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Post Disaster Recovery Experience in Governance Perspectives, A Case Study on Recovery of Tsunami Affected Micro, Small And Medium Enterprises of Matara District in Sri Lanka

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The main objective of this paper is to identify some of the key issues encountered by Tsunami affected Micro, Small and Medium Enterprises (MSMEs) in the process of recovery. First the study identifies damages and losses to MSMEs, secondly ascertains the type of benefits received by the affected MSMEs from various donors, thirdly evaluate problems and difficulties faced in the benefits distribution process. The main data and information for this study obtained from of available literature, web sites and publications supplement with primary data collection from selected sample in Matara district in Southern Sri Lanka and supplementary interviews were conducted with key relevant stakeholders. The results of the study show that Tsunami affected many MSMEs were ignored and carried wrong priorities. Besides the support provided was insufficient for an effective recovery. There existed many governance-related problems in recovery process. However, overall recovery was at low rate of 59 percent. Though, Sri Lanka received second highest local and foreign donation among the Tsunami affected nations, affected MSMEs got a little support and assistance to recover and no any records can be found where these numerous amount of donations received gone. The methodology used, findings and policy recommendations derived from this research can be used to analyze similar cases in other countries and to design a proper coordination mechanism to benefits distribution and speedy recovery process of natural disaster of large scale.

Keywords: Tsunami, Disaster, Micro, Small and Medium Enterprises; MSMEs, Recovery, Governance, Sri Lanka.

Introduction

On 26 December 2004 Sri Lanka was hit by the tsunami caused by a massive off shore earthquake some 1500 km away near Northern Sumatra. The earthquake, measuring 9.0 on the richer scale, was one of the largest ever recorded in the sea, and was produced by movements in tectonic plates at the interface between the India and Burma plates. Over 1000 km of the earth's crust snapped, moving the Burma plate approximately 13 meters over the under thrusting Indian plate. The thrusting rapidly raised the sea floor, and the 1500 km of open and deep ocean in the bay of Bengal enabled the ocean waves to build up momentum forming a massive wall of high water on the coastlines. The tsunami was by far the largest natural disaster experienced by the country. About two thirds of the 1400 km long coastline was affected. The directly exposed coastline from the Northern Jaffna peninsula, along the eastern coast down to the Southern tip of Dondra Head, as well as the relatively sheltered Southwestern and Western coasts, were inundated by the tsunami waves. Thirteen districts along the coastal belt affected namely: Ampara, Batticaloa, Colombo, Gampaha, Galle, Hambantota, Jaffna, Kalutara, Kilinochchi, Matara, Mulaitiu, Puttlam and Trincomalee. The study is focused on the Micro, Small and Medium Enterprises (MSMEs) of the Southern Province. The study has adopted the definition, refer Table 1, as used by Sri Lankan's Department of Census and Statistics. Table 2 provides a summary status of MSMEs affected by Tsunami.

Research Objectives

This study is designed to evaluate the damage caused by the Tsunami disaster and requirements needs to rehabilitate and re-established Tsunami affected MSMEs in Matara district. The study surveys fifty business organizations with the following research objectives:

1. To identify damages and losses to MSMEs in Matara district.

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2. To assess the benefits received by the affected MSMEs from various organizations.
3. To evaluate problems and difficulties faced by the beneficiary organizations in the benefits distribution.
4. To recommend strategies, guidelines and polices for tsunami affected MSMEs to be self-sustained within a reasonable time period.

Extent of Damage

The extent of damage was widespread covering human life, buildings, infrastructure, communications, inventories and business operations. The total damage can be classified under human, economic and the social loss. The human loss is in terms of people who lost lives, got injured and got internally displaced. The economic impact of the tsunami included asset losses (direct damage), output losses (indirect damage), and fiscal cost (second effects). Preliminary estimates of total direct losses were estimated approximately $ 1 billion (4.5 percentage of GDP), and destruction of private assets in the affected districts at about $ 700 million. The social loss in areas of breakdown of social life included education, livelihood, vocations etc. Major loss to the fishing sector ($ 97 million) and tourism industries ($ 250 million) came in the form of loss of infrastructure and equipment, while the housing sector sustained damages close to $ 306-341 million (Dasanayaka and Wedawatta, 2014 a,b; Shaw, 2010). Table 3 depicts a brief summary of the losses.

It's important to note although the sectors affected by the tsunami did not constitute a large portion of GDP, the affected provinces (South and North East) contributed 17.5 percent of GDP while accounting for a large portion of the population (26 percent) Available poverty data for districts in Southern province affected by the tsunami showed that between one quarter to one third of the population in these districts lived below the poverty line.

Macro-Economic Impact by Tsunami

Output losses resulting from the damage of assets and the disruption in economic activity in the affected sectors were estimated at $ 330 million during 2005 and 2006 (around 1.5 percentage of GDP). In terms of employment an estimated 200,000 people (or about 3 percent of the labour force) might have lost their job, including 100,000 in fisheries; 27,000 in tourism and related activities; and the rest in other informal sector activities. The tsunami was expected to slow down GDP growth in 2005 by up to 1 percent from (5 to 6 percent). The relatively limited impact was because that most affected sectors of the economy- fishing, hotels and restaurants together contributed only 3 percent to GDP.

Economic Needs For Recovery

The total cost of the required relief, rehabilitation and reconstruction effort had been estimated at approximately US$ 2.2 billion. The Government of Sri Lanka projected that it would take 3-5 years to rebuild destroyed structures and achieve full recovery (Ratnasooriya et.al, 2007). The largest financing needs were identified in the East (45%), followed by south (25.9%), North (19%) and West (10.1%). Preliminary estimates of financing needs for reconstruction were estimated at around $ 1.5 billion (about 7 percent of GDP). According to preliminary official estimates, relief and reconstructions needs would lead to an increase in merchandise imports in 2005 by around $ 700 million relative to original projections, while merchandise exports were expected to remain at pre-tsunami levels (Steele, 2006). Increased private transfers would contribute to financing increased imports. Services receipt will decline reflecting a drop in tourist arrival in the order of 175,000 relative to original 2005 projections (600,000). Additional external financing requirements after the tsunami were estimated at $ 79- million in 2005, which could be provided in the form of new concessional loans, grants, and possibly debt relief (DCS, 2004; 2005 a,b). Table 4 sums up the impact and the recovery needs.

Table 1: Definition for Micro and SMEs in Sri Lanka

Size of enterprise	Asset value (Million Sri Lanka RS)	No of Employees
Micro	<5	<5
Small	5- 30	5-30
Medium	30 – 50	30 – 129

Source: Sardana and Dasanayaka, 2013.

Table 2: Affected Enterprise Distribution by Location

Province	District	No. of Enterprise				
		Micro	Small	Medium	Large	Total
Western	Colombo	149	182	02	06	339
	Kalutara	90	197	11	04	302
	Gampaha	06	15	02	04	27
Eastern	Ampara	422	121	03	03	549
	Batticoloa	191	112	00	00	303
	Trincomalee	145	131	05	04	285
Southern	Galle	537	347	21	24	929
	Matara	516	328	12	05	861
	Hambantota	321	178	13	02	514
Northern	Jaffna	40	32	04	00	76
	Mullative	176	27	01	00	204
Total		2593	1670	74	52	4389

Source: Industrial Development Board (IDB), 2005. Survey on Tsunami affected industries in Sri Lanka, January 2005.

Table 3: Summary of Losses

Human	
Number of people killed	35,322
Number of people injured	21,441
Number of Internally Displaced people(IDPs)	516,150
Economic	
Value of lost assets	US $ 900 million
Number of lost livelihoods	150,000
Number of houses damaged	98,000
Proportion of fishing fleet destroyed	75%
Extent of agricultural land salinized	23,449 acres
Damage to tourism infrastructure – Large hotels	53 out of 242
Small hotels	248
Related small enterprises	210
Social	
Widowed, orphaned and affected elderly and disabled	40,000
Health facilities damaged	97
Education facilities damaged:	
Schools	182
Universities	4
Vocational Training Centre	15
Schools used as camps for IDPs	446
School children affected	200,000

Source: Government of Sri Lanka, 2005

Table 4 : Impact on the main sectors and their recovery needs

Sector	Damage		Recovery Needs	
	LKR - billion	USD – million	LKR – billion	USD – million
Education	2.7	26	4.7	45
Health	6.3	60	8.8	84
Housing				
Agriculture and Livestock	304	3	427	4
Livelihoods			14.7	140
Power	1	10	7-8.1	67-77
Water Supply and Sanitation	4.4	42	12.2	117
Transportations and Railway	1.5	15	13.6	130
Transportations and Roads	6.3	60	21	200.2
Fisheries	10.1	97	12.4	118
Tourism	26.2	250		

Source: Federation of Chamber of Commerce and Industry of Sri Lanka, Survey, 2005.

Support and Delivery of Aid

With the outpouring of support from the global community, Tsunami highlighted a number of factors regarding the coordination and delivery of international aid. These included difficulties regarding financing such missions, providing the required type and amount of supplies, and bringing aid to affected populations while dealing with home and foreign governments (IPS, 2005; ICC, 2005).

Relief and Aid

Immediately after the Tsunami, thousands made a dash for refuge in nearby around 600 places of temporary shelter, mainly schools and places of religious worship-temples, mosques and churches. The task of providing help with the essential necessities food, water, shelter and medical cure was immense. Sri Lanka's Buddhist psyche of magnanimity to help in times of distress played an important role. Within hours, assistance started to pour in from local communities, followed by the government, private sector, non-governmental organizations (NGOs) and international communities. Emergency repairs to damaged infrastructure were carried out in parallel to the provision of essential services-accessibility, health and sanitation, water supply, power and telecommunication facilities. Local and foreign military personnel also assisted in repair work as well as rescue operations, the identification and burial of dead bodies and clearing of debris. A scheme to provide food aid for nearly one million people and a compensation scheme for victims were initiated. Despite the sheer magnitude of the disaster and the lack of readiness of the country, thanks to the response, Sri Lanka recorded few deaths due to delayed medical attention or tsunami related illnesses. Aid commitments by the international community reached nearly US $ 3 billion (Alailima, 2006) for the recovery effort and in addition, the country received assistance in the form of debt relief/moratorium and exceptional trade benefits.

Delivery of Aid

Recognizing the sheer magnitude of the disaster, coupled with the lack of previous experience, several response mechanisms were enacted to expedite the relief effort immediately after the tsunami. A Center for National Operations (CNO) was created under the President of Sri Lanka to liaise with all involved with the emergency response and coordinate the relief effort. Disaster management authorities were appointed at district levels to coordinate local relief efforts. The structure of the coordination mechanism changed subsequently with the disbanding and/or merger of different agencies during the recovery and reconstruction period. In November 2005, all government agencies involved with Tsunami recovery and reconstruction were merged to form a single agency, the Reconstruction and Development Agency (RADA). Affected people were initially assisted through cash grants, food aid, and later through cash for work and microfinance schemes. Over 250,000 households received cash grants in installments, while nearly US $ 7 million was spent on the cash for work program in the first year after the tsunami. More than 13,000 subsidizing loans amounting to US $ 38 million were disbursed (Government of Sri Lanka, 2005).

Governance

Individuals, small groups, the government, religious institutions, private sector organizations, the media and non-governmental organizations all rushed to help distraught and desperate fellow citizens. Recognizing the seriousness, urgency and magnitude of the problem coupled with the lack of experience (the word Tsunami never existed in the local vocabulary), the government created an institutional mechanism to coordinate assistance efficiently (Jayasuriya et.al, 2005). This mechanism was built on donor delivery of assistance and agreed upon guiding principles of transparency and accountability, sustainability coordination and consultation in recovery process (De Mel, 2010; Dickson, 2006).

In the aftermath of tsunami, the President of Sri Lanka set up three task forces:

1. Task Force for Rescue and Relief (TAFRER)
2. Task Force for Law and Order and Logistics (TAFLOL)
3. Task Force to Rebuild the Nation (TAFREN)

The Impact of The Tsunami On Local Governance Institutions And Services

In Sri Lanka, implementation responsibilities for people centered programmes at the local level are almost exclusively assigned to the District and Division Secretariats, the extensions of the line ministries through the decentralized structure, with limited additional financial and human resources provided to assist the Pradeshiya Sabhas and Urban/Municipal Councils, the lowest tier of local government. The Pradeshiya Sabhas and Urban/Municipal Councils and the Departments of Local Government at the Provincial level provide the rough estimates for the first needs/damages assessments and subsequently carry out the detailed design and cost estimation for the repair work. However, they are not able to start construction since only very limited funding is made available to them. Their own revenues and limited grants/reimbursement of expenditures have, in the past, enabled them to engage in some development activities, and gradually expand the infrastructure base. However, as the Tsunami had destroyed many years of incremental development, it could not be rebuilt without a substantive increase in budgets, especially at a time when the tax base had been significantly reduced (Dasanayaka, 2006). Funding was provided on ad- hoc basis and earmarked for specific items. This was grossly insufficient leaving local governments to negotiate bilaterally with NGOs and donor agencies which made it impossible for them to effectively set priorities and manage implementation of recovery (ADB, 2005). Furthermore, lack of coordination between the district/divisional secretariats, provincial councils and local government resulted in local government playing a marginal role, leading to low effectiveness in the recovery process. In addition, given the political context in Sri Lanka, the fact that most of the local governments were controlled by the opposition may have had implications for the role that they came to play.

Undp Beyond the Recovery

UNDP, looking beyond the immediate recovery phase, developed a programme for Capacity Development for Recovery Programme (CADREP). The focus of the programme is on decentralized bodies, local governance and the Pradeshiya Sabhas. However, based on the policy decision of the government to focus on the decentralized bodies in the immediate recovery phase, the project would work with the local structures in the second phase. The intention was to provide funding through a proposed Local Recovery Fund to Pradeshiya Sabhas and Urban/Municipal Councils and a major effort is to be made to develop their capacity. UNDP is also supporting the Disaster-Relief Monitoring Unit of the National Human Rights Commission which has been conducting 'People's Consultations' in collaboration with local universities in an effort to increase participation in the recovery process.

Research Design and Methodology

The following instruments and approaches were used in the study:

- Survey of relevant literature, websites and publications to obtain secondary data and information,
- Interviews and discussion with relevant stakeholders conducting various rehabilitation and re-establishment programmers for Tsunami affected business organization
- Collection of data about the Tsunami affected business organization in Matara district from secondary data sources
- To carry out various analysis

Sample and Selection Criteria

The Tsunami affected industries in Matara district were identified from the survey report of IDB (2005). The industry that received high damage were classified: Hotel and tourism, Gem and Jewelry, Trading, Business and Services, Textile apparel and Leather Products ,Fish products, Wood and Wood products, Food, Beverage and Tobacco products, Paper and Paper products, Fabricated Metal products, Coir Based products, Lime manufacturing, and others.

The study included at least one business organization each form MSME of the above industry categories. The tsunami affected firms were categorized as MSMEs with the available data of asset value without land and buildings, annual turnover and number of employees or combination of those. The summary of the Matara district Tsunami affected industries are noted in Table 5. Tsunami affected business organizations are categorized into 9 classes. This study has covered at least one business organization each from micro, small and medium scale enterprises of the above industry categories. The sample size so designed is depicted in Table 6.

Table 5: Tsunami affected SME industries in Matara District

No	Industry	No of Business Units	%
1	Hotel and tourism	82	9.5
2	Trading, Business and Services	281	32.6
3	Textile apparel and Leather Products	65	7.5
4	Fish products	126	14.6
5	Wood and Wood products	53	6.2
6	Food, Beverage and Tobacco products	72	8.4
7	Paper and Paper products	45	5.2
8	Coir Based products	87	10.1
9	Other manufacturing Products not elsewhere specified	50	5.8
	Total	861	100

Source: IDB survey 2005

Table 6: Design Sample Selection

No	Industry	No of Business Units	Sample Selection		
			Micro	Small	Medium
1	Hotel and tourism	82			1
2	Trading, Business and Services	281	15	2	
3	Textile apparel and Leather Products	65			
4	Fish products	126	8		1
5	Wood and Wood products	53		2	
6	Food, Beverage and Tobacco products	72		2	
7	Paper and Paper products	45	4		
8	Coir Based products	87	4	3	
9	Other manufacturing Products not elsewhere specified	50	5	3	
	Total	**861**	**36**	**12**	**2**

Source: IDB survey 2005

Research Model and Frame Work

Reconstruction and Development Agency (RADA) conceptualizes the income recovery assistance under three broad types of instruments:

1. Social Protection that focuses on those affected by the tsunami who have lost their capacity to earn an income, or for whom there is no work. Especially vulnerable categories of the affected population include youth, widows, orphans, disabled and the elderly, need to be brought under the coverage of existing Government social assistance programmes.
2. Community Infrastructure Recovery: Income generation mechanisms through community and public works programmes that will generate temporary jobs for those who are able and willing to work while ensuring that infrastructure investments are sustainable and facilitate local economic recovery.
3. Support to revive and develop economic activities that move women and men out of dependency, to restore previously existing livelihoods and to improve upon them. This includes improving access to micro-finance and non-financial services such as business development and skills training that will enable people to develop and improve their livelihoods, including finding alternative livelihoods where appropriate and especially targeting vulnerable groups to improve their access to small business start-up grants.

Data Collection

Of the thirteen districts affected by Tsunami, eight districts were more severely affected. Literature reporting damages and losses resulting from similar natural disasters in Sri Lanka is just not there or is abysmally insignificant. Besides, no written records appear to have been kept of aids, wastages, or mechanisms for reaching the needy by government agencies. The authors had to rely largely on secondary data for this research study. For data collection, the research was focused on a search of literature through web sites, publications and discussions with relevant stakeholders conducting rehabilitation and re-establishment of Tsunami affected business organizations. Interviews were also conducted with some of the previous researchers (IPS Colombo, GTZ Colombo office), who studied about Tsunami affected industries, Tsunami relief programs, livelihood officers in divisional offices, NGO volunteers, various stakeholders, Sri Lankan and international aid agencies, who conducted a broader study on post-Tsunami rehabilitation. The UNDP Tsunami recovery unit (Colombo office) was visited to obtain details of their programs for the Tsunami-affected enterprises. Information was also obtained from Matara Red Cross branch office about the all stake holders involved in the SME recovery process. The data were collected from the district offices about Tsunami affected business organizations such as IDB, FCCISL, Matara district secretariat and divisional offices, the Institute of Policy studies, etc. Data were also taken from IDB's 2005 survey report on Tsunami affected SMEs. The IDB Matara district office and IDB Head office in Katubedda was visited to collect a beneficiary list to identify the Tsunami affected manufacturing and service enterprises. The Matara district recovery officer and divisional livelihood officers were met to obtain beneficiary lists on the Tsunami recovery projects. The project details and lists of active participants were also collected through these visits. Interviews were conducted with the entrepreneurs to identify damages, recovery, rehabilitation, re-establishment and difficulties faced in the aid distribution process.

Figure 1 shows the model developed for Disaster Recovery Experience.

Model for Recovery Experience

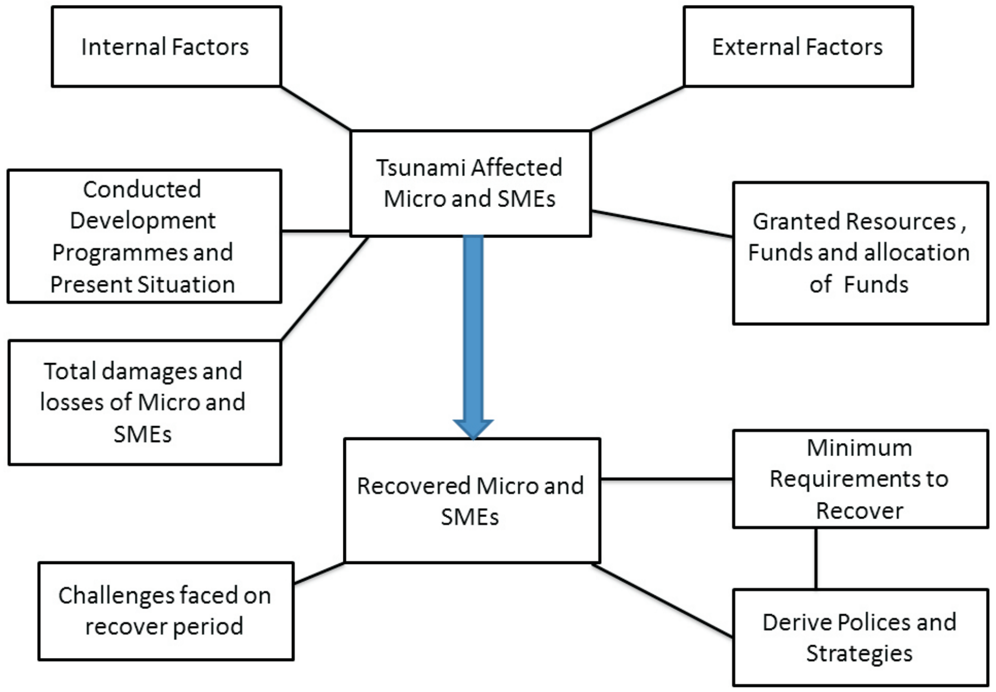

Fig 1: Model for Recovery Experience

Questionnaire Design

The questionnaire for this study was designed by addressing the followings aspects:

- Basic information such as name of the business, owners or contact person's name, postal address, GN division, qualification
- Details of the organization, such as business registration details, year of foundation, ownership of the business, number of employees and annual turnover
- Major damages and losses to the employees, land, buildings, plant and machinery, sales and income, inventory, and others using expert opinion. These damages and losses were categorized as completely destroyed, damaged, slightly damaged and not damaged
- The assistance providing organizations were identified as government agencies such as IDB, Export Development Board, etc. international NGOs such as UNDP, Red Cross, etc. local NGOs such as Seeds (Pte) Ltd, Seva Lanka Foundation, etc. Trade/Chamber associations such as FCCISL, companies, political parties, Family members, individual personnel and others. The degree of assistance was categorized as “very high”, “average”, “little” and “not received any thing” compared to the size of the organization.
- The nature of benefits received such as grants, loans and the values were identified separately under categories such as land, buildings, plant and machinery, market development programs, inventory and entire businesses using expert opinion.
- Business activity comparison on pre-Tsunami conditions was obtained from details such as sales revenues, number of employees, production/service volume, capital employed. This data were obtained separately for the pre-Tsunami condition and current condition.
- The problems and difficulties faced by the beneficiary organizations in the aid distribution process were identified as: delay in receiving benefits, political influence, lack of cooperation from the officers, procedural difficulties, giving bribes and others, etc. These problems of receiving benefits were categorized as “strongly agree”, “agree”, “disagree” and not “applicable”.
- Telephonic interviews were conducted initially with ten samples as a pilot survey. The pilot survey data were analyzed and used to modify the questionnaire.

Data Analysis

The following section makes an analysis of the questionnaire response to arrive at findings of importance.

Analysis of The Main Damages And Losses for The Tsunami Affected Business Organizations

The following methods were deployed:

- Identified the damages and losses of Land, Building, Inventory, Plant and Machinery, Sales, Family members and employee of each business organizations and entered in to the data analysis
- The damages and losses are categorized as completely destroyed, partially damaged, slightly damaged and no damaged
- The number of business entrepreneurs responses on the above damages or losses were taken down at the interviews, against each category of damage was counted and summarized in a table
- The summary was analyzed using Likert scale
- Issue and loss were categorized and given simple weights of 3, 2, 1 and 0 for each category of issue and loss for scoring purposes
- The counts of business entrepreneurs response for fifty questionnaires were multiplied by the simple weights to calculate the total effect for each category of damage
- The each category of damages were added to calculate the total affect for each main damage or loss

Analysis of The Benefits Received From Aid Relief Agencies

The benefits received by the business organizations from Tsunami aid relief organizations were analyzed on the following

- The benefits received from various donors to the affected organizations were identified such as Government agencies, International NGO, Local NGO, Trade Associates ,Companies , Political Parties and Others
- The assistance were categorized as high, adequate, average ,little and not received any compared with the size of the organization
- The number of business entrepreneurs responses for assistance received from donors to the affected organizations were taken down at the interviews, against the each category of benefits received and counted and summarized in a table.
- The summary was analyzed using Likert scale
- These four categories were given simple weights of 3,2,1 and 0 for scoring purposes
- The business entrepreneurs responses counted, were multiplied by the simple weights and entered against the relevant category
- The score for each category of assistance received was added to calculate the total effect of assistance received from each Tsunami aid relief agency

Analysis of Nature of Benefits Received (Grant /Loan) and Values

The nature of benefits received (grant/loan) and values for the business organizations were analyzed on the following methods

- The nature of benefits received such as grants, loans and the values were identified separately for the categories such as land, Buildings, plant and machinery, market development programms, inventory and entire business and entered in the relevant row of spreadsheet for data analysis
- The row data values of the question "under the section of list the nature of benefits received in value in '000'" of the questionnaire were entered in each column under the questionnaire code
- The mean value of the benefits received for the above categories were calculated from the details that were obtained from fifty interviews for the research

Analysis of Business Activity Comparison to Pre- Tsunami Condition

The overall business activities were compared with the pre Tsunami condition and the present condition of the organizations and analyzed on the following methods

- The details were on obtained from the question under the "what is your business activities compare to pre Tsunami conditions" on the questionnaire for the business activities such as sales revenue, number of employees, production and service volume, capital employed for the pre Tsunami condition and present condition
- Most of the entrepreneurs were reluctant to give these details such as sales turnover, sales volume and capital employed. However, this research was calculated on the percentage of increase or decrees of business activities separately for one business organization using the available row date of the question under "What is your business activities compare to Pre-Tsunami conditions" of the questionnaire
- The business activities were entered in the relevant row of the spreadsheet for data analysis
- The percentage of increase or decrease of values were entered in the relevant column of the spreadsheet under the each questionnaire code
- The individual percentage of increase or decrease of business activities from the available data
- Overall value of increase or decrease of business activity was calculated by calculating the mean value of individual percentage of increase or decrease of business from the fifty business organizations interviewed

Analysis of Problems and Difficulties Faced by the Beneficiary Organizations

The problems and difficulties faced by the beneficiary organizations in aid distribution process were analyzed on the following methods

- The problems and difficulties were identified as delay in receiving benefits, political influences, lack of cooperation from the offices. Procedural difficulties and giving bribes etc and entered in the relevant row for data analysis
- The problems and difficulties are categorized as strongly agree, agree, disagree and not applicable, to understand the seriousness of the problem
- The number of business entrepreneurs responses to the above problems and difficulties that were taken down at the interviews, against the each category of problems and difficulties was counted
- The summary was analyzed using Likert scale
- These four categories of the problems of receiving benefits were given simple weights of 3,2,1 and 0 for scoring purposes
- The total count of business entrepreneurs response was multiplied with the relevant weight
- The score for answers of each problems and difficulties faced was added to calculate the effect of each problem

Research Findings

The collected data was analyzed and the following major findings were noted.

Damages and Losses Occurred to Industries

78 percent of business plants, machineries 70 percent of inventories were completely destroyed and 14 percent of plants, machineries and 24 percentage of inventory were identified as partially damaged. This survey further identified that 56 percent of sales income had been completely destroyed. The damage to the employees were minimal for the business organizations since only the 10 percent of business's employees died, 8 percent reported heavy casualty rates and 66 percent had no losses.

The main loss was damage to the Sales and Inventory and the value was 98 percent of the maximum possible score. The second main damage for the Tsunami affected business organizations was loss and damage to the plant and machinery and the value was 96 percent of maximum possible score. Most of the buildings of the organizations were also damaged and the value was 80 percent of maximum possible score. Even though Tsunami caused the destruction of the livelihood of the people in the coastal belt, this research confirmed that the damage to the employees was minimal in the business organizations, compared to other damages. Also, the damage to the land was not significant compared to other damages to the business enterprises. Table 7 depicts the damage.

Table 7. Entrepreneurs' responses for main damages incurred

Issues and Losses	Completely Destroyed		Partially Damaged		Slightly Damaged		No Damage		Total
	No	%	No	%	No	%	No	%	
Land	3	6	5	10	14	28	28	56	50
Building	15	30	18	36	7	14	10	20	50
Employees	4	8	5	10	8	16	33	66	50
Plant and Machinery	39	78	7	14	2	4	2	4	50
Sales	28	56	20	40	1	2	1	2	50
Inventory	35	70	12	24	2	4	1	2	50
Family Members	2	4	2	4	1	2	45	90	50

Source: Structured questionnaire survey

Assistance Received From Various Bodies

Business owners' responses for the degree of various types of assistance received from various parties are summarized in Table 8, which projects that 80 percent of business organizations did not receive support from the government agencies; 90 percent of business organizations had not received recovery assistance from International NGOs, 82 percent of business organizations had not received recovery assistance individually from local NGOs, as well as political parties. 70 percent of business organizations stated that they did not receive support from companies, 76 percent of entrepreneurs did not receive support from Trade and Chamber Associations and 70 percent of business organizations did not receive support from individual personnel. Overall, the data show that the affected organizations were overwhelmingly not satisfied with the support, assistance or help from relief organizations.

Analysis of Nature of Benefits Received (Grants and Loan Value)

Type of support and benefits (grants and loans) received and values Table 9 shows total grants received, average grants received and percentage of average grants received for each category of business requirements. These grants were separately identified for the categories of land, buildings, plant and machinery, inventory and entire business. The highest percentage of grants received for the entire business development was 42.8 percent of average grants. 29.1 percent of average grant was received for the plant and machinery. The values of loans received by each category of business requirements are shown in Table10.

Business Comparison to Pre-Tsunami Situation:

The mean values of current recovery level of business activities for 50 organizations surveyed are given in Table 11. The average percentage of current business level compared to pre-Tsunami condition is 59.1 percent. That clearly shows the business organizations had recovered only 59.1 percent of business level from the pre-Tsunami condition even after nearly ten years since the Tsunami disaster.

Problems and Difficulties Faced by the Beneficiary Organizations:

Table 12 shows responses received about problems while receiving benefits for recovery. The main reasons cited were delays in receiving promised benefits, political influences in distributing of benefits, lack of cooperation from the government officers, procedural difficulties and asking bribes, etc

As per the survey findings, 30 percent of the respondents "strongly agreed", while a further 20 percent "agreed" to delays in receiving promised benefits as a major issue faced. 12 percent of businesses "strongly agreed" and 14 percent "agreed" that procedural difficulties were the next major issues faced while getting assistance. However, nearly 29 percent of business firms did not answer this question since they did not receive any benefits from Tsunami aid relief agencies and a few of them received support from parties personally known to them. Furthermore, this research confirmed that most of the business firms were not in a position to give bribes to acquire some benefits.

Table 8: Degree of response on benefits received

Parties	High		Adequate		Average		Little		No	
	No	%	No	%	No	%	No	%	No	%
Government Agencies	0	0	2	4	6	12	2	4	40	80
International NGO	0	0	1	2	4	8	0	0	45	90
Local NGO	0	0	2	4	5	10	2	4	41	82
Trade Associates	0	0	1	2	6	12	5	10	38	76
Companies	1	2	5	10	5	10	4	8	35	70
Political Parties	1	2	1	2	1	2	6	12	41	82
Other	1	2	2	4	10	20	2	4	35	70

Source: Structured questionnaire survey

Table 9: Value of total grants received by affected business organizations

Category	Total Grants (Rs'000)	Average Grants per Industry (Rs'000)	% of average grants
Land	0	0	0.0
Building	470	9.4	15.9
Plant & Machinery	862	17.24	29.1
Inventory	361	7.22	12.2
Business Development	1265	25.3	42.8
Total	2958	59.16	100

Source: Structured questionnaire survey

Table 10 : Total loans received for the Tsunami affected business organizations

Category	Total weights	Average loan per Organization	% of average load
Land	0	0	0.0
Building	200	4	2.2
Plant & Machinery	870	17.4	9.5
Business Development	8085	161.7	88.3
Total	9155	183.1	100

Source: Structured questionnaire survey

Table 1: Current business recovery status compared to pre-Tsunami situation

Business Activities	Average % of business level compared to pre-Tsunami condition
Sales Revenue	62.9
Number of Employees	60.7
Production Service volume	55.6
Capital Employed	57.3
Percentage of Average	59.1

Source: Structured questionnaire survey

Table 12: Problems of receiving benefits and their percentage

Item	Strongly agree		Agree		Disagree		Not Acceptable	
	No	%	No	%	No	%	No	%
Delay in Receiving Benefits	15	30	10	20	10	20	15	30
Political Influence	2	4	4	8	22	44	22	44
Lack of Cooperation form the Officers	3	6	6	12	20	40	21	42
Procedural Difficulties	6	12	7	14	18	36	19	38
Have to give Bribes	2	4	4	8	28	56	16	32

Source: Structured questionnaire survey

Conclusions

In large well-publicized disasters affecting low-income countries, the flow of relief and recovery aid is often very large. Yet the findings show that the affected firms have not yet fully recovered, the main reasons being the difference of specialist donation for business recovery, loan facilities, lack of coordination and general inefficiencies in aid management. The aid flow to MSMEs was small and not well correlated with reported damage. Major findings of the survey are mentioned as under:

i. The majority of the funds used to pay for recovery came from personal savings or from loans or gifts from family members and friends. Recovery aid and formal loans were a less important source of finance for recovery. We find this surprising because the MSMEs are generally considered to have high capital constraints. Nonetheless, despite this partial recovery of capital stock, tsunami-affected MSMEs still have lower profits and capital stock ten years after the tsunami than similar firms not damaged by the tsunami, suggesting the recovery process has been slower than often assumed.

ii. 59.1 percent of MSMEs have recovered to some extent, however, much more needs to be achieved to return to pre-tsunami conditions. The reason lies that most of the aid distributors gave initially to micro organizations as the cost of helping them individually is lower than the cost of helping SMEs. Thus there was uneven recovery for the sector as a whole.

iii. Tsunami 2004 brought severe devastation to the lives of the people in the coastal belt. The main damages were identified as damages to plant and machineries (92 percent) and inventories (94 percent). But priority assistance was not received to this category resulting in dissatisfaction and delays in recovery.

iv. Around 40 percent business organizations did not receive any form of assistance to recover business. The major reasons identified are: staying in the buffer zone; inadequacy of property as security to obtain Tsunami loans; inadequacy of lobbying by sufferers to present their case to relief agencies; pending dues against pre-Tsunami loans and procedural difficulties.

v. The Government, International non-governmental organizations (INGOs), local non-governmental organization (NGOs) and other organizations appealed to donors and received colossal amount of donations. However there is no evidence that enormous the amounts of donation reached the MSME sector in recovery process.

vi. There was a huge capacity gap with the tsunami recovery attempts. It is evident that the government had ambitious plans and high expectations for speedy recovery but with less success rate. Among other factors, various skills shortages such as coordination and planning skills have been identified as main capacity gaps which need immediate attention.

vii. Further, the aid was biased towards those who had access to social networks such as community-based organizations and political influences. Most donors approached local community based organizations in order to identify potential beneficiaries due to a lack of local-level systematic information about pre-Tsunami asset ownership. Even though the major donor agencies and political party's workers were from Sinhalese community the minority entrepreneurs (Muslims entrepreneurs) have not faced any ethnic issues in recovery process.

Recommendations

Resilience of livelihoods is intimately related to the resilience of MSMEs and their ability to promote a healthy local economy after disasters (Pro Vention Consortium, 2009). The close relationship between MSMEs and their communities through employment and local economic dynamism is particularly important for livelihood recovery of vulnerable communities. The following areas need the first priorities when it comes to rehabilitation:

Improving access to financing: Improving access to financing means enhancing the degree to which financial services become available to all, through easy and affordable means. The ability of MSMEs to grow and strengthen their competitiveness over time largely depends on their ability to invest in restructuring, innovation, improvement and diversification. MSMEs are faced with constraints caused by many factors, such as financial sector ineffectiveness, lack of information on financing availability, lack of collaterals, poor property rights laws and. lack of financial products. Policymakers need to address these issues to make financial resources accessible to small entrepreneurs.

Developing MSMEs business services:

Poor business development (and support) services or their relatively high cost has disadvantaged MSMEs' efforts in improving their competitiveness as service providers, particularly lawyers, business consultants and technical consultants do not provide cost effective management solutions

required for MSMEs. Lack of information and accessibility to utilize existing services by MSMEs has also resulted in weak demand for such facilities.

Supporting SME business infrastructure:

Quality business infrastructure facilitates the production of goods and services and enhances competitiveness. MSME specific infrastructure is still insufficient, particularly in the areas of skills development and in providing physical facilities, such as training institutions and MSME parks. Supporting MSME targeted infrastructure would enhance the productivity of MSMEs and improve their competitiveness in international markets.

Developing and Adapting Technology

One of the critical factors influencing the competitiveness of all enterprises is technological capability for quality products and services. MSMEs in developing countries very often produce products and services of moderate quality mostly due to the adaptation of outdated technologies and this has resulted in rejection of their products in competitive markets at both domestic and international levels. In recent years the situation has worsened, because SMEs in developing countries have to survive the intense competition of globalization.

Enabling policy and regulatory environment: A transparent policy and regulatory environment ensures enterprise facilitation for the establishment, operation, promulgation, access to resources and markets and exit. To a greater extent the sustainability of policy and regulations – such as enterprise registration, corporate governance, fiscal incentives, anti-corruption and labor laws – relies on efficient administrative framework.

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Impact of Corporate Disclosure on Investors' Attractiveness

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Disclosure is a growing phenomenon in the corporate world. It is a healthy practice of each and every corporate sector which is meticulously designed as a means of disclosing facts. Present study focus on disclosure practices of corporate sector in India. However, an attempt has been made to disclose the impact of different factors (constructs) related to disclosure practices on investors' Attractiveness.The study based on primary data analysis and empirical in nature.

The researcher verified the relationship among investors' attractiveness with six factors and also trying to establish the inter-factor relationship from disclosure point of view. The study will helpful to know about the disclosure practices of corporate sector and its impact on investors' mindset.

Keywords: Corporate Disclosure, Corporate Governance, Environmental Issues, Financial Disclosures, Investors' Attractiveness etc.

Introduction

Corporate reporting is an old concept followed by several organizations. The reporting process covers the organizational status and the performance on different aspects, preparation and provision, for the use of different stakeholders. It is often provided in the annual and financial reports which include the economic, environmental and social issues. This study shows only about the corporate disclosure practices within the company's annual and financial report which facilitate the investors to be conscious about the investment in different organizations.

Since long, the conventional financial reporting has been practiced by many organizations. But few of the selective user groups are disclosed as per SEBI guidelines since its inception i.e. 1992. The shareholders, prospective investors and financial institutions are the primary users of financial and nonfinancial disclosures. There are several factors like environmental, corporate governance, human resource management and financial disclosure have a greater importance and influence over financial and nonfinancial assessments of an organization. For an example, in the annual report, environmental disclosures are the primary concern for the company to satisfy the shareholders and stakeholders relating to environmental and social requirements.

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Review of literature

As stated, corporate governance is a set of accepted principles by management which involves a set of relationship between corporation's management, its board, its shareholders, and other stakeholders. It also provides a systematic process and structure of objectives of the corporation; means of attaining objectives and the system of monitoring performance are set. In order to obtain a detailed and well structured system of corporate governance, the investors are enabling to understand the disclosures in the annual reports of corporations. (Eng and Mak, 2003).

There are four pillars of modern corporate regulatory system i.e. accountability, transparency, fairness and disclosure, which involves the provision of information by corporations to the public in variety of ways. (Bhasin, 2011). There are two perspectives to view disclosures i.e. corporate disclosure and financial accounting disclosure (Solomon, 2004).

Pramanik Kumar Alok, Shil Chandra Nikhil & Das Bhagawan (2008), viewed about “Corporate Environmental Reporting: An EmergingIssue in the Corporate World”. This study gives a conceptual idea about the corporate environmental reporting and guidelines. In which they concluded about the level, extent and style of disclosures. It was a theoretical study which gives the information about Conventional financial accounting and reporting model and need for environmental accounting and reporting, CER (corporate environmental reporting), factors under CER, formula to environmental accounting standards, guidelines for CER, legislation of CER, environmental report of Asian countries and Indian Scenario of CER.

Bhasin Lal Madan (2010), stated about "Corporate Governance Disclosure Practices: The Portrait of a Developing Country". In this he had developed his own study "working "method. In order to verify about the company's complain against "point value system" of RIL. This study also helps to find out the effectiveness of corporate governance practices followed by RIL. At last he concluded that RIL is the best CG practices in India but still there should be more improvement needed.

Suttipun Muttanachai & Stanton Patricia (2012), studied about "Determinants of Environmental Disclosure in Thai Corporate Annual Reports". In their study they investigated the extent and content of environmental information disclosure provided in the annual report of listed companies on SET (Stock Exchange of Thailand). They tested the relationship between the amount of environmental disclosure and a number of companies characteristics used. They have taken the use of simple sampling method in which they found out that 62 companies are provided with environmental information in the annual report. And at last they conclude that there is a positive relation between the size of the company and the amount of environmental disclosure.

According to a study performed by Al-Moataz and Hussainey (2012), where they have examined the relation between some corporate governance mechanisms and the disclosure-level of corporate governance information in the 'Saudi Arabian' 97 listed companies in 2006 and 2007 using the content analysis approach to analyze the content of the reports. The researcher found that "board independence, audit committee size, profitability, liquidity and gearing are the main determinants of corporate governance disclosure in Saudi Arabia. They did not find any statistically significant association between firm size and corporate governance disclosures."

Ali Waris & Rizwan Muhhamad (2013), taken a study about "factors influencing corporate social and environmental disclosure (CSED) practices in the developing countries: an institutional theoretical perspective". This study mainly depends upon the Corporate Social and Environment Disclosure (CSED) and the factors related to it. They stated that by adapting three categories i.e. normative, interest and company groups a company can adapt CSED practices. Hence, this study was only based on theoretical perspective to provide the reasons for CSED in developing countries.

Objectives of the Study

- To asses investors attractiveness towards disclosure practices
- To rank different variable towards corporate disclosure and to identify different factors having significant impact on investor's attractiveness
- To examine the interrelationships among different constructs.

Methodology

In pursuit of the above objectives, the opinions of respondents are considered the sample frame for the study. The collection of data for the purpose of the study is aimed at getting current information about the disclosure practices in India as well as investors attractiveness towards the disclosed facts. Therefore, data was obtained to justify the above said objectives through primary sources.The Primary Data is collected from employees of Banks, financial institutions, stock broking firms and academicians. The researcher circulated 150 well drafted pre-tested structured questionnaire, out of which 128 fully filled flawless questionnaire taken for analysis.

The studymainly focuses on analysis of data related to investors' attractiveness due to disclosure. To study the attractiveness of investors' towards corporate disclosure practices, an attempt has been made through distributing well defined questionnaire to various sections of investors. Referring to different objectives taken earlier, two propositions has been constructed to delve it deeply.

Based on the objective to know about different factors influencing investors' attractiveness towards disclosure practices, a well accepted statistical tool (SEM) has been applied on the numerical values gathered from the opinions and complied against each component of the questionnaire. Subsequently, through manipulation, constructs like; Financial, Corporate Governance, Risk management, environmental, operational and HRM disclosure were identified.

Hypothesis

One proposition has been designed, to assess investors' attractiveness towards disclosure practices. The proposition tries to establish relationship between different constructs in priority by the investors. One of the major objectives of the current research is to verify the impact of all these constructs on investors' attractiveness. To justify the relationship, it was assumed that investment decision had a positive relationship with the obtained constructs. Hence, to examine theabove objective two hypothesis formed:

H_a1: The identified constructs positively affects investor's attractiveness.

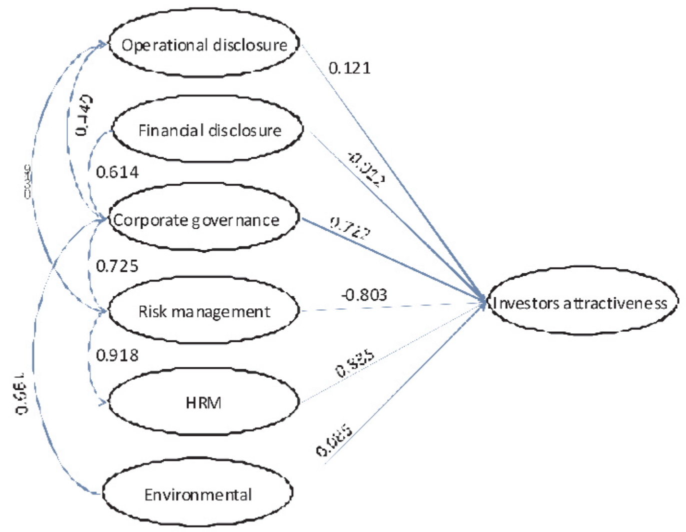
H_a2: The identified constructs influence investor's attractiveness differently

Analysis

The SEM approach was used to test the above selected hypothesis. This is a multivariate technique used to explain the explanatory ability of the study. It helps in addressing a wide range of managerial and theoretical questions by examining only a single relationship or identifying interrelationship among the variables under study.

The researcher has constructed two hypothesis (Cited above) and tested through this technique. The SPSS AMOS 4.0 software was used for the purpose. The results thus unveiled were simultaneously, a single relationship as well as inter related latent relationship among different variables/constructs. More precisely it has been shown below through a neat diagram.

Figure-:1SEM model to test hypotheses



The above Figure1 shows the result of all relationships developed through the hypothesis developed above. Simultaneously, the below mentioned table (Table 1) Provides the model validation with the facts about Goodness of Fit Index (GFI), Normalized Fit Index (NFI), Chi-square divided by degrees of freedom, Root Mean Square Error approximation (RMSEA), and Cumulative Fit Index (CFI) of the SEM. The result show a generally good fit to the model with a small Chi square value and low RMSEA value .Focusing on the default values of GFI, NFI, CFI a good fit may be referred when the values are close to one (McDonald and marsh, 1990; Hu and Bentler, 1999; Marsh et al., 2004).So the table below justifies a good fit of the model.

Table No. 2 summarizes the results of SEM in a precise tabular format. So far as this study is concerned, authors have considered one selected hypothesis (Ha1) for investors' attractiveness with the six constructs indentified through Factor analysis. The acceptance of hypotheses made on two standards such as p value at 0.01and regression weight. But here preference will be given to the higher regression value for the acceptance of hypothesis. Out of six constructs, only two constructs have higher positive regression weight. So, the factors like; Operational Disclosure, Financial Disclosure, Risk Management and Environmental disclosure though affects investors attractiveness were rejected due to their low regression weight.

Table No-1: Model validation

Model	Chi-square/DF*	GFI	NFI	CFI	RMSEA
Default	1.711	0.714	0.683	0.864	0.075
Independent	3.768	0.236	0.000	0.000	0.148

Source: Computed and complied

Table No-2: Results of hypothesis testing

Hypotheses (H_a1)	Factor No.	Identified Constructs	Regression Weights	Results
The identified constructs positively affects investor's attractiveness	1	Operational Disclosure	0.121	Refuted
	2	Financial Disclosure	-0.012	Refuted
	3	Corporate Governance Disclosure	0.722	Accepted
	4	Risk Management Disclosure	-.803	Refuted
	5	HRM disclosure	0.835	Accepted
	6	Environmental disclosure	0.085	Refuted

Source :computed and complied

Table No-3: Results of hypothesis testing

Hypotheses (H_a2)	Identified Constructs	Regression Weights	Results
Corporate Governance positively affects	Operational Disclosure	0.440	Accepted
	Financial Disclosure	0.614	Accepted
	Risk Management Disclosure	0.725	Accepted
	Environmental disclosure	0.661	Accepted
Risk Management also affects HRM disclosure positively		0.918	Accepted

Source: computed and complied

Table No. 3 Reflected the results of the analysis for Ha2 where Corporate Governance with other constructs like; operational disclosure, Environmental Issues, financial disclosure and Risk Management of an organization were taken for studying the interrelationship. It could be further stated that out of six factors four factors have inter relationship with corporate governance. The acceptance of hypotheses based on regression weights where higher regression value given priority for the acceptance of hypothesis. Hence, the constructed hypothesis will hold good and accepted. Apart from these authors found Risk Management also affects positively HRM disclosure with 0.918 regression weight, which is too high to consider as an influencing factor.

Conclusion

In this study authors have analyzed the relationship among investors' attractiveness with six factors and also trying to establish the inter-factor relationship from disclosure point of view. Out of two hypothesis, the second hypothesis has been accepted because of high regression weight. But in first hypothesis, out of six constructs, only two constructs have higher positive regression weight. So, the factors like; Operational Disclosure, Financial Disclosure, Risk Management and Environmental disclosure though affects investors attractiveness were rejected due to their low regression weight.

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Corporate Governance: Diversifying Boards Through Induction of Women Directors

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Corporate Governance (CG) helps firms in many ways. The Board of Directors (BODs) plays a pivotal role in the governance structure of a company. The Tyson Report on the Recruitment and Development of Non-Executive Directors in UK (2003) brought attention to the gender diversity on Boards. Many countries of the world either have mandatory norms or "comply or explain approach" for Women Directors (WDs). Some European countries viz., Norway, Spain and France have introduced compulsory quotas for induction of WDs on Boards. However, investors in United States (US) are seeking greater gender diversity in the Boardroom. In consonance with company laws and CG norms of many countries including India, there is an active discourse in CG research on emphasizing practices of companies inducting WDs on the Board. The main objective of the study is to ascertain compliance with provisions of induction of a WD on the Board of companies. Using purposive sampling technique, the study concentrates on Nifty 50 Index companies. Secondary data were collected from annual reports of companies for the year 2015-16. Z test was used to test the hypotheses and it was ascertained that there exists compliance with respect to induction of a WD on the Board in case of a supermajority of companies. It implies that there is Board diversification due to induction of WDs on the Board and such a practice can yield many benefits for companies as revealed by review of literature. The study has limitations of same size and period studied. Future studies can focus further on exploring the relationship between Board diversity and profitability, types and proportion of WDs on the Board and stock market valuations.

Keywords: Corporate Governance, Board Diversification, Women Directors, Companies Act- 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations-2015.

Introduction

The focus of CG research on Boards is mainly due to the fact that a Board in the central controlling and governance authority. According to the Cadbury Committee (1992), "Corporate governance is the system by which companies are directed and controlled." This definition of CG focuses on a system, proper direction and control. CG structure or system is expected to provide proper direction and control through BODs. Hence, the role of directors is very crucial. The Higgs Review (2003) recommended greater Board diversity. Globally, Board and gender diversity contribute to effectiveness of the Boards. Indian company laws have drawn attention to induction of WDs on the Board, thereby amplifying scope for CG through diversification of Boards. The efforts of India regulators are commendable in this regard. Section 149 (1) of the Companies Act, 2013 has focused on gender diversity in Board composition. According to the Companies (Appointment & Qualification of Director) Rules, 2014 effective 1st April 2014, every listed and other public company having a paid-up share capital of one hundred crore rupees or more or a turnover of three hundred crore rupees or more as on the last date of the latest audited financial statements, shall appoint at least one WD on the Board of such company. According to Section 149 (2) and the Companies (Appointment & Qualification of Director) Rules, 2014, every company existing on or before the date of commencement of the Companies Act, 2013 shall within one year from such commencement or within six months from the date of its incorporation shall comply with the requirement of appointing a WD. In addition, as per regulation 17 (1) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, the composition of BODs of the listed entity shall have at least one WD on the Board. SEBI has exempted requirement of appointing a WD in case of listed companies which have a paid-up equity share capital not exceeding Rs. 10 crore and net worth not exceeding Rs. 25 crore on the last day of previous financial year and also for companies which are listed on Small and Medium Enterprises exchange.

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Review of Literature

Yi. A. (2011), ascertained that companies with two or more WDs on Board tend to have a larger market capitalization and larger Board size. Lakhal et al. (2015), found that a woman in the Board as directors or chairpersons reduces earnings management when there are at least three WDs. They suggested that WDs play an effective monitoring role and are considered as a crucial CG device. As chairpersons, women may be inherently more likely to detect earnings manipulation and it helps companies in managing the risk of litigation and protection of goodwill. International Finance Corporation (IFC) (2014) in collaboration with the Jordanian Institute of Directors conducted a study on gender diversity in Boardrooms of 237 publicly listed companies and 996 private shareholding companies. The findings of their sector-specific study showed that in Jordan the health industry has the highest female representation on Boards i.e., about 11 percent, followed by 7 percent in the education sector, 5 percent in banking and 4 percent in insurance and other financial services sectors. In a study by IFC in collaboration with the Ministry for General Affairs, UN Women, the Moroccan Institute of Directors, and the Moroccan Chapter of Women Corporate Directors surveyed listed companies on the Casablanca Stock Exchange and revealed that only 7 percent of BODs were women. Further, Boards of listed companies fare slightly better at 10 percent. In all three categories, less than 50 percent have at least one WD. A report by Catalyst based on study of Fortune 500 companies ascertained that companies with three or more WDs in at least four of five years have better performance than Boards with no WD. According to Governance Metrics International (2011), the three European countries with the highest aggregate percentage of WDs are Norway 35.6 percent, Sweden 27.3 percent and Finland 24.5 percent. As per the study by African Development Bank (2015), women hold 12.7% of Board Directorships (364 out of 2,865) in 307 listed companies based in 12 African countries. It is 4.6% lower than the 17.3% women's representation on the Boards of the 200 largest companies globally. The percentage of WDs in blue-chip companies in the European Union was 18% and in case of the US Fortune 500 companies, it was 16.9%. In case of Africa's large-cap companies, 14.4% women-held Board seats which is significantly higher than the average percentage of WDs in listed companies in the Asia-Pacific region (9.8%), Latin America (5.6%), and the Middle East (1%). Marie et al. (2011), ascertained that 5.4% of the 923 directors on the Boards of the top 100 companies listed on the Bombay Stock Exchange (BSE-100) were women. As per Institutional Shareholder Services (2014), in India, percentage of WDs on Boards of S&P CNX Nifty 50 companies is on the rise and it was 4.4% in the year 2011, 5.6% in 2012, 6.5% in 2013 and it was 8.3% in 2014. Survey by Stuart (2016), has revealed that female representation on the Board is lowest in Central and South America and Asia. Sarkar and Selarka (2015), have supported having gender quotas in emerging economy like India where there is dominance of family firms. They found that firms which have appointed at least one WD on the Board have high market value and profit as compared to Boards with none. Such a result was driven by Independent WDs. Overall, the institutional context in which WDs function may have an important bearing on how gender diversity matters on corporate Boards. Rai (2012), has recommended that the contextual and culture specific aspects of gender diversity are yet to be explored. According to Liswood (2015), the advantages of WD on the Board are many such as enhanced dialogue, better decision making including the value of dissent, more effective risk mitigation, crisis management, a better balance between risk-welcoming and risk averse behavior, higher quality monitoring, guidance to management, positive changes to the Boardroom environment and culture, more orderly and systematic Board work and positive changes in the behavior of men. Accordingly, WDs bring a different set of perspectives, experiences, insights, and viewpoints than male Board members. Female directors are more likely to probe deeply into the issues at hand, asking more questions which lead to robust intra-Board deliberations. It was observed that female directors were creating participative environment in Boardrooms for discussion. Ferry (2016), has revealed that most countries reviewed show little or no improvement in terms of presence of WDs on the Board. The exceptions are Malaysia (+4.2%), Australia (+3.3%) and India (+1.3%), which have recently seen regulatory action for promoting Board diversity. Gender diversity, a part of Board diversity also varies across countries. Australia continues to be the best performing in terms of gender diversity, with 21.9% of its Board members being women. In case of India it is 8.6% and for Singapore it is 7.7%. It case of Japan it is 3.3% and lowest in South Korea i.e., 2.6%. However, the region averages 9.2%. In other countries such as New Zealand, it is 13.4%, China 12.9%, Malaysia 12.5%, Indonesia 11.1% and Hong Kong 10.7%. Qian (2016) concluded that firm performance is the highest when there are two WDs on the Board. The study also suggested that there is no conclusive evidence that increasing female representation in Boardrooms improves firms' financial performance and large cross-country and cross-firm-group differences are bound to exist. However, studies supporting inclusion of WDs in Board outweigh studies which do not support such presence or studies which are neutral. Therefore, there are merits of Board diversification including gender diversity; simultaneously it poses a few challenges.

Research Objectives

1. To investigate whether a WD has been appointed on the Board.
2. To ascertain types and proportion of WDs appointed on the Board.

Methodology

The research problem relates to what extent sample companies are complying with the requirement of appointing a WD on the Board. Purposive sampling technique is used for the study. The sample consists of Nifty 50 Index companies which were members of stock exchange as on 31st March, 2016. The reason for choosing Nifty 50 companies is that they are comparatively medium to large in size and their credibility among investors is pertinent and vital. Further, Cheung et al. (2010) have argued that larger firms have more resources for undertaking additional CG initiatives because they draw considerable attention from the investing public, and so have to disclose more information. Holder et al. (2008), have found the extent and degree of disclosures is better in larger companies. Therefore, findings of Nifty 50 companies can be exemplary for other companies. The period of study is the financial year 2015-16. Study is based on secondary data and annual reports were downloaded from website of sample companies. According to Karim (1996), annual reports are considered as an important document for assessing and analyzing the CG standards and compliance level of companies. Data analysis was done through classification, tabulation, percent and Z test; a test of proportion was also used for the study. Shukla & Joshi (2010), have also used Z test to ascertain whether a majority of future managers have positive attitude towards business ethics.

Data Analysis

Table 1: Sample Companies Comprising Nifty 50 Index as at 31.3.2016

Sr. No.	Company	Sr. No.	Company
1	ACC Limited*	26	IndusInd Bank Limited
2	Adani Ports and Special Economic Zone Limited	27	Infosys Limited
3	Ambuja Cements Limited*	28	ITC Limited
4	Asian Paints Limited	29	Kotak Mahindra Bank Limited
5	Axis Bank Limited	30	Larsen & Toubro Limited
6	Bajaj Auto Limited	31	Lupin Limited
7	Bank of Baroda	32	Mahindra & Mahindra Limited
8	Bharat Petroleum Corporation Limited	33	Maruti Suzuki India Limited
9	Bharti Airtel Limited	34	NTPC Limited
10	Bharat Heavy Electricals Limited	35	Oil and Natural Gas Corporation Limited
11	Bosch Limited	36	Power Grid Corporation of India Limited
12	Cairn India Limited	37	Punjab National Bank
13	Cipla Limited	38	Reliance Industries Limited
14	Coal India Limited	39	State Bank of India
15	Dr. Reddy's Laboratories Limited	40	Sun Pharmaceutical Industries Ltd.
16	Gail (India) Limited	41	The Tata Power Company Limited
17	Grasim Industries Limited	42	Tata Motors Limited
18	HCL Technologies Limited	43	Tata Steel Limited
19	Hero Motocorp Ltd.	44	Tata Consultancy Services Limited
20	Hindalco Industries Limited	45	Tech Mahindra Limited
21	Housing Development Finance Corporation Limited	46	Ultra Tech Cement Limited
22	HDFC Bank Limited	47	Vedanta Limited
23	Hindustan Unilever Limited	48	Wipro Limited
24	ICICI Bank Limited	49	Yes Bank Limited
25	Idea Cellular Limited	50	Zee Entertainment Enterprises Limited

* Year ended on 31.12.2015.

Source: Business Standard. (2016, 1st April). Ahmedabad. 12.

Table 2: Number of Women Directors and Size of the Board

Sr. No.	Company	No. of Women Directors	Total No. of Directors	Sr. No.	Company	No. of Women Directors	Total No. of Directors
1	ACC Limited	1	12	26	IndusInd Bank Limited	1	08
2	Adani Ports and Special Economic Zone Limited	1	09	27	Infosys Limited	3	09
3	Ambuja Cements Ltd.	1	12	28	ITC Limited	2	16
4	Asian Paints Limited	2	14	29	Kotak Mahindra Bank Limited	1	11
5	Axis Bank Limited	2	13	30	Larsen & Toubro Limited	2	22
6	Bajaj Auto Limited	1	16	31	Lupin Limited	2	12
7	Bank of Baroda	2	10	32	Mahindra & Mahindra Limited	1	10
8	Bharat Petroleum Corporation Limited	1	10	33	Maruti Suzuki India Limited	1	12
9	Bharti Airtel Limited	2	12	34	NTPC Limited	1	16
10	Bharat Heavy Electricals Limited	1	12	35	Oil and Natural Gas Corporation Limited		117
11	Bosch Limited	1	09	36	Power Grid Corporation of India Limited		107
12	Cairn India Limited	1	08	37	Punjab National Bank	2	11
13	Cipla Limited	3	12	38	Reliance Industries Limited	1	14
14	Coal India Limited	2	13	39	State Bank of India	1	16
15	Dr. Reddy's Laboratories Limited	1	09	40	Sun Pharmaceutical Industries Ltd.	1	09
16	Gail (India) Limited	1	10	41	The Tata Power Company Limited	1	09
17	Grasim Industries Ltd.	1	14	42	Tata Motors Limited	1	11
18	HCL Technologies Ltd.	2	10	43	Tata Steel Limited	1	11
19	Hero Motocorp Ltd.	1	11	44	Tata Consultancy Services Limited	1	11
20	Hindalco Industries Limited	1	10	45	Tech Mahindra Limited	1	10
21	Housing Development Finance Corporation Limited	1	11	46	Ultra Tech Cement Limited	3	12
22	HDFC Bank Limited	2	11	47	Vedanta Limited	2	08
23	Hindustan Unilever Ltd.	1	09	48	Wipro Limited	1	11
24	ICICI Bank Limited	2	13	49	Yes Bank Limited	1	11
25	Idea Cellular Limited	3	11	50	Zee Entertainment Enterprises Limited		108

Source: Gleaned from annual reports.

Table 3: Total Number of Directors on the Board and Women Directors

Total No. of Companies	Total No. of Directors on the Board	Average No. of Directors per Company	Total Number of Women Directors*	Percentage of Women Directors on the Board
50	573	11.46	71	12.39%

* Including Nominee Director.

Source: Gleaned from annual reports.

Table 4: Total Number and Types of Women Directors

Total Number of Women Directors*	Number of Independent Directors**	Number of Executive Directors	Number of Non Executive Directors	Number of Nominee Directors
71 (100%)	41 (57.75%)	8 (11.27%)	12 (16.90%)	10 (14.08%)

* Including Nominee Director.

** Director appointed by small shareholders is considered as an Independent Director.

Source: Gleaned from annual reports.

Table 5: Number of Companies and Number of Women Directors

Total No. of Companies	No. of Companies having Two Women Directors*	No. of Companies having Three Women Directors*	No. of Companies having One Women Director*
50 (100%)	13 (26%)	4 (8%)	33 (66%)

* Including Nominee Director.

Source: Gleaned from annual reports.

Table 6: Number of Companies and Induction of Women Directors

Total No. of Companies	No. of Companies having at least One Women Director*	No. of Companies having No Women Director
50	50 (100%)	0 (0%)

* Including Nominee Director.

Source: Gleaned from annual reports.

Table 7: Number of Companies and Types of Women Directors

Total No. of Companies	No. of Companies having at least one or more Women Independent Director*	No. of Companies having at least one or more Women Non-Executive Director	No. of Companies having at least one or more Women Nominee Director	No. of Companies having at least one or more Women Executive Director
50	34 (68%)**	11 (22%)**	10 (20%)**	6 (12%)**

* Including Director appointed by Small Shareholders.

** Total is not 100% because one company can have more than one and different types of Women Directors.

Table 1 exhibits list of 50 sample companies. Sample companies pertain to various sectors. Though the period of the study is the financial year 2015-16, in case of ACC Limited and Ambuja Cements Limited, the calendar year has been followed and their year ended on 31st December, 2015 was considered.

Table 2 reveals the number of WDs and size of the Board of companies. The minimum number of WD on the Board is one and maximum is three. With respect to size of the Board, smallest Board (seven directors) is in case of Power Grid Corporation of India Limited and largest Board (twenty two directors) in case of Larsen & Toubro Limited.

Table 3 presents the total number of directors on the Board and WDs. The total number of directors is 573 on the Boards of 50 companies, averaging 11.46 directors per company. The total number of WDs on Boards of the companies studied is 71, including Nominee Directors and amounts to 12.39% representation. The average size of Board at 11.46 members is in consonance with other studies and is not regarded as too high and therefore, a good aspect. Garg (2007), suggested limiting the Board size to six members, while Sonnenfeld (2002), recommended that a small Board is better. Kumar and Singh (2013) have studied 473 public companies between 1988 and 1999, most public companies had Board size between 8 to 11 members, with the mean being 9.5. Therefore the size of a Board in general should be between six to eleven members. Also, 12.39% representation of WDs on the Board of companies is an indicator of progress for diversification of Board.

Table 4 presents the total number and types of WDs on Board of companies. Of the total 71 WDs on the Board of 50 companies, 41 (57.75%) are Independent Directors, 8 (11.27%) Executive Directors, 12 (16.90%) Non-Executive Directors and 10 (14.08%) are Nominee Directors. It has been observed that out of total WDs on Boards of all companies, the proportion of Women Independent Directors appointed on the Board is encouraging. Hence there exists Board diversification through induction of Women Independent Directors, and it is good for CG in India.

Table 5 discloses the number of companies and WDs. Of 50 companies, 13 (26%) companies have two WDs and 4 (8%) companies have three WDs on the Board. Rest 33 (66%) companies, i.e., over a majority have only a single WD. It reveals that not too many companies are having more than one WD on the Board.

Table 6 shows number of companies and induction of WDs. Of 50 companies all have appointed at least a WD on their Boards and thus it shows full compliance.

Table 7 bears the number of companies and types of WDs. Of 50 companies, 34 (68%) companies have appointed at least one or more Women Independent Directors on the Board. Further, 11 (22%) companies have appointed at least one or more Women Non-Executive Directors, 10 (20%) companies have appointed at least one or more Women Nominee Directors and only 6 (12%) companies have appointed at least one or more Women Executive Director. A majority of companies have appointed Women Independent Directors on the Board which is a good sign and it will lead to furtherance of CG by women.

Statistical Test

According to the nature of the data, it was decided to adopt Single-Sample Tests involving proportions. Z scores were calculated using the formula recommended by Blalock (1960), as follows:

$$Z = \frac{p_s - p_u}{\sqrt{p_u q_u / N}}$$

Where p_s = Percentage of actual number of companies demonstrating full compliance.

p_u = Percentage of standard / null hypotheses.

q_u = 1- p_u

N = Sample size

Significance Level and Critical Region: The significance level of 0.2 and a one-tailed test are selected.

Hypotheses Testing

The following null hypotheses were tested.

H1: There exists no compliance with respect to induction of a WD on the Board of companies in a supermajority of cases.

Supermajority is considered as 75 per cent, hence 0.750.

$$Z = \frac{0.0 - 0.750}{\sqrt{[(0.750)(0.250)]/50}} = -0.750 \div 0.061 = -12.30$$

A normal distribution table will show that the probability of Z score of -12.30 is nil if the assumptions were true and as they are less than the significance level of 2 percent, the null hypothesis is rejected. It implies that there exists compliance with respect to induction of a WD on the Board of companies in a supermajority of cases.

H2: A majority of companies do not have at least one Women Independent Director on the Board.

Majority is considered as more than 50 per cent, hence 0.501.

$$Z = \frac{0.32 - 0.68}{\sqrt{[(0.68)(0.32)]/50}} = -0.36 \div 0.0659 = -5.46$$

A normal distribution table will show that the probability of Z score of -5.46 is nil if the assumptions were true and as they are less than the significance level of 2 percent, the null hypothesis is rejected. It implies that a majority of companies have at least one Women Independent Director on the Board.

H3: Of total number of WDs on the Board, a majority are not Women Independent Directors.

$$Z = \frac{0.4225 - 0.5775}{\sqrt{[(0.5775)(0.4225)]/50}} = -0.155 \div 0.069 = -2.25$$

A normal distribution table will show that a Z score of -2.25 would occur approximately 1.22 percentage of the time by chance if the assumptions were true and since it is less than the significance level of 2 per cent, the null hypothesis is rejected. It implies that of total number of WDs on the Board, a majority are Women Independent Directors.

Findings

- WD is inducted on the Board of companies in a supermajority of cases.
- A majority of companies have appointed at least one Women Independent Director on the Board.
- Of total number of WDs on the Board, a majority are Women Independent Directors.
- Minimum number of WD on the Board in the companies is one and maximum is three.
- Power Grid Corporation of India Limited has the smallest Board and Larsen & Toubro Limited has the largest Board.
- The average size of Board is 11.46 members.
- Out of total directors on the Board of Nifty 50 Index companies, there is 12.39% representation of WDs.
- Out of total WDs on the Boards of companies, proportion of Women Independent Directors is 57.75%.

- In case of 66% of companies, there is one WD, while 26% companies are having two WDs and 8% companies have appointed three WDs.
- 68% of companies have appointed at least one or more Women Independent Directors on the Board.
- There is general compliance with provision of induction of a WD on the Board.

Conclusion

There exists compliance with respect to induction of a WD on the Board of companies in a supermajority of cases. Therefore, we can conclude that in general Nifty 50 Index companies have complied with provisions of appointing a WD on the Board. Further, a majority of companies have appointed at least one Women Independent Director on the Board which is good for CG and Board diversity because such firms can have high market value and profitability (Sarkar and Selarka 2015). Additionally, out of total number of WDs on the Board, a majority are Women Independent Directors. It augurs well for CG standards in India. As per a report by the African Development Bank (2015), globally, women's representation on the Boards of the 200 largest companies was 17.3%, in blue-chip companies of the European Union it was 18%, for the US Fortune 500 companies it was 16.9%, in case of African large-cap companies 14.4%, and in listed companies of 12 African countries it was 12.7%. It is encouraging to know that in this case, representation of WDs on the Board of Nifty 50 Index companies is 12.39%. In this study, only 8% companies are having three WDs and such companies tend to reduce earnings management (Lakhal et al. 2015). Also, Norwegian experience supports Board diversity and three or more WDs can change CG and dynamics of a Board. Therefore, it is suggested that companies should increase the number of WDs on Boards to reap maximum benefits and enhance women empowerment, particularly through appointment of Women Independent Directors. Though, research on diversity of Boards and representation of WDs is in an infancy stage, it is the right time to do away with the old boys' club mentality and promote women empowerment and effectiveness of Boards in decision making through representation of WDs. Though the study contributes to the extant literature on CG, it has limitations such as sample size and the period studied. Future studies can explore further the relationship between Board diversification and profitability, types and proportion of WDs on the Board and market valuations. To sum up:

- Supermajority of companies has complied with the provision of induction of a WD on the Board.
- Majority of companies have appointed at least one Women Independent Director on the Board.
- Out of total number of WDs on the Board, a majority are Women Independent Directors.

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A Study of Relationship between Corporate Governance, CSR and Firm Performance: Empirical Evidence from Indian Banking Industry

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Banking industry envisages the flow of finance in the country. In a developing nation like India, the banks play a crucial role in providing the funds for infrastructural development and upliftment of the industries. Thus, working memorandum of the banks should depict application of corporate governance in association with the corporate social responsibility (CSR) initiatives to build a social connect with the citizens. This in turn is likely to have a significant impact on their performance. The purpose of this paper is to analyze the relationship among corporate governance, CSR initiatives and performance of the commercial banks in India. The hypothesis that corporate governance, CSR activities and firm performance are inter related, has been tested empirically, extracting facts and figures from the annual reports of the banks for the year 2014-15. The research methodology involves the application of Pearson's Correlation Coefficient and Multiple Regression to conduct the statistical investigation among the three parameters. The parameters depicting significant correlation and further used to develop regression models. Model fit is then tested using R square. The study offers significant managerial implications for decision making and improving firm performance by establishing connect between the above stated parameters. The generalisations are limited to ten banks under study and are also period specific. The study may be extended by enhancing the scope of research to other significant industries. Further research may be conducted taking all Indian banks and increasing the span of time.

Key Words: IndianBanking Industry, Corporate Governance, Corporate Social Responsibility, Firm Performance, Commercial Banks.

Introduction

CSR has become one of the most debated topics in the business world. The buzz around CSR is associated with the globalisation process, which stimulates economic and social development in emerging economies. (Christmann and Taylor, 2001)CSR is a response to modern day circumstances of globalisation, in which capitalism is expected to play a social or productive role rather than merely making profits for business owners. If CSR is put in plain words it can be described as social or moral responsibility towards a civilisation.Not only the attention towards CSR has grown these days but corporate governance also seems to have an important linkage with CSR. For almost every organisation in India working on a large scale transparent disclosure of the information has become mandatory. Therefore corporate governance has become an integral part of organisations to disclose their information on CSR practices. Most of the companies include corporate governance in their CSR practices these days. CSR and Corporate governance not only depict a firm's ethical behaviour but also show the financial progress of a firm. Good corporate governance in India has contributed majorly towards building confidence among organisations and foreign investments. SEBI has also taken measures to construct a rigorous regulatory regime that has ensured fair practices, especially in the financial institutions. Due to these stricter norms, banks also have ensured fair corporate governance towards society and have always been showing improvements in their performance. Banking Industry contributes majorly towards the regulation of a country's economy and GDP. Indian Banks have reached a way ahead in fetching the rural masses towards banking awareness and also have gone a long way in bringing banking at the door step of the rural people. Awareness about CSR, Sustainable development and Non-financial reporting (NFR) all these things have been brought in force by RBI in the Indian Banking sector. CSR (Almona, 2005)in Indian Banking sector also aims at roping in the financial services to the untouched areas of country, covering the areas that demand a socio-economic development like poverty eradication, education, computer training programmes, health care and financial literacy trainings, environment protection etc. CSR has become the basic fundamental duty of an organisation these days. The institutions especially like banks need not to evaluate only the financial performance but also need to check in the CSR performances. The society at large in India has been feeling to improve the quality of their life over past two decades. The purpose of this study is to add our understanding of relationship among corporate governance, CSR initiatives and performance of banks in India.

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Review of Literature

The notion of CSR (Carroll, 1999) is not new in the global era. CSR (Amran et al, 2013) can vary from business to business and also according to the social needs of time and society. All the organisations have various kinds of responsibilities including, legal, ethical, economic etc.

Davis (1973), CSR can be defined as a firm's responsibility to various issues of the society. These issues can revolve around the economic, legal and technical requirements of the organisation.

According to Holmes and Watts (1999), CSR is a commitment to improve the ethical behaviour continually towards society and also improve the lives of employees at work, so that the organisation can achieve the social and organisational goals together.

World Business Council for Sustainable Development (2001), explained that CSR can help the management be more committed towards business and help understand the economic development to make it more sustainable.

According to Michael Hopkins (2003), getting involved in CSR activities keeps internal and external stakeholders together, bound in an ethically and socially. The broader scope of being involved in a CSR is that it contributes towards improving the standards of living of weaker sections of the society along with preserving the profitability of the corporation, for its stakeholders.

According to Friedman (2006), says that a firm's only social responsibility is to carry out business activities which can multiply its profits. As long as a firm plays ethically, the more are the chances to stay in competition in market.

Sharma and Mukta (2013), explained that banks are making an effort to help a society grow by fulfilling their social responsibilities but still the efforts need to be more aggressive in order to meet the requirements.

The relation between CSR and financial performance has not been extensively examined in the banking industry, the existing few studies offer conflicting evidence (e.g., Chih et al., 2010; Wu and Shen, 2013).

Given the mixed results of previous studies and the incentive for banks to improve their reputations after the financial crisis, an examination of bank CSR activities surrounding the crisis would be of particular interest for assessing banks' efforts at being more socially responsible (Cornett et al., 2014)

Contribution of banking sector towards improving the literacy levels in the society and by providing scholarships and making people understand the importance of education in weaker sections of the society has been of greater importance. In the tough competition times, if the banks need to survive long term among the stakeholders they need to go an extra mile and that can be done by contributing towards CSR.(Singh et al., 2015)

Corporate Governance & Firm Performance

Shleifer and Vishny (1997) define corporate governance as "the ways in which suppliersof finance to corporations assure themselves of getting a return on their investment." Given this,much of the governance literature has focused on studying the different ways suppliers of capitalcan monitor their investments. While there are numerous plausible proxies for corporategovernance, in most corporations, the board of directors' explicit purpose is to serve as theliaison between shareholders and managers. As such, the relationship between boardindependence and firm performance is one of the most studied relationships in the corporategovernance literature.

Bhagat and Black (2002) document that firms with moreindependent boards do not perform better, using a variety of performance measures. They alsofind that poorly performing firms are more likely to increase the number of independent directors, but that this does not improve performance.

More recently, Bhagat and Bolton (2008)find a negative relationship between board independence and operating performance. Theoverwhelming majority of work finds that having a more independent board of directors does notlead to better performance and may actually lead to worse performance.

In a study conducted on Pakistani listed firms, a significant relationship between ROE and profit margin was found. The board size should be limited to a sizeable limit and board must be a right mixture of executive and non-executive directors. (Yasser et al, 2015, Velnampy, 2013)

According to John et. al. (2015), board independence does not affect the firm performance whereas the board size and board accounting positively affect the performance of the firm. The diligence of the board members towards the board meetings is also said to affect the performance of the firm.

Research Methodology

The study is based on descriptive research. A sample of ten banks has been taken from the Indian banking industry. The data pertaining to the following ten commercial banks has been extracted from their annual reports for the year 2014-15:

- State Bank of India
- Punjab National Bank
- Bank of Baroda
- Andhra Bank
- Canara Bank
- Axis Bank
- IDBI Bank
- HDFC Bank
- Yes Bank
- IndusInd Bank

The hypothesis formulated is mentioned hereunder:

There is significant relationship between corporate governance and firm performance in banking industry.

For testing of hypothesis, the data has been analyzed using the statistical techniques viz. Karl Pearson's Coefficient of Correlation and multiple regression analysis.

Variables

The study has been incorporated with three kinds of variables i.e. dependent, independent and control variables.

The three variables depicting the firm performance are Return on Assets, Return on Equity and Earnings Per Share which are taken as dependent variables. The independent variables are represented by Board size, Board Meetings and Expenditure on CSR Initiatives which act as significant drivers of corporate governance.

Return on Assets, Return on Equity and Earnings Per Share values are extracted from the annual reports of the companies. Board size has been measured as the natural algorithm of the total strength of the board members in the respective companies. Board meetings are also measured as the logarithm of the number of board meetings in a year. The expenditure on CSR initiatives comprises of the expenditure made by the companies on healthcare, education, sanitation, rural development, environment sustainability, promoting entrepreneurship, poverty alleviation, cleanliness and livelihood.

Figure 1: Dependent and Independent Variables

Firm Performance (Dependent Variables)	Corporate Governance (Independent Variables)
• Return on Assets • Earning Per Share • Return on Equity	• Board Size • Board Meetings • Expenditure on Corporate Social Responsibility (CSR) initiatives

Correlation Analysis

Correlation Analysis has been used to analyze the degree of relationship between the variables representing corporate performance and corporate governance. Nine permutations for three parameters each for Firm Performance and Corporate Governance were made to find Karl Pearson's Coefficient of Correlation. Only 2 sets of combinations were found to be significantly correlated.

Table 1: Correlation Table

Parameters Analyzed	r	Type of Correlation	Significant/ Not Significant
CSR Expenditure and Return on Assets	.722	High degree of positive correlation	Significant
CSR Expenditure and Return on Equity	.686	High degree of positive correlation	Significant

Source: Created by authors using SPSS

Regression Model

This study employs multiple regression model to examine the relationship between firm performance and Corporate Governance variables. Mashayekhi and Bazaz (2008), Singh et al (2013) and Mcknight and Weir (2006) supported the regression model as a method for analyzing the relationship between variables. The following regression model is used to test the hypotheses

EPS/ ROA / ROE BSIZE + BM ECSR

Model I (CSR Expenditure and Return on Assets)

The correlation between CSR expenditure and return on assets is found to be significant. They have high degree of positive correlation of 0.722. The following regression model is developed to express the nature of relationship between them.

$Y = 0.716 + 0.468 X$

Model II (CSR Expenditure and Return on Equity)

The correlation between CSR expenditure and return on equity is found to be significant. They have high degree of positive correlation of 0.686. The following regression model is developed to express the nature of relationship between them.

$Y = 10.118 - 0.362 X$

Testing Model Fit

Coefficient of determination is analyzed to test the model fit.

Model - I

Table 2: Model-I Summary.

Model	R	R Square
I	.899	.573

Source: Created by authors using SPSS

Model - II

Table 3: Model-II Summary

Model	R	R Square
II	.676	.436

Source: Created by authors using SPSS

The specification of the two variables i.e. Return on Assets and Return on Equity in the model indicates the ability to predict performance. In model I the value of R Square is 0.573 and in model II the value of R Square is 0.436 which indicates that variability in performance can be explained by the differences in both the independent variables namelyReturn on Assets and Return on Equity. Remaining 42.7% and 56.4% of the variance in performance is related to other variables which are not depicted and explained in the model. R Square values of 57.3% and 43.6% indicate that there may be number of variables which can have an impact on performance that need to be studied. Hence this area is indicated as a scope for future research.

Dhingra& Mittal (2014), had focused on the significant role and impact of CSR in the Indian Banking Sector.

Discussion and Conclusion

The study has explained the influence of Corporate Governance variables such as Board Size Board meetings and CSR initiativeson firm performance. EPS, ROA, and ROE are used as measures of firm performance. To test these hypotheses, the study used the data from annual reports of Indian Banks for the financial year 2014-15. The correlation results suggest that expenditure on CSR initiatives is positively associated with Return on Assets as well as Return on Equity. The regression models developed indicates that majority of the variance in the firm performance is due to expenditure on CSR but there are other significant factors which have an impact on the firm performance. Expenditure on CSR activities of the Indian Banks has started playing a pivotal role in the performance of the bank. After the involvement of RBI the CSRhas becomethe important part of Banking Sector but still more regulations and new policies are required to implement the concept of CSR in Indian Banking Sector.

Scope for Future Research

The study provides a clear picture of the degree and direction of association between corporate governance, CSR and firm performance. Further research may be done wherein association between these parameters may be studied with respect to other industries like Software industry, Pharmaceutical industry. Also the scope of current research may be widened by expanding the time horizon and a comparative study may be conducted between public sector and private sector banks.The study may be extended to uncover more variables affecting firm performance apart from corporate governance and CSR.

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BOOK REVIEW

"Magician In The Desert- Meru Cabs A True Story"

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A simple message that your subconscious mind is your best guide one should never give up and constantly attempt directed efforts with full positive forces of ideas towards goals as only this can change any adverse situation favorable within no time leading one from rags to riches is the central focus of this book.

The book revolves around the concept that Understanding one's own ability with confidence leads to a successful entrepreneurial skill .Critical issues of wide service acceptance , constant demand, increasing service popularity along with valuable client relations have been the key issues religiously followed by the owner of the Meru cab company Mr Neeraj Gupta to take his public transport business from rags to riches, the book narrates that from a sum of 16 lakhs in 2002 Mr Gupta's transport business escalated up to a turnover of 600 crore in 2013 that is in just 11 years of time, an amazing feet.

One of the most important issue that can be observed in the book is the location factor that is the place from where the business was initiated, one must intelligently interact and associate with potential people on regular basis to scale new heights and must stay close to a relevant strong corporate area geographically to form association with the potential people to strengthen business setup. An entrepreneurial group of indigenous friendly advisers must be formed to achieve business success advice, the book also states that it is the business passion nurtured with small good habits and focused future observations only that can take any business entrepreneur to mammoth heights.

The book throws a glimpse on a dynamic entrepreneur Neeraj Gupta owner of Meru cabs private limited and V Link public Limited exhibiting that a true entrepreneur never sits back in life. Despite initial setbacks in various ventures such as waste recycling project and environment friendly eco bags and European furniture it was the transport business which clicked overwhelmingly for Mr. Gupta. Because of huge demand and passion for customer service associating well with the masses and a good flair of the transport industry operation, Gupta succeeded tremendously in the transport business

With qualities of dedicated humbleness and immense focus on future transformations of the industry Gupta ventured into an incessant success in the transport industry business, taking challenges of even bad health and mafia extortion threats still Gupta scrupulously introduced innovation with a pliable approach at regular intervals and achieved his corporate objectives

Unbelievable as to how a young man performed outstandingly as an entrepreneur without any Management qualification or higher tertiary studies amazes the readers At one point even Gupta consulted the Professor of Marketing from a noted University who could not effectively advise him on the success of his transport business initially, but without deterring Mr Gupta pursued the transport industry dreams eventually making it a reality.

The book is an eye opener for all readers stating that it is not just wealthy inheritors that construct competency and fame but also feeble and poor small denizens from everyday life who magnetize their minds with intense desire for riches and wealth consciousness gradually becoming masters of their economic fate.

Review Message1

Put In Your Efforts Relentlessly And Surround Yourself With Potential People

The premier message that comes out from the book is that entrepreneur must always work relentlessly towards their objectives and put endless efforts seeking advice from potential people simultaneously. The writer stressed upon the fact that enterprising individuals must optimize their basic processes that can convert that thoughts into action. Dreaming big should not stop and one should push towards a stage in when their own business brand name becomes eponymous to the industry. Gupta always wanted his company name Meru to become eponymous to the taxi transport industry nation wide

The author states that Gupta believed in his business concept and stated that success is a by- product of a concept, he observed that people around the city required better and tidy transport facilities and for the purpose of speedy coverage potential client relationship with corporate groups was highly vital.

With only a basic commerce degree and a marriage without a job, the entrepreneur Gupta plunged into an unchartered territory of transportation service in India, the author states that in 1997 he opened a garage in Mumbai with a seed capital of 50 000 rupees borrowed from his wife and by 2000, Gupta created an empire valued at rupees 2000 crores

Review message 2

Half Full Glass Versus Half Empty Glass Theory

The author states that most of the entrepreneurs try find quick solutions as unfortunately human beings tend to retreat in the same direction from where they have started off, but Neeraj Gupta says a better idea is always to go around the block and always become fluid like water, life is what you make from what you have, several of the greatest business tycoons and leaders in the world have a humble start up. They made the best use of their limited resources, Gupta further states that a business men is conventional but an entrepreneur is always the one who tries out different things and his choice is always based upon something that lies ahead of the future curve

Review message 3

Surround Yourself With Good People

The book also highlights constant endeavor by Neeraj Gupta to maintain links with all potential customers at all times, he not only maintained links but also frequently visited public joints to build up better ties with the corporate high profiles. He constantly communicated with potential people and humbly made them evaluators of his ideas and business performance. He very astutely instructed his staff to update him of new potential clients interacted every day in cabs and contacted them on regular basis to build his vast network. Gupta firmly believed that one cannot succeed without a good customer relationship as it is the association with the environment that creates personality and opportunities and to have a strong network of individuals in your organization is like creating a skyscraper that can hold up its own weight firmly, Gupta exults business is all about relations and it is important to meet people irrespective of the benefits as this keeps you aware of various perspectives pushing you to look forward widening your perception

Review Message 4

Rationality Of Seeing The Horizon

The author here states that Mr Gupta possessed high ability of being rational in making wise business decisions and kept focusing on horizon which he could fore see, it was his ability to reason out that though large base of labour force prevails in this country along with entire scores of railways buses and rickshaws but why India has not been able to bring radio cab taxis as a part of government business investments is not known, this stood a bright chance for a lucrative transport business for any potential entrepreneur. The author states that individuals become dispensible by working all their life with various companies at various positions bringing them low stability and lesser responsibility but it is this comfort zone that Mr Gupta feared because it hinders ones forecasting ability of perceiving the horizon in a positive manner exploring ones full potential.

The author states that no business can flourish with simple strategies there has to be a zest to offer something unique to mankind, one must feel the opportunity personally and a constant evaluation and innovation of business functions are required ,

this book is not just written to serve only as great story of a self-made legend but also to be a book that will make legendary warriors in the future.

Review Message 5

Managing With What You Have - The Tight Rope Theory

One of the main messages from this book is that manage your available resources positively and trust with what you have in hand, also one must know the reasons of a failure keeping destiny and luck outside the parenthesis of business. Gupta's capabilities of risk taking and calibration excelled all odds, his microscopic examination of his business keeping the big picture in mind added strategic velocity to his business and despite initial setback in various ventures as an entrepreneur Mr Gupta firmly believed in his transport business. He stated that if a business is structurally correct and monitored on daily basis with realistic executable design profitability is hundred percent possible. No MBA degree can teach you decision making as it is not pure intuition and pure instinct but a blend of data, facts and time frame, that mostly works, one must know that even large corporations across the world make poor decision leading to a failed investment but to improve in future ventures eventually in the long run.

The author narrates how Mr. Gupta prefers to nurture a good habit of treating finances with dignity irrespective of the situation, it happened when Mr. Gupta viewed the hotel bills hosting a dinner, he was asked why a millionaire would glance at a small bill of a private dinner, Mr. Gupta stated that it is a matter of a good habit and calculation that how much one is paying for any goods or services availed it must be verified to avoid that one has not been overcharged as this habit can avoid business deficits in many areas of a business in life.

Review Message 6

Do Something Constructive

One of the most important messages from the book for readers is that individuals must always focus on constructive or productive work that can bear a fruitful outcome, the author explained how the urge of performing a constructive task of serving people with a unique blend of conveyance service ignited in Mr Gupta's mind and he initiated a constructive task of executing it in reality, the author highlights Mr Gupta's idea of positive actions that one must believe in positive actions backed by positive thinking for it is the true test of your own wherewithal, Mr Gupta exclaimed that even a failed venture after all the effort will give you a clear understanding of various situations urging one to conduct a greater degree of research, data collection to insulate against further failures One must not look for a magic formula to earn immediate success even failed entrepreneurs must be studied and supported to rectify on their erroneous performance. Urging individuals to understand the rising significance of an altruist, the author states Mr Gupta believed that When initiating a business one must ask what service or benefit can be provided to the society, this will automatically work to benefit any business in the early process

Review message 7

Do Not Just Develop Man Management Skills Be Genuine In Action To Grievances

The new message coming out of the book is that a successful entrepreneur must give considerable value to his employees and make them feel as a part of an integrated personal business family, because it is them who represent your business to the customers, the author states that human resources skills are of utmost important for any successful organization, describing the business qualities of a successful entrepreneur like Mr Gupta, the author states that the ability of standing firm by his employees in a trying situation made Mr Gupta's conduct unique, these skills are not acquired by studying written material but comes out only from a genuine concern for employees welfare, the principle of genuineness is the foundation of human resource management skills for any successful entrepreneur, Mr Gupta sponsored special mahotsav for employees welfare and their family to make them feel honored and motivated, in the case of a strike earlier Mr Gupta very tactfully handled the crisis avoiding any retrenchment and displaying the gravity of economic loss to the responsible employees and their family, this caused employees integrating more than before the lock out episode, here Mr Gupta recites the words of world chess champion Kasparov that the numbers of ways of making mistake is always more than the number of ways of getting things right, the primary focus should always be to create a situation that can transform every employee and instill belief as per the organisation goals

Review Message 8

Defining Ambition Accurately

Most individuals achieve much less than what is their true potential, it is what Mr Gupta has stated in the book and the primary reason being that individuals fail to define their ambition accurately, the author clearly mentions that Mr Gupta began his journey thru a combination of short term targets and keeping in view an eye on the big opportunities .Flexibility with tenacity are the tools he applied to fulfill it, if negotiations with the government were required to obtain public transport order Mr Gupta also utilized his private corporate contacts to sustain cab operating business for the private corporations consequently fleet management business was the new corporate area which Mr Gupta adroitly navigated to new heights receiving tremendous success. The author exclaims Mr Gupta condensed the process of success by bringing the future into his present creating a qualitative business

Review Message 9

The Artiste Raging

The author points out to one of the most unique characters of Neeraj Gupta who against all odds and hectic business schedule pursued his hobby of canvas painting and believed in the passion of persisting the painting hobby, as he believed that one need not to be rich to enjoy art but one must pursue art to build composure, the author depicts Mr Guptas philosophy here that doing a business is one of the most dynamic forms of art and pursued by almost all the great leaders of the world, even in a very hectic business schedule Mr Gupta takes time off for arts and painting, he firmly asserts that arts makes one compassionate in the true sense, it broadens ones perspective of life and build a sense of empathy towards fellow human beings, he further stated world leaders like President Putin who is a judo player, president Yelstin a basket ball player, believed in adding colors to their lives to keep the brightness on, in fact one needs composure and some form of channelized activity to keep calm in crucial moments of life and business, Neeraj Gupta mentioned that Golf is an addiction in the affluent circle primarily because of soothing vast expanse of green valley turf experienced by the players relaxing their hectic mindset from a busy working day,. Hobbies must be pursued by individuals as it also motivates them to a sense of exhilaration infusing energy to undertake new challenges and avoid mental depression.

Review Message 10

Occupational Intelligence – Motor Works A Higher Notch

Finally, this message clarifies readers that an entrepreneur must understand the ins and outs of any business undertaken in detail before venturing and executing it into a broader market, The intelligence that Mr. Gupta possessed working and experiencing in the transport industry initially was influx from a small garage which provided a strong foundation to explore new diversification in procuring public sector tender and obtaining license for cab and bus operations, his company Meru cabs controlled the private cab services while another company V Link public limited operated bus services for the public sector. For the control of vehicle maintenance expenditure a new service subsidiary work station was started to maintain lower running cost of all vehicles operating in the company considerably reducing the overall operating cost. This escalated the profits and superior performance of the company with a long competitive edge, eventually the new company formed as Motor works became the largest service and maintenance center for radio service cabs in India minimizing service times taken by Meru cabs. The author observes her that Mr. Neeraj Gupta does not focus on a mere wealth accumulation when he conducts a business but considers how best the resources in hand can be commercially optimized, for the purpose Mr. Gupta got his new cab service company Motor works tied up with TATA motors to set up a national authorized cab service center, Mr. Gupta resonated that one can be big but one can become bigger by joining hands with the biggest, new strong tie ups with India value fund advisors (IVFA) to list the company and position the brand Meru with better in cab customer service, made MERU the most identifiable popular and prolific radio taxi cab service company in India.

The book is an excellent read for the corporate world also, providing an insight to the fact that every man is rich by thoughts and this can be converted to its monetary equivalent. Fortunes gravitate to men whose minds have been prepared to attract them just like water gravitates to ocean.

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