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Contents

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Editor's Note

Dear Readers,

It is my privilege to present to you this December 2022 issue of Business Review (India) from St. Joseph's Institute of Management (SJIM) Bangalore. The five papers that were shortlisted after a rigorous screening process covers a variety of relevant topics having a direct impact on the business and economic development.

In the domain of Finance, paper titled "Role of Financial Statement Analysis and Investment Decision Making of Sri Lankan Finance Companies" authored by Mr. G. R. M. Gamlath will give readers a glimpse into the Financial Businesses of Sri Lanka and the role of financial statement analysis in making their investment decisions. He further adds that good flow of deposits, savings and repayment arrangements is necessary not only to serve the various stakeholders but also to make better decisions in terms of providing services.

In another paper by Dr. Varsha Dixit and Ms. Shruti entitled "Employee Happiness and Workplace Success in Selected Information Technology Companies in Delhi-NCR" the relationship that exists between employee happiness and the success of the company is explored. After identifying and studying the various factors that affect happiness among employees, authors have developed model to study the effect of same on organizational success.

On corporate and global sustainability, Ms. Nandini Sharma and Dr. Sumana Chatterjee through their paper titled "Sustainable Development & Sustainable Investing: A Study of Sustainable Investment for the Indian Economy", emphasized on the need to seize environmental damage and enhance socio-economic growth by strictly complying with Sustainable Development Goals (SDGs). They emphasized on the shift in investing and foreign direct investments (FDIs) from a traditional to a sustainable approach.

With education being one of the major driving forces of development in any nation, Dr. Jyoti Prakash and Ms. Jimmy Gupta paper through their research work titled "Status of Education among Schedule Tribes Population of Jharkhand: A Situational Study based on Census data" highlights educational status of Scheduled Tribes. The data collected by them not only startles with the extremely low percentage of Scheduled Tribes at various educational levels, but also reveals that the percentage has been significantly dropping from the elementary level to the bachelor level and above.

In the area of human resource management, Dr. Varsha Dixit and Ms. Yogita Rani presented a review work titled "Managerial Competencies in Real Estate Sector - A Review". Authors worked on the Real Estate sector to compile the various managerial competencies and classify them on the basis of commonality and distinctiveness. They believe that their work can be used as a guide for identification of managerial competencies in the Real Estate industry of the future.

I thank all the contributing authors for their submission and hope that this issue of the Business Review (India) would further enhance the knowledge and understanding of our readers. I hope that presented research work would play an important role in bringing the businesses and economy to the next level.

- Dr. Deepika Joshi
Editor - Business Review

Role of Financial Statement Analysis and Investment Decision Making of Sri Lankan Finance Companies

Gamlath, G R M[1]

Abstract

This study examined how financial businesses make investment decisions and analyze their financial statistics. The study determined the advantages of financial statement analysis; it also examined the challenges financial organizations face when making investment decisions and the relationship between investment choices and financial statement analysis of financial companies. Thirty managers from particular financial companies were included in the study using both quantitative and qualitative sampling techniques. A questionnaire and financial reports were used to gather information between 2016 and 2020. According to the findings, certain financial businesses (66.7%) utilize ratio analysis more frequently. Findings suggest that 80% of financial organizations use vertical analysis to a significant degree. Additionally, 86.7% demonstrate the wide adoption of horizontal analysis in financial businesses. 16.7% of those surveyed emphasized once more how crucial dividend payment choices are for businesses. The chosen financial organizations follow a relatively rigorous dividend payment policy. According to the results, 60% of respondents revealed a significant level of acceptance of short-term investment decisions in the selected companies, and 40% showed a moderate level of adoption. The enhancement of a good flow of deposits, savings, and repayment arrangements to enable serving its members while enhancing quality decisions for better service provision, as well as the need to invest in business, technology, product development, training, and effective risk management systems that may be facilitate long-term investment decisions in the chosen financial firms, are all shown by 63.3% of respondents.

Keywords: Finance Companies, Financial Statements Analysis, Investment Decision Making, Sri Lanka

1. Introduction

Every investor is more concerned about the listed companies' financial position. Because their choices are dependent on the financial position, investors also pay close attention to it (Berthilde & Rusibana, 2020). The management of the listed companies strives to keep a stable financial position and anticipates further positive trends. Otherwise, they won't be able to bring in investors for the business. It is necessary to strengthen the companies' financial condition in order to prevent bankruptcy. The financial statements are crucial for various investment choices as they concentrate on providing the appropriate financial data (Dalnial et al., 2014). Data about a person's or organizations' financial transactions is referred to as financial information. Estimates of credit risk for creditors and lenders are derived using this data.

Financial information should always be kept safe because it could be used for identity theft by third parties (Berthilde & Rusibana, 2020). When making decisions in business, financial information assists its users by enabling them to anticipate the size, timing, and inevitability

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of cash flows. Financial statements are essentially a vehicle for communication, just like any other language, thus it's critical to use suitable, accurate, and concise terminology. Financial statements in industrialized nations like the USA offer proof and information on the growth of banks. As a result, the study will present data on financial standing, realization of expectations, and a well-established bank's capacity to encourage the settlement of economic issues for clients (Elliott & Elliott, 2011). Different sorts of information referred to as financial information (accounting information) and non-financial information, may be included in financial statements (non-accounting information). Information about an account for a utility is known as accounting information. Non-accounting information is data that cannot be quantified in monetary terms and is used to assist investors in making investment decisions. It processes financial transactions to offer external reporting to outside parties such as stockholders, investors, creditors, and government authorities.

Financial statements are used to give important details about a company's financial situation, profitability, and operating, investing, and financing operations. Additionally, it need to broaden users' knowledge and equip decision-makers with the ability to foresee future course of action. Consequently, it may be said that relevant accounting information is a necessary condition for the expansion of the stock market (Maverick, 2022). According to earlier research, a lot of researchers take into account the correlation between the market price per share and a number of independent variables.

The best sign that a business can pay dividends and that its stock price will rise is an increase in profits. Profitable businesses can use leverage to grow stockholders' equity because investors will invest in them at a lower cost than they would in unprofitable ones. Making decisions includes choosing the optimal course of action. Management must evaluate the efficacy of many options in order to choose the optimal one. More research has been done on the use of accounting information from the perspective of investors. The preparation and publication of data have benefited greatly from disclosure in the financial statements, and as a result, the principle has caught the attention of control agencies, worldwide stock exchanges, and accounting professional organizations.

2. Problem Statement

According to the criteria, the mentioned financial companies are creating their financial statements. The investors then use those claims to make decisions. Therefore, these remarks have two effects on investors (Berthilde & Rusibana, 2020). The first is that investors may make decisions with ease if the company has high profit ratios. Investors are unable to make low-risk selections if the companies do not have the required profit ratios, which is another reason. Furthermore, key elements of the primary issue include interest rates, growth rates, and technological advancements (Rwemalika, 2013; Schipper & Vincent, 2003).

The financial statements are a valuable element for understanding the company's financial situation. Therefore, before they are released by management, they must be accurate and trustworthy. Investor mistrust is a result of financial statements' lack of reliability, which also stops them from diagnosing problems and making wise judgments (Fisseha, 2015; Mckeith, 2010). The majority of financial institutions exhibit poor performance when making investment decisions. Additionally, they do not take financial statement analysis into account while making investing decisions. The researcher must investigate the financial statements and investment choices of a few chosen financial companies as a result of the aforementioned issue. According to the above-mentioned research gap, this study is intended to answer the following specific questions: (a) Is there any benefit to financial institutions from financial statement analysis? (b) Is there any obstacle to investment decisions faced by financial institutions? and (c) is there any relationship between financial statement analysis and the investment decisions of financial institutions?

3. Objectives of the Study

According to the gap statement as explained above, the main objective of this study is to investigate how financial statements contribute to the investment decision-making of financial companies. In addition, the specific objectives are

- To refer benefits of financial statement analysis in Sri Lankan listed finance companies.
- To analyze the obstacles to investment decisions faced by Sri Lankan listed finance companies.
- To investigate the relationship between the financial statement analysis and investment decision making in Sri Lankan listed finance companies.

4. Significance of the Study

Different recipients, including researchers and other researchers, will benefit greatly from the findings of the current study. The assignment ought to aid the researcher in increasing his understanding of financial company investments. Different stakeholders would benefit from this study for their individual decisions. Recommendations for improvement should be made for the financial companies in this study as well. The goal of financial statement analysis is to identify the companies' strengths so that they may maximize these advantages, as well as its deficiencies so that we can take corrective action. As a result, we can infer that the management of the business uses financial statement analysis the most. We gain an understanding of the business quality through financial statement analysis, but the problems raised by the analysis are not answered by the balance sheet, profit and loss account, and cash flow statement's horizontal and vertical analysis techniques. The many financial ratios created from fundamental financial statements are crucial when assessing firm quality based on financial statements.

5. Literature Review

A financial statement is a tool for expressing financial information. This communication must be appropriate and sufficient for accounting principles and the managers' degree of understanding of financial statements in order to be successful (Introduction to the Financial Reporting Framework for Small- and Medium-Sized Entities (smestm), 2018; The AICPA'S financial reporting framework for small-and medium-sized entities-an update Are you familiar with AICPA's new Financial Reporting Framework for Small-and Medium-Sized Entities? Recent survey of accounting professionals, 2014). The records of a company's financial situation and operations over a specific time period are called financial statements. Financial statements display a company's financial health and success. The income statement, balance sheet, and cash flow statement are the three primary financial statements. The three-statement financial model is built by connecting these three statements. An analyst can evaluate a company's profitability and liquidity by analyzing its financial statements (Rwemalika, 2013). Financial statements also provide a view into the business environment. Financial statements are used to measure a company's profitability, determine its reasons for prosperity, determine whether that profitability is sustainable, and assess its financial health. All of this results in an accounting model that is controlled by accounting regulations. An organization's financial statements may be compiled monthly, quarterly, or at any point during the year (an annual report, quarterly reports) due to the Sri Lanka Accounting and Auditing Standards Monitoring Board's most recent policy decision (SLAAMB). Sri Lankan listed firms have the option to compile their financial statements using the international financial reporting requirements as compared to generally accepted accounting principles.

Lakmal and Swarnapali (2021) pointed out that financial statement analysis is crucial to show the conspiracy of a firm's financial position for the purpose of acquiring a sound business and social image with a view to building up an optimal business reputation that gives a satisfactory intention for the fulfillment of customer requirements. In that sense, financial statement reporting and analysis is the exercise of deterministic planning to obtain viable, necessary, and sufficient financial resources and its motivation to make a reality of goods and services that can be offered to customers through market intervention. As a result, various local and international professional bodies have standardized and professionally documented financial statement analysis and reporting practice in order to sustain the method of legitimizing financial statement preparation and analysis technique.

According to Nurachman (2019), steps should be implemented to promote the application of corporate governance practices and to make it possible to oversee profit management in Nigeria by adding the appropriate rules and other valid requirements by the banks and other stakeholders. Regarding this responsive matching, Edogbanya and Kamardin (2014) noted that his study reflected on the analysis of discourses with support from documentary analysis through a methodical review of publications, the body of existing literature on professional accounting organizations, and previous academic studies. In view of these findings, necessity of having financial statement analysis and reporting on financial information that directs to the strategic decision-making, these findings are consistent with the findings of Dalnial et al. (2014); Mirza (2013); and Lel (2013) indicating that all business organizations in their strategy formulation on their sustainable business development should undergo and implement firmed financial management and reporting policy and practice for enriching a better advancement of business reality and fulfilling customer requirement on ground.

According to the survey, banking organizations and financial institutions exhibit high levels of compliance and acceptance. According to the Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, there are four main components included in the financial statement to be prepared and presented by companies and other business institutions for their statutory purposes as follows:

- Income statement: A statement or financial report showing the results of an entity's operations, including the entity's revenues and expenses, the difference between which represents the net profit or loss over a given period of time.
- Statement of financial position: A financial statement that shows the financial position of the entity, including the assets and liabilities of the entity as well as equity at a specific date. Through this list, the company's assets and liabilities are recognized. The size of the company's cash, liquidity, and ability to meet its obligations are also analyzed.
- Statement of changes in equity: The statement of changes in equity is the link between the statement of income and the statement of financial position. It is determined by monitoring and tracking changes in equity items from the beginning to the end of the financial period and is presented on an accrual basis.
- Statement of Cash Flows: This is a statement or financial report showing all cash inflows and outflows from a business over a specified period of time and classified according to operational, investment, and financing activities.

5.1 Role of Financial Statements in Finance Companies

The corporation conducts trend research; using accounting ratios enables more thorough examination. The aforementioned ratio calculated a clear adjustment by taking into account both the best and worst accomplishments. A ratio, according to McKeith (2010), describes how accounting figures in financial statements relate to one another. It has the same time frame allocated in the budget. Any institution's yearly financial statement contains a wealth of complex financial information. The ratio under study is very helpful to a company's stakeholders, and from these angles, the company's liquidity would be advantageous. Lenders are concerned with the organization's willingness to take risks in order to assure debt overexposure and subpar repayment strategies (Berthilde & Rusibana, 2020).

5.2 Investment Decision

The concept of investment decisions:

One of the most crucial and challenging decisions made by management in the institution is the investment decision since it determines the ideal structure of the size of investment and has an impact on the institution's survival and continuation (Garg & Chawla, 2015).

The basic elements of the investment decisions are:

The following fundamental components form the basis of an effective investment decision:

1. The concept of many investment options: Given the size of the investment, it is important to select a number of possibilities, ideally not fewer than three, in order to increase decision-making flexibility and make the best choice.
2. The investment project must match the institution's financial potential, according to the appropriateness principle.

3. The idea behind reducing investment risk diversification is to spread it across a wider range of instruments so that a loss in one item is offset by a profit in another (Cote, 2020).

The stages of investment decision-making:

The following steps must be taken during the investment decision-making process:

1. The stage of project preparation or the original project concept: In necessary for the projects to be original concepts aiming to reach the intended goals, this stage sets up the objectives laid forth by the investor who intends to attain them.

2. Phase of Project Evaluation: Through the many criteria for choosing the best project, the investment cost and expected return as well as the cash inflows and outflows of the project over its economic lifetime are evaluated.

3. During the project selection stage, the best option is picked based on several techniques for comparing projects, guided by the guiding concept of picking an investment that generates a larger return on capital than the cost of the investment with a minimal tolerable return.

4. Project implementation phase: At this stage, all funding requirements for the chosen project, as well as the production of various budgets related to it, timing for implementation and completion, and the stage of the trial operation, are determined (Garg & Chawla, 2015).

5.3 Instrument of Decision Making

In order to make and elucidate adequate and appropriate decisions, many company management teams went through a systematic decision-making process. However, while there are dozens of decision-making instruments, the fundamental practices can be the same. These include the decision matrix model, which makes use of graphs, models, or pie charts. A decision matrix is used to assess all the alternative strategies of decision. Even if there is a use of the matrix, establishing a table is necessary, with all alternatives in the first column and all of the factors associated with decision making in the first row (Investment Decision and Financial Literacy-A Bibliometric Analysis, 2021; Afolabi, 2013).

In this case, there are five types of financial ratios applied for the purpose of financial statement analysis and reporting requirements in the organizational decision making on finance. The goals of financial analysis are to assess management effectiveness and use the facts at hand to make different administrative decisions. The study discovered that users of data used financial measures to make decisions about lending and investing. The study's findings also showed that lenders are interested in debt and liquidity ratios, whilst investors are more concerned with profitability and market ratios (Febri Bahri et al., 2022). Accordingly, the most useful analysis tool is financial ratios, other than the different methods and different categories of financial information. These ratios are categorized as follows:

- ***Liquidity ratios*** are financial ratios that measure a company's ability to repay both short and long term obligations. Common liquidity ratios include the following:

  The current ratio measures a company's ability to pay off short term liabilities with current assets:

  Current ratio = Current assets / Current liabilities

  The cash ratio measures a company's ability to pay off short term liabilities with cash and cash equivalents:

  Cash ratio = Cash and Cash equivalents / Current liabilities

  The operating cash flow ratio is a measure of the number of times a company can pay off current liabilities with the cash generated in a given period:

  Operating cash flow ratio = Operating cash flow / Current liabilities

- ***Leverage ratios*** measure the amount of capital that comes from debt. In other words, leverage financial ratios are used to evaluate a company's debt levels. Common leverage ratios include the following:

  The debt ratio measures the relative amount of a company's assets that are provided from debt:

  Debt ratio = Total liabilities / Shareholder's equity

  The debt to equity ratio calculates the weight of total debt and financial liabilities against shareholder's equity:

  Debt to equity ratio = Total liabilities / Shareholder's equity

  The interest coverage ratio shows how easily a company can pay its interest expenses:

  Interest coverage ratio = Operating income / Interest expenses

  The debt service coverage ratio reveals how easily a company can pay its debt obligations:

  Debt service coverage ratio = Operating income / Total debt service

- ***Efficiency ratios*** also known as activity financial ratios are used to measure how well a company is utilizing its assets and resources. Common efficiency ratios include:

  The asset turnover ratio measures a company's ability to generate sales from assets:

  Asset turnover ratio = Net sales / Average total assets

The inventory turnover ratio measures how many times a company's inventory is sold and replaced over a given period:

Inventory turnover ratio = Cost of goods sold / Average inventory

The accounts receivable turnover ratio measures how many times a company can turn receivables into cash over a given period:

Receivables turnover ratio = Net credit sales / Average accounts receivable

The day's sale in inventory ratio measures the average number of days that a company holds on to inventory before selling it to customers:

Days sales in inventory ratio = 365 days / Inventory turnover ratio

- ***Profitability ratios*** measure a company's ability to generate income relative to revenue, balance sheet assets, operating costs, and equity. Common profitability financial ratios include the following:

The gross margin ratio compares the gross profit of a company to its net sales to how much profit a company makes after paying its cost of goods sold:

Gross margin ratio = Gross profit / Net sales

The operating margin ratio compares the operating income of a company to its net sales to determine operating efficiency:

Operating margin ratio = Operating income / Net sales

The return on assets ratio measures how efficiency a company is using its assets to generate profit:

Return on assets ratio = Net income / Total assets

The return on equity ratio measures how efficiently a company is using its equity to generate profit:

Return on equity ratio = Net income / Shareholder's equity

- ***Market value ratios*** are used to evaluate the share price of a company's stock. Common market value ratios include the following:

The book value per share ratio calculates the per share value of a company based on the equity available to shareholders::

Book value per share ratio = (Shareholder's equity- Preferred equity) /

Total common shares outstanding

The dividend yield ratio measures the amount of dividends attributed to shareholders relative to the market value per share:

Dividend yield ratio = dividend per share / share price

The earning per share ratio measures the amount of net income earned for each share outstanding:

Earnings per share ratio = Net earnings / Total shares outstanding

The price earnings ratio compares a company's share price to its earnings per share:

Price earnings ratio = Share price / Earnings per share

6. Conceptual Framework and Hypotheses Development

The conceptual framework is a study instrument aimed at assisting the researcher in improving awareness and knowledge of the working conditions and communication process. The independent variable in this study was financial statement analysis expressed in ratio analysis, vertical analysis, and horizontal analysis. In this study, the dependent variable is the investment decision, which is expressed in terms of dividend payments. Apart from dependent and independent variables, there is an intervening variable with other influences on decision-making, like accounting standards and policies. If these variables are not well controlled, they may interfere with the results of the study.

Current literature shows that the growth of listed financial companies depends on investment decisions. Most studies consider only one or two factors, and this study focuses on financial statement behavior, investment behavior, and financial ratios and financial statement problems. The empirical framework conducted numerous studies on the subject. But since Sri Lanka's current political, legal, and inflationary conditions are different from those of those countries, these findings are not appropriate for our country. Hence, in an attempt to fill in this research gap, the study undertaken in this dissertation is an investigation of disclosure of financial statements and its effect on investment decision-making in Sri Lankan listed finance companies.

The research design choice for this study is analytical, which focuses on the relationship between financial statements and investment decision-making. The study analyzes the company's financial statements and investing data of sample listed companies in Sri Lanka. This study utilizes working capital to total assets, retained earnings to total assets, earnings before interest and tax to total assets, market value of total equity to book value of total liability, sale to total assets, and firm growth details from the financial statements of the sample companies as secondary data and a questionnaire for primary data.

In this manner the following figure depicts the research conceptual framework of this study.

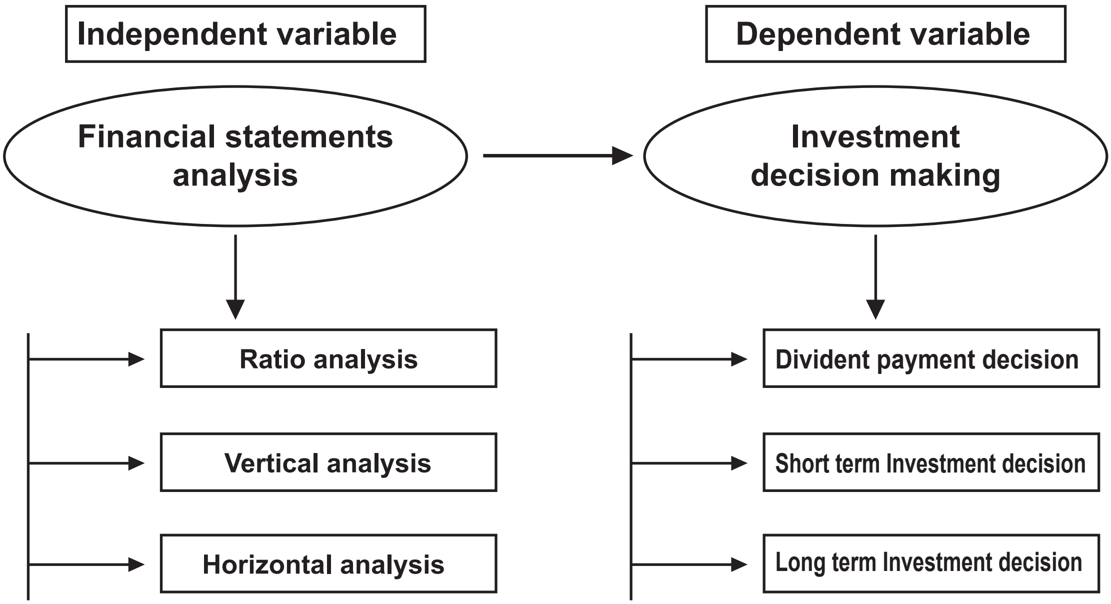

Figure 1 Conceptual Framework
Source : Berthilde & Rusibana, 2020)

The following hypotheses are derived from the contextual empirical findings for testing in this study in order to validate the achievement of objectives based on the study findings.

A "dividend" is the payment received in exchange for the use of business assets to achieve the outputs of such uses through monetary or tangible results (Nawarathne & Anuradha, 2022). Every business investor in this situation expects dividends based on how much they contribute to fulfilling the commitment's objectives. Dividend rules play a role in deciding how earnings are distributed to shareholders (Madubuko Cyril et al., 2020; Banerjee, 2018). As a result, since retained earnings can be used as a source of funding for investment projects, this may have an impact on the financing and investment choices made by a corporation. Investors look for dividends as a strategy to find companies with solid fundamentals because they feel that companies that pay out big dividends imply that earnings will significantly grow in the coming years since management is comfortable doing so with current earnings. As a result, dividend policy was also noted as crucial in luring investors to buy the shares, which will ultimately raise the share price. It can actually be evaluated by carefully evaluating financial accounts in terms of dividend decisions and the dividend policy and related decision-making. In this manner, it is decided to investigate the following first hypothesis:

H1: Financial statement analysis has a significant impact on dividend payment decisions made by Sri Lankan financing companies.

Investment choices are made in a dynamic world today. As Balagobei and Prasanthan (2021) emphasized that making an investment decision is a very important process that depends on a number of variables that can differ from person to person, such as the type of investment they want to make, when and where they want to invest (banks, real estate, the stock market, mutual funds, etc.), and how much they are willing to spend on investment opportunities. When investors and investment managers decide how, when, where, and how much money will be spent on investment opportunities, a business is engaged. Therefore, a person's level of financial literacy has a big impact on their ability to make good investment decisions. Investors play a significant role in the economy as a whole since they better the financial support for concentration and help to shape it. In this way, it is determined to look into the second hypothesis:

H2: Financial statement analysis has a significant impact on short term investment decisions made by Sri Lankan financing companies.

In the era of globalization, corporate enterprises play a crucial role in boosting a nation's productivity and economic growth. As emphasized by MCA. Nazar (2021) the firm's management must perform the duty by ensuring that the cash and resources of the company are utilized effectively so that they can be converted into profitable operations. Managers must only invest in initiatives that advance increased productivity and efficiency since they must always take actions that benefit shareholders. Such initiatives typically need large investments in modern technologies and product promotion. The corporate finance department of the business will make these funding and investment decisions. Making decisions about financing and investments is essential for businesses to maintain operational efficiency and promote growth. It makes sense to suppose that private and public firms behave differently when making investment and finance decisions since they are subject to various constraints and opportunities. In this manner, it is decided to investigate the following third hypothesis:

H3: Financial statements analysis has a significant impact on long term investment decisions made by Sri Lankan financing companies.

7. Research Methodology

Since creating a successful research strategy or design is the primary objective of research, a thorough examination of the research methodology is necessary in this section. The focus of research methodology is on the methods and tools that will be employed during the research process. This section outlines the demographic, sample, data collection methods, definitions of the variables that were hypothesized in the preceding section, and operationalization of those variables. In order to do the research with care and attention, methodology becomes crucial. To ensure that the research is as complete as possible, the researcher makes an effort to avoid any mistakes and brings any necessary analytical instruments. A frame of reference for these aspects is provided in this chapter.

7.1 Research design

The study seeks to disclose financial statements and their effect on investment decisions. In addition, investigate the accounting practices they employ. Hence, there are two types of research methods: quantitative and qualitative. This study was analyzed using the quantitative method. According to that researcher, they can develop mathematical models, hypotheses, and previous financial statement data. In this study, qualitative and quantitative techniques are used for data collection and analysis.

7.2 Population and Sample

The aim of this study is to establish an empirical connection between financial statements and investment choices made throughout the course of the previous five years, from 2016–17 to 2020–21. As of January 1, 2021, the population of the financial statements of 24 enterprises is taken into consideration. Based on the financial year, which ends on March 31st, the listed financial companies were chosen for this study. Businesses whose fiscal year ends on December 31 are excluded. The researcher gathered the information from the 10 publicly traded firms in Sri Lanka that are traded on the Colombo Stock Exchange.

7.3 Data Collection

The researcher used both primary and secondary sources to get the data needed to complete the study's objectives. A secondary source of information was the audited financial statements (statement of comprehensive income and statement of financial condition) in the annual reports of finance companies that trade on the Colombo Stock Exchange in Sri Lanka. Additionally, 30 managers from the sampled financial organizations provided primary data. In essence, researchers get the study data and information from the companies' legally required financial statements.

7.4 Definitions of variables

Independent variable- financial statement analysis

Financial statement analysis involves gaining an understanding of an organization's financial situation by reviewing its financial reports. The results can be used to make investment and lending decisions. This review involves identifying the following items for a company's financial statements over a series of reporting periods: There are two key methods for analyzing financial statements: horizontal and vertical analysis. Horizontal analysis is the comparison of financial information over a series of reporting periods. But the vertical analysis is the proportional analysis of a financial statement, where each line item on the statement is listed as a percentage of another item. Typically, this means that every line item on an income statement is stated as a percentage of gross sales, while every line item on a balance sheet is stated as a percentage of total assets. Furthermore, horizontal analysis is the examination of results from multiple time periods. Vertical analysis, on the other hand, is a review of the proportion of accounts to each other over a single period (financial statement analysis, 2021).

Dependent variable - Investment decision making

The Investment Decision relates to the decision made by the investors or top-level management with respect to the amount of funds to be deployed in the investment opportunities. The decision to invest funds in long-term assets is known as “capital budgeting.” Thus, capital budgeting is the process of selecting an asset or an investment proposal that will yield returns over a long period. The investment made in current assets or short-term assets is termed “working capital management.” Working capital management deals with the management of current assets that are highly liquid in nature. The decision to invest in short-term assets is crucial for an organization, as short-term survival is necessary for long-term success. Through working capital management, a firm tries to maintain a trade-off between profitability and liquidity (Lel, 2013).

Operationalization of Variables

According the study variables were found, those can be operationalized as in the following table.

Table 1: Operationalization of Variables

Concept	Main variables	Variable	Indicators	Measurement
Financial statements	Financial statements analysis	Ratio analysis	Assets, liabilities, equity	measure the increase and decrease of ratios.
		Vertical analysis	Revenues	as compared with the amount of revenue as a percentage.
		Horizontal analysis	Periodical values	Income statement at the year over year change in each line item.
Investors decision	Investment Decision Making	Dividend payment decision	• Cash flow • Growth • Liquidity • Profitability • Size	Depends on current or future earnings of the firm and the percentage share of retained earnings.
		Short term Investment decision	• Money markets • Savings accounts • Certificates of deposit • Treasury bills • Government bonds	That will mature to cash within a one-year time period and is considered liquid. In short-term stock and bonds, the thinking is that these assets can be cashed in quickly.
		Long term Investment decision	• Stocks • Bonds • Real estate • Cash	consider the techniques for evaluating a firm’s potential investment projects using the cost of capital for evaluating the viability of such projects.

8. Results and Findings

This section explains the findings and discussions of the data collected in the field. The key objective of the research was to access the financial statement analysis and investment decision-making processes of listed financing companies. In order to collect data, the researcher conducted a social survey using a questionnaire in Sri Lankan financial firms. A total of 30 questionnaires were completed by the managers and accepted, with a response rate of 100%. This study was used to assess the hypothesis in this research. Data was collected using questionnaires as data collection tools, and it was summarized using descriptive statistics such as frequency tables, the mean, and the standard deviation.

8.1 Demographic Information

In this phase of the study, respondents are asked to provide demographic data, such as their gender, age, level of education, and employment status. The subsections that follow display this general information.

Table 2: Gender Composition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	25	83.3	83.3	83.3
	Female	5	16.7	16.7	100.0
	Total	30	100.0	100.0	

The gender distribution shows that the male respondents are in the highest percentage gender-wise at 83.3%, compared with the female respondents at 16.7%.

Table 3: Age Composition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	6	20.0	20.0	20.0
	31-40	12	40.0	40.0	60.0
	40-50	8	26.7	26.7	86.7
	50 and above	4	13.3	13.3	100.0
	Total	30	100.0	100.0	

Table 3 shows the age distribution of the respondents who participated in this survey. Thirty (30) respondents participated in the survey. The majority (40%) of respondents are in the age group between 31 and 40. Second, the respondents from the age group between 40 and 50 are 26%, and third, the respondents from the age group between 18 and 30 are 20% of the respondents from the age group 18 to 30. Finally, the lowest percentage of respondents was reported for the age group 50 and above (13.3%).

Table 4: Educational Level Composition

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary Level	13	43.3	43.3	43.3
	Bachelor's degree	12	40.0	40.0	83.3
	Masters and above	5	16.7	16.7	100.0
	Total	30	100.0	100.0	

Table 4 shows the educational level of the respondents who participated in this survey. The majority of the respondents (43.3%) have a secondary educational level. Second, 40% of respondents are bachelor's degree holders, and 16.7% of the respondents are from the educational level of master's and above.

Table 5: Respondents' Position in the Company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Board of director and executive managers	2	6.7	6.7	6.7
	senior manager	4	13.3	13.3	20.0
	Middle Management (Division manager, Financial manager)	11	36.7	36.7	56.7
	Lower Manager (Supervisor, team leaders)	13	43.3	43.3	100.0
	Total	30	100.0	100.0	

All 30 respondents who took part in the survey could be divided into four posts in company categories as presented in the above table. Out of that, the majority is from the lower managers, who compose 43.3% of total respondents. Middle management positions account for 36.7% of respondents, while senior management, board directors, and executive managers account for 13.3%, 6.7%, and 6.2%, respectively.

9. Data Presentation

9.1 Analysis of the financial statement strategies of financial companies

According to this section, the researcher determined the benefits of financial statement analysis for financial companies in Sri Lanka. In this study, the financial statement analysis is the independent variable and the investment decision-making is the dependent variable. The respondents to the data collection were requested to indicate their opinion on each element's frequency of occurrence. This financial statement analysis is very important for managers, investors, creditors, tax authorities, and other researchers.

Ratio Analysis

Table 6 indicates the respondents' opinion on the element of ratio analysis. Results indicate that 66.7% show a great extent to which ratio analysis is used within the finance companies, 20% show a moderate extent, and 13.3% show a very great extent to which ratio analysis is used in the financial companies in Sri Lanka.

Table 6: Ratio Analysis

		Frequency (f)	Percent (%)
Valid	Very Great Extent	4	13.3
	Great extent	20	66.7
	Moderate Extent	6	20.0
	Little extent	0	0.0
	No extent	0	0.0
	Total	30	100.0

Vertical analysis

Table 7 indicates the extent to which the respondents' opinions were considered for vertical analysis. Results indicated that 80% showed a great extent to which vertical analysis is employed in finance companies, and 16.7% showed a moderate extent to which vertical analysis is gathered in the analysis of financial statements. Furthermore, only 3.3% of respondents agreed that vertical analysis is used extensively in financial firms.

Table 7: Vertical Analysis

		Frequency (f)	Percent (%)
Valid	Very Great Extent	1	3.3
	Great extent	24	80.0
	Moderate Extent	5	16.7
	Little extent	0	0.0
	No extent	0	0.0
	Total	30	100.0

Horizontal Analysis

Table 8 shows that horizontal analysis is used in financial companies to a high degree in 86.7% of cases, and in 13.3% of cases to a moderate degree in 13.3% of cases.

Table 8: Horizontal Analysis

		Frequency (f)	Percent (%)
Valid	Great extent	26	86.7
	Moderate Extent	4	13.3
	Total	30	100.0

Identification of the Investment Decision Making by the financial companies in Sri Lanka.

According to this section, it identifies the investment decisions made by the financial companies in Sri Lanka. It is comprised of dividend payment decisions and short- and long-term investment decisions.

Dividend Payment Decision

Table 9 indicates that there is a correlation between financial statement analysis and dividend payment decisions. The confirmation rate of 63.3% among respondents demonstrates the importance of dividend payment decisions within financial institutions. It indicates that finance companies control 20% of the dividend payment decision and 16.7% of the dividend payment decision.

Table 9: Dividend Payment Decision

		Frequency (f)	Percent (%)
Valid	Very Great Extent	6	20.0
	Great extent	19	63.3
	Moderate Extent	5	16.7
	Little extent	0	0.0
	No extent	0	0.0
	Total	30	100.0

Short term Investment Decision

Table 10 indicates that there is a correlation between financial statement analysis and short-term investment decisions. It indicates that 60% to a great extent and 40% to a moderate extent are short-term investment decisions taken by the finance companies.

Table 10: Short-term Investment Decision

		Frequency (f)	Percent (%)
Valid	Great extent	18	60.0
	Moderate Extent	12	40.0
	Total	30	100.0

Long Term Investment Decision

According to the results shown in the table below, 63.3% of finance companies use long-term investment decisions very much, 20.0% use them very much, and 16.7% use them moderately.

Table 11: Long-term Investment Decision

		Frequency (f)	Percent (%)
Valid	Very Great Extent	6	20.0
	Great extent	19	63.3
	Moderate Extent	5	16.7
	Total	30	100.0

Reliability Analysis

The researchers surveyed 30 managers from publicly traded finance companies in Sri Lanka. This was to ensure that the tool collects valid and reliable data. Reliability analysis was then performed using Cronbach's alpha, which measures internal consistency by determining whether or not confident items on a scale determine the same outcome.

Table 12: Reliability Analysis

Variable item	Cronbach's Alpha	Number of Likert items
Ratio Analysis	0.790	6
Vertical Analysis	0.608	3
Horizontal Analysis	0.826	3
Dividend Payment Decision	0.859	3
short term Investment decision	0.670	3
long term investment decision	0.917	3

The above table represents access to the financial statement analysis and investment decision-making processes of listed financing companies. Ratio analysis had α= 0.790, vertical analysis had α= 0.833, horizontal analysis had α= 0.826, dividend payment decision had α= 0.859, short term Investment decision had α= 0.670 and long term investment decision had α= 0.917. Thus, the overall scale of the instrument shows the reliability and internal steadiness of the instrument, having gone over the prescribed threshold of 0.7. This result demonstrates the reliability of all variables in the survey questionnaire.

Descriptive Statistics

A descriptive analysis was carried out to recognize the levels of three independent and three dependent variables. The level of the variables is shown by using the mean values of each variable. Under the table are the descriptive statistics calculated for the three independent variables and the three dependent variables. Respondents were asked to designate their answers on a 5-point Likert scale for each item of the variables, and the mean value and standard deviation are calculated to comprehend the current level of each variable.

Table 13: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Ratio Analysis	30	1.33	2.83	2.1444	.40051
Vertical Analysis	30	1.33	3.00	2.1556	.43535
Horizontal Data Analysis	30	.00	3.00	2.1889	.54445
Dividend Payment Decision	30	1.00	2.67	1.9556	.53055
Short Term Decision Making	30	1.67	3.00	2.3889	.43842
Long Term Decision Making	30	1.00	3.00	1.9333	.55640
Valid N (listwise)	30				

Based on the consents of respondents The mean values of each dimension of the independent variable (financial statement analysis), namely, ratio analysis, vertical analysis, horizontal analysis, dividend payment decision, short term investment decision, and long term investment decision, are 1.95, 2.38, 1.93, 2.14, 2.15, and 2.18, respectively, and indicate that all consents of the respondents for each element are moderately affected by its mean values. All of them are fairly close to the 4. This means that overall mean values are at a moderately satisfactory level.

9.2 Regression Analysis

The regression analysis was performed to recognize the impact of the role of financial statement analysis on investment decision making of Sri Lankan finance companies. In this study, the researcher constructed three regression models for the dependent variables; dividend payment decision, short term investment decision, and long term investment decision. The results of the analysis are given below.

Regression analysis between Financial Statement Analysis and Investment and Decision Making of Sri Lankan Finance Companies

First, in the model summary, R2 value is a measure of goodness of fit for linear regression models. This indicates the percentage of the variance in the dependent variable that the independent variables explain collectively. Therefore, R2 value measures the strength of the relationships of the constructed model(s) and the said strength of the relationship is on a convenient 0-100% scale. Accordingly, Table 14 shows the analytical results obtained for explaining the strength of relationships for each model that the researcher constructed.

Table 14: Model summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	.935[a]	.875	.860	.19838
2	.927[b]	.860	.843	.17353
3	.974[a]	.949	.943	.13280
a, b, and c. Predictors: (Constant), HAGM, VAGM, RAGM				

Adjusted R Square shows the degree to which extent the variance of the dependent variable is explained by independent variables. According to the R2 values in the above model summary (Table 14), approximately 86%, 84.3%, and 94.3% of the variation of dividend payment decision, short term investment decision, and long term investment decision can be explained through the fitted regression models. Remaining 14%, 15.7%, and 5.7% of variation for the same variables is related to other variables which are not explained by the regression models. It means that the strength of the relationship for these models are very high and the models are fitted with collected data.

Then, the the Analysis of Variance (ANOVA) test is used to calculate and interpret the number of parameters which all are summarized in a table. Further, this method concerns the testing of general differences rather than specific differences among means. In addition, this test evaluates the importance of one or more factors by comparing the response variable means at different factor levels. Table 15 shows the ANOVA results for the respective three models as follows.

Table 15: ANOVA Table - Model 1

ANOVA[a]						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.140	3	2.380	60.476	.000
	Residual	1.023	26	.039		
	Total	8.163	29			
2	Regression	4.791	3	1.597	53.036	.000
	Residual	.783	26	.030		
	Total	5.574	29			
3	Regression	8.519	3	2.840	161.022	.000
	Residual	.459	26	.018		
	Total	8.978	29			

In model 1, the test statistic is the F value of 60.476. Considering the significance level of 0.05, it has F0.05; 3,26 = 60.476. Subsequently, the test statistic is much larger than the critical value, the null hypothesis of equal population means is rejected, and we can conclude that there is a statistically significant difference among population means. The p-value of F for 60.476 is 0.000, indicating that the test statistic is significant at this level. Model 2 will be tested in the same manner; the test statistic is an F value of 53.036 at a significance level of 0.05 with F0.05; 3, 26 = 53.036. As such, the test statistic is much larger than the critical value and null hypothesis of equal population means under Model 2 and concludes that there is a statistically significant difference among population means. The p-value of F under Model 2 for 53.036 is 0.000, indicating that the test statistic is significant at this level. so that it can be rejected and According to the ANOVA table, the Analysis of Variance (ANOVA) test shows that the regression model is significant since the significant level is 0.000, which is less than the critical P value of 0.05. Therefore, it can be concluded that the model is significant. In model 3, the test statistic is the F value of 161.022. Considering the significance level of 0.05, it has F0.05;3,26 = 161.022. Subsequently, the test statistic is much larger than the critical value, the null hypothesis of equal population means is rejected, and we can conclude that there is a statistically significant difference among population means. The p-value of F for 161.022 is 0.000, indicating that the test statistic is significant at this level. Finally, ANOVA results indicate that the test statistics of this study are much larger than the critical value, all null hypotheses of equal population means are rejected, and we can conclude that all models have statistically significant differences among population means for these three models..

Table 16: Coefficient Table - Model 1

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.595	.206		-2.889	.008
	RAGM	1.153	.164	.871	7.032	.000
	VAGM	.306	.148	.251	2.065	.049
	HAGM	-.266	.088	-.273	-3.024	.006
2	(Constant)	.167	.180		.927	.363
	RAGM	.649	.143	.593	4.523	.000
	VAGM	.358	.130	.355	2.757	.011
	HAGM	.027	.077	.034	.355	.725
3	(Constant)	-.964	.138		-6.995	.000
	RAGM	1.100	.110	.792	10.018	.000
	VAGM	.390	.099	.305	3.934	.001
	HAGM	-.138	.059	-.135	-2.349	.027

The coefficient table shows the coefficients of the regression analysis. The beta coefficient in the table represents the degree to which the dependent variable can be affected by a certain independent variable while other independent variables remain constant. In model 1, the eta coefficient for financial statement analysis is -.595, which denotes that when financial statement analysis increases by 1 unit, dividend payment decisions decrease by.595 units, as there is a negative correlation between financial statement analysis and dividend payment decisions. The P value is 0.008, which is less than 0.05. According to financial statement analysis, statistics significantly impact dividend payment decision-making in Sri Lankan finance companies. In model 2, the beta coefficient for financial statement analysis is.167, which denotes that when financial statement analysis increases by 1 unit, short-term investment decisions increase by.167 units. The P value is 0.363, which is higher than 0.05. Accordingly, the financial statement analysis is not statistically significantly affected by short-term investment decisions in finance companies. In model 3, the beta coefficient for financial statement analysis is -.964, which denotes that when financial statement analysis increases by 1 unit, long-term investment decisions decrease by.964 units, as there is a negative correlation between financial statement analysis and long-term investment decisions. The P value is 0.000, which is less than 0.05. Accordingly, the financial statement analysis has a statistically significant impact on long-term investment decisions in finance companies. Based on the regression coefficients, the beta coefficients for the financial statement analysis for models 1 and 3 have a negative statistically significant impact on investment decision making, whereas the beta coefficient for model 2 has a positive statistically insignificant impact on investment decision making.

Based on the beta coefficients under each model, the data analysis models can be made according to he designed regression models.as follows.

Model	Designed regression model	Analytical regression model
1	$DPD_i = \beta_0 + \beta_1 RA + \beta_2 VA + \beta_3 HA + e_i$	$DPD_i = -0.595 + 1.153 RA + 0.306 VA – 0.266 HA + e_i$
2	$STID_i = \beta_0 + \beta_1 RA + \beta_2 VA + \beta_3 HA + e_i$	$STID_i = 0.167 + 0.649RA + 0.358 VA +0.027 HA + e_i$
3	$LTID_i = \beta_0 + \beta_1 RA + \beta_2 VA + \beta_3 HA + e_i$	$LTID_i = -0.924+ 1.100 RA + 0.390 VA – 0.138 HA + e_i$

$$\mathbf{Y_i = \beta_0 + \beta_1 RA + \beta_2 VA + \beta_3 HA + e_i}$$

Where;

Model 1 Y_i - Dependent variable - Financial Statement Analysis through (Dividend Payment Decision - **DPD**):

Mode; 2: Y_i -Dependent variable Financial Statement Analysis through (Short Term Investment Decision - STID)

Model 3: Y_i -Dependent variable Financial Statement Analysis through (Long Term Investment Decision - LTID)

RA: Ratio Analysis

VA: Vertical Analysis

HA: Horizontal Analysis

e_i: Randomized error

10. Hypothesis Testing

H1: Financial statement analysis has a significant impact on dividend payment decisions made by Sri Lankan financing companies

According to the coefficient table, standardized coefficient B value for financial statements analysis is -.595 and the sig value is 0.008. It can be identified there is negative significant impact of financial statements analysis on dividend payment decision. Because of the significant level is lower than 0.05. Beta coefficient value of financial statements analysis is described; when financial statements analysis of increases 1 unit, Dividend Payment Decision decreases only by .595 units. According to accepted of H1 as there is a significant impact of financial statements analysis on Dividend Payment Decision of financing companies in Sri Lanka.

H2: Financial statement analysis has a significant impact on short term investment decisions made by Sri Lankan financing companies

According to the coefficient table, standardized coefficient B value for financial statements analysis is .167 and the sig value is 0.363. It can be identified there is positive insignificant impact of financial statements analysis on short term investment Decision. Because of the significant level is higher than 0.05. Beta coefficient value of financial statements analysis is described; when financial statements analysis of increases 1 unit, Dividend Payment Decision increases only by .167 units. According to rejected of H2 as there is a significant impact of financial statements analysis on short term investment decision of financing companies in Sri Lanka.

H3: Financial statement analysis has a significant impact on long term impact decisions made by Sri Lankan financing companies

According to the coefficient table, standardized coefficient B value for financial statements analysis is -0.964 and the sig value is 0.000. It can be identified there is negative significant impact of financial statements analysis on long term investment Decision. Because of the significant level is lower than 0.05. Beta coefficient value of long term investment Decision is described; when financial statements analysis of increases 1 unit, long term investment Decision decreases only by -0.964 units. According to accepted of H3 as there is a significant impact of financial statements analysis on long term investment decision of financing companies in Sri Lanka.

Table 17: Hypotheses summary

Hypothesis	Sig. value	Significant Level	Accepted	Rejected
Financial statement analysis has a significant impact on dividend payment decisions made by Sri Lankan financing companies	0.000	0.05	✓	
Financial statement analysis has a significant impact on short term investment decisions made by Sri Lankan financing companies	0.363	0.05		✓
Financial statement analysis has a significant impact on long term impact decisions made by Sri Lankan financing companies	0.000	0.05	✓	

Therefore, Findings conclude that there is a significant impact of financial statements analysis on Dividend Payment Decision of financing companies in Sri Lanka at 5% significant level and a significant impact of financial statements analysis on long term investment Decision of financing companies in Sri Lanka at 5% significant level. Therefore, Hypotheses one and two (H1 and H3) are accepted. Also, the results indicated that there is a insignificant impact of financial statements analysis on short term Investment Decision of financing companies in Sri Lanka and therefore the hypothesis two(H2) is rejected.

11. Findings

Based on the study findings, this section initially deals with give conclusions and recommendation about relationship between financial statements analysis and investment decision making in financial companies of Sri Lanka. As a result of that this chapter closely link with the previous chapter, because conclusions and recommendation were based on finding of the research. Though this chapter provides conclusions and recommendation based on the data analysis output. The main objective of this study was to investigate the relationship between financial statement analysis and investment decision making in financial companies. Financial growth and strength of a financial company is more important to the wealthy of the Sri Lankan economy. The management of the listed financial companies tries to maintain financial statements with good investment decisions.

Results indicate that 66.7% show a great extent to which ratio analysis is used in financial companies. Findings indicate that 80% show a great extent to which vertical analysis is used in financial companies. And also 86.7% show a great extent to which horizontal analysis is adopted in financial companies.

The second objective identified the investment decision making made by the financial companies. These include the following: dividends payment decision, short and long term investment decision. Results show a great extent to which dividends payment decision is used in selected financial companies, 16.7% demonstrated a moderate extent dividends payment decision is adopted in the selected financial companies. Findings indicate that 60% show a great extent to which short term investment decision in the selected companies, and 40% demonstrated a moderate extent short term investment decision is adopted. Finally 63.3% show a great extent to which long term investment decision in the selected financial companies.

Results illustrates correlation between financial statements analysis expressed in its mains components, investment decision making indicators as well as intervening variable as expressed in concept framework of this study. At the dividend payment decision, adjusted R Square shows the degree to which extent the variance of the dependent variable is explained by independent variables. According to the R Square in the Table Model Summary, 87.5% (0.875) of the variation of investment decision making can be able to explain through the fitted regression model. Regression model is significant since the significant level is 0.000 which is less than the critical P value 0.05. Therefore, it can be concluded that the model is significant. There is a negative correlation between financial statement analysis and dividend payment decision. P value is 0.008 which is less than 0.05. According to financial statement analysis statistically significantly impact on dividend payment decision making in finance companies. Beta coefficient for financial statement analysis is .167 which denotes, when financial statement analysis increases 1 unit, short term investment decision increase by .167 units. P value is 0.363 which is higher than 0.05. According to financial statement analysis not statistically significantly impact on short term investment decision in finance companies. B coefficient for financial statement analysis is -.964 which denotes, when financial statement analysis increases 1 unit, long term investment decision decrease by .964 units as there is a negative correlation between financial statement analysis and long term investment decision. P value is 0.000 which is less than 0.05. According to financial statement analysis statistically significantly impact on long term investment decision in finance companies.

12. Conclusions and Research Implications

It is concluded that understanding financial statement analysis provides that is very important to those who have the businesses as tools for reducing the considerable risks involved in starting and growing the business. This was envisaged in analysis financial statements for the selected listed financial companies from 2016 to 2020 by utilized horizontal analysis as one of the best used of financial statement analysis that allowed companies to compare the performance of its business in that period. As regards to financial statement analysis as a pillar to draw conclusions and decisions pertaining the company’s performance the finding showed that earning for company resulted from the board decisions that turned around the loan portfolio which had deteriorated following the global financial crisis there by enhancing loan provisioning for the accounts that failed to honor their installments. In respect to staff and shareholder perception the results are concluded that with the challenges the company faced in different years. This resulted from the company’s decisions to enhance loss provisioning for the accounts for that failed to honor their installments while upgrading its core company system to match with expanding operations. In respect to the extent to which financial statement analysis led to desired decisions, financial company’s decisions enhanced performance in information technology and communication infrastructures, improving customer services as well as enhancing the company's funding and capital management. The decision enabled the companies to raise its interest income while reducing interest expenses that produced a net interest income.

In light of the above findings, this study suggests to the practitioners that the financial status of selected financial companies need to be maintained while enhancing quality decisions for better service provision. The stakeholders were interested on the adequacy of funds in order to have confidence on savings and service provision. It is recommended to always mitigate risks while enhancing innovations and development. There is a need to invest in business, technology, product development, training and effective risk management systems that may be facilitated by bold decisions for the life of the company.

13. Limitations and Directions for future research

Financial statement analysis is based on a genuine and mostly quantitative basis, despite the fact that these sorts of study are based on a variety of concepts and criteria that are defined by law or professional norms. The reporting criteria are then met in accordance with the requirements for making decisions. Due to conceptual, temporal, and regulatory framework limits, the examination of the financial statement analysis is carried out in this way. An avenue for qualitative assessment should be maintained in accordance with an in-depth exploratory documentary examination in order to avoid these unfavorable or non-assessable/inaccessible scenarios. As a result, doing these kinds of investigations in the future may require additional documentary review. Future research, according to the study's recommendation, should focus on the qualitative benefits of financial statement analysis on the financial performance of Sri Lankan financial institutions.

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Employee Happiness and Workplace Success in Selected Information Technology Companies in Delhi-NCR

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Abstract

This paper aims to find the relation between employee happiness and workplace success in selected Information Technology (IT) Companies in Delhi NCR. The study is descriptive in nature. Different factors that affect employee happiness have been identified and studied, and the study has tried to establish the relationship between employee happiness and workplace success. The factors that lead to employee happiness have further been categorized into two categories, as individual factors and organizational factors. Further some individual and organizational factors have been selected to build a conceptual model determining how these factors lead to employee happiness and how that in turn leads to workplace success. The study has tried to determine the present research gaps and has proposed further mathematical proofing of the conceptualized model by collecting real data. In times when human resource is of great value to the companies, a structured study as to what leads to employee happiness and its effect on the company's overall success can be vital for the companies in formulating organizational and employee policies. It also gives social message that happy groups are more productive.

Keywords: Employee happiness, workplace success, individual factors, organizational factors.

1. Introduction

An organized investigation into what causes employee happiness and its impact on the overall performance of the business can be crucial for the organizations in developing organizational and employee policies in a time when human resources are of considerable worth to them. As a significant proportion of India's modern workforce is engaged in the Information Technology sector, a study on the drivers of employee happiness and their effect on the workplace success will prove to be insightful in managing and retaining the talent pool.

This paper aims to find the relation between employee happiness and workplace success in selected Information Technology (IT) Companies in Delhi NCR. Large area of research is focused on exploring antecedents which affects Employee Happiness and Work Place Success. According to Diener (2000), "Happiness is an emotional state where human beings live and assess their lives, considering positive feelings or outcomes. In other words, happiness is defined in almost the same way universally and every culture emphasizes it as a precious goal of its life".

Gavin & Manson (2004) defined happiness "… is not just about acquiring money, honors or Sensual pleasure but happiness is also a holistic state of well-being. It entails doing well and

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being well." Thus, a person's subjective well-being, which includes their assessment of the key areas of their life like employment, health, and relationships, among others, is correlated with their level of happiness. (Diener and Biswas-Diener, 2008). According to a research paper by Nishath Anjum and Md. Afsarul Islam, titled "Workplace Happiness: Exploring the factors Shaping Academics Subjective Well Being." Workplace contentment shows the pleasant assessments or positive evaluations as well as the delightful experiences a person anticipates from the workplace, such as joyful moods or emotions. (Fisher, 2010).

Happiness is holistic and overlaps within personal and professional space. Happiness at work can get affected by affection for job, organization and how a person feels at personal life like joy and contentment. Thus, Happiness in brief is a holistic and limitless state of satisfaction, self-fulfillment, and cheerfulness. As per Steve Jobs (2005),"Your work is going to fill a large part of your life and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do".

The Work that one does and family are important for one's life. People spend most of their life time on work. 'Work' implies the job one has to perform in order to earn bread and butter. People's happiness at work affects people productivity in the organization. According to Macmillan Dictionary Workplace Success means achieving the result that we want in the organization. It is synonymous to Workplace Triumphant, Workplace Breakout, Glorious Workplace and Golden workplace.

Workplace success is a strategy that both employers and employees can use to help their organisation grow. The ability to influence others, good emotional intelligence, handling Workplace stress and effective leadership helps in work-place success.

Limited research studies were found for "Effect of happiness on workplace success in IT sector." Articles 'keywords' search results in subsequent slide from major journals gives the high-level view of limited research done.

The IT industry contributed 8% of India's GDP in 2020 (IBEF, 2022) and is a significant source of new jobs. The IT sector is one of the major contributors to India's GDP. With such a large workforce (the IT sector added 4.5 lakh new employees in FY22 (as of February), the highest addition in a single year (IBEF, 2022), it is crucial to make contributions in this understudied sector for happiness and workplace success that can be useful to address IT sector-specific issues Though some research has been done on identifying factors of happiness, yet very limited contribution on combined study of critical individual and organization factors taken together is available for IT sector.

Aim of this study is to make contribution to the domain where not much work has been done. For achieving this thorough research has been done for articles in popular databases (namely JSTOR, DOAJ, and Web of Science). A snapshot of different keywords searches on different databases with filter on articles and scope of search opened to 'All Fields' is shown in table 1.1 below.

Table 1: Key words from different databases

Keyword search in 'All Fields' (Filter: Articles)	JSTOR (ITHAKA)	DOAJ	Web of Science (Clarivate)	Total Count of Articles
'Software'	4,55,903	1,51,591	6,92,751	13,00,245
'Happiness'	2,52,817	5,190	31,150	2,89,157
'Workplace Success'	64,134	357	2,120	66,611
'Software Employees'	43,104	1,586	2,499	47,189
'Workplace Success' + 'Software'	10,219	14	47	10,280
'Happiness' + 'Workplace Success'	5,089	3	15	5,107
'Happiness' + 'Software'	5,326	153	259	5,738
'Happiness' + 'Workplace Success' + 'Software'	703	1	0	704

Decent research has been done by scholars in different areas/fields on independent keywords 'Happiness', 'Software', 'Workplace Success', 'Software Employees'. But the moment we start looking for combination of these keywords the research article numbers drop drastically. The complete combination of the thesis topic has hardly given a search result (no result in 'Web of Science'). Even the '703' number shown in JSTOR is also coming because of limitations in their search algorithm. Thus, the relevant papers in JSTOR on combination of research topic selected are also negligible. We can further observe that the combination of 'happiness' and 'workplace success' keywords still have decent work done but the moment we add 'software' keyword to it then there is not much work done. Thus, IT/Software industry has been selected to study the relationship between employee happiness and work place success.

2. Review of Literature

Large area of research is focused on exploring antecedents which affects Happiness and Work Place Success. Hom& Arbuckle (1988) explained that people in a happy mood often perform better than those in a sad mood. Thus, happy people's optimistic and self-efficacious thoughts help in better productivity which leads to workplace success. As per Research paper titled "WHO IS HAPPY?" by David G. Myers and Ed Diener (1995) "Happiness" in general as the experience of high-frequent positive affect, low-frequent negative affect and an overall life satisfaction. It includes four inner traits that mark happy people: self-esteem, a sense of personal control, optimism, and extraversion.

Lim and Teo (1999) observed that various factors which generate Stress among IT personnel are linked to IT personnel work environment, particularly pressures associated with the job and organizational characteristics with six major dimensions of stress: Work Demands, Relationships with others, Career Concerns, Systems maintenance, Role Ambiguity and Administrative tasks being reported. Sahana Charan, (2007), High work pressure, long hours in front of the computer and a fast-paced lifestyle, if these factors team up to weaken your physical health, here is one more strong reason why they are simply unhealthy: mental health professionals are now convinced that an increasing number of persons working in the IT and IT-enabled services sector fall prey to depression, because of the high stress they undergo.

Seligman (2010) emphasised that by identifying their signature strengths, selecting work that allows them to be used on a daily basis, and redrafting their current work to use their signature strengths, employees could increase their experiences of flow at work and engagement. According to Fisher Happiness at Work (2010) asserted the definition of Workplace Happiness as a construct that reflect pleasant judgments (positive attitudes), pleasant experiences i.e. positive feelings, moods, emotions, flow states or positive affective experience in the workplace.

Vasudha Venugopal, (2010), an increasing number of IT professionals have been finding it difficult to handle emotional stress, according to experts. An occupational hazard,' the stress related to work needs to be addressed without delay, they emphasize.

In the paper "Happiness and Satisfaction in IT Jobs" written by J.Dharmaraj explained that it is more appropriate to deliberate on whether the employees working in this IT industry enjoy their job or not. The IT sector in India has played a major role in drawing foreign funds into the domestic market (Anon., 2010). The cost of skilled Indian workforce is reasonably low compared to the developed nations. This makes the Indian IT services highly cost efficient and this is also the reason as to why the IT enabled services like business process outsourcing (BPO) and knowledge process outsourcing (KPO) have expanded significantly in the Indian job market. The emergence of Indian information technology sector has brought about sea changes in the Indian job market. The IT sector of India offers a host of opportunities of employment. It can be said that the growth of India's IT industry has been instrumental in facilitating the economic progress of India (Anon., 2010).

According to Kemakorn and Orapin the research paper titled "Happiness at Work of Employees in Small and Medium sized Enterprises, Thailand) 2011 included the statement of Maenapothi (2007) that, happiness at the workplace means a situation at the workplace when personnel are happy working and not feeling like it is work, are efficient and achieve targeted goals, both at the personnel and organizational levels. Five factors account for happiness at the workplace are Job inspiration, Organization's shared value, Relationship, Quality of work life and Leadership. Happier workers help in boosting company's productivity. In the words of Freeman, Boehm and Lyubomirsky (2008) and Amabile& Kramer (2011) found that workplace happiness can help employees to achieve career success, improve their Job Satisfaction, and encourage them to work harder and at the same time the turnover rate of happy employees can be lower.

As per Devi Uma (2011), research paper titled “A Study on Stress Management and Coping Strategies With Reference to IT Companies” included the words of Sethy and Schulter (1996) in which he outlined four major reasons why job stress and coping have become important issues: Concern for individual employee health and well-being, the financial impact on organization, Organizational effectiveness: for organizational health and wellbeing. Legal obligations: on employers to provide safe and healthy working environment. Desai, K., & Jayakrishnan, K. (2014), research paper titled “Drivers of Human Resource Development Climate: OCTAPAC Culture (Openness, Confrontation, Trust, Autonomy, Proactiveness, Authenticity, Collaboration) A study of Selected IT companies, Bangalore” found that the general HRD climate in the IT organizations in Bangalore is not so encouraging. It is alarming to note that this low level of HRD climate may deter performance and retention of the employees. The level of all the drivers of HRD climate that is openness, confrontation, trust, autonomy proactiveness, authenticity and collaboration are found to be moderate and this calls for management intervention to look into the gaps and take corrective measures wherever required for the well- being of the organization .Efficient and effective HRD mechanisms play a dominant role in superior talent acquisition, deployment, development and retention which in turn leads to organizational excellence.

K. Krushnamurthy and S. Prabhakaran (2015) have highlight work stress among the IT employees in Chennai. They have focused on the factors influencing the work stress perceived by the IT employees and the various factors concerned with stress prevailing in different levels among IT employees. Author has concluded that, overall IT sector of Chennai is more stressful and aged employees are having more stress factors. KVD Prasad, R Vaidya and V.A Kumar (2016) have observed that the effect of work stress on the performance of International Agricultural Research Institute employees is moderate as compared with the IT employees. They studied that there is a higher effect of work stress on IT employees. The results of the study indicate that the work related stress in general and the stress factor Job security in particular effects the employee’s performance in IT organizations. In their study, they have found that health wise many employees of IT organization had developed chronic neck and back pain, an effect of long sitting hours.

In research paper titled “Characteristics of high performing managers in The Netherlands”, conducted by Waal de Andre et.al. (2018) illustrated, that Senior Management must make an effort to promote workplace happiness because doing so will make the organization more attractive to both employees and the general public. This research gives managers a pragmatic way to manage in a way that their staff becomes happier and productive. Sihag Priyanka (2019) not only explained the role of psychological capital to enhance the level of perceived organizational support of IT professionals but also confirmed the positive impact of perceived organizational support on employee’s engagement level at the workplace in her research paper titled “The mediating role of perceived organizational support on psychological capital – employee engagement relationship: a study of Indian IT industry.” Full mediating impact of perceived organizational support was confirmed on the Psychological Capital relationship i.e. if employee possesses a higher level of psychological capital, they show a higher level of perceived or felt the support from their organizations (in the form of Fairness or Justice and Supervisor's support to subordinates) which finally enhance the engagement level of employees in the IT organizations. As per R. Joana, S. Zivile and S. Egle (2021) in their study titled "The Impact of Job Insecurity on Employee Happiness at Work: A Case of Robotized Production Line Operators in Furniture Industry in Lithuania" focus on employee happiness at work and its components, such as job satisfaction, affective organizational commitment, and work-engagement, in order to address the impact of job insecurity caused by extensive robotization. It becomes difficult for organizations to sustain in the long run without human labor. It is suggested that organizations are responsible for helping their employees to cope with Job insecurity effectively, considering that happy employees are productive workers that lead to sustainable business performance.

Present studies have mainly been done in countries other than India, not much information is available on the relationship between employee happiness and workplace success in the Indian Context. The relationship between employee happiness and workplace success has been proven on a macroscopic level, but not much research has been done in particular on the Information Technology Sector. Limited factors that affect happiness have been studied and included in designing different happiness scales so far, but people from different backgrounds and culture may perceive happiness in a way different from one another, thus more factors may be included while designing future happiness scales so that they may be applied to the larger audiences.

3. Research Methodology

The meet the identified research gaps three research question have been framed. These are a) RQ1: What affects Happiness in Indian IT Sector? B) RQ2: Does Happiness leads to Workplace Success? C) RQ3: How small and Medium sized IT companies in India can achieve workplace success?

The present research is descriptive study in its nature and the companies selected for the study are from IT sector. Based on literature available some factors have been taken so as to determine their relationship with employee happiness and how the employee happiness further affects the work-place success. Individual factors which affect employee happiness are given in Table 1.2

No research work can be reframed from the limitation which arise at the various stages of research work. The presented research also has two limitations attached to it: a) The study at present is descriptive and lacks data collection and analysis. b) Just a limited number of parameters that affect employee happiness were used to construct the hypothesized model; additional components might be included to make the study more dynamic.

Table 2: Individual factors which affect employee happiness

S.No.	Individual Factor	Name of the Author and Year
1.	Self Esteem	Myers &Diener (1995), Uma Mittal (2013), Chul-Ho Bum (2016).
2.	A sense of control	Myers &Diener (1995).
3.	Optimism	Myers &Diener (1995), Chanderkant Gorsy (2018), Abdelnaser abdelrahim Qadumi (2019), Nasreen Akhtar (2021)
4	Pleasure and Gratification	Seligman (2002), Radhika Kapur (2022).
5	Strengths and Virtues	Seligman (2002), Y.-L. Chen (2019).
6	Meaningful life	Seligman (2002), Jin K. Kok (2014), Tamkeen Saleem (2018).
7	Self-Validation	Seligmann (2002), Timothy J. Sharp (2006)
8	Motivation	Beecham (2008), Amir Hossein Khoshnam (2013), Andrés Salas-Vallina (2017), Arzu Atan (2021), Ana Junça-Silva (2022)
9	Self-Actualization	John R. Sumerlin (1997), Elliot (1999), Yvon Dorsaint (2016),
10	One's state of Mind	Dalai Lama (2003), Gupta (2012), Femi Cadmus (2013), Carlos Salavera (2020)
11	Work Interest	Santoso Januwar Sono (2015)
12	Resilience	Katherine E. Lower (2014), Singh (2018), Neha Sharma (2019), Ravinder Kumar (2021)
13	Ability to work	Shamma (2007), Nazgol Makki (2019)
14.	Individual's Health	Gavin and Mason(2004), Jan-Emmanuel De Neve (2017), Emiliana R. Simon-Thomas (2018), Agota Kun (2019), Niko Sudibjo (2022)
15.	Valued Social Position	Warr (2007), Catherine McGonagle (2015)
16.	Remuneration	Bakker (2001), Catherine McGonagle (2015), N. Anjum (2021)
17.	Interpersonal Relationships	Ulrich Stoetzer (2010), Demir and Davidson (2013), Jarrod M. Haar (2019)

3.1 Individual factors selected for study:

- *Individual's Health:* It is the physical and mental state of an individual, in which she/he performs the day-to-day activities of his/her professional and personal life. According to V. Padman, N.N Anand research paper titled "Health problems and stress in Information Technology and Business Process Outsourcing employees, 2014" included that Employees working in IT sector are prone to develop health problems.

- *Self Esteem:* Self-esteem is an individual's subjective evaluation of their own-worth. Self-esteem can apply to a specific attribute or globally. As per Dr. Susan Abraham's research paper titled "Factors influencing workplace happiness among employees in software companies in Bangalore,2015" Self-esteem is strongly associated with happiness. He said that his research has not clearly established causation. As per Dr. Susan Abraham a high self-esteem does lead to greater happiness.

- *Optimism:* Optimism is an attitude reflecting a belief or hope that the outcome of some specific endeavor or outcome in general, will be positive, favorable, and desirable. Chanderkant Gorsy and Neeraj Panwar's Research paper Titled "Optimism as a Correlate of Happiness among Working Women" included the words of, Lipkus et al. (1993) indicate that optimists believe that negative events are less likely to occur in the near future, may serve a vital function. By doing so, optimists tend to engage in activities, which will increase their chances of experiencing positive outcomes. Further, McKenna (1993) reported that a "positive orientation to events can result in greater effort and persistence with resulting greater success".

- *Motivation:* It is the driving force behind human actions. It is frequently used to describe why a person does something. Three major theories are commonly used to explain this: (1) Maslow's Hierarchy of Needs Theory, (2) Herzberg's Dual Factor Theory and (3) Hackman Oldham's Job Characteristic Theory. These theories share the concept that the fulfillment of needs is central to motivating employees, with motivators that increase satisfaction needing to be part of the job.

3.2 Relation between happiness and individual factors taken for study:

- *Individual's Health & Happiness:* If a person is physically healthy and mentally healthy (Free from illness or any kind of disease) then only he can be happy and give his Hundred percent to the work. In the research paper "Happiness measurably propels Human Well Being and Performance: A case report" the author Rob Wheaton and Jamie Gassmann explained that one has to be happy in order to be healthy."

- *Self Esteem & Happiness:* According to Cynthia Le Rouge, Anthony Nelson and J.Ellis Blanto's research paper titled "The impact of role stress fit and self Esteem on the job attitudes of IT professionals, 2006 " Self Esteem is very much linked with happiness. Generally, people with high level of self -esteem leads to large happiness and a lower level of self-esteem leads to depression at many places. People with high Self Esteem produce good results in life.

- *Optimism & Happiness:* Having hope and confidence about something i.e. having a notion in the mind those positive things will happen. Optimist people are rare in IT sector because of the work pressures, complexity of the job etc. An optimist person thinks ahead in advance; he thinks about covering an extra mile to achieve a target.

- *Motivation & Happiness:* When an employee is motivated, he happily gives his best to the job in hand, this further increases the productivity of the employee. According to a study by Sarah Beecham, Nathan Baddoo, Tracy Hall, Hugh Robinson, and Helen Sharp, titled “Motivation in Software Engineering: A systematic literature review”, Software engineers become motivated when they have clear objectives, a personal interest, comprehend the purpose of a task, experience job satisfaction, and work on a project that can be recognised as high quality.

3.3 Justification for selection of Individual factors taken for study:

- *Individual’s Health:* Gavin and Mason (2004) said that healthy and happy employees tend to be more productive. Workplace tends to be healthier and happy as health, happiness and productivity are essential ingredients of a good society.

- *Self Esteem:* The need for esteem is addressed in Abraham Maslow’s ‘Hierarchy of Needs’ for motivation. Self-esteem effects happiness and satisfaction in life and is developed through an individual’s life experiences, it is unrealistic to think self-esteem can be taught. (Blascovich, Tomaka, 1993). High self-esteem levels tend to increase the individual’s level of happiness and life satisfaction (Smith, 2000). Self-esteem has been found to be positively associated with happiness (e.g., Baumeister et al., 2003).Self-esteem is a universal and crucial factor that is related to the level of happiness amongst people (Taylor and Brown, 1988; Baumeister et al., 2003)

- *Optimism:* In a study in the related literature and conducted by Sahin (2015), a positive, significant and moderate relationship between happiness and optimism was found. In another study, Sapmaz and Doğan (2012) found in their study that optimism is positively associated with happiness. In another study conducted by Seligman and Pawelski (2003), it was concluded that optimistic individuals could produce more comfortable solutions to the problems they encountered and were happier than non-optimistic individuals. There are other studies (Cummins &Nistico, 2002; Ryan &Deci, 2001) showing that optimism predicts happiness.

- *Motivation:* According to (Beechman et al, 2008; Mak & Sockel, 2001) Motivation is the key determinant for retention and it has large impact on productivity. As per Brenda L. Maka, Hy Sockel’s research paper titled “A confirmatory factor analysis of IS employee motivation and retention.” Said that the motivation of the Information system personnel to perform well is affected by their satisfaction with their job situation and the perception of the effectiveness of management policies on career development. Motivation construct is highly correlated to the Retention construct.

Table 3: List of Organizational factors which affects happiness

S.No.	Organizational Factors	Name of the Author and Year
1	Job Inspiration	Fapinyo(2009), Joseph Loizzo (2012)
2	Leadership	Yukl (2001), Kyoung A Kim (2012), Andrés Salas-Vallina (2018), Khairunesa Isa (2019)
3	Job Engagement	Kahn (1992), Kwon-Soo Kim (2018), Azzam A. Abou-Moghli (2018), Kwon-Soo Kim (2019), Rosdaniati Rosdaniati (2021), Unggul Kustiawan (2022)
4	Job Satisfaction	Smith, Kendall Hulin Charles N. Weaver (2001), Luthans (2006), Mohsen Momeni (2019), Thevanes Nadesan (2021)
5	Organizational Trust	Robbins and Judge (2008), Fbio da Silva Ferreira (2018), Mohamed Mousa (2021)
6	Organisational Attractiveness	Altmann and Suess (2015), Kadadunna K.K.P.I.K (2021)
7	Organisational Culture	Schein & MoelJono (2003), Francisco Espasandin-Bustelo (2020), Kyoung-Nam Kim (2014), Rituraj Sharma (2019)
8	Job Security	Brotheridge (2007)
9	Authentizotic Climate	Rego Armenio& Cunha Pina Miguel (2007) (2011)
10	HRD Climate	Desai Kavita Jayakrishnan Kalpana (2014), Dr.S. Dadhabai (2018), Ajay Solkhe (2022)
11.	The Work Itself	Siccama, 2006; Mc Carthy (2008), Surendra Arjoon (2015) (2017), Fabian Homberg (2017)
12.	Fairness and Injustice	Sihag Priyanka (2019)

3.4 Organizational factors taken for study:

- *Organizational Attractiveness:* It can be characterized as employer allure, a collection of advantages one enjoys when working for a particular company. Whatever benefits an employee receives while working constitutes organizational attractiveness. As per Andre de Waal's research paper titled "Increasing Organizational Attractiveness: The role of High Performing Organization and happiness at work frameworks" the definition of Berthon et. al. (2005) as, "set of benefits an individual experience in working for a specific organization".

- *HRD Climate:* According to Dr.Kavita Desai research paper titled "Drivers of Human Resource Development Climate: OCTAPAC Culture: A Study of Selected IT Companies, Bangalore". The HRD climate refers to how the staff members view the rules, regulations, customs, and working conditions that are in place in the organization.

- *Leadership:* As per Santoso Januwarsono research paper titled "Analytical of Factors Determinants of Happiness at work PT.PLN (Persero) Region Suluttenggo, Sulawesi, Indonesia, 2015" included the indicators like trust by subordinates, friendship, Subordinates Development, Giving information to subordinates, Innovation appreciation(Michigam University, Yukl 2001) Stimulating leadership helps in building sense of trust among people, people feel motivated and happy while working under such leaders this leads to better performance from the employees and contributes to the workplace's success.

- *Job Engagement:* It encompasses a person's passion for and commitment to their work. High-engagement employees relate to their work on a personal level and find work itself to be motivating. As per Mansi's research paper titled "A psychometric validation of the happiness at work place scale". An upbeat mental state at one's place of employment is referred to as job engagement.

3.5 Relation between happiness and organizational factors taken for study:

- *Organizational Attractiveness & Happiness:* The more benefits the employees get in an organization, the happier they become in their current organization, and the harder they work to be associated with the organization. As per Andre de Waal's research paper titled "Increasing Organizational Attractiveness: The role of High Performing Organization and happiness at work frameworks" included Altmann Suess (2015) statement that organizational attractiveness can be broken down into different yet connected attitudinal beliefs about businesses as potential employers and aspirations to work for the company.

- *HRD Climate & Happiness:* In order to make certain that Happiness in the organization exist, HRD climate plays very significant role as it ensures Openness, Confrontation, Trust, Autonomy, Pro-activeness, Authenticity and Collaboration. It put emphasis on nurturing human resources to gain competitive advantage. HRD Climate represents the core of organizational harmony and contributes to the workplace success. According to Dr. Kavita Desai research paper titled "Drivers of Human Resource Development Climate: OCTAPAC Culture: A Study of Selected IT Companies, Bangalore" included the words of Kaufman saying that, "An organization is only good as its people". People are the most valued resource in any organization; therefore, one has to create a culture and climate that is marked by traditions of commitment and nurture people to make them effective. Organizations who have a strong and deep concern for growth must invest on their employee's growth and happiness.

- *Leadership & Happiness:* Stimulating leadership helps in building sense of trust among people, people feels motivated and happy while working under such leaders this leads to better performance from the employees and contributes to the workplace's success. According to Rink Dahiya and Juhi Raghuvanshi's research paper titled "Happiness at work: a multi-criteria decision-making approach" researchers like Csikszentmihalyi et al. (2005) and Tsai (2009) said that, leadership that facilitates feelings of development, learning and mastery arouses high activation of positive affect and intrinsic motivation in employees. According to Fapinyo (2009), executives or heads of the organization promote and create happiness for personnel when they work by creating motivation, awareness, and dedication in their subordinates. Leaders also engage in two ways, transparent communication with their staff and they themselves are dedicated to create good atmosphere for their staff as well.

- *Job Engagement & Happiness:* An individual begins to relate to his job more as he becomes more involved in it, and thus the engagement with the work makes the person happy in carrying his duties. His understanding of the work increases which affects his performance in a positive way. According to Kahn (1992), who is quoted in Mansi's research paper "A psychometric validation of the happiness at work place scale," job engagement is a concept that states that the more a person is engaged in their work role, the more in-depth understanding of performance they will have.

3.6 Justification for selection of Organizational factors taken for study:

- *Organizational Attractiveness:* The Relevance of Corporate Social Responsibility for a Sustainable Human Resource Management: An Analysis of Organizational Attractiveness as a Determinant in Employees' Selection of a (Potential) Employer, Bettina Lis (2012). Some more research studies talk about the impact of organizational attractiveness being a factor influencing employee thought process and affecting his self-identification and satisfaction which are part of the proposed happiness definition.

- *HRD Climate:* According to Dr. Kavita Desai and Prof. Kalpana Jayakrishnan HRD Climate is very essential for an organization to develop, grow and sustain itself. That's why it is very significant for work-place success.

- *Leadership:* According to Sulaiman (2014) employees are unhappy at work when there is a communication gap between the superiors and the staff members. According to Bass (1985) transformational leadership characteristics such as intellectual stimulation, charismatic and individual-centred thinking can stimulate commitment among employees while employees who are willing to be committed are those who are happy and satisfied with their working environment (Isa et al ., 2018).

- *Job Engagement:* According to previous research on employee work engagement, engaged employees tend to show positive organizational outcomes, including more customer satisfaction, higher productivity and profit, lower turnover intention (Harter et al., 2002), more in-role and extra-role behavior (Schaufeli et al., 2006), higher organizational commitment (Schaufeli and Bakker, 2004), and work-family satisfaction (Bakker et al., 2014).

4. Constructed Model and Discussion

Based the literature review and the factor identified the following given model is proposed for

EMPLOYEE HAPPINESS		**Workplace - Success**
Individual Factors	**Organisational Factors**	
Individual's Health Self Esteem Optimism Motivation	Organizational Attractiveness HRD Climate Leadership Job Engagement	

Figure: Proposed model

The proposed model is backed on the literature present through the studies conducted till now and the relationship between different factors and employee happiness and work place success can be derived from different references.

- *Individual's Health:* According to Gavin and Mason (2004), Employees who are happy and healthy work more effectively. Workplace results to be more productive and happy as health, happiness and productivity are crucial components of a good society.

- *Self Esteem:* Need for esteem has been addressed in Abraham Maslow's 'Hierarchy of Needs' for motivation. It is absurd to think that self-esteem can be taught because it develops through a person's experiences in life it has an impact on happiness and satisfaction in life. (Blascovich, et. al., 1993). According to Smith (2000), People who have a high level of self-esteem typically experience greater levels of satisfaction with life and joy. According to Baumeister et. al. (2003), Happiness has been found to be positively correlated with self-esteem. Accoding to Taylor and Brown, 1988; Baumeister et al. (2003) Self-esteem is a broadly accepted and important factor that is linked to peoples' levels of happiness.

- *Optimism:* In a study by Sahin (2015),it was found that Happiness and optimism have a favourable, significant, and reasonable relationship. Also, in their research, Sapmaz and Doan (2012) discovered that happiness and optimism are positively correlated. In a 2003 study by Seligman and Pawelski, it was found that optimistic people were happier than non-optimistic people and could come up with more convenient solutions to the problems they encountered. Other studies (Ryan & Deci, 2001; Cummins & Nistico, 2002) have demonstrated that optimism influences happiness.

- *Motivation:* According to (Beechman et al, 2008; Mak & Sockel, 2001) Motivation is the key determinant for retention and it has large impact on productivity. As per Brenda L. Maka, Hy Sockel's research paper titled, "A confirmatory factor analysis of IS employee motivation and retention", employee satisfaction with their employment situation and their opinion of the efficacy of management policies regarding career development have an impact on their motivation to perform better.

- *Organizational Attractiveness:* An analysis of organisational attractiveness as a factor in employees' choice of a (prospective) employer, by Bettina Lis, The Relevance of Corporate Social Responsibility for a Sustainable Human Resource Management (2012). Some more research studies talk about the impact of organizational attractiveness being a factor influencing employee thought process and affecting his self-identification and satisfaction which are part of the proposed happiness definition.

- *HRD Climate:* According to Dr. Kavita Desai and Prof. Kalpana Jayakrishnan, for an organization to develop, grow and sustain itself the HRD Climate is vital. That's why it is very significant for work-place success.

- *Leadership:* According to Sulaiman (2014), when there is a lack of effective communciation among the superiors and the other staff members it leads to the staff to become unhappy. As per Bass (1985), transformational leadership traits like charisma, individual-centered thinking, and intellectual stimulation can encourage commitment among employees. According to Isa et. al. (2018), individuals who are inclined to be committed are those who are happy and content with their work atmosphere.

- *Job Engagement:* As per the previous studies on job engagement, the employees with higher levels of job engagement, demonstrate favourable organisational outcomes, such as increased customer satisfaction, increased productivity and profit, and decreased intention to leave the organisation (Harter et al., 2002), increased commitment to organization (Schaufeli and Bakker, 2004), further in-role and out-of-role actions (Schaufeli et al., 2006) and work-family satisfaction in terms of work life balance (Bakker et al., 2014).

5. Conclusion

With organizations realizing the value of the human capital and importance of humanitarian style of management to achieve better employee engagement and commitment, increased motivation and enhanced productivity, it becomes important than ever to make sure that the factors that lead to employee happiness are given due attention, as happy employees are found to be more productive. It is found that the selected individual factors and the organizational factors have direct positive realtion with employee happiness and the employee happiness further contributes to the workplace success. Some of the research gaps can be addressed by carrying out research in the Indian context. In future the data can be collected from the employees of the Information Technology Companies in order to find relevance of the conceptualized model in Information Technology sector. A large proportion of Information Technology companies are concentrated in urban areas. Therefore, it is hoped that research on Information Technology companies in Delhi-NCR will reflect the true state of employee happiness in the IT Sector.

6. Limitations and research/academic implications:

The study at present is only descriptive and lacks data collection and analysis. The study has focused only on the relation between employee happiness and work place success in the Information Technology sector, and the extent of effect of the former on the later may differ in different sectors. The model can be limited only to the Delhi - NCR region and as different regions and countries have different cultures, thus, different ethnic groups may respond differently to different stimulus, and may perceive happiness at work place in way that is different from one another.

Only a few factors that contribute to employee happiness have been taken for building the conceptualized model, more factors may be included to make the study more dynamic. Taking different factors into account some new employee happiness and work place success scales may be designed that may contribute to the research on the current topic.

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Sustainable Development and Sustainable Investing: A Study of Sustainable Foreign Direct Investment for the Indian Economy

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Abstract

Compliance with sustainable development goals is the need of the hour to discontinue the environmental damages and enhance socio-economic growth. Sustainable foreign direct investment is one way to achieve these goals. India has been performing well in terms of attracting higher FDI but the need of the hour is to shift the focus from attracting 'higher FDI' to attracting 'sustainable FDI'. The paper in an attempt to prove that sustainable investments such ESG commitments can help India achieving sustainable development goals and higher FDI. The paper probes into the current situation of foreign direct investment in India, need of sustainable investing in India, how can we integrate sustainable development goals with sustainable investing, and why ESG commitments should be considered as an appropriate way to achieve these goals. The paper finds that Indian inward FDI growth rate has negative correlation with employment and negligible contribution in enhancing HDI rankings. Moreover, rising income inequality, poverty, high illiteracy ratio in Indian states adds to the need of sustainable investing. Sustainable investing commitments are not costs but a determinant for the company in attracting FDI. Additionally, while India has lost its position in the confidence index, ESG commitments can bring a boost.

Keywords: Foreign Direct Investment, Sustainable Investing, Sustainable Development Goals, ESG, CSR.

1. Introduction

The prominence of FDI has been recognised by Indian government and since then it has been proactively functioning towards attracting foreign multinationals. India despite the pandemic has recorded a positive growth rate in 2019-20 and 2020-21 (RBI Database). India's flagship programme 'Make in India' intends to make India, worldwide production house. Moreover, DPIIT established in 1995 publishes consolidated FDI policy circular to encourage FDI in India. However, the policies only concentrate on magnitude of FDI and the emphasis on fetching equal FDI to Indian states, compliance of environmental measures like low carbon emission by foreign enterprises, and FDI that influence socio economic indicators is non-existent. Sustainable policy measures fulfil two targets: contribution in achieving SDG goals and increasing FDI magnitude. Hence, India needs to adapt a sustainable approach towards attracting FDI.

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India is one of the strongest emerging economies with strong and stable economic growth rates. Capital adequacy via FDI and FII play important role in the growth story of India. However, in attracting higher levels of FDI for the economy the focus primarily is on the short-term gains rather than the long-term value creation. Consequently, this narrow focus on FDI has led to a unidimensional economic growth of the country at the cost of economic inequalities, environmental degradation, social imbalances etc. The UN SDG framework (Brundtland report 1987, SDG summit 2015) addressed this imbalance by recommending a balanced approach to development based on economic, social and environmental concerns. In this context the need of the hour for a strongly emerging economy like India is to focus on growth and development with emphasis on the three pillars of sustainability.

The focus of this paper is to study the relevance and importance of using FDI as a means to achieve SDG through sustainable and responsible investment based on ESG and CSR Inward FDI scenario in India.

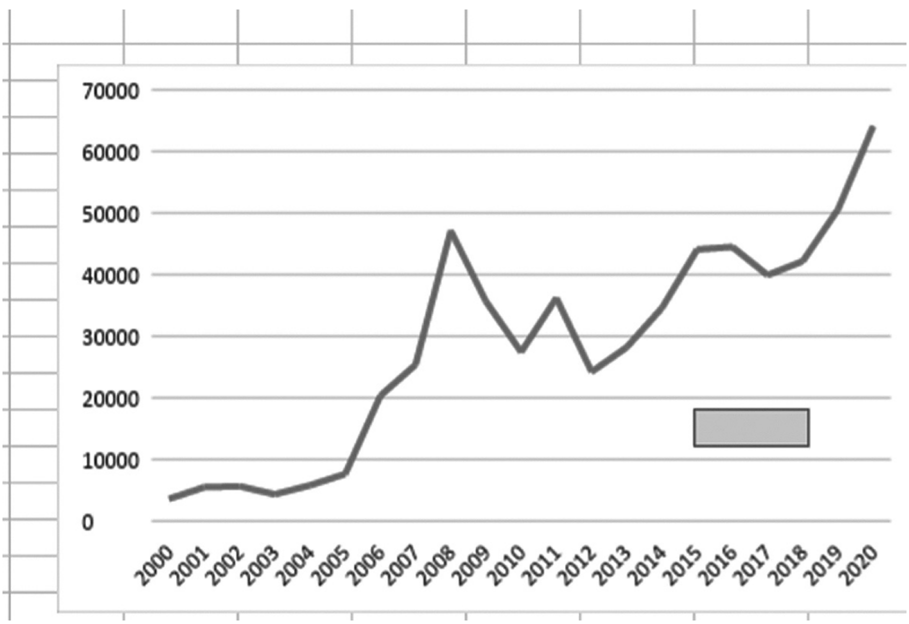

Figure: 1 FDI in India, 2000-2019 (In terms of US$ million)

(Source: Author's compilation on based RBI database)

The above figure portrays that over the time India has been proficient in attracting inward FDI from the world consistently. Despite the covid-19 pandemic India managed to attract higher FDI from the world. India has secured 7th position in the world in the report released by UNCTAD in 2022. India faces massive competition from China, as China and India both being Asian countries have almost same market size. China attracts enormously higher inward FDI as compared to India. Moreover, viewing at the damage created by the covid-19 pandemic as specifically, the Gross Domestic Product growth rate and employment ratio in India were reduced by 7 percent and 8 percent in 2020 (World bank indicators). Sustainable FDI can be a means to bring in long term comprehensive and inclusive development in the country. Linking the investment climate with ESG parameters will be a step forward in this direction.

As per Morgan Stanley survey (2019), 85% of retail investors are inclined towards sustainable investing. In India though, the concept is yet nascent.

Table:1 India's performance in ease of doing business

Ease of doing business ranking	63rd
Starting a business	Yes
Making it easier to deal with construction permit	Yes
Making it easier to electricity	No
Making it easier to register property	No
Enforcing Contracts	No
Strengthening legal rights of borrowers and lenders	Yes
Improving sharing of credit information	No
Strengthening minority investor protection	No
Making it easier to pay taxes	No
Making it easier to trade across border	No
Making it easier to solve insolvency	Yes

(Source: Author's compilation based on ease of doing business report, 2020)

Comparative study of selected Asian countries:

The calculation is based on growth rate in 2019 as compared to 2018, in the year 2020 due to covid-19 pandemic the distribution of national income and employment growth rate was affected and hence 2019 is chosen to study the situation.

Table: 2, Comparative highlights, 2019 (In terms of growth rate)

Countries	Carbon emission growth rate 2019	GNI per capita (PPP)	Employment growth rate
India	0.17	4.54	0.39
China	1.95	7.64	-0.62
Singapore	-0.04	1.33	0.77
United Arab Emirates	6.62	3.92	0.1

(Source: Author's compilation based on World bank indicators, World Bank)

The table reveals that India despite of the market size has considerably lower growth in carbon emission. On the other hand, China has the highest growth rate in the carbon emission which is possibly because in the last decade China has become the global manufacturing hub.

Next indicator is GNI per capita (PPP) in which basically final income divided by its population. From the above table India is performing better as compared to UAE and Singapore. But the GNI per capita (PPP) shows an inaccurate picture. As (World Inequality Report, 2018), between 1980 to 2016 in China average income of the bottom 50 percent in China grew by 417 percent while in India it grew only by 107 percent while for top 10 percent increased by 469 percent.

Table: 3, Share in National Income (In terms of %)

Population percentage	Share in national income, 2018	Share in national income, 2022
Top 10%	56%	57.1%
Top 1%	22%	21.7%

(Source: (World Inequality Report, 2018) and (World Inequality Report, 2022).

The data shows how abruptly opening up the economy for private sector and the quest of attracting higher inward FDI has led a gradual increase in the income inequality in India. The economic liberalisation policies in India have clearly benefitted the top 1% and 10% population in India. Hence, India clearly needs a sustainable long-term investment which could benefit not only these top earners but population as a whole.

Moreover, the growth rate in employment has been minimal in India with just 0.39 %. Employment is one macro-economic indicator which could greatly contribute in the development of national income and economic growth. Now, how can FDI help in escalating this growth rate? By enforcing an obligation to generate stipulated percent of employment to labourers in India could solve this problem. Moreover, providing incentives to international companies exporting their products from India basically encouraging manufacturing in India. Integrating sustainable development and sustainable investing.

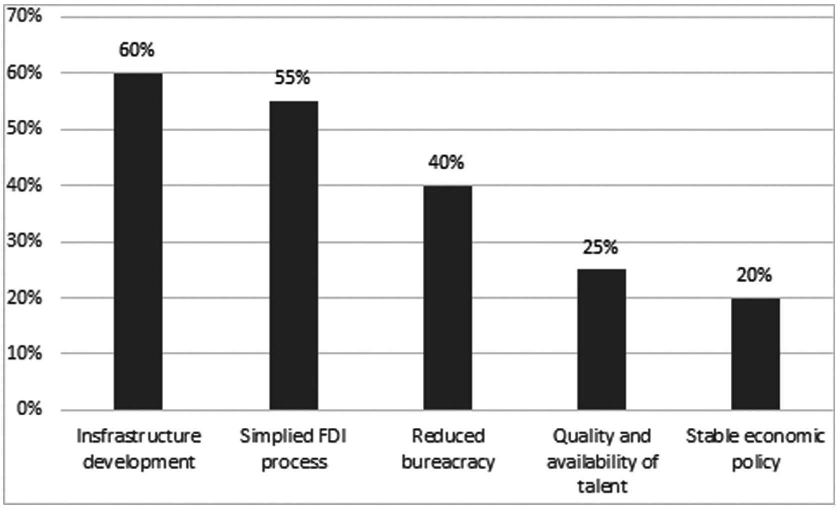

Figure: 2, Drivers for improvement of FDI in India, 2009 (In terms of %)

(Source: Foreign Direct Investment in India: An AMCHAM and Booz & company study,2009)

The above-mentioned determinants for improving inward FDI in India such as infrastructure development, quality and availability of talent, reduced bureaucracy and stable economic policy are directly or indirectly in line with objectives of SDG. Moreover, a recent study conducted by OECD on FDI quality indicator (2019) mentions that the traditional drivers of FDI such as market size, economic growth and exchange rate would not be sufficient in coming times. Profit-seeking might not be the only objective of international investors. The study mentioned that FDI is crucial for sustainable development growth. A country like India with great market size and aiming to achieve both SDG as well as higher FDI should connect FDI policies with sustainable developmental goals.

Sustainable development is defined as the "Development of present generation without compromising the needs of future generations". To fulfil this objective 17 SDG have been setup. Now, the question is how is sustainable development linked with foreign investment? An OECD report on the FDI qualities indicators have probed into how FDI can contribute in achieving SDG. This report has formulated 17 goals into clusters and impact of inward FDI on these clusters have been measured. These broadly covers economic, social, and environmental sustainability.

Table: 4 Impact of FDI on sustainable investment goal, 2019

Cluster	Objectives	Results
Productivity & innovation	Provide information on the extent to which foreign MNEs and their linkages with domestic firms, enable productivity growth and enhance innovation capacity through knowledge and technology transfer	Labour productivity; labour productivity growth; product innovation; process innovation; R&D expenditures; use of foreign technologies
Employment & job quality	Explore how FDI relates to employment and job quality in host countries. Job quality is essential to ensure that employees can work productively	Job creation per unit of FDI; employment growth; wages; job security (temporary work); worker safety (injuries)
Skills	Investigate to what extent foreign MNEs invest in human capital and skills, directly through in-house worker and manager trainings, and indirectly through knowledge transfers to domestic firms.	Skill intensity; on-the-job training; technical skill shortage/ surplus.
Gender equality	Examine how FDI is associated with gender equality in host economies.	Gender employment gap; gender wage gap; female top managers (female empowerment); women entrepreneurship
Carbon footprint	Study the extent to which FDI relates to carbon footprint, and how FDI is contributing to the low carbon energy transition	CO2 emissions; energy efficiency; renewable energy.

(Source: Adapted from (OECD , 2019)

The report concluded that FDI has a negative impact only on gender equality other than that it positively impacts all the variables. But unfortunately, in quest of achieving higher FDI figures countries have lacked in integrating sustainable investments with sustainable development. Therefore, it is high time, India should integrate its international investment policies with SDG goals.

1.1. Scope of the Study

In 2020, sustainable finance surged despite unpredictable markets shaken by the COVID-19 crisis. The value of sustainability-themed investment products – such as sustainable funds, green bonds, social bonds and mixed sustainability bonds – increased by 80%, reaching $3.2

trillion. FDI, on the other hand, fell dramatically by 35% globally in 2020 as lockdowns slowed down existing investment projects. Investment in sectors relevant to the SDG (SDGs), such as infrastructure, collapsed. International private investment in infrastructure has gone down by 54% in developing countries, highlighting the pressing need to scale investment facilitation efforts. (World Economic Forum 2020).

The present literature concentrates on the role of ESG factors in driving investments from domestic and portfolio investors, however, literature on the role of ESG factors in driving FDI is absent. In India, the share of FII is 32 percent and FDI is 68 percent in the total investments in 2020-2021 (RBI database). Hence the ESG factors become more relevant and important for the growing FDI in the economy.

2. Review of Literature

(O, 2013) finds exchange rate and infrastructure as factor attracting FDI, (Parashar, 2015) finds lower wages as a factor attracting FDI, (Shankar, 2016) the researcher finds that GDP, Trade Openness and Exchange Rate the major determinants of FDI in India.

2.1 Literature on sustainable development

A study conducted by (Worldwide fund for nature, 2000) mentions that the problem is arising as countries in the race of attracting FDI are sabotaging their own environment. A study (UNCAD, 2004) concluded that being conscious about environment will not decrease the amount of FDI coming in the country. "On the contrary, environmental management can help develop advantages for frontrunners, to improve the transfer of environmentally sound technology, to 'green' the supply chain, to avoid environmental risks and to raise environmental awareness of consumers and business partners". A report released by (OECD, 2019) on FDI quality indicators concludes that FDI positively contributes in the achievement of SDG. An interesting study conducted by (Narula, 2012) concludes that sustainable development is the need of the hour and India should formulate stringent policies which promote sustainable development in India. A report by (Kearney's FDI confidence index, 2022) concluded that foreign investors in the present age are not only concerned with the traditional determinants but also considers ESG commitments of the companies while investing.

2.2 Research Gap

The present literature covers the exigency to achieve SDG, and how countries in the contest of attracting higher FDI have been detrimental towards their own environment. However, there is need to analyse the contribution of FDI in terms of fulfilling the sustainable development goals. Additionally, studies committed towards ESG as an appropriate approach in achieving SDG and how the compliance to ESG commitments can act as a determinant FDI needs to be added in existing literature.

2.3 Objectives of the study

The present literature needs more studies that highlight the linkages between ESG factors and FDI. Based on the research gap following objectives have been formulated.

- To study the present scenario of inward FDI in India.
- To examine the reasons to align FDI policies with SDG.
- To demonstrate need of FDI via ESG parameter and CSR

3. Research Methodology

This study focuses on the link between FDI and ESG, FDI and CSR factors based on the historical performance of FDI in the Indian economy. The performance and potential of FDI performance is linked with the environmental and social factors as a means to improving the prospects for sustainable investment in the long run.

Data Sources

This study focuses on the link between FDI and ESG, FDI and CSR factors based on the historical performance of FDI in the Indian economy. The performance and potential of FDI performance is linked with the environmental and social factors as a means to improving the prospects for sustainable investment in the long run.

The data has been collected from various secondary sources like world bank indicators, UNCTAD, OECD, RBI database, world economic forum, morning star, futurescape, World Inequality report. Research tools used to conduct the research work as per objectives are:

- In order to understand the scenario of inward FDI in India, the study probes into the trends of FDI from the period 2000 to 2019, with the help of line graph as it displays the change over time. It evaluates India’s performance on FDI pull factors based on ease of doing business report, 2020.
- To examine the reasons to align FDI policies with SDG, the present studies AIQ of states attracting FDI inflows and identifies the influence of FDI inflows on socio-economic indicators such as employment and HDI with the help of regression analysis. It covers time period between 1992 to 2020. Based on the research objective, the hypothesis was framed.

H0: FDI inflows does not have significant influence on employment in India

H0: FDI inflows does not have significant influence on India’s HDI ranking

- To demonstrate need of FDI via ESG parameter and CSR, the study highlights importance of ESG based on various reports and ESG funds performance in India between 2019 to 2022.

4. Data Analysis

4.1 Need of Sustainable Investing in India

- *FDI and Air Quality Index:*

Table: 5, FDI and AIQ ([11]), December 2021 (FDI in terms of US$ million)

States	FDI	AIQ	Performance
Maharashtra	245799.41	61	Moderate
Karnataka	215198.47	59	Moderate
Gujarat	197117.38	85	Moderate
Andhra Pradesh	3298.3	41	Good
Dadra And Nagar Haveli	1054.1	61	Good
Delhi	116478	134	Poor
Goa	815.28	35	Good
Haryana	32916.92	125	Poor
Jharkhand	19203.41	77	Moderate
Tamil Nadu	42139.82	60	Moderate
Telangana	23051.74	56	Moderate
West Bengal	6843.13	60	Moderate

(Source: Author's compilation based on RBI database, National AIQ, 2021)

It is evident that Andhra Pradesh, Goa, and Dadar Nagar Haveli (Union Territory) have a good AIQ but also receive lower inward FDI as compared to other states. On the other hand, states like Gujarat. Maharashtra, and Delhi receiving higher FDI inflows have a lower AIQ in India. Hence, just attracting higher investments are enough, India needs sustainable FDI which could improve environmental conditions parallel to achievement of sustainable developmental goals.

[11] *AIQ- Air quality index*

4.2 FDI and Employment:

Table:6, 1992-2020 (In terms of % change)

Year	Growth Rate in FDI	Growth rate in employment	Change in HDI
1992	236	2	1.6
1993	111	-1	1.4
1994	83	1	1.6
1995	121	0	1.8
1996	17	0	1.5
1997	43	-2	1.3
1998	-27	1	1.5
1999	-18	1	1.7
2000	65	-3	1.2
2001	53	0	0.8
2002	3	-1	1.4
2003	-23	2	2.4
2004	34	0	1.7
2005	32	0	1.7
2006	167	0	1.9
2007	25	-1	1.6
2008	86	-3	1.4
2009	-24	2	1.1
2010	-23	0	1.8
2011	32	-2	1.6
2012	-33	0	1.5
2013	17	0	1.2
2014	23	0	2.0
2015	27	0	1.3
2016	1	0	1.0
2017	-10	-1	1.6
2018	6	-1	0.3
2019	20	-1	0.5
2020	27	52	-

(Source: Author's compilation based on RBI database, UNDP)

Table: 7 Statistical Interpretations

Observations	Correlation	Df	t stat	P(T<=t) two-tail	Results
29	-0.03	1	3.06	0.004	Negative and significant

*Correlation significant at 0.05 level (Based on table:6 (Employment)

There is an increase in inward FDI flows in India over the time. But from the above calculation it is evident that there is a no contribution of FDI in generating employment. FDI is welcomed in the country with the assumption that it will increase employment in the country. But the statistical results show different situation as inflows of FDI as influence in employment generation in India which means that there is a need of strategically inviting FDI in India which could increase employment opportunities as well as income in the country. One possible reason of FDI not contributing in the employment growth is the type of investments we attract. The figure 3 indicates that the green field investments in India are decreasing which means that we are attracting investments through merger and acquisitions or joint ventures which are considered inorganic for growth what India needs to increase employment is the investments via green field investment i.e., multinationals who establish their own subsidiary in India which will generate the need for new labourers.

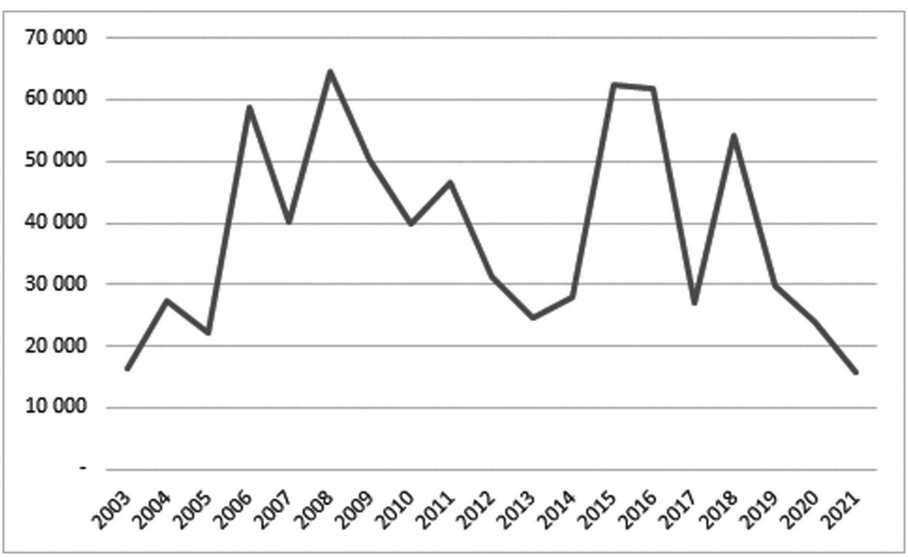

Figure: 3, Green Field investments in India, 2003-2021 (In terms of US$ million)

(Source: Author's compilation based on RBI database)

FDI and HDI :

Table: 8, Statistical Interpretation

Observations	Correlation	Df	t stat	P(T<=t) two-tail	Results
29	0.11	1	3.03	0.004	Positive and Significant

*Correlation significant at 0.05 level (Based on table: 6 (HDI)

The above table shows correlation between FDI and HDI which makes an attempt to inspect that whether with the increase in inward FDI in India, India could attain a better HDI ranking or not. HDI is an index based on three indicators namely, Health, Knowledge, and Standard of Living. The reason to select HDI ranking for inspecting the impact of inward FDI in India is because these indicators are in line with the SDG.

It was observed that HDI ranking and FDI have a positive and significant relationship which indicates that with the increase in inward FDI, HDI ranking of India has improved or vice-versa. But at the same time the correlation is very low which could possibly mean that a very less amount of inward FDI has contributed in the betterment of these three areas. Hence, a call for sustainable inward FDI which could contribute in improvement of health, literacy and gross income per capita in the economy.

5. Findings

The above results highlight the need of sustainable investments in India. In the consolidated FDI policy published by Government of India there is no mandate for reducing environmental pollution which should be incorporated as from the table 5 we can see those states receiving higher inward FDI have a very low AQI.

Moreover, the increase in inward FDI in India has no impact on the employment of the country, which could possibly mean that India is attracting a large amount of FDI investments via brown field investments. Hence to generate employment we need to attract green field investments in the economy.

Attracting international investments in education sector can escalate the literacy ratio of the country and also provide better infrastructure for the educational institutions. The recent covid-19 pandemic revealed the situation of health infrastructure in India and the need for a better one. The gap can be fulfilled by fetching international investments in health sector which could bring in new medical equipment and better infrastructure.

Hence, looking at the current scenario of India, sustainable development goals can be achieved through sustainable investing.

5.1 Approaches to Sustainable Investing: Environmental, Social, and Governance

ESG investing was introduced in 2006 following the introduction of the Principles for Responsible Investments by United Nations. (ADEC Innovations, 2022). It refers to investments which seek positive long-term returns in the economy. These factors represent different types of investment areas that fall under sustainable investing.

As far as India is concerned investments by ESG companies are received majorly through foreign institutional investors only. Investments received by companies through FDI is quite low. One reason behind this is the Indian ESG companies' norms do not comply with international standards. In other words, the companies do not meet the norms to be called an ESG company. The companies considering themselves an ESG company in India do not fully comply by the ESG norms as per international investors.

Different rating agencies and fund management companies investing in companies allot ESG scores with their individual norms. An attempt has been made to compile the common factors based on various sources. Now let us look at the activities based on which companies are allotted ESG scores:

Table: 9, ESG Composition

Environmental Empathy	Social Responsibility	Corporate Governance
Efficiently dispose waste	Gender equality	Ethical practices
Prevent pollution	Women empowerment	Efficient management
Conserve water	Donations to social cause	No fraud or illegal activities
Address climate change	Quality products	Strong internal controls
Conserve energy	Labour welfare and rights	Transparency and disclosure
Animal welfare	-	Shareholder rights

(Source: Adapted from (Michelle Zhou, 2022), (ICICI Prudential Mutual Fund, 2022), and (Stakeholders Empowerment Services, 2020)

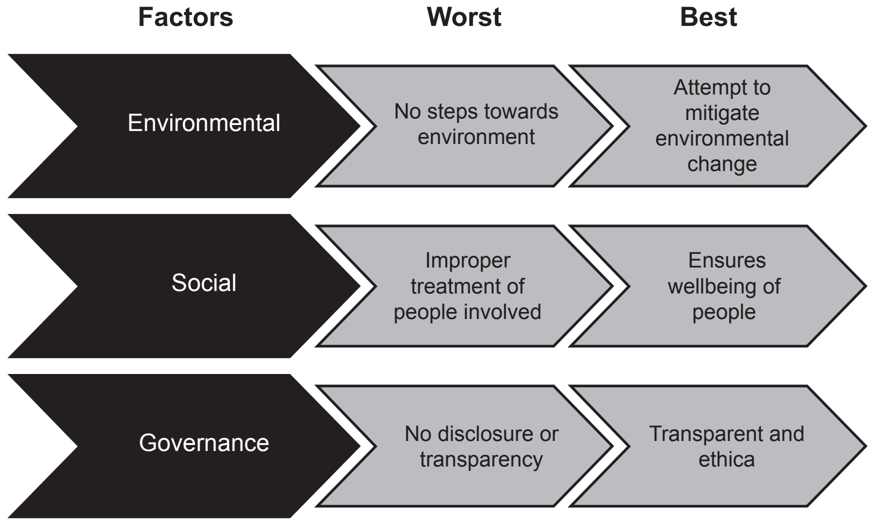

Figure: 4, ESG Ranking basis

(Source: Adapted from (ICICI Prudential Mutual Fund, 2022)

Table: 10, ESG Companies Ranking, 2020

Sr.	Company name	Industry	ESG grade
1.	Infosys Ltd.	IT	A
2.	Mahindra & Mahindra Ltd.	Automobile	B+
3.	Tech Mahindra Ltd.	IT	B+
4.	Housing Developing Finance Corporation Ltd.	Finance: Non-banking	B+
5.	Adani Ports and Special Economic Zone Ltd.	Services	B+
6.	Marico Ltd.	Consumer goods	B+
7.	Tata consumer products Ltd.	Consumer goods	B+
8.	Tata consultancy services Ltd.	IT	B+
9.	Larson and Turbo Infotech Ltd.	IT	B+
10.	Dr. Reddy’s Laboratories Ltd.	Pharma	B+

(Source: (Stakeholders Empowerment Services, 2020) ([16])

[16] *Research is based on 100 companies ranked in terms of market cap excluding Public Sector Undertaking or Government Banks based on disclosure made for FY 2019-20*

5.2 Why ESGs?

In a recent report by (Kearney's FDI confidence index, 2022) it mentioned that investor's concern towards ESG issue has been growing. During the collection of the data the investors were questioned as to whether ESG issues impact their investment or not? It was found that ESG is impacting their FDI decision as well as their companies' operational strategies.

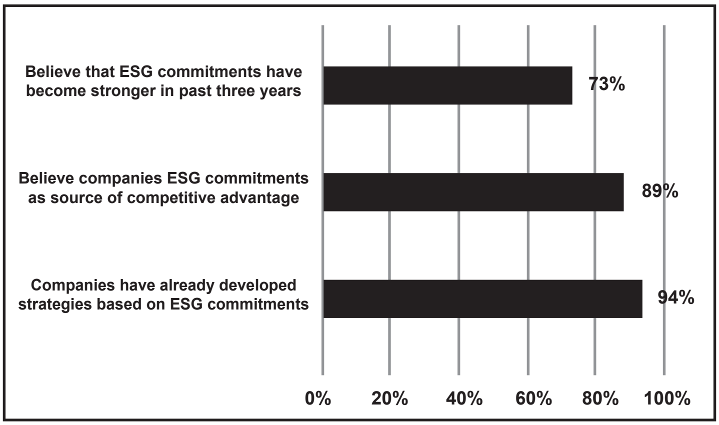

Figure: 5, Kearney's findings,2022

(Source: (Kearney's FDI confidence index, 2022)

According to the report 54% of the investor's expect their companies ESG commitment policies to be fully developed in next two years. Hence, India companies to gain back the confidence of the investors must comply with ESG commitments.

ESGs and FDI

To attain the sustainable developmental goals in India we need to tactically advance policies to attract FDI in India. Sustainable investing has various categories. ESGs criteria are set by investors as a channel to achieve SDGs.

Mukesh Aghi, (President US India Partnership Forum) mentioned that in recent times higher ranking in ease of doing business is no more a parameter to attract higher investments, the country needs to look at the ESGs factors. India needs to focus on these factors to attract FDI and increase its growth rate. Investors deciding norms to invest their funds in host countries have moved beyond financial statements and have started probing into ESG factors. Investments based financial statements could result in short-run gains while investments based on ESG factors could result in sustainable long-term gains. (sarangi, 2021)

Additionally, to achieve the objectives set by government of India such as reducing carbon emissions by 30 percent by 2050 and procuring 40 percent of its energy from non-fossil fuel sources by 2030 can be achieved by procuring investments by integrating them with ESG factors. (Government of India, 2021).

Table: 11, ESG funds in India, 2021

Fund Name	Returns (3 months)
SBI Magnum ESG fund	19.2%
Aditya Birla Sun life ESG fund	7.32%
Axis ESG equity fund	7.87

(Source: (ET money, 2022)

With the good performance of ESG funds, more domestic asset management companies who have integrated ESG risk in their portfolio selection process.

In the Bombay stock exchange list, less than 5 percent of top 500 can be considered operating with green business models. According to (cKinetics) this might be the reason why ESG funds are skipping India and choosing countries like China. Moreover, India's climate finance ambition will require an investment of US$ 95 billion to US$ 125 billion per year between 2020 and 2033. Therefore, there is a need to attract green capital flows into India to achieve such objectives.

From the data based on ESG funds rate of return we can assume that inviting FDI in India with ESG parameters can also provide good returns to the investor. But there is no policy structure found in India to attract FDI in ESGs fund. The consolidated FDI policy 2020 there were no norms based on attracting FDI via sustainable investing parameters.

(Futurescape, 2021) in its report mentioned that Indian companies used to follow national voluntary guidelines on social, environmental, and economic responsibilities of business (published in 2011) to prepare BRR which were revised in 2019 and thereon companies were expected to report as per national guidelines for responsible business. In (Futurescape, 2021) study it was found that almost all companies continued to prepare as per the old norms.

ESG as a determinant of FDI in coming years.

Responsible investors while taking investment decisions consider ESG as a criterion. It also helps in assessing the risks associated with the investments. Moreover, according to TriLinc Global LLC., "ESG standards provide another level of due diligence, which is in the best interest of shareholders". After the announcement of the principles of sustainable investment by United Nations, watchdogs like Bloomberg started evaluating the performance of ESG and concluded that it is the next big thing for the world.

What are the challenges faced by ESG investments in India?

- Absence of quality data
- Absence of measurement standard

- Limited tracking of ESG funds
- Many investors consider ESG as an additional expense
- Lack of awareness

Findings:

1. ESG funds have performed better than non-ESG funds.
2. Investors are being more conscious towards their funds and inclined towards ESG funds.
3. In coming years ESG will become a major determinant to attract FDI hence, domestic companies wanting to attract FDI must comply to ESG.
4. Indian companies need to uplift its ESG standards.

1.1 CSR and FDI

Table: 12, State-wise scenario

States attracting lower CSR investments	FDI (2021)	Poverty (2020)
Chhattisgarh	0%	39.93%
Assam	0.01%	31.98%
Bihar	0.13 %	33.74%
Chandigarh	0.03%	21.81%
Arunachal Pradesh	0%	34.67%

(Source: Author's compilation based on RBI database, NITI aayog report, 2022)

The above data reveals that states and a union territory attracting lowest FDI in India have also attracted lower CSR investments. These locations have a high poverty ratio. SDG which aims at "leaving no one behind" and eliminating extreme poverty by 2030. India also has similar target to achieve zero hunger situation by 2030. But the situation in the above-mentioned states shows a different trend. Hence FDI can help us bridging the gap, multinational companies usually have a high turnover and falls under the criteria of CSR obligations hence inviting FDI strategically in these states can help India not only removing poverty but also, improve various other macro-economic indicators.

Table: 13, FDI and CSR dynamics,2014-2021 (In terms of US$ million)

Year	CSR	% Change in CSR	FDI	% Change in FDI
14-15	8803	-	1,81,682	-
15-16	9822	11.6	2,62,322	44
16-17	14344	46.0	2,91,696	11
17-18	17095	19.2	2,88,889	-1
18-19	20150	17.9	3,09,867	7
19-20	24861	23.4	3,53,558	14
20-21	20359	-18.1	4,42,569	25

(Source: Author's compilation based on National CSR report, RBI database)

The above table shows the amount received by Indian states as FDI in India and the amount spent by these states on CSR activities. The table reveals that the percentage change in CSR investments and FDI do not have positive relationship since the inception of mandatory CSR obligations. We are all aware of the benefits economy accrue from the international investments and hence we need to impose CSR obligations on international companies as well. Even if it's not in terms of donation in the economy which could possibly demotivate the investors but at least, norms generating employment should be included in the FDI policy circular. For example, any international company must give employment to particular number of labourers additionally. The employment obligation will have a spill over impact and raise the standard of living in the society.

1.2 Difference between ESG and CSR

The tracking of CSR activities observes the ethics followed by the company whereas ESG tracking observes company's sustainability and focuses on social impact.

6. Conclusion

The loss of biodiversity, global warming has raised the environmental concerns for the world and India. On the other hand, covid-19 has left us with unemployment and negative economic growth rate. The study concludes that the volume of FDI that India attracts might be commendable, but FDI is assumed to bring benefits such as employment, technological advancement, economic growth, and knowledge. However, the present FDI brings us unemployment and environmental damages. The available literature highlights the need of sustainable investments but literature on and appropriate approach to attract sustainable investment is absent. The study highlights ESG as an appropriate approach as performance of ESG funds have been better than non-ESG funds, and ESG will become a major determinant is coming years. Moreover, Indian companies' aiming to attract more FDI should comply with ESG parameters as it will elevate its international as well as domestic investments. For instance, an international investor is more likely to invest in socially or environmentally responsible company assuming the company will not be fined by the government under any uncertainties and their capital is safe. Hence compliance with ESG parameters will lead to two rewards; advancement of socio-economic and environmental indicators and increase in India's FDI inflows. The growing popularity of ESG factors as they relate to investing suggests that FDI should comply with high environment, social, and governance standards to achieve sustainability in the three fundamental pillars of development: economic, equity, and ecology.

7. Social Implications

India is chasing to become a five trillion economy, to achieve the goal, India needs to overcome the deficiency of capital which can be accomplished by attracting higher FDI. The available literature identifies those macro-economic variables such as low labour cost, exchange rate, market size, trade openness, and inflation act as determinants in attracting FDI. The present study highlights how it is now the responsibility of not only government but domestic companies to comply with ESG commitments in order to attract foreign enterprises as their reliance on companies with ESG commitments is expected to escalate in future.

8. Limitations and Scope of further study

Due to the limited availability of data the paper includes study on ESG parameters only between 2020 and 2022. The study in this area can further include the evolution of ESG in India and evaluate the companies based on ESG parameters. It can include a classification of the Indian companies in terms of leader and laggards based on their ESG compliance. Further, it can analyse the performance of Indian companies over a period and find out which parameter (environmental, social, and governance) gets the highest priority.

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Status of Education among Schedule Tribes Population of Jharkhand: A Situational Study based on Census data

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Jimmy Gupta[2]

Abstract

Schedule tribes play a vital role in social, economic and cultural development in Jharkhand. But tribal communities are still deprived of education. This paper has been examined the educational status of schedule tribes on the basis of the percentage of schedule tribes in various educational level. The percentage of schedule tribes in various educational levels is extremely low. There is a large difference in the percentage of schedule tribes in elementary level to bachelor and above level. In 2011, the educational status of schedule tribes has improved but even in 2011, the number of tribals has been decreasing continuously from elementary level to bachelor and above level.

Keywords: - Census . GER . Educational level . Schedule tribes .

1. Introduction

Education is seen as one of the most important and potential instrument for the progress and advancement of a country. According to World Bank "education is a powerful driver of development and one of the strongest instrument for reducing poverty and improving health, gender equality, peace and stability". After 42nd constitutional amendment, 1976 both the central and state government makes policies regarding education and shared responsibilities for funding of education. Education is cited as a powerful driver for upliftment of a society. Since independence, the government of India has been making efforts for the improvement in educational status of India. The constitution of India contains various Articles and an act known as Compulsory Education act, 2009 to ensure all children get free and compulsory education. Indian education system is mainly divided in four stages: - primary, secondary, higher secondary and higher education. Gross enrolment ratio in higher education in India is 26.3% which is calculated for 18-23 years of age group. It is 17.2% for scheduled tribes as compared to the national GER2. Government provides a number of schemes and facilities to improve the situation of educational status in all the stages of education.

Tribal groups are the earliest settling group in India which gives a special identity to India. A large number of tribal communities reside in Jharkhand which gives a distinct and special identity to the Jharkhand state. According to Census 2011, the population of schedule tribes is 8,645,042 in Jharkhand, constituting 26.2% of the total population. There are thirty-two tribes residing in Jharkhand, out of which eight are primitive tribes. Santhals have the largest population which is one third of the total tribal population. The major concentration of schedule tribes is in the five districts of Khunti, Simdega, Gumla, Lohardaga and Paschimi Singhbhum where more than 50% of tribal population of Jharkhand resides. 91.7% of schedule tribes reside in rural areas

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and rest in the urban areas. Schedule tribes have always made a special contribution in the social and economic development of Jharkhand state. But at present, the tribal communities are socially and economically lagging behind in comparison to other social groups due to which they have to face number of obstacles in their day- to-day life. Schedule tribes also do not get adequate opportunities for holistic development of their own society.

Education is such a weapon that can improve the economic as well as social status of the entire social groups of the society specially schedule tribes and will also helpful in increasing their participation in economic activities. Government of Jharkhand is providing various facilities to the improvement of educational status of the schedule tribes. But the socio-economic and educational problems of the schedule tribes are still existing in the present time. The educational status of scheduled tribes in Jharkhand is far below the national figure and it is even more pathetic in context of tribal female. There is a huge difference in the educational status of schedule tribes in different districts of Jharkhand. This study tries to analyze the status of education among schedule tribes in Jharkhand state.

2. Review of Literatures

There are many articles focused on the educational status of tribal society. The review of literatures for the study has been referring to different studies to clarify the relevance of the present study. Manna & Ghosh has carried out her study about Souria Paharia tribal group in Godda district of Jharkhand and they found that the educational status of paharia tribals group is considerably in pathetic condition. Due to poverty, the paharia are not able to given educational support to their children as per required. The paharia girls do not get the benefit prescribed by the schemes of government for the education of scheduled tribes. According to this study a positive awareness about education has been arising among the young souria paharia. Pronob Mandal (2020) has done a comparative study on higher education status between men and women among schedule tribes and he found that education rate of male is higher than female in all higher education levels in most of the blocks of the Malda district of West Bengal. But in some of the blocks education rate of female students are higher than male student. The main reasons of higher education rate of female are that the availability of higher educational institutions, improved communication, awareness etc. Ramachandran and Deepan (2017) has analyzed the educational status of schedule tribes and conclude that the main aim of education is to change the overall situation of life of tribal female, to make them economically independent and to increase the participation of female tribes in economic activities. The government should emphasize on cultural education, which will reduce the dropout rate of tribals especially female. Sinha and Tripathi (2017) has analyzed the socio-economic status among schedule tribes in Jharkhand and they found that there is a large difference in educational status among different Tribes in Jharkhand. Educational status is high among the Khond, Oraon, Kharia and Chick Baraik. These tribes demonstrate higher female education as well. There is a high dropout rate and least rate of bachelors among the Birhor. V R Reddy has found in his study that the education rate among the tribal population shows increasing trends but these trends are less than the corresponding national figures. The educational status of tribal female is very low. Government provides a number of services and schemes to improve the situation of educational status among tribals, but still several positive steps are required. According to Rana and Devi (2017), it is found that the participation of schedule tribes in educational fields is less than that of General, OBC and schedule castes in Rajasthan. However, the enrolment of schedule tribes in Rajasthan is higher than the enrolment of schedule tribes in other states of the country. The authors have been made many suggestions for improving the educational status of schedule tribes like literacy festivals, seminar, folk literature. Sujit K Choudhary (2016) has observed in his study that the central and state governments provide a number of schemes for the upliftment of the schedule communities. But the contribution of government policies and schemes in the progress of education of Scheduled Tribes is very little. most of the tribals are still facing many educational related problems. G. I. Anushree (2021) has analyzed the scenario of education of scheduled tribes in Kerala and observed that schedule tribes are most backward group among the disadvantage groups in the state. Lack of knowledge and education is one of the important reason for their socio-economic backwardness. In Kerala state, schedule tribes are not able to complete their formal education successfully which is a matter of concern for the government.

3. Objectives of the Study

For the study some objectives have been taken. The first objective is to study and analyze educational status among schedule tribes in Jharkhand during the period of Census 2001 and 2011. Again this study attempts to compare educational status between male and female among schedule tribes in Jharkhand. And the last objective is to study and analyze inter-district comparison of educational status among schedule tribes in Jharkhand during the period of Census 2001 and 2011.

4. Research Methodology

The present study is mainly based on secondary data. The secondary data has been collected through Census 2001 and 2011 and Special Tables of STs provided in the report of different Census. Simple descriptive tools of research methods have been used for analyzing and representation of data. In this study the educational status of the schedule tribes has been analyzed with the help of Census data of 2001 and 2011. For inter-district comparison only Census data, 2011 has been used. The reason behind this is that at the time of 2001, the Jharkhand state had only 18 districts whereas in 2011, 24 districts were formed. And it would not be fair to make a comparison between two Census 2001 and 2011, having 18 districts in 2001 and 24 districts in 2011 because comparison between two different units one having 18 districts and another having 24 districts is not possible on the basis of number of districts.

5. Data Analysis

The tribal society has an important place in Jharkhand state. Both male and female have a significant role in overall development of tribal society and education may play an important role in the upliftment and strengthening of tribal society. There is a uniform structure of education in India which includes several educational levels. Basically Indian education system is divided in four stages, but it includes various educational levels like pre-primary, elementary, lower secondary, matriculation level etc. Pre-primary level mainly involves children between ages of

3 to 5 years. In this level school like environment is provided to children aged 3 to 5 years to inculcate interest in education. Elementary level involved children between ages of 5 to 12 years. Elementary level education is provided by both private and government schools. It includes studies from class I to V in which basic and fundamental knowledge related to Mathematics, Hindi, English, General Science and others, is given to the students. The lower secondary level includes education from standard VI to VIII. Matriculation level includes education from standard IX to X. The schools which provide education up to matriculation level are called secondary schools or high schools. The 10+2 structure is followed in India. Senior secondary level is of 2 years' duration. Students can pursue Arts, Commerce, and Science as per their preference in senior secondary level. 'Diploma or certificate other than technical' implies that degree is not equivalent to technical diploma course whereas 'diploma or certificate (technical institution)' implies technical diploma is equivalent to degree. Bachelor is mainly a course of three to four years' duration. The bachelor and above level refers to the people who are bachelor degree holders and those who are above them. Based on the percentage of schedule tribes in these various standard of education, the educational status of schedule tribes in Jharkhand has been analyzed in this study.

Table: 1, Educational level of Schedule Tribes in Jharkhand in Census 2001

Standard of Education	Male	Female	Total
Pre - Primary	4.47 (12.54)	2.68 (7.61)	7.15 (10.09)
Elementary	4.18 (12.56)	2.21 (6.27)	6.68 (9.43)
Lower Secondary	2.87 (8.06)	1.27 (3.26)	4.15 (5.85)
Matriculation	2.03 (5.69)	0.80 (2.27)	2.83 (3.99)
Senior Secondary	0.70 (1.96)	0.34 (0.96)	1.04 (1.46)
Diploma or certificate other than Technical	0.00 (0.01)	0.00 (0.00)	0.00 (0.01)
Diploma or certificate (Technical institution)	0.02 (0.05)	0.00 (0.01)	0.02 (0.03)
Bachelors and above	0.56 (1.58)	0.25 (0.72)	0.82 (1.15)

Source: calculated from Census data, 2001

The above table shows the absolute number (in Lakh) as well as percentage of schedule tribes in different standard of education in Census 2001.The parentheses show the percentage of schedule tribes in different educational levels. The total share of schedule tribes in pre-primary level is 10.9%, which rapidly drops to 9.43% in elementary education. The share of schedule tribes is continuously falling from pre-primary level to bachelors and above level. In bachelor and above educational level the percentage of schedule tribes is only 1.15%, which is a frightening and an alarming situation.

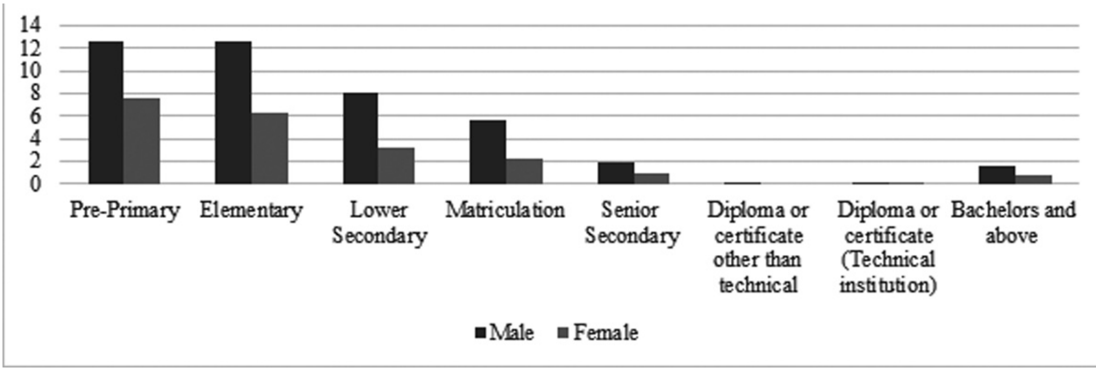

Fig. 1 Percentage of male and female among schedule tribes in different standard of education in Census 2001

The graph shows that the percentage of both male and female is decreasing in higher level of education. The percentage of male students from elementary level to bachelors and above level has decreased by almost 1/8 times. The percentage of female students from elementary level to bachelors and above level has decreased by almost 1/9 times. This shows that most of the tribal females are being left out of their education.

Table: 2, Educational levels of Schedule Tribes in Jharkhand in Census 2011

Standard of Education	Male	Female	Total
Pre - Primary	6.16 (14.3)	5.18 (12.0)	1.13 (13.1)
Elementary	.05 (16.3)	4.81 (11.1)	1.19 (13.7)
Lower Secondary	4.48 (10.4)	2.62 (6.1)	7.12 (8.2)
Matriculation	2.82 (6.5)	1.52 (3.5)	4.35 (5.0)
Senior Secondary	1.58 (3.7)	0.99 (2.3)	2.57 (3.0)
Diploma or certificate other than Technical	0.01 (0.0)	0.00 (0.0)	0.01 (0.0)
Diploma or certificate (Technical institution)	0.06 (0.1)	0.03 (0.1)	0.09 (0.1)
Bachelors and above	0.87 (2.0)	0.57 (1.3)	1.44 (1.7)

Source: calculated from Census data, 2011

The above table shows the absolute number (in Lakh) as well as percentage of schedule tribes in different educational level in Census 2011. The parentheses show the percentage of schedule tribes in different educational levels. The share of schedule tribes in pre-primary level is 13.1%, which marginally increases to 13.7% in elementary level. But the share of schedule tribes is continuously falling after elementary level to bachelor and above level. In bachelor and above educational level the share of schedule tribes is only 1.7%, which is as dire situation as 2001.

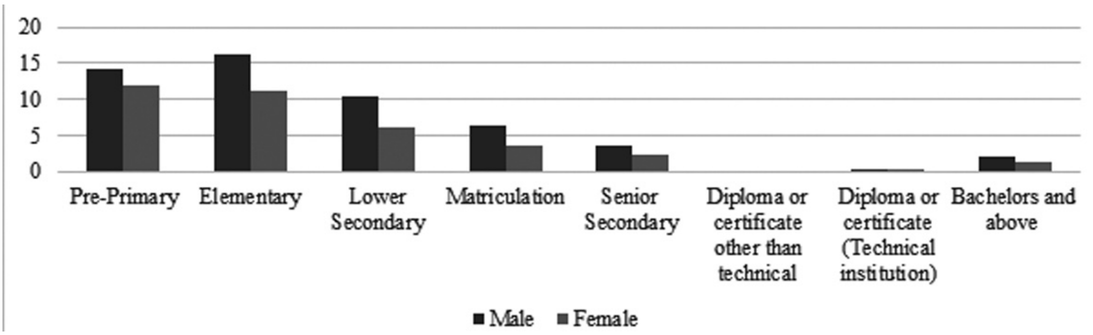

Fig. 2 Percentage of male and female among schedule tribes in different standard of education in Census 2011

The graph shows that the percentage of tribal male is increasing from pre-primary level (14.3%) to elementary level (16.3%), but the percentage of female tribes is continuously falling from pre-primary level. The percentage of both male and female is decreasing in higher level of education. The percentage of male students from elementary level to bachelor and above level has decreased by almost 1/8 times. The percentage of female students is less than the male among schedule tribes at every standard of education. This shows that most of the tribal females are being left out of their education.

Table: 3, Educational levels of Schedule Tribes in Jharkhand, Census 2001 & 2011

Standard of education	2001			2011		
	Male	Female	Total	Male	Female	Total
Pre-Primary	12.54	7.61	10.09	14.3	12.0	13.1
Elementary	12.56	6.27	9.43	16.3	11.1	13.7
Lower Secondary	8.06	3.26	5.85	10.4	6.1	8.2
Matriculation	5.69	2.27	3.99	6.5	3.5	5.0
Senior Secondary	1.96	0.96	1.46	3.7	2.3	3.0
Diploma or certificate other than Technical	0.01	0.00	0.01	0.0	0.0	0.0
Diploma or certificate (Technical institution)	0.05	0.01	0.03	0.1	0.1	0.1
Bachelor and above	1.58	0.72	1.15	2.0	1.3	1.7

Source: calculated from Census data 2001 and 2011

The above table indicates the comparison between Census 2001 and 2011 on various Standard of education. It is clear that the share of scheduled tribes has increased at every level of education, but even in 2011 the participation of scheduled tribes in bachelor and above level is not satisfactory. However, the percentage of schedule tribes in bachelor and above level has increased marginally as compared to 2001, but it is less than the required increase. This shows that even in 2011, there has been no significant improvement in the educational status of schedule tribes in Jharkhand. There has been an increase in the percentage of tribal male and female both at each educational level, but even in 2011 the percentage of female in every standard of education is less than that of male counterparts among schedule tribes. This shows that even in 2011, the educational status of female is lower than male among schedule tribes.

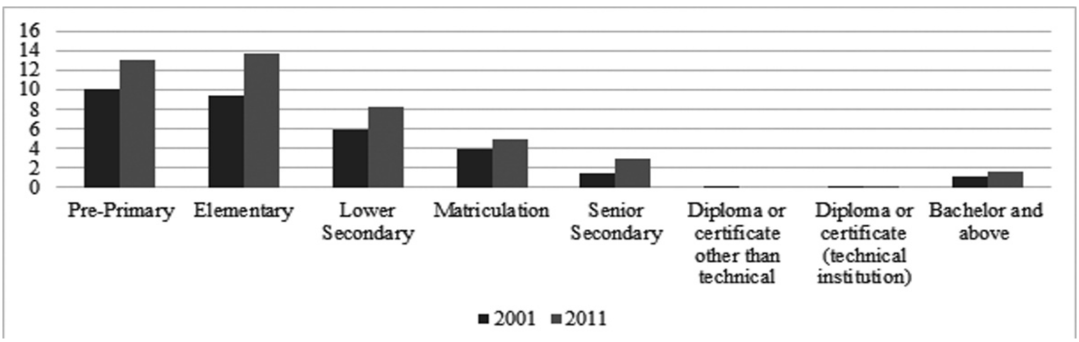

Fig. 3 Percentage of schedule tribes in different standard of education in 2001 & 2011

It is clear from the above graph that the percentage of scheduled tribes has increased in each educational level during the period of 2001 to 2011. In 2001 the share of schedule tribes in elementary level is 10.09%, which increased in 2011 to 13.1%. While in bachelor and above level the share of schedule tribes in 2001 is 1.15%, which increased marginally in 2011 to 1.7%. In both Census 2001 and 2011 tribal participation in bachelor and above level is very less as compared to elementary level.

Table: 4, District wise educational levels of Schedule Tribes in 2011 (In Lakh)

Standard of education	Pre-Primary	Elementary	Lower Secondary	Matriculation	Senior Secondary	Bachelor and above
Jharkhand	11.35	11.87	7.12	4.35	2.57	1.44
Garhwa	0.31	0.28	0.10	0.05	0.03	0.01
Chatra	0.07	0.06	0.03	0.02	0.01	0.01
Kodarma	0.01	0.01	0.00	0.00	0.00	0.00
Giridih	0.38	0.27	0.10	0.05	0.03	0.01
Deoghar	0.26	0.25	0.10	0.04	0.02	0.01
Godda	0.33	0.31	0.16	0.10	0.05	0.02
Sahibganj	0.36	0.29	0.15	0.09	0.06	0.02
Pakur	0.51	0.40	0.18	0.08	0.05	0.02
Dhanbad	0.30	0.34	0.20	0.11	0.06	0.03

Bokaro	0.32	0.36	0.22	0.15	0.08	0.05
Lohardaga	0.38	0.39	0.26	0.15	0.09	0.05
Purbi Singhbhum	0.78	0.93	0.65	0.41	0.24	0.14
Palamu	0.27	0.27	0.12	0.08	0.04	0.02
Latehar	0.50	0.50	0.22	0.14	0.09	0.04
Hazaribagh	0.18	0.16	0.08	0.06	0.04	0.03
Ramgarh	0.27	0.31	0.20	0.13	0.07	0.03
Dumka	0.83	0.85	0.40	0.17	0.10	0.04
Jamtara	0.35	0.33	0.14	0.05	0.03	0.01
Ranchi	1.31	1.52	1.10	0.84	0.57	0.45
Khunti	0.48	0.54	0.38	0.22	0.12	0.06
Gumla	0.98	1.04	0.74	0.45	0.29	0.15
Simdega	0.54	0.62	0.42	0.25	0.15	0.08
Paschimi Singhbhum	1.15	1.26	0.81	0.49	0.24	0.13
Saraikela-kharsawan	0.47	0.55	0.34	0.22	0.10	0.04

Source :Census of India, 2011

The number of schedule tribes in different standard of education in different districts of Jharkhand is given in the above table. The data shows that the number of scheduled tribes decline sharply in higher level of education as a large number of tribal students drop out their studies after elementary level. The dropout rate among schedule tribes is very high. It is clear from the data that only a small percentage of the tribal students who have got elementary education are able to get higher level of education. In the case of bachelor and above level the number of tribal students in each district is very less. Ranchi has more number of schedule tribes in each standard of education, whereas Kodarma has the lowest number of schedule tribes in each educational level in comparison to other districts.

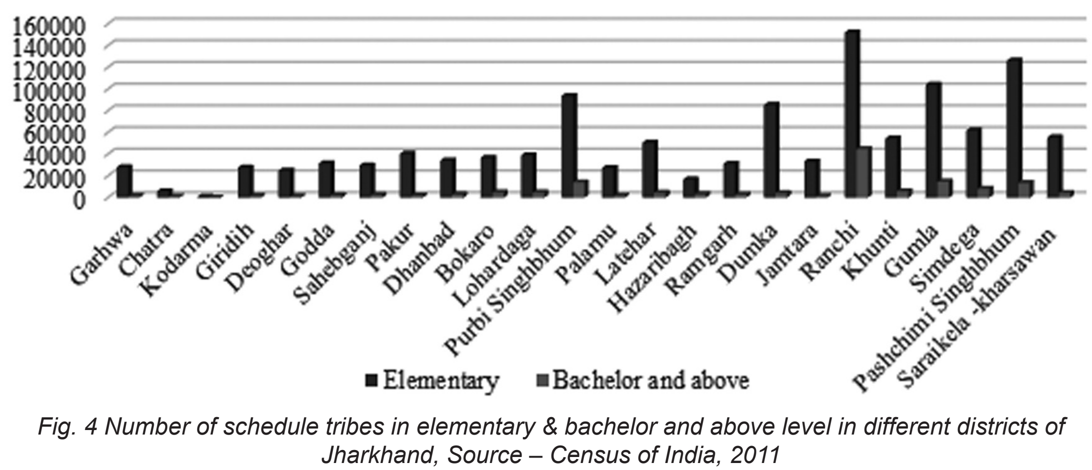

Fig. 4 Number of schedule tribes in elementary & bachelor and above level in different districts of Jharkhand, Source – Census of India, 2011

The number of tribal in bachelor and above level is very less as compared to elementary level. Such a large gap in the number of tribal students in the elementary level and bachelor and above level in every district of Jharkhand, shows that the dropout rate among scheduled tribes is very high. Ranchi district has the highest population of scheduled tribes in both elementary level and bachelor and above level as compared to other district. But in Ranchi district also there is a huge difference between the number of scheduled tribes in elementary level and bachelor and above level. Kodarma has the lowest number of schedule tribes in bachelor and above level in Jharkhand.

6. Conclusion

This study shows that the educational status of scheduled tribes in Jharkhand is not satisfactory. As per Census 2001, the percentage of schedule tribes in elementary level was 9.43%, which decreases to 1.15% at the bachelor and above level. The percentage of schedule tribes in elementary level has increased to 13.7% in 2011, whereas at the bachelor and above level the percentage of schedule tribes increased marginally by 1.7%. The data shows that the educational status among schedule tribes has improved in 2011 as compared to Census 2001, but this improvement is not sufficient. Even in 2011, the share of schedule tribes in each standard of education is extremely low. It becomes clear that even at present, a large number of tribal populations are deprived of education. The educational status of female is worse than that of male among schedule tribes. The percentage of female in each educational level is lagging behind the male which is an alarming situation. Inter-district comparative study of the educational status of schedule tribes makes it clear that the educational status of tribals in Ranchi district is better than other districts of Jharkhand. But the Ranchi district shows the deceasing tendency so far as number of students among schedule tribes is concerned from elementary to bachelor and above level. The dropout rate at each level of education is a matter of concern among tribal students in Jharkhand, which is the cause of percentage of schedule tribes in higher level of education to be extremely low. The important reason for the declining percentage of schedule tribes in higher level of education after elementary level may be that most of the tribal population in the Jharkhand state reside in rural areas, where the number of schools and colleges for higher level of education is very less in number and in some villages the number of schools and colleges is negligible. Along with this poverty, less communication facilities, lack of awareness about literacy and education, family participation, working in agricultural land as labourer and in other unorganized sectors and finally migration may be some important reasons for less percentage of schedule tribes in higher level of education. Schedule communities have special significance in Jharkhand. These tribes have an important contribution in the cultural and economic development of Jharkhand. Therefore, it is very necessary that the tribal society should not be deprived of education and adequate access to their education should be ensured.

7. Practical implications

In this study it has been found that the educational status of tribal female is extremely low. The participation of tribals in non-technical and technical education is negligible. The state government should try to ensure substantial participation of schedule tribes in technical and non-technical education by setup technical institutions in tribal areas and through other incentives. Government should also make adequate efforts to improve the educational status of female tribes in Jharkhand.

8. Limitation and future research

This study is entirely based on Census data and Special table of STs. The samples taken for the Special tables of STs provided in the report of Census are affected by the migration of tribal population, due to which there may be a slight difference in the actual result of the study as well.

The future researchers may study the gender gap in the educational status of the schedule tribes in Jharkhand. Also, the reasons for the low percentage of scheduled tribes in technical and non-technical education can be studied with the help of samples.

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Managerial Competencies in the Real Estate Sector- A Review

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***Ms. Yogita Rani*[2]**

Abstract

The purpose of the study is to identify and organize/synthesize the managerial competencies in the Real Estate Sector. This paper is based on the literature review of managerial competencies in the real estate sector. The literature search strategy is based on a four-stage approach. Firstly, identified the searches related to the study through the review of the literature, then different classifications for competencies were carried out for organizing the competencies in the Real estate sector. After recognizing the competencies, a compiled list of competencies along with the author's name & year was prepared. Finally, competencies in the Real estate sector were compiled. The present research tried to focus on the managerial competencies in the Real estate sector and reveals that there are several distinctive as well as common competencies highlighted by the researchers in this sector. The identified competencies in this paper may be used as a guide for recognizing the managerial competencies in the real estate sector. This paper is limited to published literature ranging from 2011 to 2022 using Google Scholar.

Keywords - Competencies, Managerial Competencies, Real Estate Sector, Managers

1. Introduction

1.1 Real Estate Sector-Back ground and its growth

In India, the real estate sector is the second-highest employing sector after the agriculture sector and about 52 million employees engaged in the real estate sector in India in 2017. It is expected to be US $ 9.3 billion (INR 65,000 Crore) by 2040 from US $ 1. 72 (INR 12,000 Crore) in 2019. The US $ 1 Trillion market size to be expected to reach in 2030 from US $ 120 billion in 2019. It will be contributing 13% to India's GDP by 2025 and also one of the most recognized sectors, comprising four sub-sectors, namely retail, housing, hospitality & commercial (IBEF Report, 2021).

According to Elangovan & Rajendran (2020), "The real estate industry in India has all the capabilities that can augment the economy of the country. The real estate industry's importance is that it has emerged as an employment generator for both the educated and uneducated. It is estimated that the real estate industry will grow rapidly in the coming years". India is a country of a young population looking for employment. To hire competent people this study will act as a guide for selecting a talented workforce who would give a mileage to Indian Players.

Traditionally, the real estate sector of India has not benefited through institutional capital although it was dominated by small regional players with a low level of expertise and financial resources.

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After liberalization reforms in 1991, the scenario was changed for the better (Barthwal & Singh 2013). IMaCS (ICRA Management Consulting Service Limited, where ICRA is the former "Investment Information and Credit Rating Agency of India Limited" set up in 1991) engaged by National Development Council to study Human Resource and Skill Requirements in the Building, Construction, and Real Estate Services Sector in India. In this report overall scenario of the building, construction, and Real Estate Service Sector in India has been discussed.

The industrial boom began in 1994 when investment opportunities in the sector were opened up to various investors. Other critical reforms as Telecommunication Policy in 1999, Information Technology Act in 2000 gave another rise by creating a favorable climate for investment and ample job opportunities. Since 2005 the sector was on a roller coaster ride. Special Economic Act and full opening up for Foreign Direct Investment in 2005, New heights were achieved during 2007 to early 2008, by a growth in demand, foreign investments increased and substantial development also (Barthwal & Singh 2013).

The real estate sector of India was unorganized because there was no regular body for Real Estate before RERA (Real Estate Regulation Act, 2016. More transparency is being made through this regulating body (Yadav & Itoria,2019). This law is dealing with the interest of both promotors/buyers and the government of India. Various reforms like Real Estate Investment Trust (REIT), Transaction Amendment Act and Pradhan Mantri Awas Yojana also play an important role in the real estate sector (Sharma, 2021). In recent times, there is high growth in the Indian Real estate sector with the rise in demand for residential as well as commercial (IBEF Report, 2021). This justifies the relevance of conducting the study in an area that will boom in the future & generate cash inflow for the players.

A report was prepared by KPMG (an advisory service firm) engaged by NSDC to highlight the skill gap across 25 sectors. The real estate sector is one of them & found that skills required by project managers are project management skills, aptitude, attitude understanding of nuances of multi-industry complexities, intellect to react in uncertain times, planning and risk management, communication skills vision and focus on the end results, motivation & leadership skills. As per this report, there is a lack of technical knowledge, leadership along with managerial and project management skills. Where incremental human resource requirement is estimated to be 31.13 million between 2013 and 2022. Being the second-largest employer 33 million persons are employed in the Construction, Building and Real Estate Sector, and only in the real estate sector 30% of employees are currently employed which is approx 10 million. Skill requirements and gaps common to the construction and Real estate segments. (Building, Construction and Real Estate Services Sector, 2022- A Report). This again justifies that this study is the need of the hour.

1.2 Definition & departments of the real estate sector

"The term 'real estate' is defined as land, including the air above it and the ground below it, and any buildings or structures on it. It is also referred to as realty". "It covers residential housing, commercial offices, trading spaces such as theatres, hotels and restaurants, retail outlets, industrial buildings such as factories and government buildings. Real estate involves the purchase, sale, and development of land, residential and non-residential buildings. The main players in the real estate market are the landlords, developers, builders, real estate agents, tenants, buyers etc. The activities of the real estate sector encompass the housing and construction sectors also (NITI Aayog; 2015).

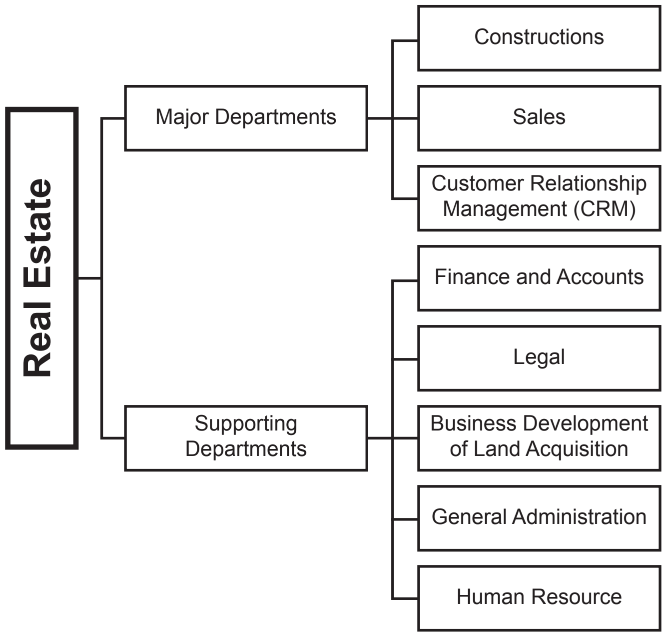

Figure-1: Organization structure of Real estate companies

Source- Elangovan & Rajendran (2020)

Nowadays, Job opportunities in most of industries are shifting from knowledge-based to competency-based in a dynamic scenario. Employees are now needed to have requisite skills and competencies along with their academic qualifications. The fast-emerging approach of management for employees is the competency-based management approach which helps to make employees more skillful in their work. Individual & organizational performance has been enhanced through the integration of the HR function & competency model. Evidences from the literature state that Indian companies started using a competency-based approach to improve the quality of human resources after realizing the importance of human resources (Tripathi & Agrawal, 2014).

1.3 Competency

Chouhan & Srivastava (2014) state that Mc Clelland's study 'the competence approach' is widely applied and utilized in different levels of education and organization studies. The credit of introducing "competency" in the literature of human resources is with Mc Clelland (1976). He described "competency" as the characteristics of underlying superior performance. On the other hand, the Credit of using the term 'competency' in business goes to Richard Boyatzis (1982). In his book, "The competent manager" competency is defined as "an underlying characteristic of a person which results in effective and superior performance in a Job". Further, Chouhan & Srivastava (2014) state that Spencer and Spencer (1993) define competency as an "underlying characteristic of an individual that casually related to criterion-referenced effective or superior performance in a job or situation". Mc. Clelland in his seminal paper 'Testing for Competence Rather than Intelligence' argued that competence is the best predictor of outstanding job performance and enduring personal characteristics. Mc Clelland believes that Intelligence testing needs to be replaced by competency-based training, they have not produced any empirical evidence which is professionally acceptable for the same.

Sisyuk, K. (2018) mentioned that the competence perspective was investigated by Boyatzis (1982), North Reinhardt & Sieber-Suter (2018), North & Kumta (2018) on an individual level. He further states that in the book "the competent Manager" Boyatzis lay emphasis that organizations need competent managers to achieve organizational goals & objectives and the basis of the competency concept is a theory of performance. When the person's talent or capability is compatible, the maximum performance occurs with the necessity of job demands and the organizational environment.

Both terms 'competent and competence' refer to a quality or state of being able and fit and the term 'competency/competencies' refer to the behavior demonstrated by an individual. Plural of competence is competences and competency is competencies (Chouhan & Srivastava, 2014).

1.4 Definitions of competency

The term competencies are defined in various ways. following are the few definitions of competency - the Gazette of India extraordinary (2013) mentioned "competence means the proven ability to use acquired knowledge, skills and personal and social abilities, in discharge of responsibility roles. It is the ability to do a job well". Lakshminarayanan et al. (2016), Competency refers to the characteristics of a person that enable an individual to perform his or her job. Many forms and combinations of Knowledge, skill, ability, motive, and trait were consisted by them.

The various definition of competence supports different task like the creation of a Job profile for selecting or hiring employees for a particular project. Personal profile showing the ability of the employee and modeling the essential and expected results of a learning or training programme. "These tasks require modeling collections of required or acquired competencies (De Coi et al., 2007).

1.5 The role of the Manager and the importance of competency

Studies confirm that multiple roles are played by the manager: a leader, animator, coach, facilitator, trainer or mentor, and his task is to: diagnose, coordinate, and bring out human potential, stimulate, moderate, create, initiate, and motivate.

According to Pan & Kung, (2019), Managers are working at three levels, top-level, middle-level, and supervisory level. They are responsible to communicate, coordinate, and executing the policies framed by the top level. Fama & Alencar, (2017) cover five different categories of managers in their study: cost manager, schedule manager, quality manager, contract manager, and project manager.

According to Wadalkar & Pimplikar (2012) a management team plays a very important role in the completion or success of any project. Managers are the leaders of any team. Bhardwaj & Punia (2013) state that in a highly dynamic & competitive environment, effective managers are needed in every business. Assessment of the competencies is very important to determine the skill gaps of managers. Several sets of competencies are owned by successful & effective managers to enable them for performing effectively and efficiently at every level. Thanitbenjasith & Inthason, (2020) refer to Mc Clelland,1976 & Spencer,1993 that, "The manager must possess knowledge, skills, and competencies". Inthasone et al., (2017) one of the necessary factors which specify the success or failure of project managers is competency.

1.6 Definitions of Managerial Competency

According to Freitas & Odelius (2018), Managerial Competency is a "set of observable or potential behaviours by which managers, as individuals, may demonstrate knowledge, skills, and attitudes or the synergy between them as personal attributes, adding value and better results for themselves, other individuals, and the teams, departments, organisations, or networks that are consistent with the context, the available resources, and the adopted strategy".

M. Cambal et al. (2012 referred to in Martinkienė, J., & Vaikšnoras, M., 2019), "Managerial competence – a manager's ability to apply professional knowledge, skills, personal qualities in practical work and to achieve the desired results of the company's performance".

In simple words managerial competency can be understood as the application of knowledge, skill, attitude by managers for organisational goal accomplishment.

2. Research Gap, objectives and research questions

While regarding published studies the authors found very few studies are on managerial competencies in the real estate sector. Studies by Wadalkar & Pimplikar (2012), Bhardwaj & Punia (2013), Lakshminarayanan et al. (2016), Manxhari et al., (2017), Fama & Alencar (2017), Freitas & Odelius (2018), Martinkienė, J., & Vaikšnoras, M., (2019) reviewed the various managerial competencies in their papers. However, these studies have gaps, as they do not adequately address whether these managerial competencies can also be considered for the real estate sector. So, there is a need to define the managerial competencies for the real estate separately in Indian context.

Available literature Baharum et al. (2016), Poon & Brownlow, (2014), Tyrańska, (2016), Dziekoński (2017), Adama et al. (2017), Inthasone et al. (2017), Adama et al. (2017), Shah & Prakash (2018), Oluwatofunmi & Amietsenwu (2019), Thanitbenjasith & Inthasone, (2020), Ahmed et al. (2021) assesses required managerial competencies only in various sub-departments of the real estate sector such as property management, construction, infrastructure, customer relationship. Xiao et al. (2019) determine the competencies of project managers working in real estate in china.

Most of the studies in the real estate sector include only skills as competencies. Although "skill is not a synonym for competency, as it only covers part of its scope" (De Coi et al.,2007). So, in this study, on the basis of existing literature, skill is to be treated as a part of competency.

This study tries to fill this gap by preparing an exhaustive list of important managerial competencies in the real estate sector. In addition to more theoretical studies aimed at understanding the concept or its different classifications.

Based on the existing research gaps the following research objectives were framed:

1. To identify the competencies required for a manager from extant literature.
2. To organize / synthesize the managerial competencies in the Real estate sector through the literature review.

The research objectives felicitated the formulation of research questions. The same is given as below:

RQ-1. What are the competencies required for a manager?

RQ-2. Which management competencies are important in the Real estate sector?

3. Literature Search Strategy

This study is descriptive in nature. The authors have referred to secondary data based on searching of research papers. The research papers, reports, and articles published between 2011 to 2021 have been referred to identify the managerial competencies. Google Scholar, online sources, published sources, A+ category journals, emerald etc. were referred. To name a few Prabandhan, Springer, Research gate, Academia, Science direct, and Nace web. The research papers were rigorously studied.

Identification and development of managerial competencies are important tools for any human resources management to achieve strategic organizational goals. Boyatzis, R. E., Goleman, D., & Rhee, K. (2000) describe that organizing of several competencies into a large category or clustering for analysis/application purpose offers two choices, firstly organizing the characteristics empirically or theoretically by using the prior framework. Secondly, by creating or developing a framework through collecting, combining, & organizing the current competency levels after identifying the specific behaviors and required skills for each level. Although it is a long and complex process.

For this research purpose, the first method of organizing managerial competencies is considered. This paper is based on a comprehensive literature review of the managerial competencies in the real estate sector. So, this study sets out to identify required competencies from the literature as well as previous researches done in this area. In the line to the first method described by Boyatzis, R. E., Goleman, D., & Rhee, K. (2000) the authors have designed a four-stage approach: -

Firstly, identified the Searches related to the study through the review of the literature, then different classifications of competencies were carried out for organizing the competencies in the Real estate sector. After recognizing the competencies, a compiled list of competencies along with the author's name & year was prepared. Finally, competencies in the Real estate sector were compiled. The same has been shown diagrammatically below in Figure-2.

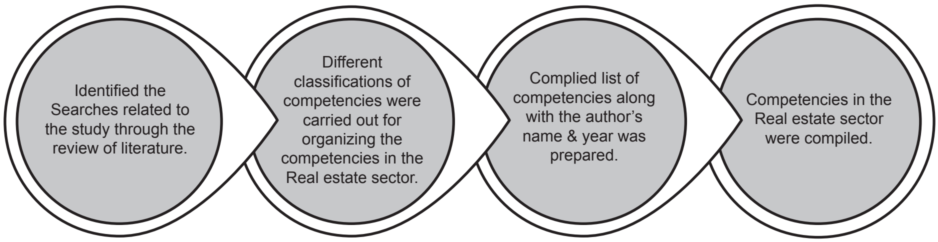

Figure-2: Four stage study approach

Source: - Designed by the Authors

4. Review of Literature

Wadalkar & Pimplikar (2012) concluded that managerial competencies are the most significant cause of delay in projects on the clients' side. They also mentioned competencies listed by Katz and Thamhain (1983) cited in Kerzner (1989) in their paper as follows: - team-building skills, leadership skills, conflict resolution skills, technical skills, planning skills, organizational skill, entrepreneurial skill, administrative skill, management support building skill, resource allocation skill.

Bhardwaj & Punia (2013) states that it is important that every organization assess the competency of managers working in it to find out the skill gaps. Bucur, (2013) states that Influence and collaboration and Strategic thinking, and Team management and Transformational leadership became important. Motivation for career, Learning and Self-assessed learning capacity became less important for the middle level.

Poon & Brownlow, (2014) explored 31 Knowledge areas, 20 Skills & 21 Attributes. Valuation, practical experience, and effective written communication are the most important categories. On the other hand, international real estate, creativity & second language are the least important for Australian property professionals. The professional Background of property professionals also impacts the competency expectations. Chouhan & Srivastava (2014) concluded that the use of competencies and their development is a complex endeavor. By using competencies, People can easily understand and implement for translating strategy into individual skills and job-related skills.

Baharum et al. (2016) developed a competency framework for the property management industry. Which includes generic framework of competencies, foundation competencies, and core competencies are essential. This research focused on professional competencies identifying which are expected of the various personnel working in a property management team. Lakshminarayanan et al. (2016) agree with the clusters identified by Boyatzis, Self-management along with Relationship Management & Analytical Skills is the most crucial dimension.

Tyrańska, (2016) listed general competencies, specialised competencies, leadership competencies, business competencies were the managerial competencies at a different level. The Interpersonal competencies and innovative competencies were listed for middle management competencies. Renyut et al. (2017) state control, professionalism, and experience are included along with knowledge, skill, attitude in employee's competency which has a positive and significant impact on employee performance.

Fama & Alencar, (2017) mentioned that the range and level of competencies depending on the job assigned to managers also focused on various types of competencies required in the construction industry. Manxhari et al., (2017) presented models of managerial competencies developed by many authors were in their paper. Authors state that a specific combination of knowledge and skills along with other personality characteristics described in a competency model as they are necessary to the organization for the efficient execution of tasks.

Adama et al. (2017) identified 24-Knowledge areas, 10-skills, 10-attributes from the literature. The most important Knowledge areas are property valuation and property management, communication in a skill area, and professional/personal in attributes. Dziekoński (2017) suggests a competency model for construction project managers. The four factors were identified through cluster analysis that affects the managers. Inthasone et al., (2017) state that personnel including managers involved in different stages of construction of residential & housing needs to manage and make decisions for the best performance are time, funds, techniques. He also states that competencies lead to effective, efficient, and well-rounded management for the executives.

Shah & Prakash, (2018) proposed an exclusive competency framework to the executive working in the infrastructure domain. Six distinct dimensions identified for generic competencies of infrastructure managers are 'strategic', 'analytical', 'personal', 'managerial', 'professional', and 'leadership behaviours. Freitas & Odelius, (2018) included researches from 2005-2015 to identify the most cited models of managerial competencies. Ten managerial competencies as context-dependent with a higher incidence in studies find out in this study. Managerial Competencies categorized in this study are "compatible with the most traditional classifications of managerial competencies that address aspects regarding relations, goals, and changes".

Martinkienė, J., & Vaikšnoras, M., (2019) presented a typology of managerial competencies as follows :- planning, problem-solving, dealing with information, conceptual thinking, result-oriented approach, setting of strategic aims, conceptual thinking, entrepreneurship, delegation, organizational skills, negotiations, management, motivation, conflict management, organizational awareness, creativity and innovations, focus on innovative knowledge, risk management, quality assurance, work with personnel, change management, visioning, performance assessment, empowerment. Oluwatofunmi & Amietsenwu, (2019) focused on the emotional needs such as empathy, self-awareness, and motivation need to an improved relationship between client and Real estate agents for promoting customer’s satisfaction in service delivery which is based on perceived customer expectation in estate agency service. The findings indicated that these emotional needs ranked high among the competencies in emotional intelligence.

Xiao et al., (2019) determine the competencies and establish a competency model for project managers working in real estate. Basic competency and diagnostic competency both are included in the model. Elangovan & Rajendran (2020) provides practical implications to real estate companies for HR managers to train the raters and complexities of functional interdependencies included in the appraisal system.

Thanitbenjasith & Inthasone, (2020) explored core competencies and successful competencies. Core competencies including knowledge, skills/abilities, and attributes having nine, nine, and eight sub-competencies respectively. On the other hand, in successful competencies comprise knowledge, skills and attributes having five, twenty-three, and seven sub-competencies respectively. Ahmed, R., Philbin, S. P., & Cheema, F. e. A. (2021), synthesized clusters of leadership competencies and revealed that the most critical leadership competency is communication and developing teams for the project managers engaged in construction and engineering projects.

4.1 Classification of competencies

Different classification patterns are found in the literature for competencies. Researchers classified competencies as per their own theory and objectives/ purpose of the study (Chouhan & Srivastava,2014). The managerial competencies may be organized in a model in a variety of formats because these are not fixed and communicate as per the need of the organization (Manxhari et al.,2017). Sackey & Faltom (2011) assessed executives’ specific competencies as Strategically planning for the firm; producing financial resources and budgets; creating a work environment for high performance; accessing information and communication system; Producing and analysing reports, proposals, policies and procedures and different competencies attribute exhibited by executives.

Wadalkar & Pimplikar (2012) classified required competencies by project manager of a construction project as management skill, technical skill, internal personal skill, and human skill. Bhardwaj & Punia (2013) identified managerial competencies as communication skills, team-working, vision, proactiveness, self-management, strategic orientation, result-orientation, ambition, persistence, risk-taking, creativity, and decision making.

Bucur, (2013) mentioned managerial core competencies- Results Orientation, Strategic thinking, Influencing and collaboration, Team management, Transformational leadership, Learning, Motivation for career. Tripathi & Agrawal, (2014) mentioned ‘Managerial Competency’ as a soft competency related to the ability to manage the job as well as develop interaction with other persons, such as problem-solving, communication, leadership etc.

Hawi et al. (2015) focused on Team Leadership, Strategic skills, Problem-solving and decision-making, and customer-focusing competency in their study. Laxminarayan et al. (2016) agree with the clusters identified by Boyatzis (1982), dimensions are “Goal and Action management, Analytical Skills, Self-Awareness, Self- Management, Social Awareness and relationship management”. Vembu & Selvarani, (2019) were also consistent the dimensions identified by Boyatzis (1982) in their study among managers.

Fama & Alencar (2017) mentioned that Dulewicz and Higgs suggested three types of competencies intellectual competencies, management competencies & emotional competencies. These competencies explain much of managerial performance. Inthasone et al. (2017) Six Key Managerial Competencies are found in a manager by Hellriegel et al (2007) are Planning and Administration Competency, Strategic Competency, Global Awareness Competency, communication competency, Self-Management competency Teamwork Competency. Fama & Alencar (2017) mentioned following managerial competencies, conceptual thinking; analytical thinking; Initiative; Impact, Influence and Negotiation; Directivity/Assertiveness; Teamwork, Cooperation and Communication; Team Leadership; Information Search; Self Control; Flexibility and Adaptation; Technical Knowledge; Success Orientation; Focus on Customer Need; Risk Taking; Creativity and Innovation; Decision Making.

The managers’ competencies are Basic Managerial Skills, Emotional Intelligence, Formal Skills, and Interpersonal Abilities Supporting Managerial Skills (Dziekonski,2017). (Freitas & Odelious,2018) listed following ten managerial competencies with a higher incidence: results orientation, people and team skills, leadership, coordination and motivation, ability with change, communication, planning, attitudes and values, knowledge management, knowledge and technical skills, and organization and control.

Mubarok, E. S., & Putra, H. (2018) divided competency into core competencies, managerial competencies, functional competencies. Further, Ahmed et al., (2021) identified the Project manager’s leadership competency through a systematic literature review and placed it in the following clusters- Emotional competency, Intellectual Competency, Managerial Competency, Interpersonal Competency, and Administrative Competency. Effective managerial competencies help to smoothen day-to-day operations.

Xiao et al., (2019) includes diagnostic and basic competency in the model of competency. professional spirit, control ability, communication management, structured thinking, focus on the team, holistic view and experience. Becerra D. J. et al. (2019) were included Six dimensions as managerial competence: - competence for planning and management, competence for communication, competence for teamwork, multicultural competence, competence for strategic action, and competence for self-administration.

Dhyan Parashakti et al. (2020) used the following assessment indicator for competency variables namely knowledge, skill, self-characteristics, self-concept, motivation, experience, beliefs and values, and personality characteristics. Nguyen et al. (2020) broadly divided competency into two: - (1) technical competency which may be measured through education level, work experience, and analytical skills. (2) Non-technical competency may be measured through self-control, flexibility, self-confidence, and attitude.

National Association of Colleges and Employers in 2020-nace-job-outlook survey identified and rated the competencies which are required by the employers in their employees, critical thinking/ problem solving, is at the top of the list followed by teamwork/collaboration. professionalism/work ethics, oral & written communication, leadership, information technology, career management, Global/Multicultural fluency.

4.2 Compiled list of competencies

In line to the first objective stated about identifying the competencies required for a manager, the Authors have prepared a comprehensive list given in Table-1. Identified managerial competencies include competencies from various sectors, sub-sectors or departments like property management, construction, infrastructure, and customer relationship of the real estate sector as well.

Table: 1, Compiled list of competencies

Competencies	Authors
Ability with change	Freitas & Odelius (2018)
Attitudes and values or Attitude	Freitas & Odelius (2018); Renyut et al. (2017); Rantesalu et al. (2016)
Ambition	Bhardwaj & Punia (2013)
Analysing reports	Sackey & Fältholm (2011)
Administrative skill	Katz and Thamhain (1983); Kerzner (1989)
Analytical Skills or Analytical thinking;	Lakshminarayanan et al. (2016); Boyatzis (1982); Famá & Alencar, (2017); Vembu & Selvarani (2019)
Beliefs and values	Dhyan Parashakti et al. (2020)
Business competencies	Tyrańska, (2016)
Creating work environment for high performance	Sackey & Fältholm (2011)
Customer Need or Customer focus	Hawi et. al (2015); Famá & Alencar (2017)
Core competencies	Mubarok, E. S., & Putra, H. (2018)

Change management	Martinkienė, J., & Vaikšnoras, M. (2019)
Coordination and motivation	Hawi et al (2015)
Communication	Freitas & Odelius (2018); Bhardwaj & Punia (2013) Hellriegel et al (2007); Inthasone et al. (2017); Famá & Alencar (2017); Xiao et al. (2019); Becerra D. J. et al. (2019); K. Tripathi & Agrawal, (2014)
Conflict resolution skills	Katz and Thamhain (1983); Kerzner (1989); Martinkienė, J., &Vaikšnoras, M., (2019)
Corporation	Famá & Alencar (2017)
Conceptual thinking	Famá & Alencar (2017); Martinkienė, J., &Vaikšnoras, M. (2019)
Creativity or Creativity and Innovation	Bhardwaj & Punia (2013); Famá & Alencar (2017); Martinkienė, J., &Vaikšnoras, M. (2019)
Collaboration	National Association of Colleges and Employers (2018)
Control ability or Control	Xiao et al., (2019); Renyut et al. (2017)
Career management	National Association of Colleges and Employers (2018)
Critical thinking	National Association of Colleges and Employers (2018)
Delegation	Martinkienė, J., & Vaikšnoras, M. (2019)
Directivity/Assertiveness	Famá& Alencar (2017)
Decision making	Bhardwaj & Punia (2013); Famá& Alencar (2017); Hawi et. al (2015)
Entrepreneurial skill	Katz and Thamhain (1983); Kerzner (1989)
Empowerment	Martinkienė, J., & Vaikšnoras, M., (2019)
Emotional or Emotional Intelligence	Ahmed et al., (2021); Dziekoński, 2017)
Experience or experience along with knowledge	Xiao et al. (2019); Renyut et al. (2017); Dhyan Parashakti et al. (2020); Rantesalu et al. (2016)
Financial resources and budgets	Sackey & Fältholm, (2011)
Functional	Mubarok, E. S., & Putra, H. (2018)

Focus on the team	Xiao et al., (2019)
Flexibility and Adaptation	Famá & Alencar (2017)
Formal Skills	Dziekoński (2017
Goal and Action management	Lakshminarayanan et al. (2016); Boyatzis (1982); Vembu & Selvarani (2019)
Global/Multicultural fluency	National Association of Colleges and Employers (2018)
Global Awareness Competency	Hellriegel et a.l (2007); Inthasone et al. (2017)
General competencies	Tyrańska (2016)
Human skill	Wadalkar & Pimplikar (2012)
Holistic view	Xiao et al. (2019
Intellectual Competency	Ahmed et al. (2021)
Information deal	Martinkienė, J., &Vaikšnoras, M. (2019)
Information Search	Famá & Alencar (2017)
Initiative	Famá & Alencar (2017)
Influence and Negotiation or Influencing and collaboration	Famá & Alencar (2017); Bucur, (2013)
Impact	Famá & Alencar (2017)
Interpersonal Competency or Interpersonal Abilities or relationship management or Internal personal skill	Ahmedet al. (2021); Dziekoński (2017); Lakshminarayanan et al. (2016); Boyatzis (1982); Vembu & Selvarani (2019); Wadalkar & Pimplikar (2012)
Information and communication system	Sackey & Fältholm, 2011
Information technology	National Association of Colleges and Employers (2018)
Knowledge management or Knowledge skill	Freitas & Odelius (2018); Dhyan Parashakti et al. (2020); Rantesalu et al. (2016)
Learning	Bucur (2013)
Leadership or Team Leadership	Freitas & Odelius (2018); Famá & Alencar (2017); National Association of Colleges and Employers (2018); Katz and Thamhain (1983); Hawi et al. (2015); Kerzner (1989); Tyrańska, (2016); K. Tripathi & Agrawal, (2014)
Managerial competencies	Mubarok, E. S., & Putra, H. (2018); Ahmed et al., (2021); Dziekoński(2017); Famá & Alencar (2017)

Management skill	Wadalkar& Pimplikar (2012); Martinkienė, J., &Vaikšnoras, M., (2019)
Motivation for career or motivation,	Bucur, (2013); Dhyan Parashakti et al. (2020); Martinkienė, J., &Vaikšnoras, M. (2019)
Multicultural competence	Becerra D. J. et al. (2019)
Management support building skill	Katz and Thamhain (1983); Kerzner (1989)
Negotiations	Martinkienė, J., & Vaikšnoras, M. (2019)
Oral & written communication	National Association of Colleges and Employers (2018)
Organizational awareness	Martinkienė, J., & Vaikšnoras, M. (2019)
Organization and control	Freitas & Odelius, 2018); Katz and Thamhain (1983); Kerzner (1989); Martinkienė, J., & Vaikšnoras, M. (2019)
People and team skills	Freitas & Odelius 2018); Bhardwaj & Punia (2013)
Proactiveness	Bhardwaj & Punia (2013)
Planning & Administration	Freitas & Odelius (2018); Hellriegel et al. (2007); Inthasone et al. (2017); Katz and Thamhain (1983); Kerzner (1989); Martinkienė, J., & Vaikšnoras, M. (2019); Becerra D. J. et al. (2019)
Professional spirit or professionalism	Xiao et al., (2019); Renyut et al. (2017); National Association of Colleges and Employers (2018)
Persistence	Bhardwaj & Punia (2013)
Personality characteristics	Dhyan Parashakti et al. (2020)
Performance assessment	Martinkienė, J., & Vaikšnoras, M., (2019)
Problem-solving	National Association of Colleges and Employers (2018); Martinkienė, J., & Vaikšnoras, M., (2019); K. Tripathi & Agrawal, (2014); Hawi et al. (2015)
Producing and analysing reports	Sackey & Fältholm (2011)
Quality assurance	Martinkienė, J., & Vaikšnoras, M. (2019)
Risk-taking	Bhardwaj & Punia (2013); Famá & Alencar, (2017)
Resource allocation skill	Katz and Thamhain (1983); Kerzner (1989)
Risk management	Martinkienė, J., &Vaikšnoras, M. (2019)
Results orientation	Freitas & Odelius, (2018); Bhardwaj & Punia (2013); Bucur, (2013); Martinkienė, J., & Vaikšnoras, M., (2019)

Success Orientation	Famá & Alencar, (2017)
Social Awareness	Lakshminarayanan et al. (2016); Boyatzis (1982); Vembu & Selvarani (2019)
Self-management or Self Control	Bhardwaj & Punia (2013); Lakshminarayanan et al. (2016); Boyatzis (1982); Hellriegel et al. (2007); Inthasone et al. (2017); Vembu & Selvarani (2019)
Supporting Managerial	Dziekońsk (2017)
Strategic Competency or Strategic thinking or strategically planning or Strategic aims or Strategic action	Hellriegel et al. (2007); Inthasone et al. (2017); Bucur (2013); Sackey & Fältholm (2011); Martinkienė, J., & Vaikšnoras, M. (2019); Becerra D. J. et al. (2019); Hawi et al. (2015)
Self-Awareness or	Lakshminarayanan et al. (2016); Boyatzis (1982); Vembu & Selvarani (2019)
Self-characteristics	Dhyan Parashakti et al. (2020)
Structured thinking	Xiao et al., (2019)
Specialised competencies	Tyrańska (2016)
Self-administration	Becerra D. J. et al. (2019)
Skill mastery	Rantesalu et al. (2016)
Technical skills or Technical Knowledge	Freitas & Odelius (2018); Famá & Alencar (2017); Wadalkar & Pimplikar (2012); Katz and Thamhain (1983); Kerzner (1989)
Team-working or Focus on the team or Team management or teamwork	Bhardwaj & Punia (2013); Hellriegel et al. (2007); Inthasone et al. (2017); Famá & Alencar (2017); Xiao et al. (2019); Bucur (2013); National Association of Colleges and Employers (2018); Freitas & Odelius (2018); Becerra D. J. et al. (2019)
Transformational leadership	Bucur, (2013)
Vision or Visioning	Bhardwaj & Punia (2013); Martinkienė, J., & Vaikšnoras, M. (2019)
Work ethics	National Association of Colleges and Employers (2018)
Work with personnel	Martinkienė, J., & Vaikšnoras, M. (2019)
Work environment for high performance	Sackey &Fältholm (2011)

Source: Elaborated by authors based on literature review

4.3 Competencies in the Real estate sector

The main resource of an organization is competent employees to acquire a competitive edge. A company's productivity is not only yielded on land, buildings, or materials. Although it is human capital that helps to run any business & produce values from available resources. The most important resource of an organization is a competent workforce. Therefore, the demand for competent employees is increasing rapidly in all sectors. Competency requirements in the workforce is varying from level to level and industry to industry & level of seniority as well, Oftenly sprinkled throughout person specifications & job description. Managerial competency in the organizations varied from one sector to another (Hawi et. Al; 2015).

India has a mixed economy as it is a vast country. One of the most crucial & important sectors is the Real estate sector contributes to the country's economy as well as globally. Approx. 13% will be contributing to India's GDP by 2025. This review paper is one of the few papers that have tried to identify the competencies of real estate managers. The same is stated in second objective of this study. The identified competencies listed below (Table-2) have been drawn after an exhaustive literature review.

Table: 2, Identified Competencies in the Real estate sector

SN.	Managerial Competencies	SN.	Managerial Competencies
1	Attitudes and Values	13	Organizational control
2	Analytical Skills/thinking	14	Planning & Administration
3	Communication	15	Professional spirit
4	Conflict resolution skills	16	Problem solving
5	Decision making	17	Result orientation
6	Experience	18	Social awareness
7	Goal and Action	19	Self-management
8	Interpersonal competency	20	Strategic thinking
9	Knowledge management	21	Self-awareness
10	Leadership	22	Technical knowledge
11	Management skill	23	Team management
12	Motivation for career	24	Vision

Source: - Compiled by the authors

Table-2 is based on observation made after reviewing the literature from national and international studies. Common, basic, transversal managerial competencies of distinct researches are- Competence for communication, Competence for planning & management, Competence for Teamwork, Competence for strategic action or strategic thinking multicultural competence, Creative-thinking and Innovation, Customer Focus, Problem-solving, competency for leadership, Analytical Skills, Technical Knowledge & skills, Self-Management, Interpersonal competency, Information Technology..

5. Conclusion and Discussion

The real estate sector is the 4th largest sector of India in terms of FDI (Foreign Direct Investment) and second employment generator. It is expected to rise again after a cool-off due to a rise in investment. According to 'assotech.in' major players in Real Estate Sector like Ansal properties & Infrastructure limited employing 5,000 people, 1,000 of these managerial and supervisory level nationwide DLF group Unitech limited, Parasnath Developers limited, Omaxe limited, Shobha Development Limited(Building, Construction and Real Estate Services Sector, 2022- A Report).

Project manager competence is becoming important in real estate. So, there is need to know about required competencies in this sector. Deciding the managerial competencies are complex and these are decided by authors in their own way. Manxhari et al., (2017) state that "managerial competencies are not fixed and should correspond to the needs of the organizations". The present research tried to focus on the managerial competencies in the Real estate sector and reveals that there are several distinctive as well as common competencies highlighted by the researchers in this sector. These competencies will facilitate selecting right people for the right place in the real estate organizations. As the employees are the assets so management can't comprise for hiring desired candidates. This study will lay as a guide to the companies to fix up the competencies & integrate them with other HR functions to enhance employee productivity.

The findings of this paper may be used as a guide for recognizing the managerial competencies in the Indian real estate sector. So that we can prepare ourselves for the future.

6. Limitations and future scope

The articles and research paper included in the study only based on managerial competencies and the real estate sector and limited with the year of publishing article ranging from 2011 to 2022 using Google Scholar. This study has a wider scope to empirically test the competencies in Indian context.

The study can make a valuable contribution, especially concerning identifying gaps in managerial competencies in the real estate sector. It can also be used to evaluate the employees' or manager's performance by using competencies found out in the study as performance indicators. This study helps to guide top management on what competencies a person should be hired and developed professionally. Therefore, the paper helps to make a significant contribution in a practical sense by strategically recruiting, selecting and training.

In addition to the fact that these competencies can also be used to assess the performance of employees in the real estate sector. Therefore, further studies must be conducted to find out the relationship between managerial competencies and employee performance in the real estate sector. These competencies can also be deeply studied as how the identified competencies affect employee performance in the real estate sector. So that these can be incorporated in the performance appraisal system.

Finally, the authors tried to organize/ synthesize the managerial competencies according to real estate sector. These can also be applied in other sub-sectors of the real estate such as property management, construction, sales, infrastructure, and customer relationship

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