and firm to firm according to their ethics and corporate governance practices.
- Internal vs. external reporting: whether the intangibles are to be reported only in the internal accounts and statements of a company or can we report them in external ways also is again an ethical problem for many firms.
- Voluntary vs. Mandatory: Till today production and communication of information relating to intangibles are voluntary in nature. Because many companies are not interested to disclose their secret intangible assets, to avoid the competition.
- Audit and litigation: who and how can we audit this new information on intangibles, and how companies can avoid litigation consequences potentially linked to this type of information is another ethical issue.
- Ethical issues in Accounting: How a firm can estimate incomes based on intangible assets, there are various methods giving different value and earnings of intangible assets. To provide a fair and accurate reporting of the financial position of a business the promoters shall have ethical values.

Agenda for Action- Ethical Issues and Intangibles:

Reporting and disclosure of intangibles is an important issue and ethical reporting of intangibles is also important otherwise fair reporting practices can not be applied in the current environment.

- Despite their different nature and different values many value drivers are common in nature such as human capital and their competence, organizational structure and process, customers relations and networking etc. For these value drives we can develop some common indicators, which is fruitful for comparison and harmonization initiatives.
- Motivate companies to provide information related to intangibles (initially as a part of internal reporting) in a systematic manner to become leaders in their respective business field. Then gradually make them available for external parties (external reporting) as a part of fair reporting.
- Development of Professional code of ethics for intangibles (by way of indicators) that will be uniformly followed by all the corporates.
- Many intangible are self generated intangible assets which are not recognized by the corporates as intangibles because of limitation under AS-26. Many intangible assets are having economic value and are useful for business operations but not recorded in financial statement.
- Ethical behaviour of human resources (employees) and brand management are the two leading issues among the Indian corporates which will enhance transparency and fair reporting practices among the Indian corporates.
- Satyam case indicates current corporate governance practices are not sufficient to control frauds; we need more focus on ethical reporting practices. Development of more and more company-specific governance models will enhance better disclosure and reporting.
- EVA presentation is one of the ethical reporting about the true profit earned by a company after considering cost of capital in a particular financial year. Currently few Indian companies are disclosing information about EVA as a voluntary reporting practice. If all the corporates disclose such information then various stakeholders are aware about the accounting profit and true profit of the company and why differences exist within these two.
- Information about innovations and sustainable developments by the company which will enhance future earnings and brand image of the company is essential for transparent reporting.
- Information regarding Research and development expenses, which is directly related to creation of specific intangibles, is essential.

- Information about orders secured by companies (BHEL) is essential which will enhance brand image of the company (direct effect on turnover and profitability of the company).

Conclusion:

Fair and transparent reporting is part of ethical reporting and currently Indian corporates are trying to achieve this objective to build confidence among the investors and stakeholders. They are equally focusing on effective discloser of non financial/non-monetary information for transparent reporting. To improve ethical reporting practices we need more focus on earnings capacity of brands, enhancement of market share through continuous improvement, ethical reporting towards HR practices such as developing and retaining talents. These practices are important in competitive environment, because as per traditional accounting philosophy companies with high content of intangibles are more likely providing an incorrect picture in its financial report because many non financial items are not included in their reports. However, the most important single attribute of intangibles is the high degree of uncertainty associated to the future benefits expected from them. In that scenario ethical reporting is gaining more importance because inappropriate valuation and reporting are the main reason for the collapse of various corporates such as Enron and world com. As ethical contents increases for intangibles in the reporting practices, Indian corporates will gain more reputation and value in global market.

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Case Study
The Misal Maze

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The Misal Maze

Vinayak Misal spread in almost 1.5 acres at outskirts of industrial and holy city of Nashik. It is known for typical 'Maharashtrian' delicacy Misal. The joint is famous for its special taste and semi-rural atmospherics created. It also has ample opportunities for children to play (like 'rides'). The journey of joint started with a very small shop (also called as 'tapri') in eighties. Nashik was small town then and shop was located at highway passing from village. Baburao Sanap was one-man army in those days. He was taking orders of customers, mixing ingredients for Misal and washing the dishes. Sanap was endowed by intelligence and hard work never bothered him. Above all he had that unique formulae of preparing Misal which attracted lot of customers to him. The initial struggle paved way for good profit and patronage developed for his small shop. The growth allowed him to purchase a 'Gala'(a shop) with some furniture and fixtures. He also hired two helpers for catering the customers. The shop was named as 'Vinayak' in name of his new born son.

The footfall was increasing day by day and so was popularity. Sanap purchased a bigger shop in nineties. Size of his organization was increasing. But Sanap was keeping a tight control of all activities of shop. The special ingredients for Misal was prepared by him and was never shared with any of the workers. He was not believing in any of the employees. Cash counter was handled by him or his family. Sanap's son started assisting his father in late nineties but after completing his graduation he went away to Mumbai for pursuing management degree. Meanwhile the brand Vinayak was prospering and 'Baburao' was finding it difficult to handle everything all alone. This resulted in Vinayak's returning home after leaving his MNCs job.

Vinayak just took over from where his father has left. Charged with new ideas after management degree and experience at MNC he wanted to turn the way business is done. Purchasing a farm house and giving it semi-rural atmosphere was concept of

Vinayak. Baburao was against this idea and was interested in continuing at same place. But finally he gave way to new idea from newer generation. As a result 1.5 acres of farm was acquired and operations started over there. Very soon the concept gained popularity and people started rushing to joint. Vinayak initiated in introducing other regional delicacies such as AamRas and PooranPuri. The concept was copied by competitors also. The joint operated from morning 7 am to afternoon 3 pm.
Staff include around 20 waiters, 3 cooks, and one manager (cum cashier). Weekends and other holidays attract huge traffic at the place. Average 1000 visitors were attracted during these days.

Unlike his father Vinayak was believer of delegation. He trusted his employees and empowered them. Except family formulae of preparing Misal he was open for all discussion. This was something Baburao was detesting. And to attest Baburao's belief, despite heavy traffic to joint, organization started making losses. Vinayak was unable to understand the reasons. On papers his calculations for a month were as:

Monthly customer visited	8000
Average spend by each customer	Rs 60
Estimated revenue	4,80,000
Salary and wages	1,50,000
Cost of raw material	2,00,000
Expected profit	1,30,000

After investigating further along with his father some unexpected facts were revealed. The customers were reducing day by day. It was common observation that during weekends at the time of heavy traffic, customers have to wait. For this no proper arrangements were done. Many customers left without ordering anything. Secondly during peak hours' waiters were taking orders and were giving it directly to cook. The cooks were getting confused as all orders were urgent. Waiters were also confused and were delivering items which customer has not asked for. Many customers keep wondering about duration of wait. Billing of customers was also in confused state. Some were billed for what they have not consumed and others were happy for not paying what they have consumed. This often resulted in fight at billing counter. Customer's overall satisfaction was at the minimum. He was carrying negative image. Waiters turnover has increased suddenly as the policy of organization was to charge from waiter if customer is not billed properly. Many cooks have already left because of confusion and stress generated during peak hours.

Another grey area observed was related to wastage. Twenty percent of expected footfall was turning into waste. The cooks were preparing on basis of expected footfall suggested by manager. Baburao also pointed on costly acquisition of raw material many times.

After observing a profit making dream venture turning into loss making unit Vinayak was highly stressed. Baburao was equally shocked to see his pet project getting collapsed slowly. His word of wisdom for Vinayak was to take control of everything. On the other hand Vinayak's management education was stopping him to centralized the process. He knew that scalability of project depends on decentralization.

Issues:

- Which important management issues you can identify from above case?
- What major difficulties Vinayak Misal is facing?
- What possible action you would have taken in above circumstances?

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