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Volume 2

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Message from Chief Patron

I am pleased to learn about International Journal of Strategic Management (IJSM) being published by Amity Global Business School, Mauritius.

I wish to congratulate most heartily the team in Mauritius for undertaking research and publication activities. It has always been the philosophy of Amity to give a strong emphasis on publications of research journals, academic books and undertaking case studies as research and publications are two important prerequisites for any institution of higher learning to excel.



It is a matter of immense satisfaction to see that Amity Institutions have been contributing significantly to the knowledge pool through research and innovations.

I am glad to note the contribution from Amity Mauritius due to which this publication is gaining stature as a reputed international journal on account of contributions from researchers from different countries.

I wish to appreciate all the researchers who have contributed their papers and I am sure they will continue to patronise this journal. I would certainly like to see the increase in such papers in the subsequent issues of IJSM coming from countries in Africa considering the fact that Mauritius is so strategically located in Africa.

I wish to compliment the editor of IJSM and its editorial team in Amity Mauritius for their hard work and painstaking efforts for publication of this journal and am sure that this journal, through its rich contents and valuable information, will be of immense benefit to a large number of readers.

Dr. Ashok K. Chauhan
Founder President
Amity Education Group

Message from Patron

My greetings and a warm wishes to the endeavour- International Journal of Strategic Management.



Strategic management has taken a driving seat in academia and in the domains of Research and Development (R&D), globally. As a result many innovations in the field of management, engineering, science etc have changed the VUCA (Volatile, Uncertain, Complex and Ambiguous) world. A platform like IJSM is definitely need of an hour for the mutual exchange of ideas and thoughts on sustainable strategies. This will also help us to contribute and collaborate with international business standards. I am confident about the journal editorial team's commitment to maintain a high international and scientific standards by publishing original research articles, holding the potential of giving new directions to the intellectual society, in order to establish the journal as one of the informative journals in the world of strategic management.

Mostly it is observed that the scientists do a great deal of research, but the social narratives of such endeavours through right platform are missing. Due to this intellectual deficiency many great works could not see the light of day at national and international levels.

Keeping in view the dire need (basic and modern) of the hi-tech society in general and development thinkers, strategists, techno-managers, academicians and policy makers in particular, a full-fledged centre of excellence has already been established at the Amity Mauritius, which acts as a connect (bridge) between social needs and others in such a way that the scientists and researchers working in all the allied areas of management would be motivated to take a component of Social needs in their research projects and develop a probable solution, which further can be commercialised for all.

To achieve these kinds of targets, this is one of the many proud initiative of Amity Mauritius that it has started a new International Journal of Strategic Management. Besides research papers on disciplines of purely Strategic Management all the management researchers, thinkers, academicians, techno-managers and philosophers would be encouraged to present the work related to sustainability, strategies, socio-economic dimensions of their studies.

The Editor-in-Chief of this International Journal of Strategic Management (IJSM) deserve great appreciation for excellent efforts in the launch of this new journal. I am quite optimistic that he and his competent team would continue their utmost efforts to make this initiative a regular academic product on sustainable basis. With complete devotion and dedication, this journal makes a good place in the ocean of advanced knowledge on strategic management among national and international intellectual community.

Dr Aseem K Chauhan
Chancellor

Message from Chief Advisor

Mauritius is transforming and positioning itself as a knowledge hub for global scholars. It has been taking visionary steps since decades in this direction. Worldwide experiences shows that the universities and tertiary education institutions have always been key strength of strategic decisions made of policy makers. The knowledge published through journals; on the matter of concern for industries has always been the first choice of businesses and consultants.



There are journals predominately publish articles which are rooted in management, ICT, technology, economics and rational decision-making processes. Strategy is messy, draws on other disciplines such as political economy, sociology, anthropology, etc., and there is no obvious home for this type of research in the country.

This way the International Journal of strategic Management has a key role to play in giving direction to local and national business strategies. As a representative of Mauritius intellectual community, I am pleased to associate myself with the commendable work done by Editor in Chief and his team. I am confident of the impact of worthy contribution by researchers who contributed their knowledge in the journal. The journal is dedicated to improving understanding of strategy development and implementation. Overall, the IJSM aims to encourage new thinking and innovative approaches.

It is matter of pride that the Editorial Team in coming forward with the second volume of the International Journal of Strategic Management by the Amity Global Business School (AGBS), designed to appeal to both practising managers and academics.

The published papers in the journal are from researchers from India, Mauritius, Mexico, Malaysia and Thailand, covering wide range of local and international issues that should further trigger your thinking process. The articles give insights about the strategic innovation and implementations in different sectors.

The need of an hour is, the Universities and post graduate degree awarding institutions base their teaching learning on continues research. The journal has wide scope in the context of today's dynamic world. The journal objective will be achieved fully through a wider circulation among research community, industrial arena and management consultants, globally.

My heartfelt congratulations to the Editorial Team

Prof Armoogum Parsuramen
G.O.S.K

Editorial

It gives me great pleasure and honor to present 2nd volume of IJSM. Thank you for your large interest in 1st volume of the journal. Your appreciation and constant encouraging words are the key source of the high quality of research work presented inside the pages of the journal. I hope you find this volume equally interesting, innovative and helpful in board room discussions on strategies.

It is my great privilege to share with you that the idea of journal came across our mind about two years back and finally the idea has come to fruition six months before in the form of 1st volume of the journal. The journey so far has been great experience of learning. The 2nd volume is devoted to developing the core understanding of strategic management which will appeal to strategy scholars, with implications within and across papers.

Overall IJSM is building on its capacity to provide pathways to national and international strategists. The journal widely covers the research areas on such as strategic planning and resource allocation; organization restructuring; global leadership; environment based strategies; micro entrepreneurship; methods and techniques for evaluating and understanding competencies and competition; technological, social and political environments; planning processes; and strategic decision processes among many others. The journals welcomes theoretical and empirical research relevant to academic knowledge and industrial solutions.

It will be exciting to see how the journal responds to the many opportunities and challenges it will face over the next decade. There is no doubt the journey will be interesting.

Finally, I want to thank the IJSM editorial board for their tireless contribution and effort to raise the Journal intellectual standards. Thanks to all the reviewers, the gatekeepers of high quality standards. Your involvement beyond self through invaluable blind review to ensure article were revised appropriately or in some cases rejected without compromising on the benchmarks.

Prof (Dr) Ashish Gadekar

Editor in Chief

AUGUST 2016

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Resilience as a Factor for Effective Organisational Development

Jos G. Vargas-Hernández, M.B.A.; Ph.D
CUCEA, Universidad de Guadalajara
Periférico Norte 799 Edif. G201-7; Los Belenes;
C.P. 45100, Zapopan, Jalisco, México
Tel. +523337703340 Ext. 25685
jvargas2006@gmail.com,

Rebeca Almanza Jimnez
Patricia Caldern Campos
Instituto Tecnológico de Lzaro Crdenas
Avenida Melchor Ocampo No. 2555,
Ciudad Lzaro Crdenas Michoacán, C.P. 60950

Abstract—The aim of this paper is to analyze the effect of resilience as a factor for effective organizational development. Organizational development is a result of the demands of a changing environment and knowledge caused by changes in the applied social sciences. Rapid changes in the organizational environment has required changes in their processes of interaction in technology, structure and people currently in organizational structures that are more flexible to take risks that provide more responsive than traditional structures are required. The employed method is the analytical - descriptive. New individual and organizational skills are required. Resilience contributes to effective organizational development that ensures the survival and generates additional benefits from adverse circumstances.

Index Terms—Environment, organizational development, innovation, resilience, culture. JEL codes: D23, L23, M11

I. INTRODUCTION

In times of constant change caused by the globalization of business and by profound economic and social crisis, there are companies that have a performance superior to others and not only survive but even improve their results. Resilience aims to improve the processes and results of organizations dealing with the crisis. Resilience transcends the business world for its holistic approach, which has its maximum possible values and culture of society as a way to interpret the crisis and to respond to them is a source of individual and collective construction, from which are derived learning processes and organizational strengthening. This is the perspective of resilience.

Whatever the results of a crisis, always appear questions designed to find out which were the characteristics and behaviors of both human groups and individuals, to face the difficulties and achieve success. For these questions, the answers begin with the culture and values of the companies. A company that has been defined in terms of strategy, and clearly, what is the value system and culture, and if they have been disclosed and shared throughout the organization, will have a platform of behaviors aimed at strengthening results and especially to overcome the difficulties.

Clearly, a company that favors behavior based on trust, cooperation and transparency will have greater chances of success. Therefore, it is considered resilience as a factor of organizational development.

Based on the above, the present investigation is structured starting with the definition of the term resilience as a factor of effective organizational development from the perspective of different authors with the aim of achieving a better understanding of it. Subsequently, it raises the question of what determines that something or someone observe resilience, as not all people or companies react the same way when going through difficult circumstances, and apply it to the processes of effective change within organizations.

Similarly, it can be mentioned the indicators of organizational development for the purpose of monitoring, evaluating effectiveness, identify risk factors and intervene accordingly. Also, it is referring to what the business resilience and its impact on organizational development, in order to identify opportunities in a crisis to emerge stronger and in better condition before the critical fact.

Then, the indicators of business resilience are described in order to identify vulnerabilities and risks based on the analysis of them to achieve greater effectiveness through collaboration. Finally, it points out how it can be achieved that a business becomes resilient and identify the skills oriented to the realization of actions robustly to quickly respond to uncertainty.

II. EFFECTIVE ORGANIZATIONAL DEVELOPMENT

Organizational development is a tool that, through the internal analysis of the organization and the surrounding environment, allowing to get information to guide on adopting a road or strategy towards change and evolution, according to the needs or demands from the environment in which it is found, making the efficiency of all its constituent elements for the success of the organization (Cummings, 2007).

For an organization to be on capacity or has the necessary elements to compete in today's world, becoming therefore the organizational development in needs of resilience (Cummings, 2007). Resilience and organizational development have the ability of a system to absorb change, which are seen as a series of sudden shocks (Lopez, 2009). Personal resilience, in many cases, transferred to organizations, with the aim that these learn to constantly adapt to change and recover quickly and effectively to any impact, without losing the ability to

pursue and meet the goals set by the organization (Acua, 2011). The ability to learn faster than competitors may be the only sustainable competitive advantage; because after it, it shows special ability to perceive the future and adapt more quickly to new business scenarios (Acua, 2011).

The use of resilience is recent in the organizational field, perhaps because of its theoretical origin. Within this disciplinary field it is used as a way of designating the resilience of organizations before an unexpected event (Oramas, 2009). Thus, a resilient organization has a set of capabilities that focus on the implementation of actions robustly against a specific condition and transformation, usually generated by the meeting of unexpected events and powerful, who have enough potential to jeopardize the survival of an organization in the long run (Medina, 2012).

Therefore, the success of overcoming the critical moment belongs to organizations, groups and resilient individuals, because they are the agents able to recognize, adapt and absorb variations, changes, alterations, disruptions and surprises (Medina, 2012). This way it can be told that the resilience expresses the ability of an organization or its parts to quickly respond to uncertainty and effective organizational development.

III. WHAT DETERMINES TO BE GIVEN ORGANIZATIONAL DEVELOPMENT?

Organizations are made up of people who have a different set of values, styles, skills and technologies with different characteristics; as well as processes and structures that reflect different types of relationships between the environment and the organization, among the people themselves and the people and their work. Organizational development requires a change in technology, structure and people and interaction processes. Among the features of the organization as a self-organizing system are instability, positive reinforcement, the challenges and opportunities of change agents, and finally, the interlock, which is the way of doing things that became casual about the standard and are now so ingrained that it is impossible to displace (Molina, 2000).

For change to be given in organizations, it must be identified the need for change, stimulating change through small groups, modify organizational structures in a change effort, working with dissatisfaction and resistance of the people. The higher the level of formal education and the promotion of resilience, it is more likely to have transformational changes within organizations (Molina, 2009).

While persons applying resilience to unfavorable situations, which must be resolved, can reach a positive outcome; and that resilience is the ability to acquire certain humans to adapt positively once found a hardship at a time of their lives (Oramas, 2009). In a resilient organization, it is presented within its inventory of strategic capabilities a diverse and

complex set of multiple forms tending to the fast, flexible and agile application of dynamic behavior (Medina, 2012).

As mentioned above, organizational development is determined by the need for change caused by the environment. These changes destabilize the organization creating chaos within the organization which must act immediately. And it is through the people who must overcome these obstacles. Both the people and the organization itself must have a resilient attitude to successfully face this situation.

IV. THE INDICATORS OF RESILIENCE AND ITS IMPACT ON ORGANIZATIONAL DEVELOPMENT

Resilience indicators allow identifying what is going on, where is the biggest threat and to what degree can affect whether letters are not taken in the matter. The need to build organizational development indicators that guide, describe, compare, and explain expected events (Mendoza, 2003). It is essential to have an indicator to tell what the company is progressing well to adversity.

An accurate and honest assessment of the deterioration of the strategies is a powerful antidote to denial. It is a way to know if what has been doing is causing positive or negative effects. It is also the only way to determine if the renewal is progressing fast enough to offset the declining economic effectiveness of current strategies (Hamel and Vlinkangas, 2003). Martinez and Coronado (2003) recommended in its methodology to construct indicators, that in order to identify and classify the indicator, it is suggested that previous meetings and interviews with staff, coupled with a comprehensive literature review on the problem, making use of the database, networks of information and documents to define the framework, concepts and variables of the indicators obtained; also, it is necessary to organize information in tables and graphs to locate indicators into conceptual categories.

This made it clear that whatever the methodological procedure to build resilience indicators and their impact on organizational development, it is important that companies are constantly renewing their strategic systems according to changing situations both on the environment and within themselves (Pieiro and Romero, 2011). The indicators of resilience in the organizational development allow to give an idea of how well are acting in adversity presented. If the strategies that have been implemented are emerging the desired effect or it is necessary to continue renovating.

V. THE RESILIENCE FACTOR FOR EFFECTIVE ORGANIZATIONAL DEVELOPMENT

Resilience is defined as the ability of an individual to react and recover from adversity, which involves a set of qualities that foster a process of successful adaptation and transformation despite the risks (Raffo, 2000). Resilience has an aptitude for dealing with crises and adversities of organizations and intensifies the strengths and minimizing resistance to come through the tests. Similarly, it means confronting the

problems created opportunities for tackling stress warning and strengthened with the experience (Fontaines, 2009).

The changes that occur both outside and within companies, which have forced them to remain prepared to deal with them and not be affected. Resilient companies are able to absorb changes and ruptures, both internal and external, without being affected their profitability; and even develop flexibility such that, through processes of rapid adaptation, come to get extra benefits (Minolli, 2000). Resilience is a key organizational development to be an effective factor. This approach to adverse circumstances presented to firms allows dealing with them in a way that does not affect profitability, and also can earn advantage before the competition.

VI. HOW CAN A COMPANY REACH ACHIEVE EFFECTIVE ORGANIZATIONAL DEVELOPMENT?

It is presumed that the professionals have some knowledge about the nature of organizational change, and possess skills necessary to originate it in any case, to facilitate the process with their customers. After all, the client is the agent of change, but the professional in organizational development needs to know how to assess and manage the process of effective organizational development (Church, 1996). The company that is resilient has the flexibility of its people to face change and adapt. Business resilience and soft skills are relevant for development and economic survival. For this reason, HR departments today are looking to integrate professionals with high expertise of soft management skills and resilience (Acua, 2011: s / p).

Therefore, a company can be resilient if it is willing to show flexibility with changing situations that may or will be affecting. Both, its people as its strategic system must prepare for it. Thus, instead of being affected, the firm will be benefited.

VII. EMPIRICAL ANALYSIS

The demand for a better way to manage change is extremely high in an uncertain and complex environment. Although the study of resilience has achieved some progress, no investigation has found that to evaluate it in the field of organizational development; therefore, it is necessary to focus on the positive results generated by the people as a result of experiencing an adverse situation.

The study of resilience has changed the way of conceiving human development. There have been left behind beliefs and prejudices that considered people who grew in highly unfavorable conditions were doomed to failure, social exclusion, misery and misfortune. Fortunately, research has found clear indications that this situation is not, and that despite all adversities to live, man is able to overcome adversity and deal constructively, so that it can become a person it has developed different virtues that lead to mental, physical and organizational development.

VIII. DISCUSSION

In this research it was pretended to understand the relationship of resilience and effective organizational development,

so once the same significant relationships were found in two terms as both contributing to organizational development at critical times. It is time for the OD practitioners redirect some of their energy to develop a new way to transfer the knowledge and experience regarding individual and group processes rather than focus exclusively on the most typical models of leadership skills.

Meaningful participation, enriching ties, emotional development around processes of affection and support, motivating and realistic expectations, cooperation, problem solving and assertiveness, can be constituents of a new organizational model. Importantly, this research must be deepened to identify and create a pattern of intervention to a resilient transformation. Subsequently, it should establish an alignment that allows studying individuals and organizations as they are systems.

IX. CONCLUSIONS

A flexible culture where creative and committed people settle organizations, suggests changes that strengthen relationship nodal structures, organizational survival and improvement. The resilient leadership is an opportunity for the development of adversity in difficult times such as now days. The ability to overcome the difficulties it is essential for the survival of organizations. Assess and understand that the achievement of objectives, in many cases, is no easy task and requires effort and commitment of activity, value and exercise powers as they are key factors.

In the business space, encourage teamwork, develop effective communication, develop management skills and other topics related to human behavior, are true cultures that consolidate and strengthen resilient attributes within organizations.

Resilience is a way to view human behavior from a multidisciplinary perspective that aims to improve the processes and outcomes of human groups against the crisis, beyond the business world for its holistic approach that has its maximum possible values and culture of society. Its use in the processes of change within organizations is vital to achieve improvements within them. It is a source of enrichment and practices that can help in overcoming the crises that happen so often.

Finally, further research is required to implement the change within organizations and convenience of internal or external consultants.

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Basel Capital requirements and Bank Behaviour in Mauritian Banks- Testing for Simultaneity

Virendra Polodoo

PGCHE, Fifs

Senior Lecturer in Economics and Finance

Amity Institute of Higher Education, Mauritius

spolodoo@mauritius.amity.edu

Abstract—This paper analyses the effect of Basel I capital requirements on bank behaviour using nine banks which existed for the period 1994-2011 in Mauritius. A sample of nine banks is investigated to see whether there is a simultaneous relationship between risk-based capital requirements (Basel Accord I) and risk behaviour in Mauritius. Instead of testing the impact of Basel II and III, the study concentrates on Basel I as Basel II and III was lately and hence data is unavailable. By employing a simultaneous equation model developed by Shrieves and Dahl (1992) and random coefficient estimation under a panel data framework, the study confirms with Ramessur and Polodoo (2011) that the Basel I capital requirements has no effect on capital and risk behaviour of Mauritian Commercial Banks taken in the sample. The study also finds no simultaneity between risk and capital decisions of the banks.

Index Terms—, Simultaneous equation model, RC Estimates, Banks.

I. INTRODUCTION

Following the failure of German Herstatt Bank in 1974, there was a need to enhance soundness and stability of the international banking system. The Basel Committee was set up and the first capital accord came into effect in 1988. Banks were required to meet a common solvency ratio of 8%. Capital requirements act as a safeguard against insolvency, increases public credibility, and prevent systemic crises.

Moreover, Mauritian banks are conservative and adopted ratios above 15% on average. Yet, since the late 1990s there is excess liquidity in the Mauritius banking system. An analysis of banks response to the Basel Risk -Based Capital requirement is pertinent to Mauritius because banks play a pertinent role in channelling financial resources.

Although there have been several studies conducted to analyse the effect of Basel requirements (both I and II) on bank behaviour, most studies are concentrated in Europe and US. Studies in Mauritius are rather scant as the Basel Accord I came into effect in 1994 and there were subsequent amendments. There have also been various changes in the banking industry in terms of entry and exit which renders a problem of data unavailability. Also, Basel II was implemented in 2009 and hence the paper confines itself to Basel I due to data unavailability. This paper contributes to the literature by analysing the effect of capital requirements on bank behaviour using nine banks which existed for the

period 1994-2011.

To achieve its aim, the rest of this paper is organised as follows: part 2 gives the theoretical and empirical literature review; part 3 explains Basel capital requirements in Mauritius; part 4 gives specifies the model; part 5 gives the data sources and methodology; part 6 gives the hypothesis, results and analysis and finally part 7 concludes the paper.

II. THEORETICAL LITERATURE

Among the main reasons to substantiate capital regulation is the necessity to prevent incentive by banks to shift their risk behaviour by pricing deposit insurance inadequately. Although risk-sensitive deposit insurance brings in short run stability in the banking system, it discourages banks to hold sufficient capital and may, in the long run lead to banking instability. Whether capital accords can fruitfully eradicate moral hazard problems of the foregoing type has been the centre of discussions for more than 3 decades.

The pioneering literature emanates from Pyle (1971) and Hart and Jaffe (1974). The authors assume banks to be utility-maximisers under a portfolio approach and in this regards, Koehn and Santomero (1980) postulate that by introducing higher capital requirements, banks will engage in more risky assets. Such reallocation will have greater impact on large banks which already hold a higher proportion of riskier assets to capital. Furlong and Keeley (1989) criticised this view by employing an option model and postulate that by introducing capital requirements, banks are not encouraged to hold more risky assets. According to Van Roy (2008), the mean variance framework in the case of Keeley and Furlong (1989) is incorrect as it does not sufficiently label the investment opportunity set of the bank and ignores the option value of deposit insurance as well as the likelihood of bank failure. Kim and Santomero (1988) postulate that to discourage banks to shift their risk behaviour banks should be forced to observe risk-related capital ratios. Yet, Rochet (1992) stipulates that if the aim of banks is to maximise the value of their future profits, risk-based capital requirements cannot pre-empt them from in engaging in very risky activities.

Based on the foregoing, the theories as regards capital requirements and bank behaviour are equivocal such that a proper direction and nature of the link is rather hard to gauge. Yet

according to the Jackson (1999) of Bank for International Settlements, the extent to which capital requirements is made compulsory determines the extent to which it will influence credit risk. Also, the sensitiveness of capital and risk to capital requirements also depends on market discipline. Hence, the impact of capital requirements and bank behaviour and vice versa is an empirical issue.

Following the pioneering work of Shrieves and Dahl (1992), there have been many researches carried out as regards the impact of capital requirements on bank behaviour. The results from the various empirical studies are mixed as depicted in the following table. Note that recent studies in developed countries as regards the impact of Basel I on bank behaviour are scant given that researchers have started to investigate the impact of Basel II.

Drawing from the above table, the main studies carried out are by Aggarwal and Jacques(1997), Rime(2000), Hussain and Hassan(2005) and Ramessur and Polodoo (2011). Aggarwal and Jacques(1997) used the SEM for USA by employing GMM and find a positive impact of capital requirements on risk for the year 1991 whilst a negative impact is noted for the other years. Similarly, Rime(2000) employed the SEM but as methodology used IV approach and find a negative on risk but a positive impact on capital adjustment. Hussain and Hassan (2005) conducted the same study for 11 developing countries using SEM but employed a dual methodology of GMM and 3SLS and find that capital requirements do not increase the capital ratios but reduce portfolio risk of banks. Last, but not least, using the same methodology like Hussain and Hassan (2005), Ramessur and Polodoo (2011) find no effect on changes in capital and risk of Mauritian banks.

III. BASEL CAPITAL REQUIREMENTS IN MAURITIUS

Pursuant to the Banking Act 1988 and the Basel Accord I, the Bank of Mauritius issued a guideline on capital adequacy and the capital to risk weighted assets ratio of 8% was to be observed by all Mauritian banks as from 15 November 1993. However, it was found that the flat 8% ratio did not adequately differentiates underlying risks and in January 1997, the ratio was raised to 9% and eventually to 10% in July 1997, a period when all banks in Mauritius were required to increase their paid-up capital. . Under Basel II which is structured on three-pillars: minimum capital requirements (Pillar I), the supervisory review process (Pillar II), and market discipline (Pillar III), which was fully implemented in Mauritius in 2009, has the overall minimum capital requirements for the banking system staying generally unchanged. Regulators are required to keep on demanding capital cushions in addition to the minimum requirements.

The trend in the average risk based capital requirements observed by the Mauritian Banks is provided in the following diagram:

The above diagram makes it clear that the average ratio observed by the Mauritian Banks is well above the ratio of 10% prescribed the Bank of Mauritius, suggesting that banks in Mauritius are very conservative and risk averse. An

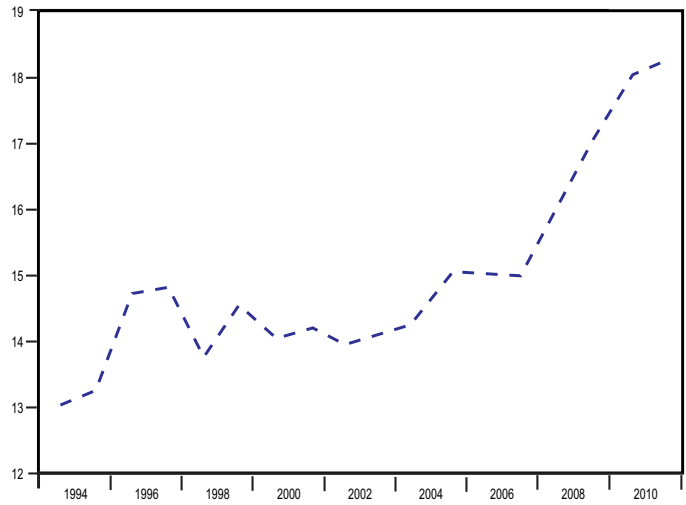


Fig. 1. Average Ratio of Basel Capital Requirement Observed by Mauritian Banks (1994-2011)

Source: Drawn using Eviews 7; information source: Banks Annual Reports, Various Issues.

individual analysis of the ratios among the various banks shows that the ratios vary a lot because of differences in accounting policies and nature of operations.

IV. MODEL SPECIFICATION

To follow Shrieves and Dahl (1992), a simultaneous equation model is developed. Yet, only variables deemed important for Mauritian Banks are included. Assuming that capital and risk are simultaneously determined, the Shrieves and Dahl (1992) model is explained as follows:

$$\Delta Cap_{i,t} = \Delta^d Cap_{i,t} + X_{i,t} [1]$$

$$\Delta Risk_{i,t} = \Delta^d Risk_{i,t} + Y_{i,t} [2]$$

and represent variations in capital and risk ratios respectively for bank i in period t . The first terms on the right hand side of both equations are changes in capital and credit risk of the banks; $X_{i,t}$ and $Y_{i,t}$ shows factors outside the bank controls which affects their capital and risk levels. Banks adjust their capital and risk using a partial adjustment procedure.

$$\Delta^d Cap_{i,t} = \omega (Cap^*_{i,t} - Cap_{i,t-1}) [3]$$

$$\Delta^d Risk_{i,t} = \psi (Risk^*_{i,t} - Risk_{i,t-1}) [4]$$

, and denote capital and risk ratios, targeted for commercial bank i in year t . Replacing equations 3 and 4 in equations 1

TABLE I
SUMMARY OF EMPIRICAL STUDIES-IMPACT OF BASEL I ON BANK BEHAVIOUR
SOURCE: OWN ILLUSTRATION

Author and year	Model	Methodology	Result
Shrieves and Dahl (1992)-USA	Simultaneous equation model (SEM)	Three Stage Least Squares (3SLS)	Depends on whether capital requirements reflect the true exposure of the banks to risk
Berger and Udell (1994)-USA	SEM	3SLS	No effect on bank behaviour
Jacques and Nigro (1997)-USA	SEM	3SLS	Negative impact on credit risk
Aggarwal and Jacques (1997)-USA	SEM	Generalised Method of Moments (GMM)	Positive impact on risk in 1991
Ediz et al (1998)-UK	dynamic, multivariate panel regression model	Instrumental Variables Approach (IV)	Positive impact on bank behaviour- Banks adjust their capital rather than adjusting their portfolio of loans or other risky assets.
Rime (2000)- Switzerland	SEM	IV	Negative impact on risk but positive impact on capital adjustment
Van Roy (2003)- 7 OECD countries	dynamic, multivariate panel regression model	3SLS	Alterations in capital and Risk were negatively linked. Regulations were ineffective in raising the capital ratio of undercapitalized banking Institutions in France and Italy.
Porter (2009)- USA	Unrestricted and Restricted econometric model-Stochastic Frontier Analysis	IV	Positive impact on Capital No impact on risk
Peek and Rosengren (1995)- 16 emerging economies.	dynamic, multivariate panel regression model	OLS	Capital requirements lead to a fall in supply of credit
Hussain and Hassan (2005)- 11 developing countries	SEM	GMM and 3SLS	Capital requirements did not increase the capital ratios but did reduce portfolio risk of banks
Van Roy (2008)- 6 G10 countries	SEM	3SLS	Only USA- weakly capitalised banks increase their capital ratios. Other countries- no indication of changes in capital and risk weighted assets
Jablecki (2009)-G 10 countries	dynamic, multivariate panel regression model	OLS	Encouraged regulatory capital arbitrage- negative effect on bank lending
Ramessur and Polodoo (2011)-Mauritius	SEM	GMM and 3SLS	No effect on changes in capital and risk.

$$\Delta^d Cap_{i,t} = \omega (Cap^*_{i,t} - Cap_{i,t-1}) + X_{i,t} \quad [5]$$

$$\Delta Risk_{i,t} = \Psi (Risk^*_{i,t} - Risk_{i,t-1}) + Y_{i,t} \quad [6]$$

and 2, we have the following Equation 5 says that changes in capital are dependent on the difference between target and actual capital and other factors outside the banks control. Similarly, equation 6 says that changes in risks are dependent on the difference between target and actual risk. and show the swiftness of banks in adjusting their prevailing capital or risk

to the targeted levels.
Based on the foregoing, the model for Mauritian banks is derived as follows:

$$\Delta Cap_{i,t} = \omega_0 - \omega_1 CG_{i,t} - \omega_2 ITA_{i,t} + \omega_3 ROA_{i,t} - \omega_4 GRGDP_{i,t} + \omega_5 \Delta Risk_{i,t} - \omega_6 Cap_{i,t-1} + X_{i,t} \quad [7]$$

$$\Delta Risk_{i,t} = \Psi_0 + \Psi_1 CG_{i,t} - \Psi_2 ITA_{i,t} - \Psi_3 ROA_{i,t} + \Psi_4 GRGDP_{i,t} + \omega_5 \Delta Cap_{i,t} - \Psi_6 Risk_{i,t-1} + Y_{i,t} \quad [8]$$

- ROA- Return on Assets- is current profits of the banks

and is expected to have a positive impact on capital as banks have a preference raise their capital ratios through return earnings and not additional equities. (Rime, 2000). However ROA has a negative impact on risk as a rise in credit risk (depicted by non-performing loans) diminishes bank profits.

- **ITA- Ratio of investment in securities to total assets.** ITA is expected to have a negative impact on both capital and risk. Hussain and Hassan (2005) stipulate that an increase in ITA reduces the capital ratios of banks in a case where retained earnings are used to invest in treasury bills. ITA also reduces credit risk as less funds are available to advance as loans
- **CG- Credit Growth.** According to Rime (2000), Credit Growth is expected to negatively affect the capital ratio and positively affect risk of banks. As credit grows, bad debts increase (risk) and profits falls which leads to falling reserves and hence capital.
- **GRGDP- Growth in Real GDP.** As the economy grows, loans and advances of banks increase. As a result, a greater proportion goes to increasing bad debts (risk) which in turn reduces profitability, reserves and hence capital. Hence a positive impact is expected on risk and a negative impact is expected on capital.
- **Causality between capital and risk** It is expected that changes in risk positively affects changes in capital and vice versa. By having higher capital ratios, banks are encouraged to engage in risky activities by increasing their loans and advances. Conversely, an increase in risk leads to an increase in profits, reserves and hence capital ratios of the banks.
- **Capital and Risks** There are two definitions of capital employed in the empirical works: (i) the ratio of total capital (Tier 1+Tier 2 Capital) to risk-weighted assets and (ii) the ratio of capital to total assets. We employ the former definition, which is mostly used in the literature, especially by Jablecki (2009) Awdeh et al (2011) among others.

There are disagreements, however, as regards the measure of risk employed in the literature. Shrieves and Dahl (1992) Berger and Udell (1994), Rime(2000), Van Roy (2003) among others employ the ratio of risk weighted assets to total assets whilst Jablecki (2009), Ramessur and Polodoo (2011) among others employ the ratio of non-performing loans. Given that credit risk is the main risk facing Mauritian banks, the ratio of non-performing loans is used in this paper.

V. DATA SOURCES AND METHODOLOGY

Data was obtained from the Registrar Of Companies and from the Annual Reports of the banks taken in the sample. Since Basel I became effective in Mauritius in November 1993, sample data starts in 1994 and ends in 2011. Given that some banks started operations in the late 2000s, only nine banks are taken in the sample.

The study is a panel data analysis. According to Mouchart (2004), panel data analysis is more advantageous. Panel data analysis considers the fact that the banks differ in terms of accounting policies and standards. Panel data analysis removes all biases associated with the need to averaging or aggregation since in panel data, all banks data are included.

Moreover, to achieve the aim of this paper, equations 7 and 8 are estimated using random coefficient estimates (RC). According to Hondroyiannis(2005), the RC model is a two-stage model which admits both individual-level and population-level effects. It is known to be robust against data that are not missing completely at random. However, the equations are first estimated using OLS to check for heteroskedasticity (Breusch-Pagan/Cook-Weisberg Test), multicollinearity (variance inflating factor) and whether the model is well specified (Ramsey Reset Test). Heteroskedasticity occurs when the variance of the error terms differ across observations.

Multicollinearity exists when the independent variables are found to be collinear. Also, Harris-Tzavalis (1999) unit root test will be carried out to check for stationarity of the dataset. Hondroyiannis et al (2005) postulate that (RC) estimates give better estimates than the OLS, GMM and 3SLS. RC is also known as the Time Varying Model as it allows the intercepts and slopes to vary between the banks and through time and at a point in time. Further, there is no need to include dummy variables to take into account omitted variables and it controls for problems like endogeneity (good for simultaneous equations like our model) as well as measurement errors. There is also no need to look for instrumental variables as in GMM. Parameter constancy tests from the RC estimates give an insight as to whether the model is wrongly specified or not.

VI. HYPOTHESIS, RESULTS AND ANALYSIS

The null hypothesis is denoted as H0 and the alternative hypothesis is denoted H1 and are as follows:

H0: There is a simultaneous relationship between risk-based capital requirements and bank behaviour in Mauritius

H1: There is no simultaneous relationship between risk-based capital requirement and bank behaviour in Mauritius.

The diagnostic tests and regression results are given in the annexures. It is expected that Basel I does not impact on Mauritian banks behaviour. Thus, all the explanatory variables should be statistically insignificant except return on assets (profitability) as higher profits significantly influence capital and risk of banks.

Turning to the diagnostic tests, it is clear from Table 1 that the dataset does not suffer from unit root problems since the p-values from the Harris-Tzavalis tests are less than 0.05. Similarly, the Ramsey Reset tests from Table 2 reveal no specification problems for both equations as depicted by the high F values relative to the p-values. Similarly, VIFs from

Table 3, reveals no multicollinearity problems. The Breusch-Pagan / Cook-Weisberg tests from Annexure II reveals large chi-squares as against the p-values, showing the presence of heteroskedasticity. Yet, given that the sample consists of both large and small banks, we accept heteroskedasticity.

The regression results are given in Annexure III in Tables 4(Cap equation) and 5(Risk equation). As expected, the RC estimates show that all the independent variables are insignificant for the Cap equation. To be significant, the p-values need to be less than 0.05 at 95% confidence interval.

VII. RESULTS FOR CAP EQUATION

In contrast with Shrieves and Dahl (1992), the p-value of the lagged capital (0.451) in the Cap equation is insignificant, meaning that a increase in capital in the previous year leads to an increase of only 0.28% in capital in the current year. This could mean that the increase in capital emanates from an increase in the portfolio of loans of banks, increasing their profits and hence increasing their reserves and profits, albeit such a situation is from a minority of banks in the sample as evidenced by a coefficient of 0.028

The insignificance of ITA [as opposed Aggarwal and Jacques, (1997)] and credit growth [as against Rime (2000)] suggests that owing to excess liquidity in the banking system, most of the excess are used to invest in Treasury Bills/loans and not retained earnings, thus insignificant in explaining changes in capital.

Further, the insignificance of real GDP growth [as against Rime (2000)] is explained by the fact that since the early 2000s, owing to closure of several textile firms, which lost their competitiveness on the world market, some banks incurred huge bad debts and losses resulting in erosion of their capital base. However, most banks in the sample hold well-diversified portfolio such that losses from textiles were compensated.

The insignificance of change in risk is due to the fact that Mauritian banks employ experts in debt recovery and are adopting much strict risk management policies.

Lastly, the insignificance of ROA is due to the fact that higher profits are used to invest in treasury bills to finance growing public deficit, thus do not add to reserves and capital of the company.

VIII. RESULTS FOR RISK EQUATION

For the Risk equation, only ROA is significant [similar to Rime (2000)] in explaining changes in risk, all other independent variables being insignificant. This shows that with increased profitability, the banks enjoy economies of scale by employing experienced and expert analysts to give good credit risk loans and advances and debt recovery. The

same reason is advanced for the insignificance of credit growth [in line with Chiuri et al (2001)]. Change in capital is insignificant in explaining risk changes [in contrast with Hussain and Hassan (2005)]. This clearly reflects the fact that Mauritian Banks observe higher capital requirements than those prescribed by Accord 1 and engage in less risky loans and advances. In line with Aggarwal and Jacques, (1997), ITA is also insignificant in explaining risk confirming that credit risk depends crucially on the ability of the banks to manage efficiently their credit risks through the employment of experts. The insignificance of lagged risk [(in line with Ramessur and Polodoo (2011))] is explained by the fact that due to the employment of experts in debt recovery, bad credit risks were being recovered which explains the low rate of non-performing loans in the industry (below 5). In contrast with Rime (2000) Real GDP growth rate is also insignificant in explaining changes in risk. Risks in Mauritian emanates from bad loans and despite the decline of traditional sectors like textiles and sugar, the risk were insignificantly affected as banks hold well diversified portfolio of loans and advances. Is there Simultaneity?

The results obtained from both equations suggest that there is no simultaneity between capital requirements and risk changes. Change in risk is insignificant in explaining change in capital and change in capital is insignificant in explaining change in risk. The results confirm that Mauritian banks capital decisions are independent on credit risk decisions, that is, these decisions are separately being taken.

The result for Parameter Constancy test for both equation gives large 2relative to Prob₂ which means that the models are well specified and invalid inferences are avoided. Wald tests also indicate fine goodness of fit as indicated by high Wald 2values.

Nonetheless, the study takes into account only nine domestic banks. Data from offshore banks could also have been included. Yet, the problem is that the accounting policies of offshore banks differ a lot from domestic banks such that it would have been a tedious exercise to include them. Moreover, most of the data are taken from the banks financial statements. Although financial statements give a true and fair view of the state of financial affairs, they are subject to window dressing such that the results so obtained might be misleading.

IX. CONCLUSION

This paper provides evidence regarding the impact of basel risk based requirements on bank capital and risk behaviour of Mauritian banks. The results so obtained are in contrast with existing empirical studies such that capital regulation does not impact on bank capital and risk behaviour in Mauritius.

From the Cap equation, lagged capital is insignificant showing that increase in capital emanates from an increase in the portfolio of loans of banks, increasing their profits and hence increasing their reserves and profits. Investment to total

assets is also insignificant showing that instead of retained earnings, excess liquidity in the Mauritian banking system are used for investment purposes. The insignificance of change in risk is due to the fact that Mauritian banks employ experts in debt recovery and are adopting much strict risk management policies. ROA is also insignificant as higher profits are used to invest in treasury bills to finance growing public deficit, thus do not add to reserves and capital of the company.

As far as Risk equation is concerned, only ROA is significant in explaining changes in risk, meaning that with increased profitability, the banks enjoy economies of scale by employing experienced and expert analysts to give good credit risk loans and advances and debt recovery. The latter reason also explains the insignificance of credit growth and lagged risk. Change in capital could not explain changes in risk as Mauritian Banks observe higher capital requirements than those prescribed by Accord 1 and engage in less risky loans and advances.

In a nutshell, the results obtained from both the change in capital and risk equations suggest that there is no simultaneity between capital requirements and risk changes. Change in risk is insignificant in explaining change in capital and change in capital is insignificant in explaining change in risk. The results confirm that Mauritian banks capital decisions are independent on credit risk decisions, that is, these decisions are separately being taken. The result for Parameter Constancy test for both equation gives large 2relative to Prob;2which means that the models are well specified and invalid inferences are avoided. Wald tests also indicate fine goodness of fit as indicated by high Wald 2values.

Given that this paper concentrates on the impact of Basel I, future research should be geared towards analysing the impact of Basel II on bank behaviour. Also, only nine banks are included in the sample. Future studies should include almost all onshore and offshore banks as well as following the Banking Act 2004, the difference between onshore and offshore banks seems to fade away.

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APPENDIX

Appendix A: Unit Root Tests, Ramsey Rest Test and Multicollinearity Tests

TABLE II
HARRIS-TZAVALIS UNIT ROOT RESULTS
SOURCE: STATA 11 OUTPUT

Rho value for	statistic	z-value	p-value
Lagged Capital	0.4556	-4.1271	0.0001
Lagged Risk	0.6413	-5.8731	0.0002
Change in risk	0.6935	-3.1047	0.0234
Change in Capital	0.5931	-3.5566	0.0041
Credit Growth	0.794	-3.2311	0.0213
Investment to Total Assets	0.8293	-3.7238	0.0122
Return on Assets	0.4827	-4.2011	0.0011
Growth in Real GDP	0.6739	-4.7659	0

TABLE III
RESET TEST RESULTS

Variables	Cap equation	Risk equation
F(4,118)	10.92	11.08
Prob _χ ² F	0.1089	0.0004

TABLE IV
MULTICOLLINEARITY TESTS- VIF (VARIANCE INFLATING FACTOR)
STATA 11 OUTPUT

Regressands	VIF- Cap	1/VIF	VIF- Risk	1/VIF
Lagged Capital	2.17	1.89	-	-
Lagged Risk	-	-	2.34	1.92
Change in risk	2.32	1.94	-	-
Change in Capital	-	-	2.25	1.87
Credit Growth	1.67	1.84	1.77	1.08
Investment to total assets	1.09	1.07	1.04	1.33
Return on Assets	1.22	1.28	1.41	1.58
Growth in Real GDP	1.88	1.73	1.68	1.99

Appendix B: Test for Heteroskedasticity
Results Breusch-Pagan/ Cook-Weisberg Test for Cap equation
Chi2(1) = 9.23
Prob_χ²chi2 =0.0002

Results for Breusch-Pagan/ Cook-Weisberg Test for Change in Risk equation
Chi2(1) = 10.84
Prob_χ²chi2 =0.0006

Appendix C: Random Coefficient Estimates.@95% confidence Interval Source:Stata 11 Output

TABLE V
RC ESTIMATES FOR CAP EQUATION

Predictors	Coefficient	P value	Standard Error
Constant	-11.49	0.315	-2.34
Lagged capital	0.283	0.451	0.67
Change in Capital	9.823	0.663	0.99
Change in risk	-0.067	0.838	-0.46
Credit Growth	-0.435	0.315	-2.38
Investment to Total Assets	-7.221	0.281	-2.48
Real GDP Growth	4.199	0.475	0.82
Return on Assets	8.648	0.697	0.65
Test for Parameter Constancy	Wald 2(7) = 17.62		
2(28)= 42.55	Prob _χ ² 2= 0.0001		
Prob _χ ² 2= 0.0034			

RC estimates for Risk equation

TABLE VI
RC ESTIMATES FOR RISK EQUATION

Predictors	Coefficient	P value	Standard Error
Constant	-33.684	0.355	-2.27
Lagged Risk	-0.0047	0.763	-0.05
Change in Risk	7.624	0.457	0.46
Change in Capital	-0.048	0.715	-0.33
Credit Growth	-0.118	0.423	-2.14
Investment to Total assets	-3.842	0.151	-1.23
Growth in Real GDP	2.147	0.427	1.11
Return on Assets	-18.673	0.001	-4.3
Test for Parameter Constancy	Wald 2(7) = 14.31		
2(28)= 49.11	Prob _χ ² 2= 0.001		
Prob _χ ² 2= 0.0028			

International Business Knowledge of Entrepreneurs in Narathiwat, Thailand

Mohd Rafi Yaacob
University Malaysia Kelantan,
Kota Bharu, Kelantan,
Malaysia
email:rafi@umk.edu.my

Mohd Nazri Zakaria
University Malaysia Kelantan,
Kota Bharu, Kelantan,
Malaysia

Mohammad Ismail
University Malaysia Kelantan,
Kota Bharu, Kelantan,
Malaysia

Muhammad Bugree Lebahangus
District Community Development Office,
Sukhirin District,
Narathiwat, Thailand

Fakhrul Anwar Zainol
Universiti Sultan Zainal Abidin,
Kuala Terengganu,
Terengganu, Malaysia

Abstract—Narathiwat is a part of 77 provinces in Thailand adjacent to Kelantan, Malaysia. Majority of population of the said province are Muslims and socio-culture and tradition are close to Kelantan. At present, varieties of products from Thailand have been exported to Malaysia, since Kelantan is geographically at the border with Narathiwat, the former has attracted entrepreneurs from Narathiwat to market their products. One of prerequisites for international business is knowledge about international business which is pertinent for international business endeavor because it requires logistics and distributive trade of products between borders, international financial arrangement, as well as knowledge about needs and wants of customers in Malaysia. Against this background, this study investigated knowledge of entrepreneurs in Narathiwat on international business. Measuring such a knowledge is pertinent because it not only reflects the intensity of business across borders at present but also can provide an early indicator of such activity upon the implementation of AEC. In this study 30 micro, small and medium sized entrepreneurs of various types of business from Narathiwat were surveyed in April 2014. Using a scale, 1 not know to 5 extremely know, the survey findings showed entrepreneurs in Narathiwat had low or little knowledge in all international business aspects: regulation, international financial management, public policy and business opportunity, ASEAN Economic Community (AEC), enterprise image international networking, as well as logistics and distributive trade. These findings are so alarming and at the same time provide more questions than answers. Therefore, Narathiwat and Thai federal government should do something about improve their entrepreneurs' international knowledge. Formulating the public policy for support and foster new knowledge about international business. By so doing, entrepreneurs in Narathiwat will better prepare as the country will embrace ASEAN Economic Community 2015.

Index Terms – Logistics, Networking, International Business Public Policy.

I. INTRODUCTION

Entrepreneurship has been around for thousand years, however in modern time the word entrepreneurship connotes such a process had first established in the 1700s in Europe. Since then, much have been talked and written about it and the meaning of entrepreneur who is behind entrepreneurship has evolved. For some entrepreneur is one who is willing to bear

the risk of a new venture if there is a chance for profits. On the other hand, some defined entrepreneurship as a person who organizes, operates, and assumes the risk for a business venture. In other definition, some associate entrepreneurs role as innovators who market their innovation or they develop new goods or processes that the market demands are not currently being supplied or served. Entrepreneurship is necessary as it stimulates economic growth and employment opportunities in all societies. In both developed and developing world, successful small businesses are the primary engines of job creation, income growth, and poverty alleviation. Therefore, governments support for entrepreneurship through various means is a crucial strategy for economic development. Entrepreneurial activity leads to economic growth and creates a vibrant and competitive business environment and in turn foster stability as price of finished goods not as volatile as commodities.

Persons become an entrepreneur due to multifarious reasons: a person has been laid off; a person is frustrated with his or her current job and doesn't see any better career prospects or realizes that his or her job is in jeopardy; a firm may be cutbacks that could end a job or limit career or salary; a person already has been passed over for promotion and sees no opportunities in existing businesses; a person who is actually rejected the idea of working for someone else; a person is disillusioned by the bureaucracy or politics involved in getting ahead in an established business or profession and a person is tired of trying to promote a product or, service.

Inversely, a person is attracted to entrepreneurship by the advantages of starting a business including: entrepreneur is own boss where he or she makes the decisions; he or she can choose whom to do business with and what work he or she does; He or she decides what hours to work, as well as what to pay and whether to take vacations or not.

Overall, entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else. Indeed it provides the ability to be involved in the total operation of the business, from concept to design and creation,

from sales to business operations and customer response. It offers the prestige of being the person in charge. It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation. Entrepreneurship creates an opportunity for a person to make a contribution. Some persons evaluate the possibilities for jobs and careers where they live and make a conscious decision to pursue entrepreneurship. From above reasons, no one reason is more valid than another; none guarantees success. However, a strong desire to start a business, combined with a good idea, careful planning, and hard work, can lead to a very engaging and profitable endeavor.

Nowadays, entrepreneur not only runs his or her business in home country, because of the globalization. Even such a word is new but the process of buying and selling products outside the country is nothing new, it has been existed for thousand years. However, due to increase of information and technology as well as transportation and custom policies that facilitate open policies of outflow and inflow of goods, the magnitude of globalization has exploited. Apart Multinational Corporations (MNCs) that have dominated international business, until recently some small and medium sized entrepreneurs have extended their business beyond borders. In order to minimize business risks, more often than not entrepreneurs start with neighboring countries where they are in many way familiar with culture, social and economy which are like similar with their own.

Notwithstanding of the importance of internationalization, research pertaining to involvement of SMEs entrepreneurs in internalization is under research area, this is especially true in Malaysia and South East Asia. As a result not much literature pertaining to internalization. A browse on the Google scholar using the keywords entrepreneurship across borders ASEAN found only 12,000 results, on the contrary the same keywords for EU produced 38,700. At a country level involved Malaysia produced 21,000 results and Thailand 23,000 results, the results were higher for England and Australia, respectively 37,000 results and 34,000 results.

This paper investigates level of international business knowledge of entrepreneurs in Narathiwat province in Thailand. Researching international knowledge is important because it is a prerequisite for internationalization. By so doing it tries to fill the void of literature and at the same time to contribute to internalization theory.

A. Background of Narathiwat

Narathiwat is one of seventy-seven provinces in the southern provinces of Thailand. Neighbouring provinces are Yala and Pattani. To the south it borders the Malaysian state of Kelantan. Narathiwat is one of the nations five provinces: Narathiwat, Yala, Pattani, Songkhla, and Satun, that borders Malaysia. The province features a range of cultures as well as natural resources, and is relatively fertile. Narathiwat is about 1,140 kilometres south of Bangkok and has an area of 4,475 square kilometres. Seventy five per cent of the area is jungle and mountains and experiences a tropical climate.

Historically, Narathiwat was the part of the semi-independent Malay Sultanate of Pattani, paying tribute to the Thai kingdoms of Sukhothai and Siamese kingdom of Ayuthia. After Ayutthaya fell in 1767, Sultanate of Pattani gained full independence, but not too long, under King Rama I it again came under Thai control 18 years later and in the early 1800s was divided into 7 smaller kingdoms. In 1909, Narathiwat was fully integrated into Siam as part of Anglo-Siamese Treaty of 1909 negotiated with the British Empire. Along with Yala, Narathiwat was then part of County (Monthon) Pattani. It is one of the four Thai provinces which have a Muslim majority; 82% are Muslim and only 17.9% are Buddhist. Also 80.4% speak the Melayu dialect as their first language. Narathiwat Malays are very similar in ethnicity and culture to the Malays of Kelantan, Malaysia. The inhabitants of Narathiwat are largely farmers and fishermen.

Since 7th September 2001, the local policy of Thai federal government has supported the people for Project of One Tambon One Product (OTOP). The project aimed to support the locally made and marketed products of each Thai Tambon (sub-district). Drawing its inspiration from Japan's successful One Village One Product (OVOP) program, the OTOP program encourages village communities to improve the local products' quality and marketing, selecting one superior product from each Tambon to receive formal branding as its "starred OTOP product". Which OTOP is a local entrepreneurship stimulus program designed by Thailand's former H.E. Prime Minister Thaksin Shinawatra during his office - 2001-2006. It provides both a local and national stage to promote these products. OTOP products include a large array of local products, including traditional handicrafts, cotton and silk garments, pottery, fashion accessories, household items and food. Actually, the philosophy of OTOP for building prosperity to the community and raising standard of living to people by manufacturing or resources available locally into a quality product. Featuring their own consistent unique with the each local culture to sell in the market, both domestically and overseas on the following three basic principles: Local yet global, Self-reliance creativity, and Human resource development. Then Product does not mean the product alone, but a process of thought including services, the natural resources and the environment Protection. Thai wisdom conservation art, culture, tradition capped local wisdom knowledge sharing in order to become a hallmark of quality products. Selling point of known is widespread across the country and around the world. The implementation of the OTOP project has the following objectives: Creating job opportunities and income generation for the community Enabling the community to think and work by themselves Promoting local wisdom Promoting human resource development Promoting initiative on the part of the community to develop products in accordance with their livelihoods and local cultures.

After a military junta overthrew Thaksin's government in 2006 following an election cancelled for irregularities, the OTOP program was cancelled. However, it was soon revived and rebranded.

Thai SMEs had about 2.8 million SMEs in 2008, more than triple the number accounted for in 1997-98. Some of this increase is attributable to better measuring and monitoring of SMEs, while some is attributable to growth of SMEs. They has one of the highest levels of early stage entrepreneurship 2 in the world (Virasa et al., 2007) as measured by the Global Entrepreneurship Monitor (GEM) and Total Entrepreneurial Activity (TEA) indicator, which measures the proportion of adults engaged in starting up a business in the previous 42 months; Thailand had an average TEA of 20.5% for the period 2002-07. Thailand has a relatively high level of female participation in early stage and established business entrepreneurship. About 30% of entrepreneurs in Thailand are necessity entrepreneurs, that is, they start a business because they do not really have an alternative way of attempting to generate an income. The other 70% of entrepreneurs are pursuing a business opportunity (Virasa et al., 2007, 2006).

Narathiwat and Thai federal governments allocated their budget to Thai entrepreneurs for promoting and developing their quality and standard products and to achieve knowledge sharing, marketing management, packaging, business matching and networking especial with bordering state of Kelantan Malaysia, including culture, and tradition for building peace and happy to the people forever not only for good trade, but also relationship. The government is willing to facilitate entrepreneurs in Narathiwat. The government will give overwhelming support and develop entrepreneurs to learn about management skill such as production, packaging, advertisement, market system, including law and protocol of both countries, especially in procedure of Halal, Food and Drug licenses, and Customs protocol or border crossing procedure, including to make the business matching and networking between entrepreneurs and distributors and promote their trade, international business, and international relations.

When ASEAN Community 2015 is implemented, the most important thing to develop entrepreneurs for international business knowledge in the following areas:

- 1) International Business Regulation is 9 items: Custom protocol, Immigration protocol, Quarantine protocol, Product kind import and export regulation, Product volume import and export regulation, Product certification import and export regulation, Mode of payment, Tax Tariff, and International business law.
- 2) International Networking is 3 items: Business networking, Business matching, International market.
- 3) International Financial Management is 4 items: International accounting, Foreign Direct Investment (FDI), Capital procurement, and financial management.
- 4) Logistics and Distributive Trade is 5 items: Material procurement, Material management, Inventory management, Equipment maintenance, and Transporting or Logistics system.
- 5) Enterprise Image is 4 items: Advertisement, Ethics, Professionalism, and Social Responsibility.
- 6) Public Policy and Business Opportunity is 3 items:

Public policy of international business, Opportunity on political security, and Opportunity on socio-culture.

- 7) AEC is 5 items: ASEAN Community beyond 2015, APSC: ASEAN Political-Security Community, AEC: ASEAN Economic Community, ASCC: ASEAN Socio-Cultural Community, and IMT-GT: Indonesia, Malaysia, and Thailand Growth Triangle.

B. Research objectives

- 1) To study international business knowledge level of Narathiwat entrepreneurs.
- 2) To provide preliminary information and present to Narathiwat and Thai federal government to make decision and formulate the public policy for support new knowledge about international business to Narathiwat entrepreneurs beyond AEC.

II. RESEARCH METHODOLOGY

Altogether 30 entrepreneurs were randomly approached in April 2014 to gauge their international business knowledge according to frequency that they know about international business including: (1) International Business Regulations; (2) International Networking is 3 items: Business networking, Business matching, International market; (3) International Financial Management is 4 items: International accounting, Foreign Direct Investment (FDI), Capital procurement, and financial management; (4) Logistics and Distributive Trade is 5 items: Material procurement, Material management, Inventory management, Equipment maintenance, and Transporting or Logistics system; (5) Enterprise Image is 4 items: Advertisement, Ethics, Professionalism, and Social Responsibility; (6) Public Policy and Business Opportunity is 3 items: Public policy of international business, Opportunity on political security, and Opportunity on socio-culture; (7) AEC is 5 items: ASEAN Community beyond 2015, APSC: ASEAN Political-Security Community, AEC: ASEAN Economic Community, ASCC: ASEAN Socio-Cultural Community, and IMT-GT: Indonesia, Malaysia, and Thailand Growth Triangle

III. RESEARCH FINDINGS

In this research most of respondents are female, 70 per cent and 30 per cent are male, majority of respondents ages range from 51-60 years old (39.3%), majority of respondents earned income 10,000 Baht or lower per year (68%). In terms of education, majority of respondents, close to 37 per cent studied up until secondary school, only 23.4 per cent pursue their studies at tertiary level. Almost 80 per cent of respondents married. Respondents social position quite diverse, such sub-district Exco, lecturers and teachers, majority of them were civil servants. In terms of language, majority of them used Thai language (60 per cent), less than 40 per cent can use both Thai and Malay languages. Only a small percentage can communicate in English.

TABLE I
DEMOGRAPY OF RESPONDENTS

Demography	Frequency	Percentage
Gender		
Male	9	30
Female	21	70
Total	30	100
Age (years)		
21 30	1	3.6
31 40	4	14.3
41 50	8	28.6
51 60	11	39.3
61 or upper	4	14.3
Total	28	100
Income		
10,000 Baht or lower	17	68
10,001 20,000 Baht	8	32
Total	25	100
Educational level		
No schooling completed	2	6.7
Primary school	6	20
Lower secondary school	2	6.7
Upper secondary school	9	30
Lower vocational college	1	3.3
Upper vocational college	2	6.7
Diploma	2	6.7
Bachelors degree	5	16.7
Masters degree	1	3.3
Total	30	100
Marital status		
Single	3	11.1
Married	21	77.8
Divorced	1	3.7
Widowed	2	7.4
Total	27	100
Social position		
Village header	1	3.3
Village committee	2	6.7
Sub district Exco	6	20
Local officer	4	13.3
Teacher or Lecturer	4	13.3
Volunteer	2	6.7
Other social group member	5	16.7
Other	6	20
Total	30	100
Languages used		
Thai	18	60
Thai and Malay	11	36.7
Thai and English	1	3.3
Total	30	100

IV. RESPONDENTS INTERNATIONAL BUSINESS KNOWLEDGE

Respondentsinternational knowledge is shown in Table 2. As far as international business regulation is concerned, the results show 16 respondents (53.3%) not at all knew about international business regulation, other 10 respondents (33.3%) slightly knew and 4 respondents (13.3%) knew. None of them claimed they either very knew or extremely knew about that.As for next item 19 respondents (63.3%) not at all knew about international networking, other 4 respondents (13.3%) slightly knew and 7 respondents (23.3%) knew. In terms of international financial management, 19 respondents (63.3%) not at all knew, only 8 respondents (26.7%) slightly knew, follow those by 2 respondents (6.7%) knew and 1 respondent (3.3%) very knew. As for logistics and distributive trade,

18 respondents (60.0%) not at all knew and 12 respondents (40.0%) slightly knew. 16 respondents (53.3%) not at all knew about enterprise image, other 12 respondents (40.0%) slightly knew and 2 respondents (6.7%) knew. As for the public policy and business opportunity, 16 respondents (53.3%) not at all knew about public policy and business opportunity, other 11 respondents (36.7%) slightly knew, followed by 2 respondents (6.7%) knew and 1 respondent (3.3%) very knew. As for the last item, ASEAN Economic Community (AEC) 11 respondents (36.7%) not at all knew about AEC, other 11 respondents (36.7%) slightly knew, 7 respondents (23.3%) knew, and 1 respondent (3.3%) very knew.

TABLE II
RESPONDENTS INTERNATIONAL KNOWLEDGE.

	Not at all knew	Slightly knew	Knew	Very knew	Extremely knew
1. International Business Regulation	16 (53.3%)	10 (33.3%)	4 (13.3%)	-	-
2. International Networking	19 (63.3%)	4 (13.3%)	7 (23.3%)	-	-
3. International Financial Management	19 (63.3%)	8 (26.7%)	2 (6.7%)	1 (3.3%)	-
4. Logistics and Distributive Trade	18 (60.0%)	12 (40.0%)	-	-	-
5. Enterprise Image	16 (53.3%)	12 (40.0%)	2 (6.7%)	-	-
6. Public Policy and Business Opportunity	16 (53.3%)	11 (36.7%)	2 (6.7%)	1 (3.3%)	-
7. AEC	11 (36.7%)	11 (36.7%)	7 (23.3%)	1 (3.3%)	-

Judging from respondents answer of all 7 items of international business knowledge the results, except for AEC the study clearly shows that respondents had rather no or little knowledge about international business. Majority of respondents chose not at all knew about these 6 items. As for AEC, sizeable respondents claimed they slightly knew and knew about it. Comparing all the items, the researchers found respondents had some knowledge about AEC.

V. DISCUSSION

By and large, the results of this study show respondents in general have no or little knowledge about international business. This results come as a no surprise as majority of SMEs entrepreneurs in Narathiwat that involved in this survey consisted of those who only run their business in home country and interested to expand their businesses overseas but yet to do so. They involved in various business activities to cater local market. Although many Thais products such as clothes, fruits as well as foods widely available in the bordering towns in Kelantan like Rantau Panjang and

Pengkalan Kubur and to the capital Kota Bharu the findings of this research did not show entrepreneurs in Narathiwat had some knowledge about internationalization. Hence, the findings of early investigation of internalization actually provide more questions than the answer. First, who actually dominated businesses between borders? Second, if Thai products flooded the Malaysian-Thai borders why SMEs did not know about ways of doing international business? Third, is mobility of goods to Malaysians border occurred illegally? What capability of SMEs to embark in internalization? Lastly, is the roles of Ministry that related to internalization failed to encourage entrepreneurs to involve in international business?

Despite general low level of knowledge of respondents in Narathiwat in internalization, respondents scores on AEC showed they knew about it. This was due the efforts of Thai government that provided information about AEC in various programmes and courses to encourage local entrepreneurs to embark on internalization. AEC will be launched at the end of 2015 and with the implementation of AEC it is expected of freer mobility of goods amongst ASEAN countries. Accordingly, Narathiwat and Thai federal government should realize to make a bold decision and formulate the public policy for support and foster new knowledge about international business for persons who will become to pre-nascent and nascent entrepreneurial stage and all of entrepreneurs in Narathiwat beyond AEC 2015 until they could be incremental internationalization of their SMEs in large degree based on the owner-managers experience effects on internationalization performance. So the strong international experience of entrepreneurs can also be seen as an antecedent of an international new venture.

VI. CONCLUSION

In this research, it was found almost all entrepreneur had little knowledge about international business knowledge. This includes low knowledge in international business regulation international financial management, public policy and business Opportunity, except in AEC is known more, then in enterprise image, international networking are very known, especially in logistics and distributive trade are nearly unknown. Therefore, Narathiwat and Thai federal government should realize and take this into consideration to make decision and formulate the public policy to support and foster new knowledge about international business for all of entrepreneurs in Narathiwat until they could have some knowledge in international business. Narathiwat and Thai federal government should take an effort to increase entrepreneurs international knowledge. An international orientation, training, and then expose them with various international transaction activities, this can be done incrementally.

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Impact of Leaders Mood on Leadership Behavior

Prof. (Dr.) Ranbir Singh Rathee

Director HR,

Amity University Rajasthan

Email:ranbeer.rathee46@gmail.com

Abstract—It is very important for organizations to study and develop effective leadership behaviors for fostering organization effectiveness. As there is limited body of work on the antecedents of charismatic leadership behavior and prevention oriented leadership the present study has been undertaken to examine the relationship between moods of leaders and their leadership behaviors.). Primary data have been collected with the help of two structured questionnaire i.e. Leaders Survey Questionnaire Followers Survey Questionnaire. The data was collected from 40 branch managers, considered as leaders, and from their reporting employees (10 for each), considered as followers, of an Indian government bank with the help of its HR department. Data was analyzed with the help of SPSS 22.0 and MANOVA was used for testing the hypotheses of this study. This study contributes by highlighting the important role of positive mood in nurturing charismatic leadership and by demonstrating that the prevention oriented leadership is mostly not affected from negative mood. This findings and results of this study are important from practical point of view for those organizations who intend to develop charismatic leaders and promote such behaviors in their organizations.

Index Terms—Charismatic Leadership, Prevention Oriented Leadership, Positive Mood, Negative Mood

I. INTRODUCTION

Human resource of any organization plays a very important in organization success as the creativity, skills, motivation, and energy of the employees drive organization performance (PfefferVeiga, 1999; Cross, Baker, Parker, 2003). Therefore, it is vital for the organization performance to manage the human resources and harness its potential for achieving organization goals. The presence of an effective leader has been considered as the most relevant determinant for this purpose (Northouse, 1997; Yukl, 2002). Thus, it is very important for organizations to study and develop effective leadership behaviors.

Leadership approaches has been an area of interest and there is sufficient body of work in this area. These approaches include charismatic leadership approach (e.g., House, 1977; Conger Kanungo, 1987), transformational leadership approach (e.g., Burns, 1978; Tichy Ulrich, 1984), and visionary leadership approach (e.g., Sashkin, 1988). Though these leadership approaches are reflected through different behavior, however these are not mutually exclusive rather complimentary and there exist a significant overlap amongst these leadership approaches. All these leadership approaches are having one common denominator i.e. leaders charisma (House and Shamir, 1993). Leaders using this approach foster acceptance of organizations objectives; motivate employees to achieve

these objectives; lead by example and are considered as role model by employees (House, 1977; Shamir, House, Arthur, 1993). These leaders exhibit great confidence in taking non conventional, bold nonnormative decisions (Conger Kanungo, 1994; Shamir et al., 1993). These charismatic leaders present a fascinating vision of the future to their followers in an emotionally enthralling confident manner (Sashkin, 1988; Shamir et al., 1993).

Recently, another leadership approach i.e. prevention oriented leadership has been suggested as complimentary to the charismatic leadership behavior (Bruch, Shamir, Cole, 2005; Bruch, Shamir, Eilam-Shamir, 2007). Bruch et al. (2007) define prevention oriented leadership behavior as "leader behavior that focuses on threats, dangers, and possible negative consequences". Leaders using this approach motivate their followers for avoiding negative results or outcomes by purposely putting these outcomes as threats (Dutton Jackson, 1987). Leaders using this approach not only present the negative outcomes as threats, but also show path to face these threats build the confidence of employees by recognizing their efforts and actions and thus help them to avoid negative outcomes (Bruch et al., 2007). It is worth noting that prevention oriented leaders do not coerce or punish their followers rather they empower them by emphasizing on importance of individual effort in avoiding negative outcome for the team, group or organization (Bruch et al., 2007).

Many studies have recognized the importance of feeling for leadership (George, 2000; Humphrey, 2002). The importance of emotions has been highlighted for emotional consequences of both leadership styles i.e. Charismatic leadership (e.g., Avolio Bass, 1988; Shamir et al., 1993) and prevention-oriented leadership research (e.g., Bruch Ghoshal; 2004; Bruch Vogel, 2005). Interestingly, the consequences of charismatic leadership behavior and prevention oriented leadership behavior have received more attention than antecedents of these leadership approaches. There is relatively less body of work regarding the development of both kind of leadership behaviors (Bruch, Vogel, Krummaker, 2006). Researchers have considered these two leadership approaches as determinant for different outcome variables (e.g., Judge and Piccolo, 2004; Bruch et al., 2005) surprisingly determinants of these leadership styles have not received much attention from the research scholars (Conger, 1999; Brown Moshavi, 2005). There is limited body of work on the antecedents of charismatic leadership behavior and prevention oriented leadership behavior and existing literature show significant

gaps, incompleteness (Bommer, Rubin, Baldwin, 2004; Bruch et al., 2006). Therefore the present study has been undertaken to examine the relationship between moods of leaders and their leadership behaviors.

II. LITERATURE REVIEW

Unlike the acute emotions, moods have been defined as relatively diffuse, subtle, and persistent emotional states that have nothing to do with any specific object; and provide emotional context for daily behaviors cognitive processes (George, 1989; Forgas, 2000a). Past studies have generally differentiated these emotional states, considering their respective subjective valence, in two broad categories i.e. positive mood negative mood (e.g., Watson Tellegen, 1985; Weiss Cropanzano, 1996). These two broad categories of moods are relevant for determining ones thought process and day to day behavior because of the regularity and permeative quality of these mood categories in day to day life (George Brief, 1996; Isen Baron, 1991). Forgas (2000a) argue, "Moods seem to be less subject to conscious monitoring and control and therefore have potentially more insidious, enduring, and subtle effects on social thinking, memory, and judgments than do distinct emotions". Hence this study considers the positive and negative mood as the antecedents of charismatic and prevention-oriented leadership behaviors.

Many research studies have focused on investigating the influence of positive mood on behavior (e.g., Isen Baron, 1991; Staw, Sutton, Pelled, 1994). In general, positive mood have been found instrumental to drive attention towards positive information, indicating all is well with the world (Forgas, 2000a) and in arousing confident, optimistic, and assertive behaviors (Forgas, 2002). People high on positive mood have been found looking forward for opportunities (Mittal Ross, 1998); attributing their success or failure to themselves rather than to external factors (Forgas, 1998); and persistent even in crisis (Folkman Markowitz, 2000). Scholars have also found that people high on positive mood exhibit higher performance when put in creative problem solving situations requiring them to think broader, divergently, inclusive and abstract (Isen Baron, 1991; Vosburg, 1998). Finally, positive mood is more likely to influence people to have a more positive view of others (Forgas Bower, 1987); to have more interest in others (Jones George, 1998), to enjoy a higher frequency and better quality of social interactions (Berry Hansen, 1996); and to act in more helpful and pro social manners (Fisher, 2002; Spector Fox, 2002).

Elfenbein (2007) also argue that people who have positive mood in general will be more focused on positive consequences and will be more responsive to positive organization events than negative ones. Contrary to this, who have negative mood in general will be more concerned to avoid potential negative events and consequences and thus will respond more to negative organizational events than positive ones. As the charismatic leadership is related with positive outcomes, acceptance of common goals, positive visions of future and

exemplary actions by the leaders, it is more likely that positive mood will be more associated with charismatic leadership behaviors (Conger Kanungo, 1987; Shamir et al., 1993). Based on the above literature review, following alternative hypothesis is framed

H1: Branch managers (leaders) who have positive mood in general will have higher ratings (by their reporting employees, followers) on charismatic leadership to those branch managers who have negative mood in general

On the other hand, when it comes to impact of negative mood on the behavior of people, it might be hypothesized that negative mood will deteriorate the performance, for example by influencing the social relationship with others. However there is little empirical evidence supporting this view. Most of the research studies regarding this have only reported either weak association or insignificant relations between negative mood and quantum and quality of their social interactions (Berry Hansen, 1996). Further, no negative associations have been reported between negative mood and ones creativity (Vosburg, 1998) and organizational citizenship behaviors (Organ Konovsky, 1989). In the same way, no significant negative association has been found between leaders negative emotions and their transformational leadership behavior (Rubin et al., 2005).

On the contrary, some studies have reported that negative mood may increase ones creativity (George Zhou, 2002). Many studies have reported potentially good consequences of negative mood in an organization setting (Bagozzi, 2003; Judge Ilies, 2004). Negative mood has been reported to increase the functional energy of people (Elfenbein, 2007). Scholars have highlighted the benefits of appropriate negativity in an organization (Fredrickson Losada, 2005), and argue that negative mood may be used as powerful tool by leaders (Bono Ilies, 2006). It has also been argued that a generally aversive minded person would be more likely to be high on negative mood (Forgas, 2000a). An individual who is high on negative mood is more likely to assess the external stimuli more negatively than others (Forgas George, 2001), and would expect negative events to happen more frequently (Mayer et al., 1992). Therefore, leaders high on negative mood may be more receptive to the negative cues in the business and work environment and make others aware about the potential threats well in advance (Mittal Ross, 1998; Blascovich Mendes, 2000). Based on the above literature review, second alternative hypothesis is framed

H2: Branch managers (leaders) who have negative mood in general will have higher ratings (by their reporting employees, followers) on prevention oriented leadership to those branch managers who have positive mood in general

III. RESEARCH METHODOLOGY

This questionnaire method was chosen for the purpose of this study as quantitative methods are suitable for hypothesis testing purpose (Collis Hussey, 2003). Primary data have been collected with the help of two structured questionnaire i.e. Leaders Survey Questionnaire Followers Survey Questionnaire. The first questionnaire was directed to the

branch managers of the bank. It contained a total of 20 items adopted from (Van Katwyk et al., 2000). This questionnaire was designed for measuring the positive mood (10 items) negative mood (10 items) of the leaders. The 5 point likert scale was used where statements like I feel at ease in my job were to be responded from 1(never) to 5 (always). The second questionnaire, Followers Survey Questionnaire, was designed for the employees reporting to the branch managers. This questionnaire contained a total of 16 items. 8 items were borrowed from Bass and Avolio (2000) to assess the extent of charismatic leadership behaviors. Another 8 items were taken from Bruch et al. (2005) to gauge the prevention-oriented leadership behaviors. The respondents (followers) were asked to rate how frequently their branch manager (leader) shows above mentioned leadership behaviors on a 5-point scale, starting from 1 (never) to 5 (very frequently, if not always). All respondent were employees of a nationalized government bank in India. The HR department of the bank was contacted for facilitating the survey. The HR department identified 40 branch managers for this study. These branch managers received an email from the HR department containing information regarding the broad purpose of the study and a link for filling in an online questionnaire i.e. Leaders Survey Questionnaire. A second mail, containing same information and request for filling Followers Questionnaire, was send to the bank employees (10 for each branch manager) who were reporting to these branch managers. The online questionnaire was prepared with the help of google docs. Responses were thus collected on an excel file which were later transferred to SPSS for the purposes of data analysis. Data was analyzed on univariate and multivariate level. For computing the leadership scores for all branch managers, the responses provided by the employed (followers) on two leadership behavior were averaged out for all 40 branch managers (leaders). This is a common practice and has been used in previous studies (Awamleh Gardner, 1999; Waldman et al., 2004). Further, to measure the internal reliability of scales, Cronbachs alpha was used. Following the recommendations of Chen, Mathieu, and Bliese (2004), the internal reliability for leadership behavior was calculated at team level for each leader with the help of mean scores. All measures were found reliable as Cronbachs alpha coefficients were greater than .75 (Nunnally, 1978).

IV. DATA FINDINGS ANALYSIS

For Leadership Survey Questionnaire, the profile of the sample is as follows: there were 85% male respondents and 15% female respondents. There was no respondent less than 30 years of age, 55% respondents were in the age group of 31 - 40 years, 30% respondents were in the age group of 41 - 50 years, and remaining 15% respondents were above 50 years of age. There were 15% respondents who were working with the bank for less than 10 years, 40% respondents were having more than 10 years but less than 15 years of work experience within the bank, 35% respondents were having more than 15 but less than 20 years of work experience within the bank

and the remaining 10% were having more than 20 years of work experience within the bank.

For testing the two hypotheses of this study, item-wise comparisons were made using univariate and multivariate ANOVA for each leadership behavior. First of all, from the Leadership Survey Questionnaire, mean score were computed for assessing general positive or negative mood of the branch manager. These mean scores were compared to each other and then individual branch manager were coded 1 for having positive mood in general, and 2 for having negative mood in general. For assessing the leadership behavior of individual branch manager, responses given by his or her employees on second questionnaire were used. For all 16 items, mean score of ratings given by employees (followers) were computed for all 40 branch managers. Thereafter, univariate and multivariate ANOVA was used to test if leadership behavior is different for branch managers having positive or negative mood in general.

Table1 exhibit the findings of MANOVA for charismatic leadership behavior Multivariate test was found significant for this leadership behavior. Hence the first alternative hypothesis i.e. Branch managers who have positive mood in general will have higher ratings (by their employees) on charismatic leadership to those branch managers who have negative mood in general, is not rejected. Further, univariate F- statistics were also found significant ($\alpha = 0.05$) on all items of charismatic leadership behavior, supporting the first alternative hypothesis. Similarly, Table 2 shows the findings of MANOVA for prevention oriented leadership behavior. Here, multivariate test was not found significant. Hence the second alternative hypothesis i.e. Branch managers who have negative mood in general will have higher ratings (by their employees) on prevention oriented leadership to those branch managers who have positive mood in general, is rejected. Here, univariate F- statistics were found insignificant ($\alpha = 0.05$) for all items of prevention oriented leadership behavior, supporting rejection of second alternative hypothesis.

As regards charismatic leadership, the study demonstrate that leaders having positive mood in general are more likely to be rated higher on charismatic leadership behaviors than others who are low on positive mood. This affirms prior theorizing, and it advances previous empirical literature that has focused on attitude (e.g., Bommer et al., 2004), personality (e.g., Bono Judge, 2004), cognition (e.g., Wofford et al., 1998), or context (e.g., Pillai Meindl, 1998) based antecedents. The study demonstrates that leaders' positive mood may play an important role for the development of charismatic leadership behaviors, reinforcing the previous findings about the emotional nature of such leadership (e.g., Shamir et al., 1993; Ashforth Humphrey, 1995).

As regards prevention oriented leadership, the empirical findings do not support any association between leaders negative mood and such leadership behaviors. Unlike the finding for charismatic leadership, the results of this study indicate that leaders negative mood may not play an important

TABLE I
MANOVA CHARISMATIC LEADERSHIP BEHAVIOR

2[4]*Variables	Negative Mood		Positive Mood		Univariate F test	
	Mean	SD	Mean	SD	F	Sig. P _i
My branch manager talks about his/ her most important values and beliefs	2.65	1.03	3.95	1.14	14.11	0.001
My branch manager talks optimistically about the future	2.3	0.97	3.95	1.23	21.94	0
My branch manager talks enthusiastically about what needs to be accomplished	2.6	1.18	3.8	1.05	11.4	0.002
My branch manager specifies the importance of having a strong sense of purpose	2.35	1.08	3.75	0.96	18.48	0
My branch manager considers the moral and ethical consequences of decisions	2.45	1.39	3.6	0.75	10.52	0.002
My branch manager articulates a compelling vision of the future	2.15	0.93	4.15	1.3	30.95	0
My branch manager emphasizes the importance of having a collective sense of mission	2.7	0.86	3.4	0.82	6.896	0.012
My branch manager expresses confidence that goals will be achieved	2.45	0.75	4.05	1.14	27.09	0

TABLE II
MULTIVARIATE TEST OF SIGNIFICANCE

Pillai's Trace	0.523	Exact F = 4.256 with 8 df P _i .002
Wilks' Lambda	0.477	
Hotelling's Trace	1.098	

TABLE III
MANOVA PREVENTION ORIENTED LEADERSHIP BEHAVIOR

2[4]*Variables	Negative Mood		Positive Mood		Univariate F test	
	Mean	SD	Mean	SD	F	Sig. P _i
My branch manager paints a vivid picture of possible external threats	3.35	1.3	3.25	1.25	0.61	0.806
My branch manager shows me how emerging threats can impact me personally	3.35	1.3	2.9	1.44	1.06	0.309
My branch manager draws my attention to dangers, risks, and possible future problems	3.3	1.34	3.1	1.2	0.24	0.623
My branch manager communicates clearly the negative consequences faced by the company if people do not make a strong effort	3.12	1.2	3	1.29	0.64	0.802
My branch manager draws my attention to the company's weaknesses	3.25	1.16	2.8	1.32	1.3	0.26
My branch manager focuses my attention on negative business developments	3.2	1.64	3.1	1.41	0.04	0.837
My branch manager makes me aware of the presence of possible dangers, failure, or negative outcomes	3.1	1.02	3	0.79	0.11	0.731
My branch manager encourages me never to feel complacent with our successes	3.2	1.15	3.3	1.38	0.06	0.805

TABLE IV
MULTIVARIATE TEST OF SIGNIFICANCE

Pillai's Trace	0.174	Exact F = 0.815 with 8 df P _i .595
Wilks' Lambda	0.826	
Hotelling's Trace	0.21	

role in shaping prevention oriented leadership behavior. It has been argued in past studies that negative mood may be more diverse than positive ones and thus may invoke wider range of possible behaviors outcomes (e.g., Lee Allen, 2002; Elfenbein, 2007). While some negative feelings may be associated with favorable behavioral and cognitive outcomes (Elfenbein, 2007) other negative feelings (e.g., envy/jealousy) may be more harmful for leadership (Stein, 2005). This study design did not permit examining the specific negative moods (e.g., discrete negative feeling). So, this could be the reason for the lack of a significant relation between the general measure of negative mood adopted here in this study and prevention-oriented leadership.

V. 5. LIMITATIONS DIRECTIONS FOR FUTURE RESEARCH

Despite some methodological strengths of this study, there are various limitations. First, as the data was collected from one organization (government bank) only, the result of this study cannot be generalized to the others sectors or industries.

Future research studies are suggested to collect data from diverse sample covering private and public organization of various industries overcoming this limitation of generalizability. Second, the sample size was relatively small and need to be mentioned as a limitation of this study as a sample of 40 leaders will not only further diminish the generalizability of the result but also decrease the statistical power. Future research studies are suggested to collect data from a bigger sample size. Third, a cross-sectional, non-experimental field study design was used, making it impossible to unambiguously determine issues of causality. Fourth, no control variable was included in the study. Many variables might also influence the existence of leadership styles and should have been identified and controlled as they could bias the results of this study. And finally, this study rely on the followers evaluations of leadership behaviors which might not be a concrete evidence of the actual leadership behavior. A more direct evaluation of both leadership styles and behaviors might have been possible by employing other methods of data collection.

VI. IMPLICATIONS

This findings and results of this study are important from practical point of view for those organizations who intend to develop charismatic leaders and promote such behaviors in their organizations. For enabling their leaders to engage themselves in charismatic leadership behaviors organization should focus on nourishing positive mood of their employees on leadership positions. Further, this would have many important implications for recruitment and selection, training and development of employees on leadership position. Further, this is also important to design such work environment which facilitate positive mood through various measures such as proper working conditions, appropriate reward and appraisal system, and comfortable physical workplace.

VII. CONCLUSIONS

Research examining the impact of various moods on the leadership behavior is on the beginning stage. The present study provides facilitate some understanding of these associations amongst various constructs. Present study contribute by highlighting the important role of positive mood in nurturing charismatic leadership and by showing that the prevention oriented leadership is mostly not affected from negative mood. The study may, hopefully, be helpful for future studies in this area and thus contribute in understanding the antecedents of leadership styles and behaviors.

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An Empirical Study on Awareness and Effectiveness of Mobile App “Himmat” for Women Safety in Delhi

Poonam Khurana
Associate Professor

Rukmini Devi Institute of Advanced studies,
Delhi,
mail: poonamkhurana05@yahoo.co.in

Ms. Nidhi Sharma
Assistant Professor

Rukmini Devi Institute of Advanced studies,
Delhi

Mr. Amandeep Kaur
Assistant Professor

Rukmini Devi Institute of Advanced studies,
Delhi

Ms. Anshu Lochab
Assistant Professor

Rukmini Devi Institute of Advanced studies,
Delhi

Abstract—Purpose: The issue of womens safety in public spaces in Delhi has come in sharp focus over the past five years or so. Therefore, in order to check the growing incidents of crime against women, Ministry of Home Affairs has launched an android app Himmat. The study aimed at measuring the awareness level of women about Himmat, a mobile application of Delhi Police in Delhi also to examine its effective functioning in Delhi.

Design/ Methodology/Approach: The primary data on current study was collected from 89 female respondents of Delhi through questionnaire survey. A composite measure of Himmat App was obtained by aggregating survey questionnaire.

Findings: The paper concludes that Himmat App is a good initiative by Delhi Police that they have opted to secure the Delhi citizens. Young, unmarried and working age group has downloaded this app and find it useful.

Originality/Value: The researchers have created an original database with the help of 89 women respondents of Delhi. The research team has conducted an original study that has attained a workable and truthful conclusion. The results throw light upon the awareness and effectiveness of this App among women of Delhi.

Index Terms—Himmat App, Urbanization, Empowerment

I. INTRODUCTION

The issue of women safety in urban areas has drawn significant attention across the world, as a part of concern for human security and, more importantly, for the issue of human rights. The vulnerability of women to urban life has assumed special significance in the context of reported unsafe situations that they are exposed to in every day urban life, having far reaching consequences on the growth and development of the city and the country.

Defining womens safety Womens safety has been defined in various ways, but the essence of these definitions is a

reduction in gender based violence (or violence against women), including womens fear of crime. This includes, first of all, creating safe public spaces, where women can move freely. Different sections of the community for example men, women, youth, the elderly - use public spaces differently, and their concerns must be kept in mind while planning and managing public spaces, services and infrastructure. Womens safety also includes freedom from poverty, and ensuring that women have safe access to water and sanitation services, as well as other public infrastructure and amenities. Freedom from abuse, domestic violence and sexual harassment at the workplace are also essential ingredients of womens safety. Finally, a sense of self-worth, along with financial security and independence, are also seen as integral to womens safety.

About Himmat App Launched by Delhi Police Ministry of Home Affairs has launched an android app Himmat. This App will basically cater to employed women who have smart phones and travel alone even late in the night. A new user has to register with the Delhi Police website by sharing their name, mobile number and that of a minimum of two relatives/friends. Once the User registers, the user will get a SMS on mobile number given at the time of registration with a download link and registration key. User has to enter this key in the registration window in the application. This is a one-time process. In case of an emergency, the user can send an alert by shaking her phone or by pressing the power button/soft button. As soon as the distress button is pressed, it will trigger a 30-second audio and video recording on the phone which will be relayed to the Police Control Room, and the victim will get a call back from the PCR, An SMS alert will also be sent to minimum of five friends and relatives of the user and a status will be posted on his Facebook and Twitter timeline which will be connected to the App.

II. LITERATURE REVIEW

Manikamma et al (2013) determined through their research that women are not safe, irrespective of their class, education, caste. In the contemporary Indian society, there are several cases of sexual as well as moral abuse which are very often highlighted by the media, and a lot of those also remain unexplored. In our modern society it is very much essential for all the women to get educated in order to solve women issues and the socio economic empowerment must be ensured by the nation to minimize the exploitation which can help to improve the status of women. Lack of well-planned educational, economic and social programmes from grass root level is highly responsible for such acute and disgraceful scenario of the women in the country.

Tahir and Hussain (2013) conducted a study to find out the various types of crime committee and the legislations pertaining to such crimes in national capital region of Delhi. They conducted survey on 300 victims, out of the total, 79% were of eve teasing, 8% were molested, 14% harassment at work and 17% suffered domestic violence. In the survey, the findings depicted that the majority of the crime takes place in public domain. This indicates lack of awareness or helping attitude among people to intervene in case of incidence. They found out that living conditions of the people and their mindset makes them criminal.

Lall (2009) in his research reported that Delhi is at highest place for registered crimes in India with the share being 16.2%, as also in the rate of crime against women. The crimes include sexual harassment, abduction, cruelty, rape, dowry, immoral traffic, molestation and eve teasing. The report states that the majority of victims are in the age group 11-18 years, which suggests that the law enforcing capacity of the city should be strengthened. Not just the low age, 71% of the victims belong to the lower segments of economic and social hierarchy of the society. The study also says that there is an urgent need to spread relevant information comes out as a priority safety requirement as the poor information base of these women leaves them no option but to trust known faces from place of origin, family, neighborhood and work place in Delhi.

Mishra (2009) concluded that a large number of crimes are committed by those known to the victims; the reason behind this is that they have easy access of the victim which facilitates aggression perpetrated in the close preserve home. They also concluded that there is a need for a rehabilitation mechanism which becomes all the more important if we take a look at the profile of rape victims. Further, there is an urgent need for a state-supported rehabilitation mechanism for victims as well as compensation should be made an important component which can be imposed for the punishment. In the report, it was proposed that precautions such as avoid traveling in a very crowded bus and avoid over exposure to inappropriate places

should be taken by the women.

Special Reference to Delhi: Delhi, the capital, remains the most unsafe city in the country. The latest report of the National Crime Records Bureau by the Union Home Ministry says Delhi occupies the top slot for almost all violent crimes, including murder, rape, dowry death, molestation, kidnapping and abduction. Amid concern over frequent incidents of crimes or crime against women in Delhi, the Ex-Chief Minister Sheila Dikshit (2013) said that migration and "crisscrossing" of people through the city are the biggest hurdles in keeping a check on criminals. She said it was true that the environment is such that women in Delhi do not feel safe. Delhi's biggest problem which has created such a situation is because of the migration and the crisscrossing that happens through the city," she said adding that people enter the city to travel to Punjab and UP. "This has increased criminal activities and criminals were not being caught because of that.

III. RESEARCH METHODOLOGY

Significance of the Study: Due to the rapid urbanization taking place the world over there is need of research, drawing linkages between political, economy, social relations, safety and communities. Along with this modernization, there are side effects of isolation and increasing vulnerability of sections of society because of their gender, class, migrant status, age or sexual orientation.

Objectives of the Study:

- To examine the impact of Himmat application in enhancing the confidence level of Women in Delhi
- To validate the functioning of application Himmat in case of any emergency faced by Women.
- To study the potential interplay between functioning of the Government initiative and reduction in crime rate against women in Delhi.

Research Design: For the research, Descriptive Research Design is adopted, which attempts to describe and explain conditions of the present by using questionnaires to describe a phenomenon. The focus is on studying different approaches with special reference to Himmat App to improve the safety of women in Delhi.

Data Collection Method:

- Primary Data: Research is based on primary data which is collected through self-designed questionnaire. Collection of primary data is done through survey among women in Delhi.
- Secondary Data: Secondary data has been used for the research.

Selection of Sample: Sample is selected through convenient sampling i.e. as per convenience of study team/researchers.

Area of Sample: The study was conducted in the North-West region of Delhi through an online survey.

Sample Size: 100 Questionnaires were distributed to female respondents in Delhi. 89 duly filled and valid responses were collected.

Choice of Respondents: Respondents consist of women from

different categories like working women, non-working women and students. Respondents belong to different age group.

Design of Questionnaire: Structured Questionnaire is designed on basis of 5-point Likert Scale (1 for Strongly Disagree, 2 Disagree, 3 Undecided/Neutral, 4- Agree, 5 Strongly Agree).

Testing of Questionnaire: Reliability is checked through SPSS (Cronbach's Alpha Test) and questionnaire was found to be reliable. Results are as below-Table No. 2

TABLE I
CASE PROCESSING SUMMARY

	N	%	
Valid	89		100
Excludeda	0		0
Total	89		100

a. Listwise deletion based on all variables in the procedure.

TABLE II
CRONBACH'S ALPHA

Table 2 - Reliability Statistics		
Cronbach's Alpha	N of Items	
0.823	12	

Period of Study: Aug -Dec 2015

Design of Questionnaire: The Questionnaire has been designed keeping in mind the different parameters which define the women understanding about Himmat app. To study women safety aspect through information technology, the researchers have taken mainly two dimensions i.e. the awareness and effectiveness of the android app and its proper functioning

IV. RESULT FINDINGS:

The present study is descriptive and empirical. The researchers intended to study main reasons behind women safety in Delhi and the awareness level of android app Himmat and effectiveness of its functioning.

Table 3: Demographic Profile of the Respondents.

From Table 3, the sample consumers were mostly in the age group of 20-29 (70%). It is also evident from the table that 8.60% of the respondents were elders (above 40 years).

Furthermore, a majority of the respondents were unmarried (66.1%), while the percentage of married respondents was (33.90%). The respondents were predominantly post-graduates (74.6%) and graduates (20.30%). This implies that the respondents had high literacy levels. With regard to employment status, the respondents were majorly in service/business (52.50%) and students (40.70%). It is quite obvious that the employment level was high among the respondents.

Interpretation: Graph 1 depicts that the majority of respondents agree on the fact that there is lack of social protection in Delhi. On the other hand, some women respondents strongly agreed on the fact that high rate of male migration is one of the main reasons for unsafe Delhi. Interpretation: Graph 2 highlights that the majority respondents said that public transport and their surroundings such as bus, train bus

TABLE III
ADD CAPTION

S.No.	Demographics	Frequency	Percentage
4[7]*1	Marital Status		
	Married	30	33.90%
	Unmarried	59	66.10%
	Others	0	0%
5[8]*2	Age		
	20 - 29	63	70.70%
	30 - 39	18	20.70%
	40 - 49	6	6.90%
	50 & Above	2	1.70%
6[10]*3	Education		
	Matriculation	0	0%
	Senior Secondary	0	0%
	Graduate	18	20.30%
	Post Graduate	66	74.60%
5[8]*4	Occupation		
	Student	36	40.70%
	Service / Business	47	52.50%
	Unemployed / Housewife	2	1.70%
	Others	5	5.10%

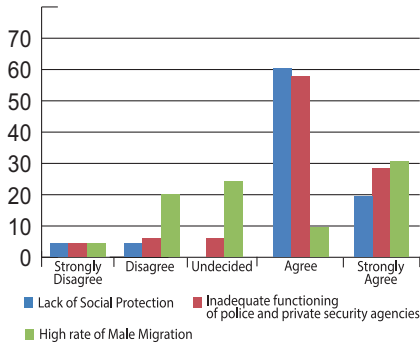


Fig. 1. Graph 1: Reasons for Unsafe Delhi

terminals, railway station, taxi stand and parking areas are unsafe for women. In addition the subways and spaces below flyovers are found to be surely unsafe places by women of Delhi. A very few of them said that government, private, public offices or institutions are safe for women.

Interpretation: As shown in Graph 3, the android based Himmat App is found out to be the best initiative that is reliable for women to feel safe.

To analyze the Awareness of Himaat app across demographics, the following hypothesis has been tested through T-Test and Anova **Age vs Himmat app use** H0: There is no significant difference among age groups downloaded Himmat app H1: There is significant difference among age groups downloaded Himmat app

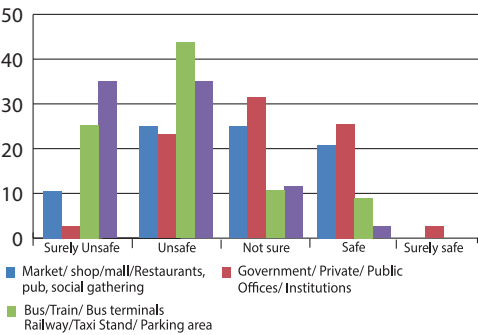


Fig. 2. Graph 2

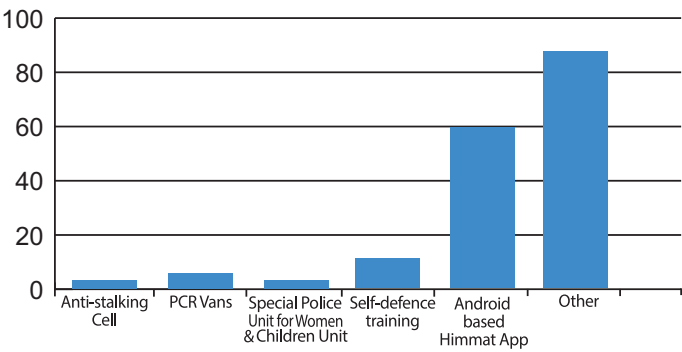


Fig. 3 Graph3

Anova: Test of Significance between Downloading of Himmat App Different Age of Respondents **Statistical Analysis:**

TABLE IV
AWARENESS OF HIMMAT APP BY ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.627	2	0.623	1.232	0.053
Within Groups	16.949	37	0.458		
Total	18.576	39			

The above table indicate that Significant value is 0.053 which is less than ($P_{0.05}$), hence the null hypothesis is rejected. There is significant difference among age groups downloading Himmat App. Age group 20 - 29 have mostly downloaded Himmat app in comparison to other age groups.

Marital status vs Himmat app use H0: There is no significant difference among married/unmarried women downloaded Himmat app H1: There is significant difference among married/unmarried women downloaded Himmat app

T- Test: Test of Significance between Himmat app marital status of The Respondents

TABLE V
GROUP STATISTICS

Table 5- Group Statistics	Gender	N	Mean	Std. Deviation	Std. Error Mean
*Himmat app	Married	30	1.37	0.53617	0.11989
	Unmarried	59	3.45	0.81531	0.18231

Table 5 and 6 indicate that Significant value is 0.49 which is greater than ($P_{0.05}$), hence the null hypothesis is rejected and we may conclude that there is significant difference among married/unmarried women downloaded Himmat app. It has been found out from the data that unmarried women have majorly downloaded himmat app. **Himmat App Functionality** To analyze the survey collected about benefits and challenges faced while using himmat app have been presented below

Interpretation: As clear from Graph 4, A majority of the respondents agrees that Himmat App will surely help them during critical circumstances

TABLE VI
INDEPENDENT SAMPLES TEST

	3[5]*	Levene's Test for Equality of Variances		T-Test for Equality of Means		
		2[3]*F	2[3]*Sig.	2[3]*t	2[3]*df	2[3]*Sig. (2-tailed)
2[2]*Himmat app	Equal variances assumed	1.476		0.232 0.234	38	0.049
	Equal variances not assumed			1.008	32.844	0.049

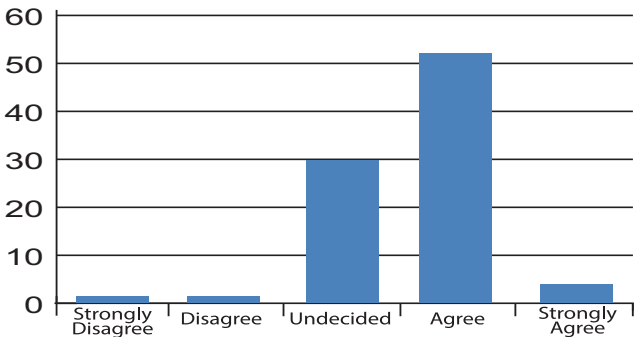


Fig. 4. Graph 4 : Himmat App caters to the need to safety during criticalcircumstances

Interpretation : As clear from Graph 5, A majority of the respondents agrees that it is very easy to download the Himmat App and accessing it in case of emergency.

V. FINDINGS:

A majority of the respondents agree that it is very easy to download the Himmat App. A majority of the respondents agrees that Himmat App will surely help them during critical

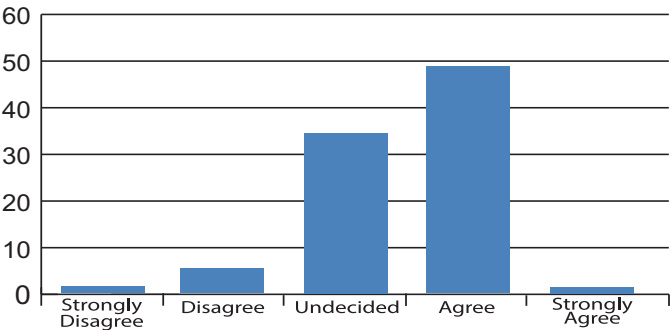


Fig. 5. Graph 5 : Easy to download and register for Himmat App

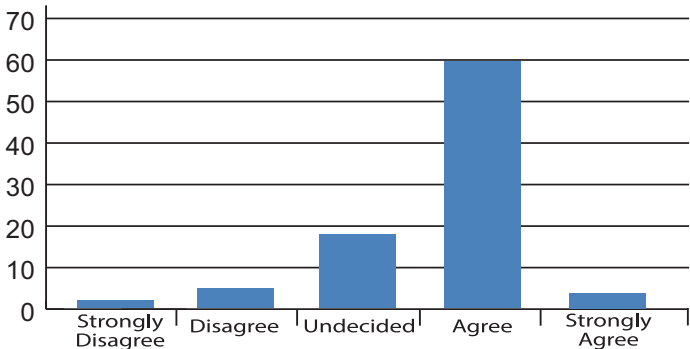


Fig. 6. Graph 6 Himmat app problematic because of chances of Alarm risingunintentionally

circumstances. After studying the demographic profile of the respondents the researchers analyzed the reasons behind the unsafe women population in Delhi. A majority of respondents agrees on the fact that there is lack of social protection in Delhi. On the other hand some women respondents strongly agreed on the fact that high rate of male migration is one of the main reasons for unsafe Delhi. A majority of the respondents agree that Himmat app can be problematic because of chances of Alarm rising unintentionally. The majority respondents said that public transport and their surroundings such as bus, train bus terminals, railway station, taxi stand and parking areas are unsafe for women. In addition the subways and spaces below flyovers are found to be surely unsafe places by women of Delhi. A very few of them said that government, private, public offices or institutions are safe for women. The android based Himmat App is found out to be the best initiative that is reliable for women to feel safe. There is significant difference among age groups downloading Himmat App. Age group 20 -29 have mostly downloaded Himmat app in comparison to other age groups. There is significant difference among married/unmarried women downloaded Himmat app. It has been found out from the data that unmarried women have majorly downloaded himmat app.

VI. RECOMMENDATION:

(Based on the suggestions received from respondents) This is a good initiative by Delhi Police that they have opted for technology to secure the Delhi citizens, but the technology they have opted for is real outdated. In India 70% mobile users are having prepaid connections and sending out SMS from their mobile is not a good choice. The Govt. should look for updated technology. It depends on the availability of third party services such as a strong enough GPS signal for pinpoint location and a viable signal from a tower for voice / data connectivity. This limitation needs to be worked out. Additionally the app has no quick-launch option and the power consumed by the app and third party services it uses draws so much from the battery that it is impossible to use it for any reasonable length of time. This problems also needs to be shipshape.

VII. CONCLUSION:

In todays world girls security is a major issue. This system will help provide security to the working women by using alerts and emergency buttons in order to avoid any hurdles faced by them. As we all know that women empowerment is one of the most important need of the country, so a women safety apps has been launched by Delhi Police. Through this research, it has been concluded that for every Delhi women this app is really new Himmat to walk alone anytime without any fear. Delhi Police has been appreciated for such a great initiative. But, one strong recommendation of the app is to make the app for easy to use and user friendly. As this app is for saving someones life and for women safety so they should use the latest technology and easy user interface so that nobody feel difficult to use the app in emergency time.

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Do Women Entrepreneurs Invest in Innovation for Sustainable Economic Development? A Study of Indian Women Entrepreneur

Dr. Shailja Dixit

Associate Professor

Amity Business School

Amity University, Lucknow Campus, India

Email: sdixit1@amity.edu

Ms Sana Moid

Assistant Professor II

Amity Business School

Amity University, Lucknow Campus, India

Email: smoid@lko.amity.edu

Abstract—The present study is an attempt to highlight and discuss issues like growth of women entrepreneurs globally and in India and contribution of women entrepreneurs towards sustainable economic development. By analysing different examples of Women Entrepreneurs in Indian and Global context in the present study has resulted in a conclusion that they are innovative and experimental when its the case of business and business plans adopted by them are simple but implemented in a unique manner. It is clear that women can add incrementally to a developing nations economy. However the regulatory regime, narrow thinking and conflict of work life balance are some of the major obstacles that are hindering the growth of women entrepreneurship. Despite of these hindrances, there is an increasing potential of women entrepreneurship. Several initiatives taken by different authorities and organisations all over the world are playing a pivotal role in encouraging and supporting women entrepreneurs in different parts of the world. What is required is the change in the mind-set of the people and increase in the confidence on the capabilities of women entrepreneurs.

Index Terms—Women entrepreneur, Innovation, sustainable economic development, Indian and Global context.

I. INTRODUCTION

Entrepreneurship is increasingly considered as the broad based driver of economic growth and societal well being. High impact and small scale entrepreneurs are attracting the increased attention of educators, policymakers and practitioners. If women are not engaged actively as entrepreneurs, the job creation capacity of half the worlds population is reduced. The 2012 GEM Womens Report shows that womens participation in entrepreneurship differs around the world, as does their impact on job creation and innovation. Women entrepreneurs have been considered as the new engines for growth and the rising contributors of the economies in developing countries to bring prosperity and welfare. Various stakeholders have pointed at them as an important untapped source of economic growth and development.

Womens entrepreneurship has extended its reach far beyond our shores. Worldwide, 1 in 11 working age women is involved in entrepreneurship. In Thailand, nearly 20 percent of working women are entrepreneurs. In India, its 14 percent. In Argentina it is 12 percent, Brazil 11 percent, Mexico

and Chile, 10 percent. Despite this huge potential of women entrepreneurship and its contribution towards rapid economic growth, gender disparities in womens economic participation have remained deep and persistent globally and in India. Still in every economy number disparity still exist as there are fewer female than male entrepreneurs. They appear to show reluctance to expand their businesses or to enter new and less tested markets.

The present study has analyzed issue like growth of women entrepreneurs globally and in India, contribution of women entrepreneurs for sustainable economic development, innovative practices adopted by women entrepreneurs in India and global context. The present study also discusses about the challenges faced by women entrepreneurs in India and abroad. The study has also discussed recommendations for policy and practice in the area of fostering a greater level of innovation in women owned enterprises.

II. LITERATURE REVIEW

A. The Global Rise of Women Entrepreneurs

According to the GEM-2012, women are creating businesses at a rate higher than men. In economies of Ghana, Nigeria and Thailand, the rate of working women is higher than men. In Brazil, Ecuador, Uganda and Switzerland the start up rates by gender are equal. This equalization follows decades of legislative policies and socio cultural changes that have slowly empowered, supported and trained women. GEM 2012 study found 126 million women entrepreneurs starting or running businesses and 98 million operating established businesses. Thats 224 million women impacting the global economy- and this survey included only 67 of the 188 countries recognized by the World Bank.

B. Growth of Women Entrepreneurship in India

Global Entrepreneurship Monitor Report 2013 states that the Total Early Stage Entrepreneurial Activity (TEA) index for India is at 9.9% compared to 10. 7% for Singapore, 14% for China and 12.7 % for U.S. Moreover, India took part in the survey after 12 years.

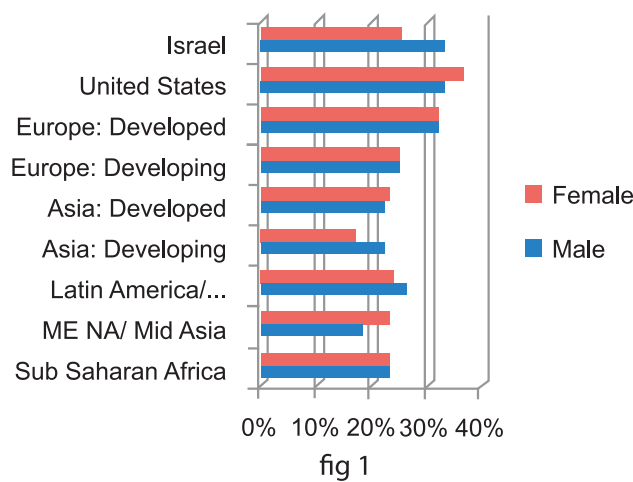


Fig. 1. Comparison of female Total Entrepreneurial Activity With Male Total Entrepreneurial Activity Source: Global Entrepreneurship Monitor 2012 [?]

C. Womens Role in Economic Development

In 2012, approximately 126 million women were initializing or running new businesses in 67 economies around the world. In addition, an estimated 98 million were already running established businesses. These women are not only creating jobs for themselves, but also for others by employing them. A projected 48 million female entrepreneurs and 64 million female business owners currently employ one or more employee in their businesses. A predicted seven million female entrepreneurs and five million established business owners plan to grow their businesses by at least six employees over the next five years. There is some interesting insight from the Goldman Sachs 10,000 women program, which is an initiative that was set up five years ago with an aim to provide 10,000 female entrepreneurs with skills, mentors, networks and links to capital in order to help grow their businesses and as a result, help grow local economies.

So far, 68% of the women in the have respectively grown their revenues and hired more employees 18 months after completing their training. Interestingly nine out of ten graduates also mentor other women, to help them in their businesses. So, there is also a multiplier effects business women involve (and inspire) other women to earn independently.

Around 3.01 million women owned enterprises represent about 10 percent of all MSMEs in the country. Together, they contribute 3.09 percent of industrial output and employ over 8 million people. Approx 78 percent of women enterprises belong to the service sector. However, women entrepreneurship is largely skewed towards smaller sized firms, as almost 98 percent of women owned businesses are micro enterprises. Approximately 90 percent of women

owned enterprises are in the informal sector.

Women are one of the most relevant untapped resources for entrepreneurship. The policy rationale for the development of womens entrepreneurship was initially focused on womens equality and empowerment and social inclusion (Lotti, 2006). Only in the recent years, it has become clear that women entrepreneurs create jobs for themselves and other and can provide society with different perspectives and approaches to management, organization and business issues (OECD, 2004).

D. Innovation and Women Entrepreneurship

Innovative ideas are the main reason behind every successful startup story. Talking about innovation levels, its highest among women entrepreneurs in the United States, with a little higher level than their male peers. In fact, women entrepreneurs from the U.S. had the highest rates of innovativeness among both male and female entrepreneurs across all the regions. Developing Asia, on the other hand, shows the lowest level of innovation among women entrepreneurs, and a lower rate than men.

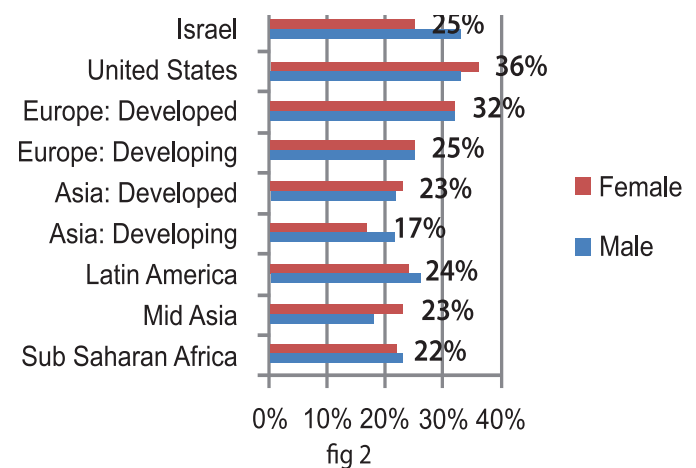


Fig. 2. Percentage of male and female total entrepreneurial activity with innovative product or service by region Source: Global Entrepreneurship Monitor 2012 (GEM,2012)

Figure above exhibits considerable diversity in innovation rates across the regions, compared to that of established business owners. The highest level of innovation among entrepreneurs (in the U.S.) is over twice that of the lowest regional average (Developing Asia). Among women established business owners, the average varies across the economies, with between 13% and 18% having innovative products or services.

III. OBJECTIVE OF THE STUDY

- 1) To understand the growth of women entrepreneur globally and in Indian context.
- 2) To find out the contribution of women entrepreneurs towards sustainable economic development.
- 3) To analyses the innovative practices adopted by women entrepreneurs in Indian and globally.

- 4) To offer recommendations for policy and practice in the area of fostering a greater level of innovation in women-owned enterprises.

The present study is based on secondary sources which include journals, research articles and published reports by different organisations. Data collected through secondary sources were closely analysed by the researcher to come up with findings and recommendations.

IV. CONTRIBUTION OF WOMEN ENTREPRENEURS TOWARDS ECONOMIC DEVELOPMENT

Even though, women entrepreneurs are facing numerous challenges as mentioned in the previous section, women entrepreneurs play a pivotal role towards the economic development of the nation. Firstly, women entrepreneurs are creating jobs, and contributing to the GNP of various economies. Second, and more important, are the contributions that women entrepreneurs are making to society. Growing evidences show that women are more likely to reinvest their profits in education, family and their community. Ironically traditional measures of economic development and business performance do not often represent the true benefits of these transformational businesses.

For example, the work of Muhammed Yunus and the Grameen Bank shows that small micro-credit loans given to women are nearly always paid back and that the resources are used to invest in businesses, and to educate children and lift families out of poverty.

Following points will clearly highlight the above mentioned agenda:

- Reinvestment: In emerging markets, women reinvest at least 90 % of every additional dollar of income in human resources their families education, health, nutrition.
- Job Creation: Beyond their own incomes, 112 million of the entrepreneurs surveyed by GEM employ one or more person. 12 million expected to employ up to six people in the next five years. That's come to 72 million jobs from this sample. In countries like Kenya, so SMEs (Small and Medium Enterprises) like this are responsible for 80% of all employment. And in the U.S., more than half of the 9.72 million new jobs to be created in the SME sector by 2018.
- Innovation: Collectively, women entrepreneurs perspective of looking at things is different than their male counterparts. Their lower employment number and growth aspirations have historically led to questions of how to fix them. But different doesn't mean deficient or underperforming. For example, the Dow Jones research on venture backed companies in the U.S. found those that were successful had twice the number of women on the founding team.

V. INNOVATIVE PRACTICES BY WOMEN ENTREPRENEURS: EXAMPLES FROM INDIA AND ABROAD

The present section discusses about the practical examples of women entrepreneurs in Indian and Global context. It has thrown light on the issue that how women entrepreneurship is moving towards innovation and adopting the same in their business ideas.

Kanika Dewan: Designer of floor of IGIs Terminal 3- Dewans family owned business, Bramco, located in Bahrain, carried out the floor work for the airport. She started a vertically integrated design firm that would capitalize on the availability of exotic marbles and granite from Bramcos mines. **Nidhi Saxena, Karmic Life sciences** Karmic Life sciences, which was founded in 2008 is a contract research organization. Karmic conducts clinical trials and provides clinical data management to pharmaceutical. **Sneha Roy and Sananada Mishra- Toptomato.in** Toptomato.in by Sneha Roy and Sananada Mishra is an online platform for ordering all household items. It's an old concept but the founder aim to make it unique with its grocery subscription. The venture is self funded and the seed capital was about Rs. 5 Lakhs.

Melinda Emerson Better known as Twitter's @SmallBizLady, author, speaker and entrepreneur Melinda Emerson inspires more than 245,000 followers every day with tidbits of business advice. Emerson led the first-ever American Express OPEN CEO BootCamp, an event focused on providing female entrepreneurs the support and guidance they need to succeed as businesswomen.

Phrantceena Halres As an African-American female business leader, Phrantceena Halres has risen above a double business underdog status. In 2002, she founded TPS Global Security, a security company that focused on critical national assets and infrastructure, and currently serves as the chairwoman and CEO.

Polina Raygorodskaya In 2006 Polina Raygorodskaya founded her first business, a boutique public relations firm called Polina Fashion. Since then, she founded and run several successful companies, each one inspired by the need to solve a problem that no one else was currently addressing. This is how Raygorodskaya arrived at the decision to start her more recent venture, Wanderu, a travel comparison site that allows users to compare and book the best-priced bus and train tickets for their inter-city trip.

The above mentioned examples clearly reflect few important traits of a woman entrepreneur:

- 1) They are innovative and experimental when it comes to business ideas.
 - 2) They have the urge to start something of their own i.e. to be their own boss.
 - 3) Business models adopted by women entrepreneurs are simple yet conceptualized and implemented in a unique way.
- Major Challenges and Barriers Faced By Women Entrepreneurs

In spite of having great potential women still represent

minority. Research shows that the number of women-owned firms continues to increase at rates exceeding the national average, yet they remain smaller than the average firm. However, the question is why women entrepreneurs still represent a minority portion. Answer lies in the review of the following studies:

Indonesian women entrepreneurs have difficulties in exporting their product abroad and in increasing the volume of production, both of which are of importance for their competition in the global market (Gordon, 2000). Lee-Gosselin and Grise (Lee-Gosselin,1990) as cited in Maysamiet. al. (1999) found that in general, the most common start-up problems seem to be lack of capital. Also important was lack of confidence in female business owners abilities on the part of banks, suppliers, and clients alike, as well as family issues. Additional problems, such as marketing and labour difficulties and disagreement with associates, may arise after the start-up phase.

In a study by (Karim,2001) on women entrepreneurs in Bangladesh, financial problems were the most common issue faced. Inadequate financing was ranked first, particularly so in rural areas and among small economic units (fewer than 5 workers), all the more so with those located in the household and unregistered sectors.

A study by Richardson, Howarth and Finnegan [?] on women entrepreneurs in Africa reveals that many women entrepreneurs feel they lack abilities, skills and expertise in certain business matters. Many of the issues mentioned appear to relate to womens relatively lack of exposure to the business. In addition to this lack of exposure is a problem as womens business networks are poorly developed as social assets.

Hookimsing and Essoo (2003) identified four main problems faced by women entrepreneurs in Mauritius: a) the problem of getting permits; ii) lack of market; iii) the ability to raise capital; iv) not being taken as seriously as men.

It could be observed from the studies above that more or less the challenges faced by women entrepreneurs in India and abroad are similar with a bit variation which could be summarised as follows:

- 1) Financing difficulty due to negative investors perception: Investors perception about investing in women owned business is negative. The report International Finance Corp estimates that the total financial requirement for women entrepreneurs was \$158 billion in 2012 but they only had access to around \$42 billion from formal lenders.
- 2) Higher dependence on owned capital rather than borrowed capital: Women owned firms typically starts with lesser capital and therefore underperform in terms of assets, revenue, profitability and survival. For example the Kaufman Foundation, which collects annual information on US Firms start up began a survey of nearly

5000 new business launched in 2004 and traded their performance. The survey data shows that women tend to start business using more of their own money and less capital from outsiders.

- 3) Difference in personal situations faced: Women face different personal situations from men. Women are more affected than men by the conflicting demands of work and family life, maintaining the work life balance.
- 4) Regulatory regimes that don't undermine women

Even in the 21st century, women are hampered by laws that deny them the same rights as men. Laws like these are clearly costly in terms of economic development. For example: In Kuwait, women are prohibited to work after 8 pm.

Restrictive labor laws of Senegals have forced almost half of all workers into the unregulated sector of the economy and even in this sector, women are at a distinct disadvantage, earning only half of what men earn.

In Swaziland, women require the permission of husband or father to open a bank A/C or a business to obtain passport or to enforce a contract.

VI. SUMMARY

No economy can afford to waste or underutilize any resource, particularly a resource as valuable as the energy and talents of half of its population. However, even in the industrialized world, no country offers women the same level of opportunity as men. And in developing nations, there are often substantial barriers that keep women from earning a proper living of their choice. It is clear that women can add incrementally to a developing nations economy. However, raw numbers still fail to capture the full significance of womens contribution in the developing world.

Women entrepreneurs are transforming families and society, besides contributing to business development. The rising number of women entrepreneurs around the world suggests that there might be more attention to social problems, using economic solutions. Michelle Bachelet, United Nations Womens Executive Director, suggests that now more than ever the world needs to unleash womens entrepreneurship to make economies and societies stronger.

Women entrepreneurs play an important role in business development. For example in Japan , 5 out of 6 new businesses are created by women and they have atleast five employees. The number of women owned larger companies is not significant, but they start and manage smaller companies.

The success stories of women entrepreneurs in India and abroad reflects few common traits of a woman entrepreneur like they are innovative and experimental when it comes to business ideas, they have the urge to start something of their own and business models adopted by women entrepreneurs are simple yet conceptualized and implemented in a unique way. However the regulatory regime, narrow thinking and conflict of work life balance are some of the obstacles that are hindering the growth of women entrepreneurship.

Today's women are taking more professional and technical

degrees to cope up with market need and are flourishing as designers, interior decorator, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation.

It is perhaps for these reasons that Government Bodies, NGOs, Social Scientists, Researchers and international agencies have started showing interest in the issues related to entrepreneurship among women in India. At the same time, it is also recognized that their challenges are immense and complex. For women entrepreneurs, starting and operating a business involves considerable risks and difficulties because of the narrow and traditional old school of thought of the society. The success stories of various women entrepreneurs in India and abroad reflects few common traits of a woman entrepreneur like they are innovative and experimental when it comes to business ideas, they have the urge to start something of their own and business models adopted by women entrepreneurs are simple yet conceptualized and implemented in a unique way. Need of the hour is the change in the mindset of the people and increase in the confidence on the capabilities of women entrepreneurs.

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