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The Indore Management Journal (IMJ) is a biannual journal published by the Indian Institute of Management Indore, with an objective to provide a diverse perspective on management functionalities to its readers as well as a medium to share experiences, knowledge and practices with the wider community. IMJ publishes empirical and theoretical investigations that enhance the understanding of various phenomena related to Business and Management. The journal is structured to include one general and one special issue every year. We welcome proposals for special issues of IMJ from potential guest editors. Please share your suggestions with us.

Editorial

The present issue carries seven articles across multiple disciplines. The first article explores the impact of ownership changeand size on diversification and bankperformance measures. In addition it compares diversification measures between public sector and private sector banks. The second article argues the importance of International Financial Reporting Statements (IFRSs) both globally and in domestic Indian market. Adopting the integrative literature review technique, it reviews the literature on adoption and convergence of International Financial Reporting Statements (IFRSs). High saving rate is accepted to generate high investable surplus in the economy that in turn, contributes to high economic growth. The third article provides an analysis of the development of Bankruptcy and Insolvency laws in the post-independence period in India. The paper identifies critical shortcomings in individual laws and suggests remedial measures. The fourth article reviews the current work on the determinants of different types of saving across the world, especially in India to present a comprehensive view on the drivers of saving namely, aggregate saving, household saving, and private corporate saving.

The success of the system towards the e-filling of taxes depends on citizen's satisfaction and intention to re-use the system. The fifth article proposes and empirically tests a model to understand the factors that influence adoption of e-filing system in India.The sixth article argues that HR practitioners and organizations have to evaluate and implement new strategies to motivate, engage and inspire their millennial population. Based on adult learning theories, the article attempts to link the millennial behavior and attitudes with the appropriate learning styles. The seventh article attempts to bring together the observations and findings of research studies related to shopping behavior of mall customers. Based on the review of existing literature and bibliometric analysis, it evaluates, synthesizes and highlights the gaps in the existing literature and provides the directions for future studies. We are sure that you will find these articles useful.

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CONTENTS

Examining Relationship of Income Diversification, Asset Quality with Bank Profitability: Implication for Indian Banks

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Abstract

We study empirically the impact of ownership change and size change on diversification and other bank performance measures for 46 public sector and private sector banks in India over the period from the year 2006- 07 to the year 2012-13. These banks comprise more than 90 percent of the business of scheduled commercial banks. A significant difference for diversification measures was observed when comparing public sector banks with private sector banks. While comparing on the basis of bank size, significant differences were not observed for diversification measure for majority years. We found negative relationship between Non- Performing Assets (NPA) and Return on Assets (ROA). In addition, diversification in the recent two years exhibits a positive relationship with return on assets.

Keywords: Ownership, Size, Diversification, Performance, Indian Banks, Return on Assets (ROA), Non-Performing Asset.

1. Introduction

Diversification and performance have gathered significant research attention in recent years. However, scant attention is paid from the perspective of emerging countries, in general and India, in particular. Banks derive income from interest and non-interest incomes. With the increased pressure on interest income, banks are looking at the option of enhancing income from non- interest sources. The study of Indian banking sector from diversification perspective might contribute to existing literature.

The objective of the paper is to measure the impact of ownership and size on various banking measures such as Ratio of Non- Interest Income to Interest Income (Measure of Diversification), Return of Assets (ROA), Non-Performing Assets (NPA), and profit per employee. The paper deals with secondary data which were collected from the year 2006-07 to the year 2012-13. In the study, diversification was measured through a ratio of non-interest income to interest income, which is in confirmation with the previous study (Gambacorta, Scatigna & Yang, 2014). In addition to examining the impact of ownership and size, our study intends to assess the antecedents of bank performance which were measured through return on assets (ROA). While examining antecedents to performance, measures such as credit quality, diversification and liquidity were treated as independent variables. In the banking context, diversification has been studied from the perspective of expansion of branches, increase in assets, non- traditional diversification and various banking channels (Hayden, Porath and Westernhagen 2007). With the pressure on interest income, there is a need to look into the relationship between diversification and profitability. The growing concern on asset quality, particularly for public sector banks in India, also requires the investigation. Contrasting results are available while examining the relationship between diversification and profitability. For example, for Italian banks, diversification was found to be beneficial but for US banks, diversification did not result in general improvement in bank performance (Chiorazzo, Milani & Salvini, 2008). Little research is available covering diversification, strategy, and performance from Indian Banks. The present study is intended to fill the gap in the literature.

2. Literature Review

There is a large body of research on various aspects of diversification involving banks. Various benefits of diversification are economies of scale, better resource allocation and ability to leverage competitive advantage (Bodnar et al., 1997; Stein, 1997). In some cases, regulatory considerations drive diversification (Acharya et al., 2006). For example, the imposition of a capital requirement may require banks to diversify.

By pursuing diversification, bank benefit by proprietary information of firms which has been modeled by Sharpe (1990) and Rajan (1992). Some researchers have argued against diversification because of coordination and allocation problems, (Harris et al., 1982; Meyer et al., 1992). The study by Acharya et al., (2006) outlined diseconomies of diversification by entering into the industry where it faces a high degree of competition or lacks prior lending experience. The downside of diversification can be deterioration of credit quality and reduction in returns. Different regulations in various countries affect the diversification. Diversification debate assumed increased interest with the withdrawal of Glass-Steag all Act. As a result, US commercial banks started diversifying into non-traditional financial services. Researchers have shown an interest in assessing the relationship between diversification and performance. Using an analysis of 98 internationally active banks over the period 1994-2012, it is established that income diversification is positively related to bank profitability (Gambacorta et al., 2014). In the study, income diversification was measured as a ratio of non-interest income to interest income and return of assets was used to measure bank profitability. Similar results were confirmed by studies examining the relationship between income diversification and returns (Chinnpiao et al.,2013). The findings on Bank Holding Companies (BHC) suggest that diversification has no impact on risk reduction.

Motives for the diversification have been identified from various studies. According to Froot and Stein (1998), diversification is a cushion against insolvency risk that reduces the occurrence of costly financial distress. Landskroner et al., (2005) regarded diversification as a means to improve profitability and operational efficiency and allows the bank to improve customer loyalty. For example, by increasing the product range, customers find the plausible reason to associate with same financial institutions be it insurance, mutual fund, and payments, etc. Non-interest income provides increased stability in banking income. According to Acharya et al. (2006) and Lepetit et al. (2008), diversification helps in creating competitive positioning for select market segments. The study by Sanya and Wolfe (2011) concluded that diversification across and within interest income and non-interest income reduce insolvency risk and enhance profitability. It is relevant to look intothe historical development of commercial banking in India. Traditionally, commercial banks offer short term finances to business establishments and developmental financial institutions.

Studies have examined the antecedents of bank performance. Factors was found to such as capital adequacy, asset quality, and liquidity affect the bank performance. Past studies have looked into the role of capital (Pringle, 1975) and the topic has been addressed in Basel accord. The requirement of capital increased after the global financial crisis. There is a general viewpoint that while leading banks from the US were affected by financial crisis, banks from some other countries to some extent remain insulated. The impact of the crisis varied among the countries. The capital buffer with Canadian bank helped to counter the financial crisis (Guidara et al., 2013). Beck et al. (2013) analyzed the role of asset quality using indicators such as maturity matching, loan loss provisioning, and non-performing loans. While investigating asset quality for Indian banks, Swamy (2013) pointed out that asset quality is influenced by industry characteristics, macro-economic conditions, size, and ownership of banks. Bourke (1989) observed a positive relationship between liquid assets and bank profitability. Kosmidou (2008) validated the study using data from Greek banks. Olaganju et al. (2012) found a bi-directional relationship between liquidity and profitability. However, Molyneux and Thornton (1992) observed an inverse relationship between bank profitability and liquidity.

With the reforms in the Indian banking system, the low- cost funds dried up for development financial institutions. Development financial institutions responded to the change, converted it into a commercial bank, and tapped low-cost funds and diversified their asset structures. These banks in addition to core banking activities engaged in Universal banking (Bapat, 2012). Universal banking is involved in financial services comprising deposit taking and lending, trading of financial instruments, foreign exchange, underwriting activities, brokerage, insurance and investment management activities (Calomiris, 1997). Two major advantages associated with Universal banks are economies of scale and scope. Economies of scale allow banks to reduce the average cost of production and economies of scope arise from sharing the cost between different business units. Canals (1997) suggested that strategic response to heightened competition resulted in diversification into non-bank financial activities. We look into the Indian Experience. For example, State Bank of India (SBI), leading public sector bank, entered into insurance activities through SBI life. After entering into credit card business, ICICI Bank, leading private sector bank, surpassed the business of established players like Citibank. Kotak Mahindra Bank, private sector bank, and undertook extensive cross-selling of products resulting in significant expansion of their total business (Khandelwal, 2006).

Public sector banks entered into bancassurance and mutual fund tie-ups. From a regulatory perspective, with the increase of diverse business, the supervision of universal banks remains a challenge. It is pertinent to look into the recent findings. During the initial years after the global financial crisis, the mean efficiencies, calculated through data envelopment analysis, of public sector banks were higher than that of private sector banks (Bapat, 2012). The study by Ram Mohan (2005) observed that spreads at public sector banks did not decline and profitability showed an improvement, leading to Indian banking system the second most profitable in the world. There is a significant potential of business for Indian banks to diversify when we compare various benchmarks such as insurance premium/GDP, retail credit/GDP to other countries, both advanced and emerging countries. The present study provides significant contribution since it offers the analysis in the recent periods. The study is interesting to look into the developments particularly from the perspective of diversification after the global financial crisis.

3. Conceptual Framework: Hypotheses Development

Relation between Ownership with Bank Diversification and Performance

The study of Japanese banks by Sawada (2013) points out that revenue diversification positively affects bank market value. The motivation of banks to diversify include the need to have profit center, presence in diversified financial markets services, broad-based customer access, and establishing leading market positions in all financial services. Diversification has another advantage- good years in one business offset bad business in another (Ajit, 1997). The study on community banks of US showed that an increased focus on non-interest income is associated with the reduction in risk-adjusted performance (Stiroh, 2004).

While examining relationship among institutional ownership, diversification and risk of publicly traded Bank Holding Companies (BHC), stable ownership is associated with geographic, revenue and non-traditional (asset) diversification and lower risk (Deng et al.,2013). The study by Acharya et al.(2006) pointed out the disadvantage of diversification in terms of reduction of credit quality and returns. The study by Pennathur et al.(2012) concluded that ownership plays an important role in the area of diversification. It was observed that as compared to private banks, public sector banks generate lesser fee income, While comparing mean efficiencies, significant differences were observed between public sector banks and private sector banks and mean efficiency of public sector banks is higher than that of private sector banks for the period between the year 2007-08 to the year 2009-10 (Bapat, 2012). From an Indian perspective, although public sector banks maintain a majority share in core banking business, we find that bancassurance business is dominated by private sector banks. For example, while private sector banks generated fees of Rs. 135.5 billion from bancassurance activities in the year 2012-13, public sector banks generated fees of Rs. 74.7 billion in the year 2012-13. The focus on non-interest income is evident for private sector banks.

Relation between Size with Bank Diversification and Performance

Researchers have shown a keen interest in studying size distribution of Banks (Goddardet al., 2014: Hughes et al., 2001). Studies have examined the relationship between bank size and stock market volatility (Feng & Serlitis, 2010; Haan & Poghosyan, 2011). The findings suggest that bank size related diversification does not result in its unconditional stock market volatility (Chen et al.,2011). Empirical Evidence is obtained showing the strong relationship between bank size, technical efficiency and scale efficiency (Drake & Hall, 2003). Attempts were also made to compare the levels of diversification between bigger and small banks. Wheelock and Wilson (2009) observed the presence of economies of scale in US Banks. The study on BHC indicates that large BHCs are better diversified than smaller BHCs. As a result, large BHCs have used their diversification advantage to operate with greater leverage and to pursue potentially more profitable lending (Demsetz & Strahan, 1997). The study on Hungarian Banks found large banks are more efficient (Hasan & Marton, 2003). The empirical results related to the study of Syrian Banks observed a positive relationship between Bank Size and Profitability. The study considered dependent variable as return on assets (ROA). Similar results were obtained from studies by Goddard et al., (2004), Kosmidou et al., (2005) and Flamini et al., (2009). Using a panel of Pakistani banks, it is observed that bigger banks are more diversified than small banks. This happened because of greater outreach and size of credit portfolios (Afzal & Mirza, 2012). According to Vander (2002), financial conglomerates in Europe are relatively cost efficient as compared to specialized banks. Findings from Italian Banks indicate that there is a strong relationship between income diversification and return for bigger banks. Since smaller banks have little non-interest income, the importance of non-interest income does not find credible evidence (Chiorazzo et al., 2008).

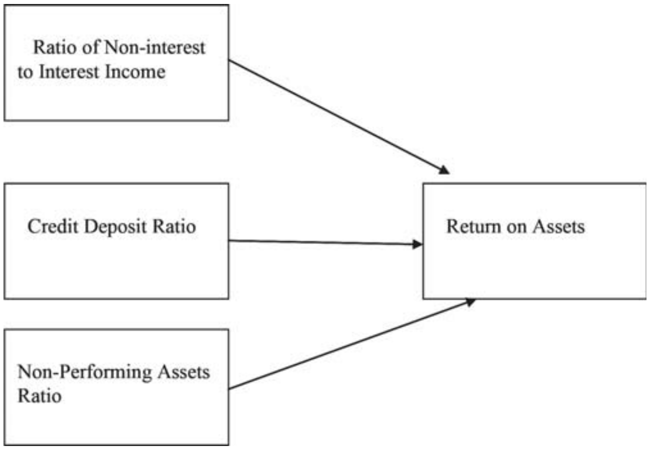
The results on bank size indicate that smaller banks were more involved in the non-interest generating activities, which is due to better specialization and availability of differentiated services (Karray & Chichti, 2013). Contradictory results were obtained by studies from Ben and Goaied (2008) and Sufian and Habibullah (2009). Nguyen et al.,(2012) studied the relationship between market power and revenue diversification and observed a non-linear relationship between market power and revenue diversification. While covering the period 1997-2003, the finding suggests size inefficiency for banks across India and years (Ray, 2007).

Antecedents of Bank Performance

Traces of extensive studies on Bank performance are available from 1980s. There is a belief that market structure of industries has implication on bank performance. Similarly, the economy also has a bearing on bank performance. It is seen when the economy takes a hit, there is an increase in non-performing assets, resulting in depletion in bank profitability. We find contrasting results between bank size and bank profitability. It has been discussed in the previous section. The studies by Athanasoglou et al. (2006) confirmed the drivers of bank profitability as both endogenous and exogenous factors. In the literature review, we find that bank profitability, typically measured by Return on Assets. The study by Ntow and Loryea (2012) studied the relationship among return on assets (ROA), asset quality and liquidity ratio measured through credit-deposit ratio. ROA performance was observed to be worse for older banks in China, (Wu et al., 2007).

The empirical findings suggest that all the bank specific determinant variables have a statistically significant impact on bank profitability. Positive results were obtained examining the relationship between diversification and bank performance upto 30 percent of the diversification ratio (Gambacorta et al.,2014). Rivard and Thomas (1997) suggest that bank profitability is not distorted by high equity multiples and it represents a better measure of the ability of a firm to generate returns on its portfolio of assets. According to the study by Duca and McLaughlin (1990), variations in bank profitability are attributable to variations in credit risk. Miller and Noulas (1997) suggest that when the institutions are exposed to higher risk loans, it results in accumulation of unpaid loans and decrease in profitability.

The model can be presented as follows:



Based on the above, we form the following hypotheses:

1. There is a significant difference between public sector banks and private sector banks in terms of ownership.
2. There is a significant difference between public sector banks and private sector banks in terms of size.
3. The ratio of non-interest income to interest income and credit deposit ratio positively affects return of assets and non-performing assets negatively affects

return of assets. The ratio of non-interest income to interest income is the measure of diversification, the ratio of non-performing assets is the measure of asset quality, and the return of assets was considered as a measure of performance.

4. Methodology

The initial part relates to the assessment of the impact of ownership and size on diversification and performance using a secondary data of public sector and private sector banks from the year 2006-07 to the year 2012-13. Both these bank groups constitute more than 90 percent of the business of scheduled commercial banks. The data was obtained from performance highlights for public sector banks and performance highlights for private sector bank released by Indian Banks Association (IBA). The data is reliable as IBA is a recognized banking body. One of the objectives is to collect, classify and circulate statistical and other information on the structure and working of the banking system. IBA is compiling the data on performance highlights of banks on the basis of different ownership. Two independent sample t test was applied to find out the difference on the basis of ownership and size. It compares the means between the two samples in order to determine whether there is a statistical evidence that population means are different. We assessed the impact of ownership on the various bank performance measures including diversification. Based on the earlier literature, we used the ratio of non- interest income to the interest income as a measure for diversification. Assessment of the impact of size effect on the performance measures was undertaken using two independent sample t-test. Because the concept of path analysis has been recognized as a useful research approach. The application of the approach is traced in sociology (Anderson & Evans, 1974; Lewis-Back, 1974). Path analysis is an extension of regression model where the objective is to test the fit of the correlation matrix against two or more causal models. The analysis includes the calculation of regression weights, observed correlation matrix, and goodness of fit. The interpretations are discussed in the context of structural equation modeling. We observe that Titman and Wessels (1988) introduced the application of structural equation modeling (SEM) in corporate finance which was subsequently applied by Maddala and Nimalendran (1995). The advantage of structure equation modeling is that it allows to consider several dependent variables at a time and controls the measurement errors. We observed that Chang et al., (2009) applied for determining the capital structure. In the later part, using structural equation modeling, antecedents for bank performance, measured through Return on Assets (ROA), was obtained.

5. Results

While relying on secondary panel data of public sector and private sector banks, we obtained data on interest income, non-interest income, return on assets, non-performing assets, ratio of non-interest income to interest income. We conducted two independent sample test for finding the difference between profit per employee, return on assets, non-performing assets, and ratio of other income to interest income.

Ownership and performance

The two sample independent t-test results are obtained in following Table 1.

A significant difference exists for non-performing assets (recent years), the ratio of non-interest income to interest income (4 out of 7 years) and profit per employee (-1 out of 7 years). Following charts represent the trends for various measures for both public sector banks and private sector banks in India.

Size and Performance

We performed two independent sample tests for finding the difference between Profit per Employee, Return on Assets, Non-performing Assets (NPA) and Ratio of Other Income to Interest Income on the basis of size. The size threshold was considered as the bank with a total business size of Rs. 20,000 billion. The threshold was chosen on the basis of expert advice and judgment. While reviewing the literature, we find the lack of consistent approach in distinguishing the banks based on size.

The two sample independent t-test results are obtained in following Table 2.

In our study, small size banks consist of the combination of public sector banks and majorly old generation private sector banks. We find that majority of small size banks continue to remain in the same group for past many years. Bigger size banks consist of few public sector banks and new generation private sector banks, which are elevated to big size. Significant difference exists on account of profit per employee (2 out of 7 years) and ratio of non-interest income to interest income (2 out of 7 years). Our findings indicate that relationship between bank size and profitability was not pronounced. While comparing on the basis of bank size, significant differences were not observed on account of ratio between non-interest income to interest income for majority years.

Antecedents of Bank Performance

Structural Equation Modeling, also referred as path analysis, is used for assessing interdependencies between a dependent variable and independent variable. It has become a popular tool for various reasons such as analytical flexibility and generality. AMOS 21.0 was deployed as the statistical software package. Structural Equation Modeling has been used for wide applications such as service quality measurement (Kumar and Dash 2013). In our study, our interest was more in assessing the relationship between diversification and performance. For Diversification, we used the measure as the ratio of non- interest income to interest income. For Profitability, we used ROA which is an acceptable measure in a banking context. In addition, we used credit deposit ratio as a measure of liquidity and non-performing assets representing asset quality. AMOS 21.O was deployed, in which return on assets was treated as dependent variable and Diversification, Liquidity and Asset Quality measures as independent variable

The results of structural equation modeling are shown in Table 3.

As seen in the above Table 3, the negative relationship is established between Non-Performing Assets and Return on Assets. Diversification in the recent two years is showing a positive relationship with return on assets.

Seven fit indices which are commonly used in the literature (Chi Square/degrees of freedom, Goodness of Fit (GFI), Adjusted goodness of Fit (AGFI), Non Normed Fit Index (NNFI), Root Mean Square Residual (RMSR), Root Mean Square of Approximation (RMSEA)were employed for model fit. Chi square / degrees of freedom less than 3, goodness of fit index (GFI), non-normed fit index (NNFI), comparative fit index (CFI) greater than 0.9, an adjusted goodness fit index (AGFI) greater than 0.8,root mean square residual (RMSR) less than 0.1, and root mean square of approximation (RMSEA) less than 0.06 are considered indicators of good fit (Bentler and Bonett 1980). Our calculations met with the above requirements.

6. Conclusions

The study is based on responses and data obtained for public sector and private sector banks. Both public sector and private sector banks contribute to more than 90 percent of the business from scheduled commercial banks, which include regional rural banks and foreign banks in addition to public sector and private sector banks. While assessing the bank performance, we find that variations between public sector banks and private sector - banks remained while comparing the key ratios of NPA and ROA. Our study is focused on diversification and it was measured as a ratio of non-interest income to interest income. Independent sample t-test was used for comparing the difference on the basis of ownership patterns. Public

Table 1: Two Sample Independent t-test based on ownership

Parameter	2007	2008	2009	2010	2011	2012	2013
Profit/Employee	0.245**	0.039	0.555	0.200	0.275	0.566	0.115
Returns on Asset	0.661	0.199	0.999	0.725	0.165	0.094	0.002**
Non Performing Assets	0.574	0.659	0.162	0.263	0.009**	0.001**	0.001**
Ratio of Other Income to Interest Income	0.558	0.062*	0.047**	0.023**	0.302	0.133	0.003**

*P < .1 ** P < .05

Total Number of Banks - 46

Public Sector Banks - 26 Private Sector Banks - 20

Table 2: Two Sample T test Based on Size

Parameter	2007	2008	2009	2010	2011	2012	2013
Profit per Employee	0.051*	0.138	0.027**	0.387	0.252	0.129	0.282
Return on Assets	0.177	0.963	0.441	0.328	0.750	0.832	0.628
Non Performing Assets	0.373	0.717	0.932	0.647	0.344	0.393	0.201
Ratio of Other Income to Interest Income	0.454	0.923	0.415	0.185	0.018**	0.086*	0.286

*p < 0.10; **p < .05

sector banks and private sector banks were the scope of the study to assess the ownership differences. While looking at the trends, we find that private sector banks were performing better than public sector banks on all the parameters such as return on Assets, ratio of non-interest income to interest income and profit per employee. The gap in the non-performing Assets ratios between public sector banks and private sector banks widened. Significant differences, among others, were observed in terms of diversification measures when comparing public sector banks with private sector banks for 4 years during the 7 year study period with and private sector banks showing a higher ratio of diversification than public sector banks. Our results are consistent with Pennathur et al.(2012) which find public sector banks generate lesser fee income. Significant difference exists on account of non-interest income to interest income (2 out of 7 years) while comparing in terms of size. While some studies concluded that large banks are efficient and attain economies of scale (Feng & Sterlitis, 2010; Wheelock & Wilson, 1999), opposite results were obtained from the studies (Ben Naceur & Goaied, 2008; Habibullah, 2009). The study by Ray (2007) on Indian banking suggest the widespread size inefficiency across banks and years. In the context of bigger banks, the issue is whether the sheer size hinders the smooth flow of information within the organization and private sector banks. A negative relationship was observed between non-performing assets and return on assets and positive relationship was observed in the recent two yearsbetween diversification and Return on Assets (ROA). Since the existing sources of income from traditional interest route is showing a downward trend, banks are showing a shift towards generating revenue from non- interest sources in the recent years. Critics are pointing out the higher levels of income from interest sources. With the evolving technologies and facilitative regulations, banks in India provide opportunities to generate income from payment business and fee-based avenues such as commission from sales of mutual fund and insurance products. Future research can assess the performance among and between new generation private sector banks, old generation private sector banks, public sector banks, regional rural banks, and foreign banks.

7. Managerial Implications

This study has important implications for managers and scholars. Banks in India followed the prescription of privatization as a fallout of financial sector reforms in1990s. The impact of privatization of banks was mixed. By 2008, banks were affected by the global financial crisis. However, Indian Banks remain insulated from financial crisis. During the period, the performance of public sector banks was comparable

Table 3: Path coefficient with dependent variable as Return on Assets (ROA)

Parameter	2007	2008	2009	2010	2011	2012	2013
Ratio of Non Interest Income to Interest Income	0.882	-0.454	-0.221	1.692	1.298	3.534*	2.396*
Credit Deposit Ratio	0.169	0.202	0.800	0.350	0.235	-0.371	0.946
NPA	-0.428**	-0.403**	-0.470**	-0.469**	-0.455**	-.483**	-.0.405**

*p < 0.10; **p < .05

with private sector banks. Post global financial crisis has a requirement for banks to keep a higher level of capital. The implication is that banks need to generate a higher level of profits from the same assets. By the year 2012-13, the performance of private sector showed a marked improvement which can be verified from the figures of return on assets, non-performing assets, profit per employee. There was a significant increase in non- performing assets of public sector banks and there is a realization that effective bad debt management is crucial to maintaining profitability in such a scenario. It was in October 2011 that savings accounts underwent deregulation for amounts above Rs. 0.1 million. Few Private sector offered higher rates for saving bank customers. In future, it is likely to have implications for other banks. As a result, there will be a pressure on these banks to reduce their interest rates.

Bank diversification is the provision of more products and services by banks. Regulations have proved to be double-edged sword. On the one hand, many non-banking players are keen to enter into the banking sector. The influence of technology is transforming the banking industry (Bapat & Bihari, 2015) and retail banking is witnessing a transformation where there is a greater role of electronic banking (Bapat, 2015). Telecom companies are offering payment based services through mobile phones. The majority of telecom brands are offering mobile payment and mobile wallet services to their customers. Through such services, it allows the customer to make payment to other customers, undertake payment of utility services and allow customer for mobile shopping services. In the latest banking license exercise, 26 Organizations evinced interest to enter into the banking sector and applied for the banking license. Two organizations, namely Bandhan and IDFC, were provided with banking licenses. Recently, 11 payment banks license were issued. This clearly shows that there is a greater interest among other non-banking players to enter into banking service. On the other hand, with the depletion of core banking revenues, banks are keen to generate revenue from other sources in the backdrop of a pressure on its existing banking revenue generating activities. This is reflected in a fall of net interest margin for scheduled commercial banks which showed a decrease from 3.63 percent to 3.36 percent.

Although Indian Banks to some extent remain insulated from global financial crisis, the growth of Indian Banks moderated. There was a consistent drop in the reduction in Net Interest Margins (NIM). As a result, banks need to find avenues from non-interest sources which are income diversification. One of the distinct features in the year 2012-13 is there is a marked improvement in performance of private sector banks. The findings indicate that there is a significant difference between public sector banks and private sector banks on various measures including diversification measures. On account of bank size, evidence was observed for select years.

Very little research exists for Indian Banking Industry which has witnessed significant growth rates, resulting in an impressive performance in the last decade. Bank deposits for Indian public sector banks grew by 18 percent and advances increased by 20 percent, resulting in an overall business growth of 18.7percent. This happened despite the marginal increase of 5percent in bank offices and 1percent in bank employees (Bapat, 2013). The next decade for Indian Banking is crucial as it will play a significant role in the backdrop of new customer additions, changing customer requirements and rapid technological developments.

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Corporate Reporting Practices & IFRSs: Review of Literature

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Abstract

The study has reviewed the related literature on International Financial Reporting Statements (IFRSs) adoption and convergences to summarize the research outcome, has identified the research gaps as well as has justified the future research agenda. The studies on IFRSs adoption has attained momentum globally for last two decades and in India since last couple of years when it has decided to follow the convergence route from 2016-17. Adopting the Integrative Literature Review technique and accessing the e-resources of six international publishers, the study has reviewed the selective articles having full texts published in peer-reviewed journals in last 13 years. Further, it has developed some delimiting boundaries for screening the literature and has focused on the objectives, variables, units of studies, results, publishers and year of publications of the cited papers to synthesize a summary of the research trends, has acknowledged few limitations and pointed out the roadmap for future studies.

Keywords: IFRSs adoption, IFRSs convergence, Disclosures.

1. Introduction

Accounting theory postulates that financial reporting reduces information asymmetry by disclosing relevant and timely information between corporate managers and parties contracting with their firms (Frankel & Li, 2004). Interestingly, the milestones of accounting developments are closely linked to the historical downturns of the stock markets (Horton & Serafeim, 2010). During bull runs, new valuation models have invented, and in bear markets, new accounting and governance practices have initiated (Barth, Clinch & Shibano, 1999). Even the concept of Generally Accepted Accounting Principles (GAAP) has emerged in the shadows of the great depression of 1929 (Jaganathan, 2008). The core segment of corporate annual reports is the statutory financial statements, which are prepared in accordance with GAAP (Trombetta, Wagenhofer & Wysocki, 2012). GAAP were originally a combination of guidelines, pronouncements and theoretical advices (Christensen, Lee & Walker, 2007). Over the years GAAP has been dominated by binding standards of accounting and reporting (Bhattacharyya, 2011). The quality of information provided in corporate annual reports affects the way in which the capital markets value companies; the inadequate information leading to mispricing of corporate securities is not an uncommon experience (Jaganathan, 2008). In India / UK the accounts need to show a 'true and fair view' as principles should triumph as they promote judgment and thought, while in US the accounts need to 'fairly present' the performance as it argues that true and fair view is not followed to its logical conclusion. If the rules are followed the firm would get the right conclusions else be sued (Bruce, 2007).

The audit expectation gap (AEG) has extensively recognized in the literature (Ruhnke & Schmidt, 2014; Porter, O'Hogartaigh & Baskerville,2012); e.g., the determinants (McEnroe & Martens, 2001)users' education (Houghton, Jubb & Kend, 2011), the contents and wording of reports (Asare & Wright, 2012; Porter et al., 2012; Gray, Turner, Coram & Mock, 2011) as well as the audit mechanism (Mock, Bédard, Coram, Davis, Espahbodi & Warne, 2013; Turner , Mock, Coram & Gray, 2010). The Indian audit practice is that in most companies the chief internal auditor (CIA) reports to CEO or CFO instead of the chairman of the audit committee even though an internal audit serves the Board and the statutory auditor makes a presentation before the audit committee while the committee seldom reviews in detail financial statements and accounting adjustments based on estimates that involve judgments (Bhattacharyya, 2015). IFRSs and audit function has a close association as the concept of 'substance over from' has extensive use in IFRSs and auditors required to apply judgment in evaluating the estimations by the managements (Bhattacharyya, 2011). The different corporate scams like Enron, Xerox have contributed several changes in audit quality along with IFRSs adoption in reporting countries (Gelb & Zarowin, 2012; Lin & Lui, 2009; Hunton & Rose, 2008; Van Tendeloo & Vanstraelen, 2005).

The present study has attempted to review the cited sample papers published in different journals of six international publishers on IFRSs adoption or convergences issues during the last 13 years to offer a summary of findings and to indicate a roadmap for future research endeavors.

The reminder of the paper has built up as: the conceptual setting has presented in Section 2 and the research methods in Section 3 respectively. In Section 4 the results and the discussions have offered. The conclusions of the study have drawn in Section 5.

2. Conceptual Settings

Literature has validated that accounting differs between countries for different institutional factors like the legal system, taxation system, investor protection, regulation, and enforcement (Leuz, 2010; Bushman & Piotroski, 2006). The trade mark 'IFRSs'- a set of financial reporting standards issued by International Accounting Standards Board (IASB) comprises of (a) International Financial Reporting Standards, (b) International Accounting Standards, (c) Interpretations originated by the International Financial Reporting Interpretation Committee (IFRIC) and (d) Interpretations issued by the former Standing Interpretations Committee (SIC). The primary goal of the International Accounting Standards Committee (IASC) and its successor IASB has been a uniform to develop an internationally acceptable set of high quality financial reporting standards (Barth, Landsman, Lang & Williams, 2006). The IFRSs are principle based where the broad principles are laid down by standard fixing body and the interpretation is left to the users of these standards. IFRSs as issued by IASB if followed without any deviation are termed as adoption while the convergence implies that one or more alternative principles/methods may be withdrawn, but an alternative principle/method that is not available in IFRSs cannot be allowed (Bhattacharyya, 2009). Interestingly, GAAP has represented by IFRSs and in India GAAP is represented by Accounting Standards (AS). India is in the process of convergence with the international GAAP during last couple of years. To the extent GAAP reporting is failing to deliver the full story, there arises a gap between reported information and users' expectations. Global standard like IFRSs cannot take into account environment and capabilities available in each country (Bhattacharyya, 2011). Therefore, convergence, with essential deviations from IFRSs, is a better option than adoption. Both the IFRSs and Ind-AS (the converged version of Indian IFRSs) are principle based standards purporting to reflect the underlying economic substance of business transactions (Bhattacharyya, 2012). Prior studies concluded that the primary goal of the IASB is to reduce accounting treatment heterogeneity and to reduce information asymmetry by harmonizing the national GAAP into IFRSs-through adoption or convergence (Karampinis & Hevas, 2013; Landsman, Maydew, & Thornock, 2012; Zeghal, Chtourou, & Sellami, 2011; Gaston, Garcia, Jarne, & Gadea, 2010; Dikova, Sahib & Witteloostuijn, 2010; Horton & Serafeim, 2010; Yip & Young, 2009; Daske, Hail, Leuz & Verdi, 2008; Brath, Landsman & Lang, 2008; Beneish & Yohn, 2008; Ewert & Wagenhofer, 2005). The present study has made an attempt to review the literature on the multi-dimensional aspects of corporate reporting practices and IFRSs. A research paradigm- the overall world views of the research problem has drawn in Fig. 1 to carry out the review work systematically.

3. Methods

As advocated by Flink (2005), a literature review must use methodology which should be systematic, having clarity in procedure as well as comprehensive in its scope and content. It may be organized within the ambit of some research questions which the study has planned to address. These set of questions form a conceptual framework for conducting an integrative literature review. Authors have concluded that literature reviews may focus on substantive Robinson, Lloyd & Rowe, 2008), methodological (Hallinger, 2011; Hallinger & Heck, 1996; Bridges, 1982) and / or conceptual issues (Bossert, Dwyer, Rowan & Lee, 1982; Erickson, 1979). The functions of literature review have been categorized (Figure 1) by Hart (1998) in the following ways:

a) To distinguish what has been done from what needs to be done.
b) To identify important variables relevant to the topic.
c) To synthesize earlier results and ideas, and gain a new perspective.

Ontology (There is evidence of influence of IFRSs adoption on corporate reporting, i.e. realties exist)

↓

Epistemology (It studies those IFRSs adoption issues, i.e. the study of knowledge)

↓

Methodology (It adopts an approach to obtain information about those studies)

↓

Methods (Through filtering studies delimited and analyzed beside using descriptive statistics to estimate about the study population from which sample cited papers have chosen)

Fig: 1 Research Paradigm of IFRSs Studies

d) To rationalize the significance of the problem.

e) To identify the main methodologies and research techniques those have been used.

f) To place the research in context with state-of-art developments, and so on.

The present study has mostly considered the functions (research questions) of literature reviews and adopted the following procedures on some thematic issues in financial reporting practices with a specific focus on IFRSs:

1. *Research Objectives* -The purposes of the cited studies have identified.
2. *Variables*- The variables of the cited studies have reported.
3. *Results*- The findings of the studies have summarized.
4. *Industry*- The industries in the cited studies have identified.
5. *Country*- The countries in which the studies have attempted have documented.
6. *Journal*- The journals in which the cited studies have reported.
7. *Publishers*- The publishers of the journals have re- ported.
8. Year- The year of publications have enumerated.

3.1 Sources and Boundary Identification of Literature

A University digital library sources has accessed especially the academic e-journals of prominent publishers like Emerald, Rout ledge (Taylor & Francis Group), Wiley Blackwell, Cambridge University Press, Sage and Elsevier Science Direct with the key words such as IFRSs with: disclosures, fair value, intangibles, auditing, taxation, cost of equity, earnings management and have downloaded 500 relevant papers. Since it is not possible to review all the papers, the study has applied a filtering mechanism and papers with full text published during the last 13 years (2004-2016) have retained.

4. Results & Discussions

4.1 Analysis by Objectives & Results of the studies

The extensive review have documented that studies have attempted with few objectives which have summarized based on the identified variables of those studies like IFRSs implementation issues, impact on disclosures, tax and auditing issues, intangibles, cost of equity, accounting information and earnings management practices.

4.1.1 IFRSs Implementation Issues

Literature has validated that adoption of IFRSs has been guided by two theories such as Katz & Shapiro's (1985) economic theory of networks and Di Maggio & Powell's (1991) isomorphism theory. The first theory assumes IFRSs as a product and the adoption intending country should assess the intrinsic value (autarky value of IFRSs) and network value (synchronization value of IFRSs) of such product (Ramanna & Sletten, 2009). The second theory has three variants viz. the coercive is omorphism which forces the country for IFRSs adoption and in many times directly linked with foreign aids and grants (Judge, Li & Pinsker, 2010); the second one is mimetic isomorphism where the professionals strongly insist for adoption (Hassan, 2008) and the third type is normative isomorphism-the education attainment level of the target country (Di Maggio & Powell, 1991). The other school of thoughts have suggested that the adoption of IFRSs has guided by four more accounting theories such as agency theory - the presence of two relationships (Healy & Palepu, 2001) i.e. relationships between manager- shareholders and that of shareholder-debt holders have considered and determinants of IFRSs adoption include firm size, ownership patterns, leverages (Al-Akra, Eddie, & Ali,2010; Samaha & Stapleton, 2009; Karim & Ahmed, 2005). The signaling theory indicates the labour market behaviour (Spence, 1973) and variables like liquidity and profitability of firms influence their IFRSs compliance (Al-Akra et al. 2010; Samaha & Stapleton, 2009; Karim & Ahmed, 2005). The political process theory suggests that firms use accounting data in price fixation, tax policy and subsidy determination (Inchausti, 1997) and firm size and industry influence in IFRSs adoption (Al-Akra et al., 2010; Samaha& Stapleton, 2009; Karim & Ahmed, 2005). The capital need theory advocates that firms voluntary adopt IFRSs for raising cheaper capital by accessing foreign capital markets (Ashbaugh & Pincus, 2001;Marston & Shrives, 1996).Different authors have reported that harmonization of domestic accounting standards in line with IFRSs has been prioritized by many developing nations (Khlif & Souissi, 2010; Samaha & Stapleton, 2009; Samaha & Stapleton, 2008) and many courtiers have adopted the same (Al-Akra et al.2010; Samaha & Stapleton, 2008; Karim & Ahmed, 2005). Prior researches have documented different degrees of adoption issues (Peng & van der Laan Smith, 2010; Larson & Street, 2004), benefits like transparency and high quality reporting practices (Barth et al. 2008; Hung & Subramanyam, 2007; Lang, Raedy, & Wilson, 2006; Van Tendeloo & Vanstraelen, 2005; Tarca, 2004), ease in international capital market access(Barth et al. 2008; Hung & Subramanyam, 2007) as well as to impress the investors with the high quality financial reporting (Lang et al., 2006; Van Tendeloo & Vanstraelen, 2005; Cohen, 2004), intensify the information environment and estimation (Horton, Serafeim, & Serafeim, 2012; Beuselinck, Joos, Khurana & Meulen, 2009) and enhance the analyst forecast accuracy (Horton, Serafeim & Serafeim 2013; Byard, Ying & Yu, 2011; Brown, Preiato & Tarca, 2009). The voluntary adoption is motivated due to factors like dependence on external capital, advantages of cross-listings, and tie ups to banks (Christensen et al., 2008; Gassen & Sellhorn, 2006; Cuijpers & Buijink 2005; Tarca, 2004). Literature has evidenced that the effect of IFRSs adoption has measured by authors using three methodologies viz. parametric and non-parametric statistical tests (Tsalavoutas & Evans, 2010; Haller Ernstberger & Froschhammer, 2009; CortesiMontani & Tettamanzi, 2009; Callao, Jarne & Lainez, 2007), cross-section discriminate models (Barth et al. 2008; Christensen et al. 2007; Demaria & Dufour, 2007)and ordinary least squares (OLS) cross-section models (Peng, Tondkar, Van der Laan Smith & Harless, 2008; Habib & Weil, 2008; Hung & Subramanyam, 2007; Lin & Chen, 2005). The associated problems in adoption have also reported (Alexander & Servalli, 2009; Hoogendoorn, 2006; Jermakowicz & Gornik- Tomaszewski, 2006; Schipper, 2005; Tokar, 2005; Larson & Street, 2004; Vellam, 2004).

4.1.2 IFRSs & Disclosures

Literatures have shown that comparability, transparency and reporting qualities of the companies have significantly improved after IFRSs adoption (Brüggemann, Hitz & Sellhorn, 2013; Yip & Young, 2012; Veneziani & Teodori, 2008; Jermakowicz, 2004); reduction of subjectivity in reporting thus increased reliability (Barth et al., 2008; Ewert & Wagenhofer, 2005) like in Europe (CIMA, 2009; Carmona & Trombetta, 2008), in EU and Australia (Jones & Finley, 2011). Studies have validated that voluntary IFRSs disclosures significantly improved in post adoption period (Slack & Shrives, 2010; Hussainey & Mouselli, 2010; Hussainey & Walker, 2009), also have reported no reliable improvement in reporting qualities such as in Spain (Callao,Jarne ,2007), even have skeptical conclusions (Burgstahler, Hail & Leuz,2006) as well as costly and complex process (Jermakowicz & Gornik-Tomaszewski, 2006).

4.1.3 IFRSs & Accounting Information

Researchers have concluded that adoption of IFRSs significantly improves the quality of accounting information and intensifies the association between financial figures and intrinsic value of the firm (Liao, Sellhorn&Skaife,2011; Jin, 2010; Wang, Xue & Chen,2009; Luo, Xue & Zhang,2008), enhances information content of earnings (Landsman, Maydew & Thornock, 2012; Yip & Young, 2012; Kim & Li, 2011; Wang, 2011) along with information environment for the users (Horton, Serafeim & Serafeim, 2012; Panaretou, Shackleton & Taylor, 2012; Byard, Li & Yu, 2011), positively impact on dividend policy (Goncharov

& Van Triest, 2011) increases firms' value relevance, book values (Bellas,Toludas & Papadatos, 2007; Lin & Paananen, 2007) and provides valuable information to investors (Barth et al., 2008).

4.1.4 IFRSs & Taxation

Studies have reported IFRSs specific tax accounting (Zwirner, 2007; Eberhartinger, 2005; Herzig, 2004), highlighted differences between IFRSs and tax regulations (Endres et al., 2007; Eberhartinger & Klostermann, 2007), impact of IFRSs on tax (Wagenhofer, 2009; Lu ¨hn, 2007; Ku ¨ting & Zwirner, 2005; Bradbury & van Zijl, 2005; Teixeira, 2004), financial impact of IFRSs adoption on tax burden in countries like Belgium, New Zeland and Nigeria (Faboyede, Oyewo, Fakile & Nwobu, 2014; Samuel, Samuel & Obiamaka, 2013; Haverals, 2005) and reduction in the tax burden and asymmetric tax information after IFRSs adoption (Duhanxhiu & Kapllani, 2012; Leuz, Lins & Warnock, 2009; Eberhartinger & Klostermann, 2007; Haverals, 2007).

4.1.5 IFRSs & Auditing

Studies have attempted to assess the impact of IFRSs on audit quality in many western countries(De George, Ferguson & Spear, 2013; Kim, Liu & Zheng, 2012; Chen & Zhang, 2010; Peng & Bewley, 2010; Wang et al. 2009) and have documented reduction in audit fees after IFRSs adoption (Shan & Troshani, 2014; De George et al. 2013; Kim et al. 2012; Goncharov, Riedl & Sellhorn, 2012; Griffin, Lont & Sun, 2009; Barth et al., 2008), especially where the Big 4 audit firms conduct the audit in post IFRSs era (Hakim & Omri, 2010; Khlif & Souissi, 2010; Gul, Kim & Qiu, 2010). On the contrary, few researches have reported increase in audit fees(Hu, Percy & Yao, 2012; Kim, Liu & Zheng, 2012; Ettredge, Xu & Yi, 2011; Vieru & Schadewitz, 2010; Feldman, Read & Abdol mohammadi, 2009; Bedard & Johnstone, 2004) and others do not find any such relationships (Larcker & Richardson, 2004).

4.1.6 IFRSs & Intangibles

Related literature has evidenced that valuation of intangibles like goodwill in IFRSs regime has become more relevant and closed to accuracy since professional judgments of auditors are essential for valuation of goodwill in IFRSs environment (Wines, Dagwell & Windsor, 2007) and the test for its impairment (Wines, Dagwall & Windsor, 2007; Benston, 2006); the IFRSs regime is more value relevant (Chen et al., 2006) but impairment loss recognition has deferred 2007; Hayn & Hughes, 2006; Henning, Shaw & Stock, 2004) and even used as a mechanism to report forced impairment (Zhang & Zhang, 2007).

4.1.7 IFRSs & Cost of Equity

Related literature has validated that poor quality of reporting has negatively related with higher cost of equity capital (Eaton, Nofsinger & Weaver, 2007; Francis, LaFond, Olsson & Schipper, 2005, 2004) and on the other hand, voluntary adoption of IFRSs significantly reduce costs of capital (Li, 2010; Kim & Shi, 2010; Barth et al., 2008; Daske, Hail, Leuz & Verdi, 2008; Daske, Hail, Leuz & Verdi 2007; Covrig, DeFond & Hung, 2007; Bushman, Piotroiski & Smith, 2006; Goodwin & Ahmed, 2006; Hail & Leuz, 2006).

4.1.8 IFRSs & Earnings Management

Literature has identified the factors behind earnings management (EM) practices like tax savings, ownership structure (Wang, 2005), timing of the issue of IPO and annual general meetings and seasoned equity shares (Banko, Frye, Wongsunwai, 2013; Cohen & Zarowin, 2010; Ball & Shivakumar, 2008; Roychowdhury, 2006). Studies have concluded that adoption of IFRSs has reduced EM (Liu, Yao, Hu & Liu,2011; Iatridis, 2010; Christensen et al. 2007) along with income smoothing (Theresia, 2012), on the other hand such adoption do not change the EM in France, EU and Australia (Jeanjean & Stolowy, 2008), in Germany (Van Tendeloo & Vanstraelen, 2005), and have negative significant impact (Iatridis & Rouvolis, 2010; Gordon, Jorgensen & Linthicum, 2008; Van der Meulen, Gaeremynch & Willekens, 2007; Barth et al., 2006).

4.2 Analysis by Variables of the cited studies

Table 1 has reported that most of the variables in the sample studies deal with impact of IFRSs on accounting information and its content (38.46 percent) and the associated costs, benefits and implementation issues (33.07 percent). The other variables of the cited studies have included the impact on disclosure norms (10.76 percent), intangibles (6.92 percent), auditing practices, taxation, earnings management and on other variables (2.3 percent each).

4.3 Analysis by Issue/Industry Wise Studies

Table 2 has reported that majority of the studies (56.92 percent) have attempted by collecting data from listed firms, whereas a 29.23 per cent of the studies have not collected any kind of data rather those are conceptual studies; whereas 7.69 percent studies have addressed IFRSs in different dimensions of banking sector. Rest of the studies have undertaken with MSMEs, debt market, analyzing comment letters of standard setters and others.

4.4 Analysis by Country/Study Area

From the three tables (3A, 3B & 3C) reported above, most of the studies have undertaken in EU (19.23 percent), followed by Australia (9.23 percent), USA (8.46 percent), UK (6.15 percent), Greece (4.61 percent), Indonesia & Germany (3.84 percent each), Europe (3.07 percent) and in other countries (10 percent).

4.5 Analysis by Journal Publishers

Table 4 has shown that majority of the sample studies have published in different journals of Emerald Publishing Group (38.46 percent), Routledge (30 percent), Wiley Blackwell (22.30 percent) and Elsevier Science Direct (6.92 percent).

4.6 Analysis by Year of Publications

From Table 5 it has evident that most number of sample papers have published in 2015 (18.46 percent); followed by 2011 & 2013 (12.30 percent each), 2012 (11.53 percent), 2010 (10 percent), 2014 & 2016 (9.23 percent each), 2008 (6.15 percent), 2007 (3.84 percent).

5. Conclusions

The present study has reviewed the papers published during 2004-2016 by selected publishers with a specific focus on corporate reporting practices in IFRSs regime and has presented a comprehensive summary of those studies with indications of future researches. Papers published in the different journals of six international publishers viz. Emerald, Routledge, Wiley Blackwell, Cambridge University Press, Sage and Elsevier Science

Direct have been searched using few relevant key words and around 500 papers have downloaded by accessing e-library of an Indian central university. There after a boundary has drawn and papers with full text published during the last 13 years (2004-2016) with emphasis on IFRSs issues have been considered and the filtering process has reduced the number of cited papers to 130. The review process has identified IFRSs related variables which include implementation issues, disclosures, accounting information, taxation, auditing, intangibles, costs of equity and earnings management. The summary results have documented that accounting information is the mostly addressed variable; listed firms have used mostly as unit of the study; studies have attempted mostly in Europe; Emerald has published majority of the cited papers and in 2015 highest number of papers have published.

The academic audience of this study should consider few limitations before its wider generalization. First, papers incorporating IFRSs issues have exclusively considered in the line of the objectives of the study. Second, from the cited studies variables have been summarized for analysis rather than individual variables have considered from each of the cited papers. Third, the papers published in different journals of only six publishers have considered and assumed as the study population of which 130 sample papers have taken by applying filtering mechanism due to parsimony and time constraint. Fourth, the study has reviewed the cited papers published in the academic journals and not those have published in professional journals. Finally, although the study has carried out during the transition period to IFRSs convergence in India, but only two studies have traced in the sample cited papers and papers published in other academic journals in India have excluded from the scope of the present study.

The outcome of the study has many applications for academicians, practitioners as well as for policy makers. First, the study has provided a comprehensive ready reference of literature on mandatory, voluntary adoption or convergence of IFRSs related issues; disclosures, selected variables like impact on accounting information content and environment; taxation, auditing, intangibles, cost of capital and earnings management with regard to IFRSs. Second, it has indicated the trend of IFRSs studies published in leading journals of reputed international publishers along with study units and countries. Third, it has summarized IFRSs adoption guidance theories, degrees of adoption issues, advantages and flip sides of adoption issues, motivators of voluntary adoption and the techniques to measure the effect of adoption. Fourth,

Table: 1 Variablein Cited Studies

Variables	Dis-closures	Intangi-bles	Costs, Benefits & IFRSs transition	Accounting information	Cost of equity	Earnings management	Audit	Tax	Others	Total
No. of Studies	14	09	43	50	02	03	03	03	03	130
Percent	10.76	6.92	33.07	38.46	1.53	2.30	2.30	2.30	2.30	100

Table: 2 Issue/Industry Wise Publications

Industry	Banking	Listed Firms	MSMEs	Comment Letters	Debt Market	Others	NA	Total
No. of Studies	10	74	01	01	01	05	38	130
Percent	7.69	56.92	.76	.76	.76	3.84	29.23	100

Table: 3A Country/Study Area Wise Publications

Name	USA	UK	EU	Romania	Madagascar	Chile	Netherlands	Germany	Russia	DCs	Japan
Papers Published	11	08	25	01	01	02	01	05	02	02	02
Percent	8.46	6.15	19.23	.76	.76	1.53	.76	3.84	1.53	1.53	1.53

Table: 3B Country/Study Area Wise Publications

Name	Greece	Australia	Sweden	Italy	China	Spain	Europe	Ghana	NZ	Jordan	Brazil	Croatia
Papers Published	06	12	02	03	03	02	04	01	03	02	01	01
Percent	4.61	9.23	1.53	2.30	2.30	1.53	3.07	.76	2.30	1.53	.76	.76

Table: 3C Country/Study Area Wise Publications

Name	India	Kuwait	African countries	Poland	Finland	Russia	Indonesia	Turkey	Malaysia	Others
Papers Published	02	01	01	01	02	02	05	01	02	13
Percent	1.53	.76	.76	.76	1.53	1.53	3.84	.76	1.53	10

Table: 4 Publisher Wise Studies

Name	Emerald	Routledge	Wiley Blackwell	Cambridge University Press	Sage	Elsevier Science Direct	Total
Papers Published	50	39	29	01	02	09	130
Percent	38.46	30	22.30	.76	1.53	6.92	100

Table: 5 Year Wise Publications

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Papers Published	01	04	02	05	08	02	13	16	15	16	12	24	12	130
Percent	.76	3.07	1.53	3.84	6.15	1.53	10	12.30	11.53	12.30	9.23	18.46	9.23	100

it has documented mix results on voluntary IFRSs disclosures, significant improvement in accounting information contents and environments, highlighted the impact of IFRSs on corporate tax with specific emphasis on the differences between IFRSs and tax regulations, mix results on audit fees post IFRSs adoption, significant improvement in intangibles' valuation techniques with more accuracy in results, reduction in cost of capital and mix results on earnings management practices. Fifth, it has highlighted different aspects of audit expectation gap and audit reports which, may be used as a basis for practitioners, preparers, users and academics. Finally, the review has evidenced that the majority of researches have accessed secondary data and carried out with listed firms i.e. empirical in nature and only a few have used survey.

In any academic study since a roadmap for future research is its integral part, the present study has indicated the same. Firstly, the relevance of two IFRSs adoption theories- economic theory of networks and isomorphism may be tested in IFRSs convergent countries to assess their applicability. Second, in Indian context researches may be endeavored to unearth the convergence rationale- i.e., the Political Process theory or the Capital Need theory. Third, comparative cost-benefit studies may be carried out to evaluate the transparency and high quality reporting practices and the associated costs involved in IFRSs adopting Asian and European countries. Fourth, the different variables used in global studies in the IFRSs adoption context may be administered in India to test the concurrent validities as well as to find out the deviations, if any. Fifth, as literature validates, transparency and reporting qualities increase after IFRSs adoption; perception studies may be attempted to detect expectation gap, if any in regard to window dressing and earnings management. Sixthly, the financial impact of IFRSs adoption on tax burden, tax accounting and tax information disclosure could be another future research agenda in Asian countries including India. Seventhly, the intangible valuation and impairment techniques in pre and post IFRSs adoption period between inter-firm and sector wise may be studied by accessing annual reports. Eighthly, comparative studies on accounting disclosures and reporting practices between Indian firms using Ind-AS and global firms using IFRSs in the context of inventory valuation, PPE valuation and fair valuations may be attempted. Ninthly, prior studies have concluded that in Australia and in EU countries cost of equity capital and audit costs significantly reduce in post IFRSs adoptions which need to be examined in Asian continents having different socio-economic and political environment with relatively lower level of accounting literacy. Finally, the excluded variables of this study like IFRSs policy choice (Stadler & Nobes, 2014), pension variables (Klumpes & Whittington, 2003), debt covenants (Sweeney, 1994), motivations for accounting choice (Fields, Lys & Vincent,2001), auditors' perceptions on fair value (Kumarasiri & Fisher, 2011), human behavior as a resistance to change in accounting (Shortridge & Smith, 2009) may be incorporated in future studies.

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The Indian Insolvency and Bankruptcy Bill: Sixty Years in the Making

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Abstract

This research paper provides an analysis of the development of Bankruptcy and Insolvency laws in the post-independence period in India. Evolution of the regulatory framework and significant changes in regulations are temporally analysed in the context of political realities. The paper identifies critical shortcomings in individual laws and discusses the lack of harmonisation. The role of a weak framework for insolvency and bankruptcy in promoting a bank-oriented economy is discussed. The paper summarizes,using empirical data, the impact of inefficient and inadequate insolvency framework on resolution timelines and recovery rate. Author analyses the recently passed Insolvency and Bankruptcy Bill and concludesthat the Bill in its current form encourages liquidation at the cost of financial restructuring. An opinion is expressed that the Bill fails to provide adequate representation to all stakeholders. The paper highlights a lack of clarity in the Bill regarding appointment of executants. Certain other lacunae in the Bill impeding its overall effectiveness are also identified. The author draws upon cross-country experiences to suggest remedial measures that address impediments in the successful implementation of the Bill.

Keywords: Indian Insolvency and Bankruptcy Bill, Bankruptcy law reforms, SARFAESI Act, DRT, Harmonisation, Forum shopping, Bank-oriented economy.

1. Introduction

In an environment where the present NDA government in India has failed to get key bills approved in the Upper House of Parliament, it is saddening to note that the government has lost an opportunity in the recently passed Insolvency and Bankruptcy Bill (the "Bill"). This Bill was one of a small number of legislations where the government was able to build political consensus and muster enough votes to ensure safe passage.

This paper provides an analysis of Indian Bankruptcy and Insolvency laws in the post-independence period, identifies critical shortcomings in individual laws, summarizes the impact of inefficient and inadequate insolvency framework on resolution outcomes in the past, and identifies critical shortcomings that remain in the new Bill. The paper is structured as follows. In section 2, I analyse constitutional locus for insolvency and bankruptcy, comment upon economic and political circumstances that existed from 1947-2000 affecting evolution of governance framework, and analyse the changes in insolvency and bankruptcy laws after Indian independence till the year 2015. Section 3 summarizes select empirical data on bankruptcy resolution timelines and procedural delays under different regulatory frameworks. In section 4, I posit my concerns with the new Bill. I conclude this paper in section 5 recommending amendments to the recent Bill and highlighting key expectations of different stakeholders.

2. Historical developments in regulatory and legal framework

As the first step towards understanding the eventual effectiveness of the new Bill, it is imperative to analyse the legislative history and understand past efficacy of bankruptcy and insolvency frameworks in India. Bankruptcy and insolvency are not synonyms - rather bankruptcy is an outcome of being insolvent. In plain English, insolvency means inability to pay a debt. A concise legal definition of insolvency is insufficiency (of an individual or a corporate) to discharge all enforceable debts. Bankruptcy, on the other hand, is a legal process for resolving insolvency. It is a legal declaration of an individual or a corporate, averring its inability to pay a debt that is due as of today, triggering a resolution process in accordance with jurisdiction's regulatory framework.

Insolvency and Bankruptcy is entry covered in the seventh schedule under concurrent list in the Indian Constitution, allowing both State and Central Governments to develop the legislative framework. The concurrent list is a vital element of the Indian

Constitution in ensuring the robustness of federalism. Both Parliament and the State Legislatures have the authority to legislate on the matters covered in the concurrent list. Dual control on certain subject matters was first envisaged in The Government of India Act, 1935. The constitutional position in India on concurrent power for the States and Union in dealing with insolvency and bankruptcy is similar to United States (Sarkaria et al, 1988). In the United States, insolvency laws are generally the subject matter of the State but once a bankruptcy process is initiated to resolve insolvency, only federal laws are applicable (Goldberg, 1927 and Ponoroff, 2015). However, in India, there is no state legislative history regarding either insolvency or bankruptcy in the post-independence period and the subject matter was left entirely to Parliament. Article 19 (1)(g) of the Constitution of India provides freedom to undertake any industrial activity but such freedom can be restricted by the State using other adjunct clauses, article 19 (6) . The government has created both entry and exit restrictions, and has imposed various conditions that need to be fulfilled prior to the dissolution of trade or business.

In the initial years after independence (1947-1980), government policy was focused on reducing disparity across sections of society. Consequently, India adopted a distinctly redistributive model of economics. Government's focus was on labour-intensive industrialization sponsored by the public sector enterprises. Foreign capital investment was discouraged and government's control on the key sectors was considered essential. The legal provisions outlined in the Industries Development and Regulation Act, 1951 formed the basis of 'who can produce what'. The draconian state laws and requirement of state license for industrial production severely restrained the development of a free market economy. In the absence of free markets, A limited number of private sector enterprises, enjoyed virtual monopoly and were inefficient users of available resources. This inefficient allocation of capital and labour resulted in a situation where many units were making losses and their net worth was significantly eroded. Early signs of resentment amongst intellectuals on the efficacy of the socialist democratic setup and the need for an alternative economic policy framework started appearing since 1960. They demanded opportunities of promotion, uninfluenced by pull and favouritism, and the abolition of private monopoly to achieve true economic freedom (Mehta, 1964). Industrial production was significantly reduced in both state and private enterprises, and workmen were laid off. By early 1980s, the government started prioritizing economic growth at the cost of redistribution (Sen, 2009). Kohli (2012) assigns this complex political shift to several underlying political realities including a growing realization that redistributive possibilities were increasingly limited, the negative impact that radical rhetoric had had on the corporate sector's willingness to invest, and low industrial growth during the 1970s. In the 1990s, severely impacted by a 'Balance of Payment' crisis, India embarked on a path of economic liberalization. Gradual reforms were introduced in foreign direct investment and the labour sector. India has been continuing on the said path since then.

Historical developments in the regulatory and legal framework for dealing with insolvency and bankruptcy have been significantly influenced by the socio-political milieu and evolving economic realities. The key developments in Indian regulatory and legal framework across the three distinct developmental phases are summarized below.

2.1 Evolution of regulatory framework and subsequent developments between 1947 and 1990

Till the year 1985, the legal framework for dealing with corporate insolvency and bankruptcy consisted of only one law - The Companies Act, 1956. The Companies Act was based on recommendations of Bhabha Committee that was set up in the year 1950 and submitted its report in the year 1952. Personal bankruptcy was adjudicated by two archaic laws - The Presidency Towns Insolvency Act, 1909 and The Provisional Insolvency Act, 1920. The former relates to individuals residing in the erstwhile presidency towns of Calcutta, Bombay and Madras. The latter covers all other individuals. Section 425 of the Companies Act provided a base framework for involuntary dissolution (compulsory winding up as defined in the Act) as well as voluntary dissolution. Various other sections including Sections 433, 443, 444, 455, 463, 466, 481' and 488 contained detailed procedures for the resolution process. Despite several sections addressing the resolution process, the original Act of 1956 was incapable of dealing with corporate insolvencies. The Act failed to provide any provision either for the inclusion of insolvency cost or for super- priority of insolvency cost. It relegated most matters to courts, which in turn, relegated the due process to an official liquidator, generally a legal professional appointed by the court with an extremely limited understanding of the company's business. Inexperienced liquidators, with limited knowledge of technology, auction theory, organizational behaviour and financial engineering, affected prolonged resolution timelines and suboptimal recovery for the benefit of creditors and workmen. The prospect of subpar recovery in a very distant future dissuaded affected parties from initiating dissolution proceedings under Companies Act (Patwari, 2014). The power to adjudicate on merits of dissolution was assigned solely to the judiciary (jurisdictional High Courts) by Companies Act but the courts were not provided with any legislative framework to assess merits. Lack of a supporting legislative framework resulted in a deranged legal process with each High Court interpreting individual cases differently and promulgating orders, often contrary to another High Court.

In the 1980s, industrial sickness was reaching alarming propositions in many parts of India, accompanied by massive downsizing (Sen, 2009). Government's effort towards the interim management of sick industrial units and nationalizing sick industries proved futile. Workmen's dues were mounting, loan recovery was anaemic and unemployment was going up. The provisions of Companies Act 1956 were proving inadequate as explained earlier. It was in this context that the first legislative action to deal with insolvency and bankruptcy was promulgated in the form of The Sick Industrial Companies Act, 1985 ("SICA"). SICA was an end product of reports by various committees appointed by the Government and the Reserve Bank of India since 1975. These included Tandon Committee of 1975, Rai Committee of 1976 and Tiwari Committee of 1981. Under SICA, a sick industry was defined as an industrial company with five years of history whose net worth is zero or negative, having 50 or more workers and established in accordance with Industrial and Dispute Act, 1951. SICA allowed companies to make a reference to a quasi-judicial body called Board for Industrial and Financial Reconstruction ("BIFR"). BIFR adjudicated the reference in the presence of the company and creditors. An appellate authority was also instituted in the form of Appellate Authority for Industrial and Financial Reconstruction ("AAIFR"). For the first time, SICA allowed companies in distress to propose a restructuring package in the form of Draft Rehabilitation Scheme under the aegis of an operating agency. Unfortunately, SICA had several shortcomings, and abuse of Section 22 of SICA is often highlighted as an example of the inherent deficiency in its provisions. Section 22 allowed companies to seek a bar on proceedings for execution, arbitration, recovery suits, enforcement of security interest etc. and was often misused by unscrupulous promoters. Further, delay in completion of the inquiry and delay in sanctioning of the scheme, and inadequacy of powers vested with BIFR and AAIFR to expedite the process, made matters worse (Ravi, 2015).

2.2 Developments after 1990 till 2010

The reform process for legal framework related to insolvency and bankruptcy in the 1990s started with the introduction of The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("RDDBI"). RDDBI Act was influenced by the findings of the Goswami Committee that was working on proposed improvements to the regulatory framework for insolvency and bankruptcy. SICA was proving to be a bottleneck for creditors in recovering dues from promoters with spurious designs and financial institutions were facing inordinate delays in securing a final decree from courts on civil suits. Goswami Committee report in its preamble ruefully said, "There are sick companies, sick banks, ailing financial institutions and unpaid workers. But there are hardly any sick promoters. Therein lies the heart of the matter." In order to expedite the recovery process, RDDBI was enacted with provisions allowing Banks to file an application before a specially constituted Debt Recovery Tribunal ("DRT") asking for a 'Certificate of Recovery'. Certificate of Recovery had the same effect and standing as a Decree of a Civil Court. RDDBI Act failed to make any improvements in the muddled insolvency landscape, primarily due to the fact that SICA had precedence over RDDBI. If a case was pending before BIFR, DRTs were incapable of issuing a certificate of recovery. In addition, DRTs lacked powers for considering rehabilitation or dissolution and were therefore a venue of the last choice with promoters who blatantly indulged in 'Forum Shopping' to suit their personal interests. Finally, DRTs were found to be overburdened with a large number of pending cases (Unny, 2011). Considering these impediments and with the intent to expedite resolution of non-performing assets, the Government introduced a new legislation called The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) in 2002. The SARFAESI Act provided a legal mechanism for expedited recovery of secured assets through empowering Banks and Financial Institutions to recover their non-performing assets without intervention of the court. Though SARFAESI did expedite the recovery process to some extent, its effect was limited to secured assets. In addition, similar to RDDBI, SARFAESI lacked any powers or provisions for considering restructuring and reorganization. Lastly, there were multiple instances where SARFAESI and RDDBI exercised parallel jurisdictions, leading to a complete confusion on primacy (Kang et al, 2004) and 'Forum Shopping'. The constitutionality of SARFAESI and certain definitions contained therein were challenged vigorously by debtors and the challenges were resolved to finality much later in 2014 by the Supreme Court.

Around the same time when SARFAESI Act was introduced, Reserve Bank of India introduced a Corporate Debt Restructuring Scheme ("CDR Scheme") that provided broad guidelines for debt restructuring by Banks. The CDR Scheme, first introduced in 2001, was amended multiple times over the next fifteen years and became a working document rather than a statute. In parallel, various committees were evaluating true efficacy of company laws and suggesting amendments to effectively tackle insolvency and bankruptcy. The first comprehensive report in this regard was presented by Sachar Committee in the year 1987 that resulted in a major amendment to Company Act in 1988. The government introduced two additional amendments in 1993 and 1997, but failed to achieve the majority required for passage of these amendments. In 2000, Eradi Committee submitted its report for amendments in the Companies Act to address insolvency situations. The Company Act was amended in 2002 incorporating some of its recommendations. This was followed by Chandra Committee report in 2002 and Irani Committee report in 2005 that resulted in another amendment in 2006. The incremental nature of improvements, significant changes in other regulations that impact Company Act without an amendment to Company Act, and slow implementation of changes enacted by amendments have resulted in slow progress of reforms.

2.3 Developments after 2010

It was clear by the year 2010 that a single, comprehensive framework is needed to effectively tackle delay in insolvency and bankruptcy proceedings. The process for a comprehensive bankruptcy reform was initiated with the setting up of Financial Sector Legislative Reforms Commission, led by Justice Srikrishna in 2011. In 2014, the Ministry of Finance instituted the Bankruptcy Legislative Reforms Committee, led by T. K. Viswanathan. The Viswanathan committee submitted a two-volume report in 2015. The economic rationale and design features of a new legislative framework were covered in the first volume and the draft bill was laid out in the second volume. A modified version of this bill, incorporating public comments, was tabled in Parliament in late 2015. After the bill was tabled, a Joint Parliamentary Committee was set up and the Joint Parliamentary Committee submitted its report which included a new draft of the law that was passed in the form of the current Bill.

In summary, the legal and regulatory framework for dealing with insolvency and bankruptcy situations was grossly inadequate from 1947 until the recent introduction of the new Bill. There were interventions made by the Government during this period, but these interventions failed to bring the desired results due to the existence of multiple laws and lack of harmonisation of various regulations. An inadequate environment for dealing with insolvency resulted in the development of a bank-oriented economy in India. The reliance of firms on other market-based funding options was extremely limited in India unlike developed countries (Samuel, 1996). Capital markets were wary of the ever-changing regulatory regime, the impact of new laws on the recovery of debt and enforceability of security interests. Hence, there was extremely limited participation of private players in the corporate debt space and lending activity was largely controlled by Public Sector Banks. Absence of free market competition in the corporate debt market resulted in massive mispricing of individual debtor risk which has culminated in the form of high NPAs (Citation 1 - redacted).

3. Empirical Analysis

As explained in Section 2, the first act dealing with insolvency and bankruptcy was SICA which referred companies to BIFR. An analysis of BIFR data since

1987 shows a decreasing trend in new cases. In the first year for which data is available from BIFR, 311 companies were referred to BIFR. From an empirical analysis conducted at a five-year interval and for a 29 year period, it is seen that the number of companies being referred to BIFR peaked in 2002, the count of such companies being 559. By 2005, the number of companies seeking reference to BIFR came down to approximately 80 companies per year (see Table 1). The data clearly establishes that abuse of BIFR provisions came down significantly after the introduction of SARFAESI Act. Data also validates that the introduction of RDDBI Act had no impact on the attractiveness and misuse of the BIFR forum. Data available from Eradi Committee findings clearly highlights the lack of success of SICA. The success rate of companies referred to BIFR was only 19%. In addition, 65 cases out of total 962 cases referred to BIFR between 1987 and 1990 were pending for more than 10 years as of June 2000 (see Table 2). The ineffective Company Act caused inordinate delays in winding up a company. The data based on all pending cases as of March 1999 shows that 33% of cases were pending for more than 15 years (see Table 3). The cases referred to DRT under RDBBI Act suffered a similar fate. The recovery percentage of cases adjudicated by DRT was an abysmal 16% and approximately 70,000 cases were pending with DRT as of March 2014 (see Table 4). The recovery percentage of insolvency cases administered through SARFAESI Act was marginally better at 25%, based on an empirical study conducted over a three- year period (see Table 5). The findings from the empirical study clearly establish the inefficacy of the then extant legal and regulatory framework, including SICA Act, Companies Act, RDDBI Act and SARFAESI Act. The average time to resolve an insolvency proceeding in India, 4.3 years, was far higher than the time taken in developed economies (see Table 6). In fact, in a World Bank study, India ranked 186th on the list of 200 nations where data was available (see Table 7). All the above data points validate the hypothesis that the legal and regulatory framework for addressing insolvency and bankruptcy were grossly ineffective during the study period.

4. Concerns with the current Bill

It was imperative in such a background that a comprehensive and effective single framework is promulgated, safeguarding the interests of all stakeholders. The current insolvency Bill, despite its long drafting history, falls woefully short on the following six counts.

4.1 Liquidation Preference

The new Bill has a marked preference to liquidations versus reorganization, thereby defeating the stated objective of maximizing asset value. The Bill mandates that a specialized personnel should be appointed to manage insolvency resolution process completes this exercise within 180 days. The timeframe of six months (or nine months including an extension) is grossly inadequate to prepare a robust revival plan that is agreed upon by a super-majority of creditors. Even in developed economies like the United States, with experience of tackling economic, harmonisation and legislative challenges involved in the bankruptcy process for over thirty years, an eighteen months period is provided to evaluate the viability of corporate restructuring and reorganization. Such an arbitrarily decided resolution period of six months, without any consideration to the size of a firm, its recent financial performance, asset coverage, the number of creditor claims or severity of default, will lead to hastily arranged liquidation proceedings, resulting in significant impairment of intrinsic enterprise value.

It is also important to consider that the Indian economy is still largely a 'bank-oriented economy' rather than a 'market-oriented economy', and a large amount of corporate debt is owned by Banks. In a market-oriented economy, creditors often have the option to participate in the liquidation process, thus ensuring optimal price discovery and arresting transfer of value. It is extremely unlikely, given the current regulatory and accounting environment for banks, that banks will be able to bid for liquidated assets. In a fire-sale liquidation process, the value will be appropriated by vulture firms from Banks (and ultimately taxpayers). Aghion et al. (1992) question the conclusion that a competitive auction will inevitably lead a firm to be sold at the highest price. They posit that auctions work well if raising cash for bids is easy and there is plenty of competition among several well-informed bidders. However, even in the most advanced Western economies, these conditions will often not be met, and they believe that such conditions are even less likely to be satisfied in developing economies like Eastern Europe. If research findings of Aghion et al., hold true, Public Sector Banks, unsecured creditors, workmen and minority shareholders will suffer the most in liquidation via cash-auction approach.

4.2 Limited or No Representation to Key Stakeholders

Workmen and operational creditors do not enjoy the same status as financial creditors in the new Bill. In the event of an alleged default, the financial creditor can initiate insolvency proceedings without intimation to the debtor. In a similar instance, an operational creditor is required to deliver a demand notice and a corporate debtor can stall the insolvency proceeding by merely disputing the veracity of such claim. It is almost certain that a debtor will dispute the legitimacy of a claim when facing the spectre of insolvency proceedings, and consequently operational creditors (typically micro and small enterprises lacking financial and legal wherewithal) will continue to suffer inordinate delays in the recovery process.

Workmen have no representation in the insolvency resolution process and are at the mercy of a creditors committee with disparate interests. Workmen dues are prioritized only for a period of twenty-four months. Wages and dues of contract workers are prioritized for an even smaller period of twelve months. The Bill assumes that financial creditors, who may very well be secured creditors with sufficient asset cover and no risk exposure, are the only appropriate decision makers for creditors committee. This inaccurate assumption may lead to adverse consequences for workmen. The challenge faced by displaced workmen, particularly those who have attained a certain age and will find reskilling challenging, has not received any consideration in the Bill. Graham et al. (2013), using data from the Census Bureau's Longitudinal Employer Household Dynamics Program, suggest that one year after bankruptcy, the magnitude of the decline in annual wages is 30% of pre-bankruptcy wages. The principle of equity would mandate that a weaker stakeholder is offered more protection by law than a stronger stakeholder, but the Bill embodies a contrary rationale.

The Bill envisages an extremely limited role of the Government in ensuring a fair and orderly resolution process. In the United States, the U.S. trustee plays a major role in monitoring the progress of a bankruptcy case and supervising its administration. The confidence of market participants in the integrity and transparency of the bankruptcy process is extremely essential for a well-functioning equity and debt capital market. La Porta et al. (1997), in their seminal work on inter-linkage between law and capital structure, have underlined the importance of shareholder and creditor rights in influencing the development of financial systems and establishing funding preferences for a country. Undue favouritism shown by laws, to either creditor or equity participant, can artificially skew the financing preferences and raise the overall cost of capital for businesses. Finally, limited participation of union and state governments in the bankruptcy process and creditors committee is even more questionable when their claims from the liquidation estate are prioritized below claims of unsecured creditors. Recent cases in India provide enough evidence that defaulting firms often fail to remit their statutory dues and taxes for an extended period prior to default. The absence of active government participation in creditors committee will definitely hamper the ability to recover the maximum possible amount for taxpayers' benefit.

4.3 Qualifications for Key Executants Envisaged by Bill

The key executants to manage insolvency process as envisaged in the Bill are an Insolvency Resolution Professional ("IPR") and a Liquidator. IPR is responsible for managing the company, appointing and coordinating creditors committee proceedings, entering into contracts on the behalf of the company, securing interim financing for the company and completing many other critical tasks with substantial financial and strategic implications. It is glaring therefore that the Bill does not specify minimum qualifications necessary for the appointment of Insolvency Resolution Professional ("IPR"). The lack of minimum qualifications or past experience becomes critically important as IPRs can be nominated by either a creditor or a corporate debtor. Lack of clarity on qualifications necessary for IPR appointment may lead to the appointment of IPRs with vested interests or IPRs who are in cahoots with the creditor or corporate defaulter. Since IPRs assume the role of management at the commencement of insolvency proceedings, it is absolutely essential that IPRs have character and qualifications that ensure impartial attention to the interest of all stakeholders and not only the financial creditors or corporate debtor. Claessens and Clapper (2002) suggest that in a market-based economy, creditors benefit more from the aspects of bankruptcy law aiming to overcome collective action problems among creditors. They also suggest that there may be more scope for conflicts between the role of banks as creditors and equity holders in a bank-based system. Their research findings support my case for the appointment of an able and impartial IPR to ensure an impartial and efficient bankruptcy resolution process.

The Bill does not mandate any past experience or minimum recovery criteria for appointment as Liquidator. A capable liquidator can make the correct decisions regarding quantum of asset sale (bulk sale or smaller packages), sale strategy (private versus public), auction technique and bidding mechanism (English Auction versus Dutch Auction, fixed versus moving bid increments) etc. and maximize proceeds for the liquidation estate. Liquidator's experience and expertise in managing complex liquidation process by structuring appropriate disposal strategy is critical for the success of the bankruptcy process.

4.4 Minimum Threshold for Default Amount

The Bill does not specify any minimum threshold for defaulted debt, either as a percentage of total debt or otherwise. This can result in a situation where a financial creditor commences insolvency proceedings even if less than one percentage of total obligations of the corporate are in default. It is also disconcerting to note that the Bill allows a financial creditor to commence insolvency proceedings even if the debtor is making regular payment on his debt, but has defaulted on the debt availed from another creditor. This incongruity is particularly problematic in instances where the debtor has secured a waiver from the creditor who is directly impacted by the debt default. It is customary to have a minimum threshold clause in debt covenants along with a cure period provision in cross-default situations. The Bill in its current form allows debtors to override such provisions and create nuisance value of catastrophic magnitude for the debtor and its shareholders. A debtor against whom insolvency proceedings have publicly commenced will face massive challenges in running its enterprise in 'ordinary course'. The firm's ability to secure any new financing will be impaired, its ability to secure goods and services from suppliers will be curtailed, the morale of employees will be adversely impacted, prospective buyers will delay or cancel their planned purchase, and the loss of goodwill in the marketplace will have prolonged repercussions. Eckbo and Thorburn (2009) rightly opine that a poorly designed code exacerbates rather than attenuates costly conflicts among security-holders, and risks destroying company value by misallocating control over corporate resources. Considering such grave consequences, it is shocking to note that the Bill fails to include a minimum threshold amount.

4.5 Disclosure of Interest and Intent of committee members and other executants

The Bill does not mandate that creditors forming part of creditors committee and IPR disclose their interests and intent to other committee members and debtor. Bankruptcy laws in many developed nations demand full disclosure of all instances that may give rise to actual or potential conflicts of interest. The fact that committee members may have a conflict of interest can result in lack of adequate representation of all stakeholders. Committee members with conflicted interest may dominate the committee proceedings and entertain high-risk strategies at the cost of other stakeholders. Harner and Griffin (2011), based on their study of 296 chaptereleven bankruptcy cases in the United States, suggested that cases with single creditor committee are more likely to result in a plan of liquidation. These cases were also more likely to provide distributions of less than fifty percent of claim value to unsecured creditors.

4.6 Fraudulent Asset Conveyance

The Bill fails to adequately address fraudulent conveyance of assets and does not bring cross-border assets of defaulters within its ambit. The "look back" period for fraudulent conveyance is limited to one year for unrelated parties and two years for related parties. Keeping in mind our recent experience with wilful default in case of more than 3000 accounts (see Table 8), clearly establishing the premise that business failures and bankruptcies are often planned events In India, a longer look back period is needed. Liquidator and Trustee have neither been mandated nor empowered to look for cross-border assets of defaulting parties, thereby impeding full recovery potential for stakeholders.

5. Conclusion

Bankruptcy Law is an important tool for a well-functioning society and an ideal bankruptcy process must provide justice to all stakeholders. Distribution of claims needs to be impartial for all stakeholders including creditors, workmen, taxpayer and the debtor. A hasty liquidation of an enterprise with long-term economic viability, especially when liabilities exceed assets, will lead to losses for both secured creditors and unsecured creditors. Reorganization in such instances can generate future cash-flows that will inure creditors, protect workmen employment, and generate tax revenue for the government. At the same time, creditors need to be protected from sinister designs of fraudulent promoters that often 'plan' bankruptcy at the outset and blatantly indulge in asset stripping. A balanced regulatory and legal framework for dealing with insolvency and bankruptcy will lead to the development of a robust capital market with participation from both private and public enterprises (Antoniou et al, 2008). Risk will be accurately priced and firms will be able to decide on their funding preferences (equity, debt or a combination thereof) in an optimal manner.

The historical performance of bankruptcy and insolvency laws in India has been spotty. Liberalisation of the economy towards a free market is not possible without an effective framework dealing with insolvency and bankruptcy. The recent Bill is indeed a significant step in this direction. However, the Bill in its current form has some serious lacunae and is unlikely to meet the desired objective of balancing the interests of all stakeholders and maximization of debt recovery.

Government needs to address these shortcomings in the Bill on priority, by way of an amendment. The timeframe for resolution plan approval needs to be significantly extended from the current 180 days. The revised timeline should not be similar across defaulting firms and must incorporate a classification based on total assets, the severity of default and number of creditor claims. Creditors committee should have mandatory representation from employees. The bonafide of any disputes regarding claim of an operational creditor should be established by Adjudicating Authority. Union Government should take active part in the insolvency proceedings and protect the integrity of the bankruptcy resolution process by instituting a program similar to The United States Trustee Program. Detailed criteria, including minimum qualifications, need to be laid down for the appointment of key executants like IPRs and Liquidators. Government needs to specify a minimum threshold of default amount that will trigger initiation of insolvency proceedings. Members of creditors committee and other external executants should be mandated to provide a sworn declaration clearly specifying their interests, and perceived or real conflicts that may arise from their participation in the process. The rules and procedures regarding fraudulent conveyance of assets need to be strengthened. Finally, a mechanism for ascertaining cross-border assets needs to be incorporated.

The eventual effectiveness of the Bill will be judged based on the soundness of the proposed resolution process, harmonisation amongst its various provisions and future empirical results. In the absence of the above- suggested amendments, the Bill will fail to increase ease of doing business, will not accelerate GDP growth as contemplated, and will only result in higher cost of equity capital for businesses.

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Endnotes

i The Bill was passed by Rajya Sabha, Upper House of Indian Parliament on May 11, 2016.

ii Article 19(1) in The Constitution of India 1949 - All citizens shall have the right…..(g) to practise any profession, or to carry on any occupation, trade or business.

iii Nothing in sub clause (g) of the said clause shall affect the operation of any existing law in so far as it imposes, or prevent the State from making any law imposing, in the interests of the general public, reasonable restrictions on the exercise of the right conferred by the said sub clause.

iv Reserve Bank of India is India's Central Bank responsible for monetary policy and financial stability.

v Judgment of the Supreme Court in Harsh Govardhan Sondagar v. International Assets Reconstruction Company Ltd., (2014) 6 SCC 1.

vi The Bill mandates that all decisions of the committee of creditors shall be taken by a vote of not less than seventy-five per cent of voting share of the financial creditors.

vii The current United States bankruptcy code was enacted in 1978 which generally became effective on October 1, 1979. The current code completely replaced the former Bankruptcy Act of 1898, also referred as Nelson Act.

viii Refer 11 USC § 1121(b) of US Bankruptcy Code.

ix Bankruptcy Factsheet - US Department of Justice, https://www.justice.gov/ust/bankruptcy-fact-sheets/us- trustees-role-chapter-11-bankruptcy-cases.

x Refer Karnataka High Court Judgment in Kingfisher Airlines v/s CIT, ITA No. 165 of 2012.

xi Rule 2019(a) of the Federal Rules of Bankruptcy Procedure in United States provides that any entity or committee representing more than one creditor or equity security holder and, unless otherwise directed by the court, every indenture trustee, must file a verified statement with the court disclosing their interest.

xii A chapter of the US Bankruptcy Code that provides for reorganization, usually involving a corporation or partnership. A chapter 11 debtor usually proposes a plan of reorganization to keep its business alive and pay creditors over time.

xiii Adjudicating Authority in the Bill means National Company Law Tribunal constituted under Section 408 of the Companies Act, 2013.

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Drivers of Saving: A Literature Review

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Abstract

High saving rate generates high investable surplus in the economy that in turn, contributes to high economic growth. Aggregate saving is one of the key drivers of economic growth. Given the significance of saving in economic growth, it is desirable to examine existing literature that has looked at the possible drivers of saving. In national accounts, aggregate level saving is captured by the sum of household, private corporate, and government saving. This paper reviews seminal and recent papers on the determinants of different types of saving across the world, especially in India. It strives to present a comprehensive view on the drivers of saving namely, aggregate saving, household saving, and private corporate saving.

Keywords: Aggregate saving, household saving, corporate saving, economic growth.

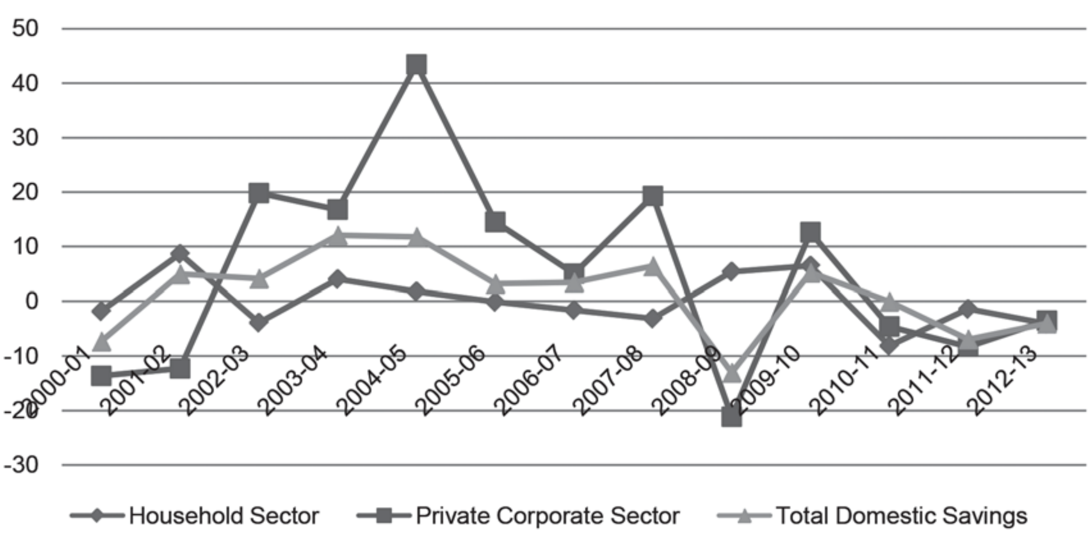
1. Introduction

Saving is given importance in economic growth theories (Domar, 1941; Harrod, 1939; Lewis, 1955; Solow, 1956). There have been specific studies to understand the relationship between saving and economic growth (eAghion, Comin, & Howitt, 2006; Carroll & Weil, 1994) in literature. Given the importance attributed to saving in economics literature, it would be interesting to explore what drives saving.

1.1 Motivation

Since 2000, composition of aggregate saving has begun to change across both developed and developing economies (Grigoli, Herman & Schmidt-Hebbel, 2014; Horioka & Terada-Hagiwara, 2013; IMF study, 2006). Generally, household saving constitutes the majority of aggregate national saving, but in recent years, private corporate saving has shown a rising trend and so has

Figure -1
Growth Rate of Saving in India



Source: RBI, Database on Indian Economy.
Note: Calculated at the absolute values of saving at current prices. For some years, total domestic saving is less than other components; that is because of the dissaving of government (public) saving.

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its share in total saving. Since early 2000, private corporate sector has become a net lender to rest of the economy in developed nations such as the USA (Karabarbounis & Neiman, 2014). In India also, growth rate of corporate saving is the most volatile (see Figure 1) among components of aggregate national saving. It is interesting to examine what drives such saving rates and such changes in the composition of aggregate saving.

The study presents a comprehensive literature review on determinants of saving. Current period saving can be defined as the excess of current income over current expenditure[1]. In economics terms[2], saving consists of deciding to defer today's consumption, and to store this deferred consumption as some form of asset, for future use. The following section discusses the way national saving is classified in India, to facilitate an understanding of the types of saving.

1.2 Classification of saving in India

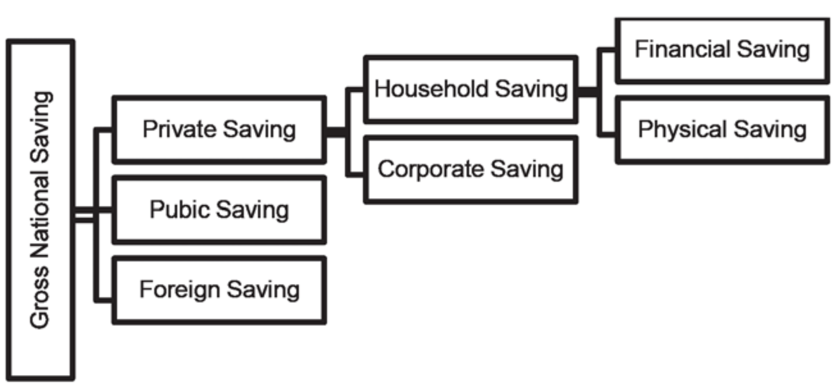
In India, saving and investment data is prepared by Central Statistical Organisation, Government of India (CSO). At the broadest level, total saving is classified as domestic and foreign saving, followed by a bifurcation of domestic saving as private and public saving. For data-estimation, the domestic economy is classified into three broad institutional sectors, namely, public sector, private corporate sector and household sector (see Figure 2). Public sector includes government administration, departmental enterprises and non-departmental enterprises.

Private corporate sector comprises all non-governmental financial / non-financial corporate enterprises and co- operative institutions. Household sector comprises individuals, all non-government non-corporate enterprises (sole proprietorships and partnerships owned and / or controlled by individuals) and non-profit institutions. Household sector saving further comprises of physical and financial saving. Total saving of these three sectors constitutes the Gross Domestic Saving (GDS). Foreign saving, calculated from balance of payment accounts, is added to GDS to obtain Gross National Saving (GNS). (Athukorala & Sen, 2002; CSO Sources and Method Report, 2012).

1.3 Significance of study

Saving has always been an important element of economic growth. Traditional economic growth models such as Lewis's (1955) and Harrod-Domar growth models specified domestic saving as the key factor in promoting economic growth. The neoclassical models like Solow (1956) also proposed that the increase in saving rate (after considering the increasing returns to scale of technology) boosts steady-state output by more than its direct impact on investment. The increase in income level raises the saving level that leads to a

Figure2
Classification of Saving



Source: Conceptualised from Athukorala and Sen (2002)

1 Year 2012-13; Source: Planning Commission 'http://planningcommission.nic.in/data/datatable/1203/table_3.pdf', retrieved on January 11, 2015.
2 http://www.econlib.org/library/Enc/Saving.html, accessed on January 11, 2015

further rise in investment activities. Jappelli and Pagano (1994) also suggested that saving can contribute to higher investment and higher GDP growth (in the short-run). However, Aghion et, al. (2006) found that such positive causation from saving to growth is only true for countries that are not close to the technological frontier. Interestingly, Carroll & Weil (1994) (Carroll-Weil hypothesis) proposed the opposite - that it is economic growth that drives saving, not the other way round. Their argument links high economic growth, which brings rise in income level, with the ability to save more, keeping the consumption level same as past consumption.

In the Indian context, there are a few empirical studies on the role of saving and investment in promoting economic growth. For illustration, Sinha (1996) checked the causality between growth rates of gross domestic savings and economic growth, and found that there was no causality in either direction. Mühleisen (1997) reached a different conclusion - a significant causality from economic growth to saving, but rejected the other direction of causality from saving to growth, for all forms of saving.

Sinha and Sinha (2008) tested the relationships among time-series variables such as, growth rates of GDP, household saving, public saving and corporate saving, for the period 1950 to 2001 and found that economic growth produced saving in various forms. Verma (2007) used the autoregressive distribute lag (ARDL) co-integration (a time-series approach) to determine the long run relationship among variables GDS, GDI and GDP for the period 1950-51 to 2003-04 and supported the Carroll-Weil hypothesis that growth causes saving. Singh (2010) found bidirectional causality between saving and growth in the short-run, but in the long-run, he found saving causes higher income. Agarwal, Sahoo and Dash (2010) found that higher income per capita and improved banking accessibility improved saving in India, and there is one-way causation from income per capita to saving rate.

Given the importance of saving in causing and sustaining economic growth, it calls for a comprehensive understanding of what drives it. The following sections provide a holistic overview of possible determinants of aggregate saving and its types by highlighting the seminal papers and recent papers in the globa land Indian contexts. For identifying the relevant studies in this domain, an exhaustive EBSCO[3] search was conducted with specific key words[4].

The following section presents a review of literature on drivers of aggregate saving, drivers of household saving, and drivers of private corporate sector saving.

2. Drivers of Aggregate Savings

Existing literature has identified that GDP growth, real interest rate, inflation rate, demographic variables, political instability, financial deepening, public debt to GDP and pension systems are important determinants of private saving. A few studies worth mentioning are listed in Table1. Even after such comprehensive empirical studies, the effect of some variables namely, real interest rate, fiscal policy and pension systems, on aggregate saving remains ambiguous.

The effects of various determinants on total saving can be summarised as:

Higher income/GDP growth can increase total available wealth and end up having a positive effect. Macroeconomic uncertainty has generally been captured by inflation rates and it positively effects saving rates. Rise in inflation generates considerable momentum for precautionary saving in the economy. Another important variable is demographics, which is largely captured by 'young and old-age dependency ratio'. Large total dependent population in a country leads to less aggregate saving. The Life Cycle Model (discussed below) predicts a hump-shaped pattern of saving levels along the life cycle of a consumer. For capturing the effect of financial depth, a largely used proxy in literature is private sector credit by banks, to GDP. A well-developed financial market with sophisticated financial lending products has a negative effect on saving.

In the Indian context, Athukorala (1998) studied the nexus of interest rate, saving and investment in India for the period 1955-1995 and found that high real interest rate has resulted in increased level of total saving, promoting private investment in India. Loayza and Shankar (2000) studied the time-series data of

3 EBSCO discovery services and Google Scholar was used for searching existing studies.

4 For illustration, list of keywords used for Section 3 (Drivers of aggregate saving) were 'aggregate saving', 'total private saving', and 'determinants of total private saving'. Similar sets of keywords were used for other sections. The same was repeated by adding the word 'India'.

private saving in India for the time period of 1960-1995 and found that the behaviour of private savings rate is positively related to per capita income and share of agriculture in GDP, and negatively related to dependency ratio, real interest rate and financial depth. Athukorala and Sen (2004) studied the time-series data of private savings in India for the period of 1954-1998 and found that income growth, spread of banking facilities, inflation rate and real interest rate positively affect private savings rate. These studies also highlighted the role of financial intermediaries as proposed by McKinnon (1973) and found that the level of financial deepening was quite significant; this explains the rise of households' financial saving within the total private saving. Huge bank branch expansion was promoted by Government and RBI through formulation of policies for unbanked areas and effectively focussing on semi- urban and rural areas of India (Burgess & Pande, 2003; Panagariya, 2006).

3. Drivers of Household Saving

Consumption models were developed for understanding income, consumption and saving patterns of individuals, wherein current period saving was defined as current income minus current consumption. These consumption models explained well the saving behaviour of household individuals. The traditional theories proposed to explain saving behaviour are 'the permanent income hypothesis' (Friedman, 1957) and 'the life-cycle hypothesis' (Ando & Modigliani, 1963; Modigliani, 1986). Permanent income is defined in terms of the long-term income expectation that will determine saving and consumption behaviour of an individual. However, according to life-cycle model[5],

> "As income tends to fluctuate systematically over the course of a person's life, saving behaviour is crucially determined by one's stage in the life- cycle.

Table1
Drivers of Aggregate Saving

Authors; (year)	Contribution
Grigoli, Herman and Schmidt-Hebbel (2014)	Studied saving data of 165 countries over a time period of 1981 to 2012 using dynamic panel analysis. The exhaustive study extended previous theoretical and empirical research on a larger dataset and an exhaustive list of variables andfound that composition of total saving has begun to change.
Ozcan, Gunay and Ertac (2012)	Found that for the period of 1975-2008, in Turkey, inflation, income level, terms of trade, real interest rates, credits, young dependency ratio, urbanization rate, economic crisis and political instability increased private saving while financial depth, income growt h, current account deficit, old dependency ratio and life expectations decreased it.
Loayza, Schmidt-Hebbel and Serven (2000)	Studied determinants of private saving rate across 150 countries in the span of 1965-1994 using dynamic panel analysis. Identified multiple macroeconomic and policy variables that could determine private saving, domestic borrowing constraints, rate of return uncertainty (interest rate, inflation rate, measure of political instability), financial depth, fiscal policy, pension system, demographic variables, and income and wealth distribution.
Masson, Bayoumi, and Samiei (1998)	Studied a large sample of 23 industrial countries and 40 developing countries, and worked with both time-series cross-sectional estimates. Found that demographic variables and GDP growth are important determinants of private saving rates, while interest rates and terms of trade also have positive effect on private saving.

5 Life cycle model suggests that current period consumption depends on the expected lifetime income (not on the current income which was proposed by Keynesian model).

> Individuals smooth consumption over their lifetimes, and are consequently, net savers during their working years and dis-savers during retirement." Modigliani (1986).

In other words, life-cycle model of saving identified that household individuals save for smoothening of their consumption level over a life span. Individuals prefer to save in one period based on expected future income, and then utilize those savings in the second period when they retire from their income generating work.

Apart from these theoretical models, researchers have empirically explored saving behaviour of household individuals. Deaton (1989; 1990) has identified significant differences among cross countries saving behaviour. He proposed a notion, later accepted as theory of precautionary motives, especially for households in developing economies. This theory suggests that individuals in developing countries tend to save high because their future income is highly uncertain. Such uncertainty lies in the volatile income stream or unavailability of market credit or some unforeseen family emergency. Also, individuals of developing countries face difficulties in borrowing from markets, they do not have sufficient mortgage capacity and have a volatile income stream; thus individuals save for precautionary motives. Kimball (1990) asserts this theory and relates it with Arrow-Pratt measure of risk aversion. He also found that absolute risk aversion will result in lower marginal propensity to consume, thus resulting in higher saving.

Later Carrol (1997) explained the difference between precautionary saving motive and impatience given the income uncertainty. He proposed 'Buffer Stock Model' as the suitable and better way to capture the impatient household in an uncertain environment than the permanent income or life cycle hypothesis. As per the buffer stock saving behaviour-

> "Buffer-stock savers have a target wealth-to- permanent-income ratio such that, if wealth is below the target, the precautionary saving motive will dominate impatience, and the consumer will save, whereas if wealth is above the target, impatience will dominate prudence, and the consumer will dis-save." Carrol (1997).

The consumption based models were focussed towards determining the determinants of household saving. Whereas, as already discussed above, an economy has broadly three types of agents namely, household, private corporate and government, that could generate saving (see Figure 1). These three agents face different sets of budget and financing constraints; hence their saving patterns differ. Government or public saving is defined as the excess of current revenue receipts over current expenditure and it is obtained by analyzing the budget documents (CSO- Sources and Method report, 2012). Budget could be driven with social and political motives, and the government manages budgetary items. To the best of given knowledge, there is no such study that explored the behaviour of public saving, given its autonomous nature.

Traditionally, household saving constitutes the largest portion of aggregate saving, which is driven and influenced by multiple theories, as discussed above - Keynesian theory of consumption (Keynes, 1936), permanent income hypothesis (Friedman, 1957), life-cycle hypothesis (Modigliani, 1986), precautionary motives (Deaton, 1989; 1990), and buffer stock models (Carroll, 1997). However, recent studies (see Table2), in the context of developing countries, suggest that factors such as, dependency ratio, income level and pension reforms, could determine household saving rate in the context of developing countries.

As per economic theory, households own corporations and should adjust their saving plans to offset the saving done by corporates on their behalf (Auerbach & Hassett, 1991; Poterba, Hall & Hubbard, 1987). However, a variety of factors related to constraints on consumer and corporate financial behaviour may, in practice, lead to imperfect substitutability between household and corporate saving (Bernheim, 2002). Households may have a lower marginal propensity to save out of increased market wealth (if earnings are retained by companies) rather than out of increased disposable income (if dividends are distributed by companies). There is another view that suggests that the value of firm (shareholders' wealth) may not change simultaneously with retained earnings, reflecting problems in corporate governance and imperfect observability, or it could be the other way round where value of the firm might increase much higher than expected (Jensen, 1986). So households and corporates are two distinct entities with respect to

Table2
Drivers of Household Saving

Authors; (year)	Contribution
Chamon, Liu and Prasad (2013)	Found that, for Chinese urban households over the period of 1989-2009, income uncertainty and pension reforms resulted in higher saving rates of younger and older households, quite significantly. These two factors account for two-thirds of the increase in China's urban household saving rate with a U-shaped age-savings profile.
Liu and Hu (2013)	Studied the increase in China's household saving over the period 1990 -2009 using data at the provincial level and found that income uncertainty and longer life expectancy are the primary drivers of saving. Found that precautionary saving motivation is a better explanation than either Keynesian theory or life-cycle theory.
Ang (2009)	Compared household saving behaviour of India and China for the periods 1950-2005 and 1963-2005 respectively, using the time-series approach (ARDL). Found that income growth is positively related while age dependency is negatively related to household saving. Also found that expected pension benefits increased household saving in India while the same decreased household saving in China.
Horioka and Wan (2007)	Studied the rising household saving of China using provincial level data for the period 1995-2004, employing a dynamic panel analysis. Found that lagged saving rate, income growth rate, real interest rate and inflation rate are the key determinants of household saving rate. Their results donot support either life-cycle or permanent income hypothesis.

their saving and consumption behaviour.

They also differ in terms of financing and liquidity constraints (IMF, 2006).

4. Drivers of Private Corporate Saving

Keynes (1936) proposed that, in the presence of financing frictions, firms would also exhibit precautionary demand for cash saving. Firms perform cost-benefit analysis of financing sources, and prioritise between internal and external funds from markets (debt or equity) (Modigliani & Miller, 1958). Also, a firm's investment decision depends on the firm's ability to access external sources of financing. In other words, if firms face financing constraints due to asymmetric information in capital markets, then external financing will be costly (e.g. Fazzari, Hubbard & Petersen, 1988; Kaplan & Zingales, 1997). In such a scenario, it is useful for financially constrained firms to save for future investment activities. Pecking order theory also suggests that firm's internal funds (retained earnings) are the least costly source for financing (Myers & Majluf, 1984).

Earlier literature has not focused on corporate saving because it constituted a minimal portion in the total domestic savings. However, since early 2000s, studies began to focus on the rising trend of corporate saving. Hsieh and Parker (2006) found that corporate saving in Chile rose mainly because of low corporate tax rates. 1984-86 tax reforms reduced corporate tax rates from 50% to 10%, and in an under developed financial market, this tax-rate reduction gave a boost to corporate saving, followed by impressive investment surge and GDP growth rates. In India, there were no such corporate rate tax cuts, but still corporate saving showed a rising trend from 2000 to 2009. This rise may be attributed inter alia to robust sales and profitability growth[6].

However, for US corporate sector, Falato, Kadyrzhanova and Sim (2013) found that rise in intangible capital causes rising corporate saving and results in declining debt capacities. Also, with heavy

6 Report of the High Level Committee on Estimation of Saving and Investment, 2009 http://mospi.nic.in/HLC_report_25mar09.pdf, accessed on January 11, 2015.

reliance on equity financing since early 2000s, US non-financial sector has become a net lender. With rising corporate saving, the composition of corporate investment has been skewed towards financial assets and these firms are accumulating these financial assets with precautionary motives (Armenter & Hnatkovska, 2013; Karabarbounis & Neiman, 2014). An exhaustive list of research papers on corporate saving in global context is presented here (see Table 3).

Karabarbounis and Neiman (2014) found a global trend of rising share of corporate saving in the total saving; they mention that this share of corporate saving reaches more than 20% of total saving. However, only a few studies namely, Hsieh and Parker (2006) for Chile, Bayoumi, Tong, and Wei (2012) for China, Armenter and Hnatkovska (2013) for the United States, and Brufman, Martinez and Artica (2013) for developed countries, have focussed on understanding this recent trend of rising corporate saving (gross savings defined as retained earnings plus depreciation).

In the Indian context, in recent times, only Bhole and Mahakud (2005) for the years 1966-67 to 2000-01, and Jangili and Kumar (2011) for the years 1998-99 to 2006-7, have attempted to understand the determinants of corporate saving; both have considered retention ratio (retained profit divided by profit after tax) as saving. Both have studied firm-level determinants of corporate saving with an objective to identify the firm level determinants that can increase the retention ratio. These studies have found profit after tax, cost of external borrowing, capital formation ratio and growth rate of firm are positively related to retention ratio whereas, corporate tax rate, depreciation ratio and cost of equity are negatively related to retention ratio. (Table 3)

5. Conclusion

This study presents a holistic overview of the possible determinants of aggregate saving, household saving and private corporate saving. Key drivers of aggregate saving have been identified as GDP growth, real interest rate, demographic variables, political instability and financial deepening, among other variables. Key drivers of household level saving have been identified as dependency ratio, income level and inflation rate. Key drivers of private corporate saving have been identified as profitability, capital formation, Tobin's q, and size of the firm. The following text presents observed issues and contradictions, and directions for future research.

5.1 Issues and Contradictions

As discussed above, existing theories on saving (life-cycle theory, precautionary motives theory) were developed for house-hold individuals. The theoretical framework of life-cycle theory cannot be applied to corporate entities. House-hold individuals and firms differ largely on financing constraints and accessibility of market credit (Bernheim, 2002; IMF, 2006). There have been studies explaining determinants of total savings (see Grigoli, Herman &Schmidt-Hebbel, 2014) and private savings (household plus corporate saving) (see Loayza, Schmidt-Hebbel & Serven, 2000). There are established theories (Modigliani, 1986; Deaton, 1989; Carroll, 1997) and multiple studies that explain the determinants of household saving (e.g. Ang, 2009; Horioka & Wan, 2007). However, research is scant on determinants of corporate saving.

Interestingly, results on the relationship between economic growth and saving (discussed in Section2) are contradictory to each other, a few supporting the classical growth theory, and a few agreeing with the Carroll- Weil hypothesis; some do not support either of these. One possible reason of such contradictions is that none of these studies tried to capture the dynamic nature inherent in saving decisions. Today's saving level depends on past habits although past income may or may not be a good predictor for today's income level. Such dynamics need to be accounted for before assessing the causality of saving and income growth.

The effect of real interest rates depends on whether the consumer is a net creditor or a net debtor. In case of a net creditor (a net holder of financial assets), a rise of interest rates brings positive substitution and wealth effect, but negative income effect; so the final effect of real interest rates on total savings is ambiguous. In the case of net debtor, the effect will be positive because income effect will be positive. Effect of real interest rate remains ambiguous on private saving in India also. Athukorala and Sen (2004) found a positive relation whereas Loayza and Shankar (2000) found a negative relation, of real interest rate with private saving. This controversy a rises from methodological differences as well as the definition of saving that is used.

Table3
Drivers of Private Corporate Saving

Authors; (year)	Contribution
Karabarbounis and share Neiman (2014)	Identified that globally, corporate saving increasingly constitutes the larger in total saving, and in recent years global investment is funded primarily from corporate saving instead of household saving. Found that trends of rising corporate saving and declining cost of capital are inducing firms to shift away from labour and towards capital. Identified that, on an aggregate basis, 20% rise is corporate saving are accompanied by 5% reduction in aggregate labour share.
Armenter and Hnatkovska (2013)	Identified that the US non-financial corporate sector's total saving is high enough to lend finances to the rest of the economy. Modelled internal funds, external equity and investment to understand the rising external equity demand with rising internal funds; however, debt financing is found to be more advantageous over equity financing. Found that firms are issuing external equity to retain hedge against shocks, and firms are increasing their financial assets as a precautionary measure.
Brufman, Martinez and Artica (2013)	Studied excess saving (gross saving over capital formation) of 5000 listed manufacturing firms from Germany, France, Italy,Japan and the United Kingdom for the period 1997-2011. Identified that excess saving is rising with declining gross capital formation, with continuous deleveraging process and declining share of operating assets in total assets.
Horioka and Terada-Hagiwara (2013)	Studied corporate saving (changes in stock of cash) for 11 Asian economies for the period 2002-2011 using firm-level data. Found that Asian firms are borrowing constrained and save more for future investment opportunities. Small firm's propensity to save is positively related with Tobin's q and cash flow, signifying the borrowing constraint nature of firms. Also found that this saving propensity has declined after the 2007-8 financial crisis.
Bayoumi, Tong and Wei (2012)	Identified that increase in corporate gross savings in China is comparable with the global rise in gross savings of firms, especially in countries like US, UK, Japan, Germany, Korea and Australia. Corporate net savings remained negative for China while it was positive for the select set of countries. Found that there exists no significant difference between saving behaviour and dividend pay-outs of private and public firms in China.
Özmen, ?ahinöz and Yalç?n (2012)	Studied undistributed profit of non-financial firms in Turkey for the period 2002-2007, using dynamic panel analysis on both firm-level and macroeconomic level variables. Found that firms' saving rates increase significantly with profitability, firm size, Tobin's q, GDP growth rate and financial depth. It decreases with the ratio of tangible assets to total assets, leverage ratio, ratio of public debt to GDP and real exchange rate appreciation.
Riddick and Whited funds (2009)	Explored the phenomenon of why firms hold liquid assets instead of investing into physical investment. Studied non-financial firms of USA (from 1972 to 2006) and Canada, U.K, Japan, France and Germany (from 1994 to 2005). Found that a positive productivity shock increases both cash flow and marginal propensity to invest; firm dis-save some of its existing cash-saving to invest. So cash-saving is reduced with increase in cash-flow. Also found that firms tend to save more because of income uncertainty rather than the presence of external finance constraints

OECD study (2007)	Found that for the aggregate OECD corporate sector, net saving has been unusually high since 2002, which negatively affects net lending and results in low interest rates. Found that weak investment, relatively lower prices of capital goods, country level differences, lower dividend payments, rising share of buy-backs are leading to rise in corporate saving.
IMF study (2006)	Found that net saving of companies in G-7 countries (Canada, France, Germany, Italy, Japan, United Kingdom and United States) is increasing since early 2000s. Studied a sample of 10,000 public listed non-financial firms for the period 1996-2004 and identified that rising profitability, declining real capital investment, increase in repayment of piled up debt, increasing level of share repurchasing, larger firm size, increase in uncertainty in business environment, increasing level of asset-acquisition, rising share of intangible assets and higher Tobin's q lead to high saving.

Level of 'Public debt to GDP' depicts the state of fiscal policy, a higher public debt to GDP ratio actually suggesting the crowding out phenomenon that could reduce total loanable funds in the economy. Another measure to capture fiscal policy could be 'Public saving to GDP', a higher government saving given government investment could lower the total private saving in an economy. A well-functioning fully pension system, where individual contribution is mandatory, reduces voluntary saving; however, the overall saving may increase or be maintained. Due to data insufficiency issues, it becomes difficult to assess its effect on the total saving.

5.2 Future Research Directions

One possible area of empirical research in house-hold saving could be to identify the individual level variables that could influence house-hold saving behaviour, especially in India. Since 2000, in India (see Figure 1) the composition of total saving has changed, and with the advent of advanced financial products, financial saving of house-hold has increased manifold. Some survey based method or NSSO7 database can be useful for this. Also there is scope for examining state level saving behaviour, given the diversity of Indian states.

Recently there has been a surge of corporate cash management studies focussed on understanding corporate saving in the form of cash (cash & cash equivalent) hoarding in relation to financial constraints. 'Precautionary motives' has been found useful in explaining the cash holding behaviour of corporates in the presence of financial constraints (e.g. Almeida, Campello & Weisbach, 2004; Bates, Kahle & Stulz, 2009; Gao, Harford & Li, 2013). To the best of given knowledge, no study has used the definition of corporate saving per se 'retained earnings plus depreciation' by controlling financial constraint status of the firm. There is sufficient scope to employ advanced dynamic panel data techniques for estimation of such models.

There are studies that have considered macroeconomic level variables for explaining the determinants of total domestic saving or private saving (see Athukorala & Sen, 2004; Grigoli et al., 2014; Loayza et al., 2000). A study by IMF (2006) considered macroeconomic level variables for developed economies and Ozmen et al., (2012) have also looked at the same for Turkey for identifying the drivers of corporate saving. However, in India, there has not been any attempt to understand macroeconomic level variables that determine firm level saving.

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Tax payer Satisfaction and Intention to Re-use Government site for E-filing

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Abstract

E-filing of taxes has been adopted by many countries and India is no exception. However the success of such systems depends on citizen's satisfaction and intention to re-use the e-filing system. This study proposed and empirically tested a model to understand the factors that influence adoption of e-filing system in India and found that perceived usefulness and perceived ease of use under conditions of website quality and information quality significantly enhance taxpayer's satisfaction and intention to re-use the e-filing system . The findings also indicate that the income tax department should redesign the existing e-tax filing architecture and put in place a system that ensures convenience and ease of use to the tax payers to motivate them to use it in the future.

Keywords: E-filing, citizen satisfaction, perceived usefulness, perceived ease of use, Trust, Computer self- efficacy.

1. Introduction

With the advent of World Wide Web in the nineties, there was a global shift towards deployment of IT by governments in various countries. Today, the citizens all over world are learning to fully utilize their internet and mobile connectivity in a wide range of ways. In India, several e-governance initiatives have been taken up by the government to give better service to its citizens but the citizens at large are expecting more and more online services from governments and corporate organizations to ease business transactions.

E-Government is defined as "a broad-based transformation initiative enabled by information and communication technology; (1) to develop and deliver high quality, seamless and integrated public services; (2) to develop constituent relationship management; and (3) to support the economic and social development goals of the citizens, business, and civil society at local, state, national, and international levels" (Grant and Chau 2006). There is a general agreement that e-governance has the potential to build better relationship between the government and its constituents and to empower citizens at large.

As per the United Nations E-Governance survey 2014 India is positioned 118 in E-Governance. However, the Income Tax Department of India has been successfully providing end-to-end e-delivery services, including online submission of tax returns, to its citizens on an anywhere, anytime basis since 2004. The e-taxation system of the income tax department provides key services like online registration, form download, filing of returns, online payment, online tax accounting, key notifications, provisions and enactments without much hindrance. Their collaborative, efficient, process-driven and secure online delivery system (Haryani et al. 2015) has been helpful in eliminating the cumbersome manual, bureaucratic service system to a greater extent.

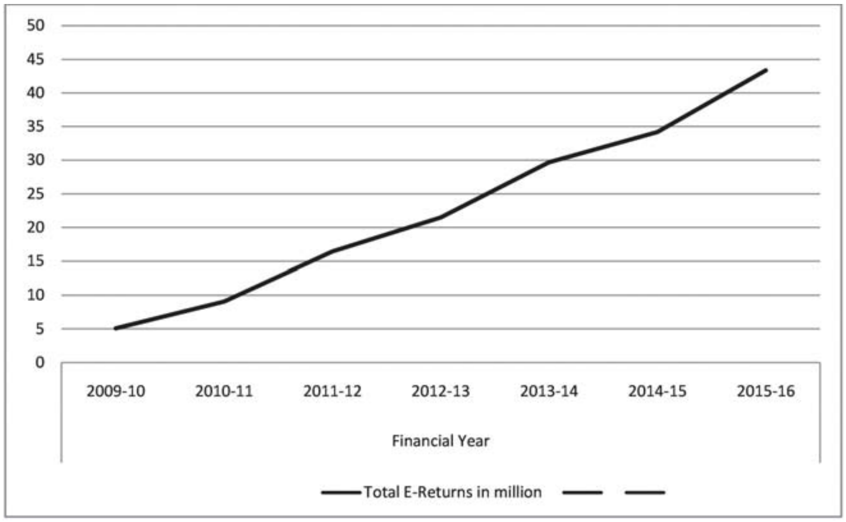
1.1 Income tax e-filing in India

In India, income tax e-filing was introduced on a voluntary usage basis for all categories of income tax assesses in September, 2004. It was made mandatory for all corporate firms in July, 2006 and for all companies and firms requiring statutory audit under section 44AB of Indian Income Tax Act in 2007. As per the notification dated 1st May 2015, every individual with an annual income of over Rs.5 lakhs will have to file tax returns in electronic form. In order to enable taxpayers to meet their normal tax obligations in a convenient manner without visiting Income Tax Office (FINMIN, 2008), the department has taken various measures with which the rate of e-filing has substantially increased (Figure1).

1.2 E-filing Options

An income tax return can be e-filed in three ways1. In Figure 1 E-filing of Income tax returns over the Years

1 https://incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF/HowToEfile.pdf?0.46627049184163116



Source: http://incometaxindiafiling.gov.in-e-filing statistics retrieved on 5th April 2016

the first option, the assessee can e-file his tax return digitally signed. This is an anytime, anywhere, and paperless filing process which does not necessitate any visit to the income tax office. But this facility can be used only if the assesse possesses a digital signature. In the second e-filing option, the return is filed on the internet, but without a digital signature. At the end of such e-filing process, the assessee prints out a single page receipt cum verification form (ITR-V) which he is required to sign in ink. This ink-signed ITR-V form is to be physically delivered in duplicate to the income tax office and one copy of it is returned to the assessee, duly acknowledged. This physical filing of ITR-V must be done within 120 days or else the date of filing ITR-V will be deemed as the date of income tax return filing. The third option provides the assessee to e-file their return through an e-return intermediary called Tax Return Preparer (TRP) who on payment of a prescribed fee, would do the e-filing and also assist the assesse in submitting the ITR-V to Income Tax Department. The very existence of Tax Return Preparer (TRP) itself indicates that e-filing in the present format is not simple for many tax payers.

Though online filing of return is made mandatory since May 2015, many issues still haunt the tax payers. There has always been concern about error free and user friendly tax administration. A single look at the Income Tax Department's e-filing website is enough to intimidate most users. The webpage has links which help the user to find out how much tax to be paid, how to file returns and even pay taxes online. However, it is presented as closely spaced links which could lead to user confusion about the order in which the process is to be carried out. As a result many assesees are forced to use third party assistance in filing their tax returns. Many web-based companies have made the process of filing very simple (Parab 2014). ClearTax.in, one such company, has helped around 300,000 individuals to e-file their tax returns during 2014-15 and around one million users during 2015-16 (Chengappa 2016).

The increase in the number of third party services is an indication that many tax payers either do not find the Government e-tax filing website usable. If the website is made simple and easy to navigate through the links, most tax payers could use it by themselves. This would not only help them secure their personal information but also avoid unnecessary expenses. Moreover, the users are often ignorant of the changes to the e-file website which is sometimes done without informing the user or performed at irregular intervals. Thus our study is motivated to understand the reasons that can help tax payers use the Government e-file website and not take assistance of third party vendors.

Studies on e-filing of taxes have been conducted in various parts of the world such as United States, Singapore, Taiwan, Malaysia, and India(Schaupp et al.2010, Tan et al. 2005, Chu and Wu 2004, Aziz et al. 2012, Ojha et al. 2009). Though factors such as perceived usefulness, perceived ease of use, trust website quality, information quality, and self-efficacy and customer satisfaction have been studied in different countries, the same cannot be said about India. Ojha et al. (2009) research focused only on perceived ease of use as a factor affecting intentions to e-file that too among young Indian professionals. None of the other antecedents (perceived usefulness, website quality, information quality, and self-efficacy) or dependent variables (customer satisfaction, and intention to re-use) were studied. Our research conducted on regular tax paying public, aims to address this literature gap and tries to find reasons for why tax payers are moving to third party tax e-filing services. The findings could help the authority to incorporate suitable changes in the income tax e-filing architecture.

2. Review of Literature

Two major theories that many researchers have utilized in predicting the e-filing acceptance are Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB) (Ajzen and Fishbein, 1975, Ajzenand Fishbein 1980). According to the theory a person's behavioral intention depends on the person's attitude towards the behavior, subjective norms (TRA) and perceived behavioral control (TPB). These studies, however, did not predict technology acceptance.

The Technology Acceptance Model (TAM) proposed by Davis (1989) addressed this gap by adding two major factors such as perceived usefulness and perceived ease of use. The results indicated that both determinants had great correlation with usage behavior. Venkatesh and Davis (2000) later introduced TAM2 model with subjective norm as a strong determinant of user acceptance. Various studies that followed also found that Perceived usefulness and ease of use have strong influence on user acceptance of e-filing system (Hung et al. 2006; Hussein et al. 2010,Chang et al. 2005, Lean et al. 2009). Many studies in the areas of consumer adoption of online tax filing using Government web sites have looked at issues such as trust, security, perceived risk and non-repudiation.

The application of Social Cognitive Theory (SCT) in computer or technology acceptance was attempted by Compeau and Higgins (1995). The variables used to predict technology acceptance were computer self-efficacy, outcome expectations-performance, outcome expectations-personal, affect and anxiety. The researchers found positive relationships between the dependent variable and all independent variables except for anxiety.

Research in the area of technology adoption has found self-efficacy as an important construct especially in the area of using online tax application (Hung et al., 2006, Carter et al., 2011, Hsu and Chiu, 2004). Self-efficacy according to Bandura (1997) is 'the capability of an individual to organize and execute the courses of action required to produce given attainments'. In the words of Compeau and Higgins (1995) it is an individual's judgment of his / her capability to use a computer. From a social cognitive theory perspective, self-efficacy is judged by the user's ability to decide what behaviors to engage, how to solve a problem when encountered and how to manage the behavior. Computer self-efficacy involves skills such as formatting disks and booting up the computer along with skills to use software to analyze data. It is assumed that the users, who have high degree of self-efficacy, would perform the tasks by themselves more likely than those who have less degree of self- efficacy.

Trust has been proposed as an important factor to adopt e-filing of taxes on Government sites (Hussein et al., 2011, Berdykhanova et al., 2010, Hung et al., 2006). Citizen trust can be positively influenced by institution based structures, their general disposition to trust, favorable social characteristics, and familiarity with government services (Warkentin et al., 2002). Electronic interaction will be higher when the users have a priori trust in their government and therefore the Government officials must engage the users by building a trustworthy relationship with them along with creating and maintaining a good web site to make its online efforts successful (Parent et al. 2005).When trust is high, citizens are more likely to value the benefits of e-government services. Therefore, governments should create and sustain trust when deploying their services (Venkatesh et al., 2016).

The DeLone and McLean IS Success Model (1992) introduced six major variables of information system success such as System Quality, Information Quality, Information System Use, User satisfaction, Individual Impact, and Organizational Impact. Seddon (1997) termed DeLone and McLean (1992) model confusing and miss specified and proposed a re-specified and extended version of the model using perceived usefulness and satisfaction as success measures.

Website quality (WQ) and information quality (IQ) have also caught the attention of researchers as factors of importance while filing taxes electronically (Alshehri et al., 2012, Chen, 2010). The factors influencing website quality, according to Lee and Kozar (2006) are information relevance, price savings, security, tele-presence and reputation. The indicators of Information quality in the context of government e-services are preciseness, timeliness and sufficiency (Saha et al., 2012). Connolly et al. (2010) found that efficiency and ease of completion, two important dimensions of website service quality, significantly influenced e-taxpayer's perception of value and convenience and intention to use and recommend the website to their peers. Chan et al. (2010) found that Information Quality (IQ) has positive influence on Perceived Usefulness (PU). However, managing IQ was more difficult than managing WQ (Barnes and Vidgen, 2002).

Welch et al. (2005) in their research on e-government and citizen satisfaction have shown that citizens are generally satisfied with the e-government apparatus. However, they are critical about the transactional and interactive nature of the e-government websites. According to Chan et al. (2010), Information quality and system quality influence taxpayer satisfaction. The Unified Theory of Acceptance and Use of Technology (UTUAT) proposed by Venkatesh et al. (2003) unified eight theories available in the acceptance of technology literature and identified seven determinants / constructs namely performance expectancy, effort expectancy, social influence, facilitating conditions, attitude toward using technology, self-efficacy and anxiety that affect technology acceptance. They validated the model and came out with four direct / significant determinants of usage behavior namely performance expectancy, effort expectancy, social influence and facilitating conditions. Working on the UTUAT, Chan et al. (2010) found that performance expectancy; effort expectancy and facilitating conditions significantly influenced citizen satisfaction in both voluntary and mandatory adoption contexts.

According to Bhattacharjee and Premkumar (2004), continuance intention is an important long-term outcome and an indicator of information system success. From an e-filing perspective, factors such as assurance, reliability, perceived usefulness, convenience and security significantly predicted continuance intention (Hu et al., 2009).

3 Hypotheses and Research Model

3.1 Perceived Usefulness

Perceived usefulness is referred to job related productivity, performance, and effectiveness (Davis, 1989). According to Mathwick et al. (2001) perceived usefulness is the extent to which a particular system to boost one's job performance. Several researchers have found its direct effect on intentions to use (Davis, 1989, Taylor and Todd, 1995). According to Fu et al. 2006 and Suki and Ramayah (2010), perceived usefulness is the most important predictor of behavioral intention. Ambali (2009) examined the user's perceptual retention on the Income tax e-filing system in Malaysia and found that perceived usefulness is the most influential and potential contributing factor of user satisfaction. Past studies on online shopping, web based training, e-banking, e- commerce and e-Government service like e-tax filing system proved that perceived usefulness has direct impact on adoption of new technology. With regard to citizen's satisfaction towards using e-filing system, we propose to test the following hypothesis:

H1: Perceived usefulness has significant positive effect on citizen's satisfaction of e-filing system.

3.2 Perceived Ease of Use

Perceived ease of use is an internal belief that an individual assessee holds about the mental effort involved in using a system (Davis 1989). Improvements in perceived ease of use may contribute to improved performance. Davis (1989) once proposed to test the generality of the observed usefulness and ease of use trade off while attempting to assess the impact of external interventions on internal behavioral determinants. The empirical research findings were, however, mixed (Chau 1996, Davis 1989). Wang (2003) found that perceived ease of use is a stronger predictor of people's intention to e-file than perceived usefulness. A number of studies also found that perceived ease of use has positive influence on intention to use a system (Fagan et al. 2008, Hsu et al. 2009, Ramayah et al. 2005). Adamson and Shine (2003) conducted a study in the context of bank treasury transactions, a mandatory situation similar to income e-filing, and found that perceived ease of use had strong positive influence on end user satisfaction. These results suggest the following hypothesis:

H2: Perceived ease of use has a significant positive effect on citizen's satisfaction of e-filing system.

3.3 Self-efficacy

Computer self-efficacy is defined as 'an individual's perception of his or her own ability to use Computer in the accomplishment of a task rather than reflecting simple component skill' (Compeauand Higgins 1995). According to Bandura (1986), self-efficacy is defined as the belief that one has about the capability to perform a particular task. Computer self-efficacy can be operationalized at both the general computing behavior level and at the specific computer application level (Marakas et al. 1998). Hill et al. (1987) reported that computer self-efficacy influences an individual's expectation and decision to use computers. It plays an important role in shaping an individual's feeling and behavior (Compeau and Higgins 1995). Individuals with high computer self-efficacy used computers more frequently, derived more enjoyment from their use, and experienced less computer anxiety. In the context of e-Government, Wangpipatwong et al., (2005) empirically confirmed that the adoption of e-Government websites depends on the computer self-efficacy of citizens. Another study conducted by Lim (2001) on web-based distance education showed that computer self-efficacy significantly contributed to consumer satisfaction. Based on the literature the following hypothesis is proposed:

H3: Computer self-efficacy has a significant positive effect on citizen's satisfaction of e-filing system.

3.4 Trust (security)

Internet has provided greater convenience for tax payers to file taxes and make use of the online services. However, several assessees prefer to file their returns manually. According to Belanger et al.(2008), the basic issue is related to privacy and security. There is a feeling among the people that the facilities in electronic tools are not adequately secured (Ambali 2009). There is personal sensitivity on individual data when a taxpayer files the information (Iqbal and Bagga 2010).

According to Valacich and Schneider(2012), the tax payers should be assured of system security and information security. The system security protects unauthorized access and use and information security ensures the assesses that their personal information will not be viewed, stored or manipulated during transit or storage by inappropriate parties in a manner consistent with their confident expectations. Lim et al. (2012) argued that Governmental institutions should possess capability-based trust derived from the citizens' belief that they possess the ability to fulfill their needs and provide satisfactory services to them.Trust therefore plays an important role in acceptance of e-filing system. Based on it the following hypothesis is proposed:

H4: Citizen Trust has a significant positive effect on citizen's satisfaction of e-filing system.

3.5 Information quality

Information quality is referred to the degree to which users are provided with quality information regarding their needs. It also represents the users' perception of the output quality generated by an information system and includes such issues as the relevance, timeliness and accuracy (Aladwaniand Palvia 2002, Stockdale and Borovicka 2006). Information preciseness, timeliness and sufficiency were found to be key indicators of information quality in government e-services (Saha et al. 2012). Chen et al. (2009) found that information quality positively influences perceived usefulness. A study conducted by Venkatesh et al. (2016) showed that the intention to use e-Government services is higher when there is better information quality.Based on the studies the following hypotheses are proposed:

H5a: Information quality has significant positive effect on perceived usefulness.

H5b: Information quality has a significant positive effect on perceived ease of use.

H5c: Information quality has a significant positive effect on citizen's satisfaction of e-filing system.

3.6 Website quality

Website quality means quality of the service provided by the e-filing site in terms of responsiveness and web assistance (Li et al. 2002). A study conducted by Saha et al. (2012) indicated that when the service provided by the site is fast enough for a citizen to complete the transaction in a reasonable time, he or she considers it as a quality website. Ilhaamie (2010) highlighted that service quality is an important dimension of organizational performance in the public sector. According to Connolly et al. (2010) efficiency and ease of completion are the dimensions of website service quality that influenced e-taxpayer's perception of value and convenience and intention to use and recommend the website to their peers. As mentioned in the review section, website quality is measured in terms of information relevance, price savings, security, tele-presence and reputation (Lee and Kozar 2006). A good quality website enables the citizens to spend less time to receive the service without waiting in a queue.Based on the study the following hypotheses are proposed:

H6a: Website quality has a significant positive effect on perceived usefulness.

H6b: Website quality has a significant positive effect on perceived ease of use.

H6c: Website quality has a significant positive effect on citizen's satisfaction of e-filing system.

3.7 Citizen satisfaction

Expectation - confirmation theory holds that consumer's intention to repurchase a product or continue service use is determined primarily by their satisfaction with prior use of that product or service (Bhattacherjee 2001 pp 355).Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment (Oliver 1997). According to DeLone and McLean (1992 pp 11) a user is satisfied when he or she is happy at the outcome of using the information products. For Hu et al. (2009), user satisfaction is 'the degree to which an individual is satisfied with his or her overall use of the system under evaluation'. In this study citizen satisfaction is operationalized as a measure of satisfaction with the income tax website. According to Lim et al. (2012), it is important for the Government to listen to taxpayers' opinions in order to improve the e-filing system. Based on the study the following hypothesis is proposed:

H7: Citizen's satisfaction has positive effect on intention to reuse (Continue Intention) acceptance of e-filing system. (Figure 2)

4. Method

This research used primary data collected using questionnaires. Both online and offline mode was used for data collection. The questionnaire was divided into three parts. The first part contains questions about use of income tax portal and how long the respondent used it and the main purpose of using it. The second part of this survey instrument contains thirty nine questionnaire items that measured the eight constructs in the proposed model. These questionnaire items are measured using five point Likert Scale (from 1 - strongly disagree to 5 - strongly agree). These items were selected from previous related research and subsequently modified to fit the e-filing experience. The third part of the survey included questions regarding demographic and socio-economic status. Two prominent academicians reviewed the survey instrument to highlight any discrepancies in meanings. The problems found during review are resolved by making necessary corrections. The inclusion criteria for the study are only Indians who had paid income tax for the financial year 2014-15 and filed the income tax return electronically using income tax e-filing system. Convenience sampling method was used for the study as the researchers used both offline and online media for data collection. (Table 1)

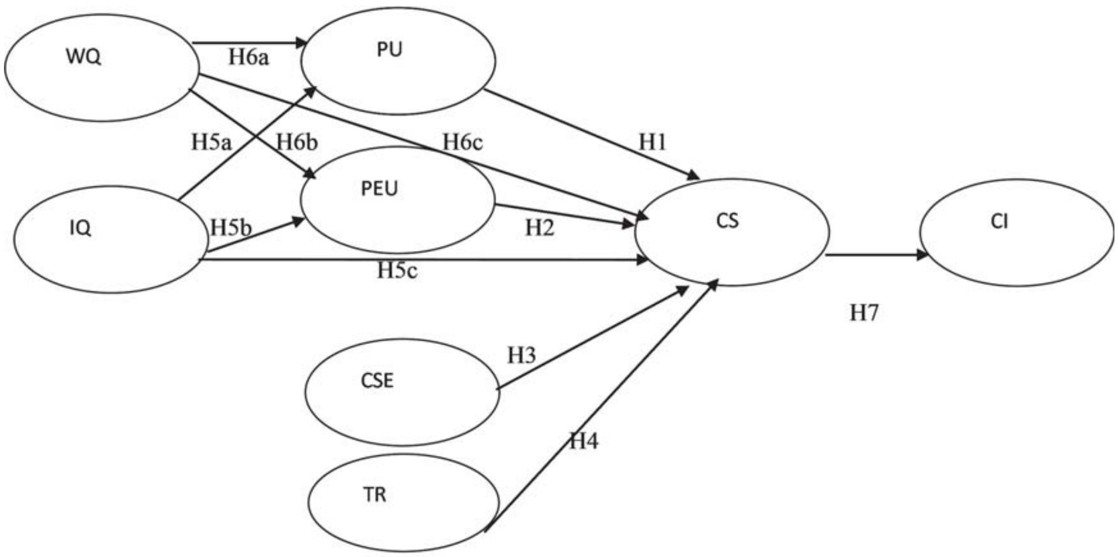
4.1 Data Collection

340 paper questionnaires were distributed out of which 245 fully filled data were received (72% response rate). Metro cities such as Mumbai, Kolkata, Chennai, New Delhi amounted to 45 % of the respondents. Non-metro cities such as Kochi, Thiruvananthapuram, Pune, Bangalore,Vizag, and Kozhikkode accounted for 24% of the respondents. The remaining data 31% of data was collected from towns in Kerala and Lakshadweep. 85 responses were collected online using Google forms. The final sample size stood at 330 comprising 72%offline and 38% online responses.

4.2 Respondent Profile

The sample consisted of 69% male respondentsand 31% females. About 61% of the respondents were under the age of 40 years, 24% were in the age group of 41-50 years and15% above 50 years of age. About 50% of the respondents were post graduates, 40% were under graduates and 10% Ph.D. holders. 38% of the

Figure 2.Proposed research Model



respondents had an annual income under 5 lakhs, 49% between 5- 10 lakhs and 13% above 10 lakhs.

5. Analysis and Results

The data was analyzed using Warp PLS version 3.0. Unlike covariance based approach the PLS approach focuses on maximizing the variance of the dependent variables explained by the independent ones instead of reproducing the empirical covariance matrix. PLS based Structural Equation Modeling has several advantages over covariance based Structural Equation Modeling. It works without assumptions about the distribution and with all types of measurement scales and suitable for small sample sizes.

The psychometric properties of the research instrument were examined by calculating Cronbach's alpha, composite reliability, and average variance extracted (AVE). Table 2 presents Composite reliability co-efficient, Cronbach's alpha average variance extracted (AVE) for all the measured constructs. All items measuring eight constructs demonstrated good internal

Table 1 Construct details

Construct	Reference
Perceived ease of use	Ojha et al. (2009), Davis (1989), Carter and Belanger(2004), Roca et al. (2006), Gefen et al. (2003)
Computer self -efficacy	Suki and Ramayah (2010), Compeau and Higgins (1995), Wangpipatwong et al. (2008).
Trust (Security)	Parasuraman et al. (2005), Venkatesh et al. (2016), Cao et al (2005).
Information Quality	Chang et al. (2005), Liu and Arnett (2000), Eldon (1997), Smith (2001), Wangpipawong et al. (2005), McKinney et al. (2002), Stockdale and Borovicka (2006), Roca et al. (2006), Saha et al. (2012).
Website Quality/system quality	Wangpipatwong et al. (2005), Stockdale and Borovicka (2006), Cao et al. (2005), Aladwani and Palvia (2002), Saha et al. (2012).
Citizen's satisfaction	Oliver (1997), Cronin et al. (2000).
Continue Intention	Roca et al. (2006), Wangpipawong et al. (2008), Moorthy et al. (2014)

Table 2: Psychometric properties of the variables

Factors	Composite Reliability Coefficient	Cronbach's alpha Coefficient	Average variance Extracted
Perceived Usefulness (pu)	0.859	0.802	0.503
Web Quality (wq)	0.844	0.778	0.477
Information Quality (iq)	0.865	0.812	0.517
Computer self-efficacy(cse)	0.859	0.780	0.603
Perceived ease of use(peu)	0.838	0.741	0.565
Trust(tr)	0.839	0.743	0.565
Continue intention(ci)	0.851	0.767	0.589
Citizen's satisfaction(cs)	0.861	0.799	0.555

Table 3 Latent variable correlations

	PU	WQ	IQ	CSE	PEU	TR	CI	CS
PU	**0.709**							
WQ	0.624	**0.691**						
IQ	0.654	0.659	**0.719**					
CSE	0.520	0.500	0.487	**0.777**				
PEU	0.559	0.543	0.569	0.658	**0.752**			
TR	0.465	0.492	0.572	0.351	0.461	**0.752**		
CI	0.642	0.475	0.537	0.439	0.467	0.507	**0.767**	
CS	0.663	0.550	0.681	0.480	0.627	0.519	0.646	**0.745**

Note: Square roots of average variances extracted (AVE's) shown on diagonal.

consistencies as all Cronbach's Alpha values were above the recommended value of 0.70. The convergent validity is determined by factor loading and Reliability test of all variables using IBM SPSS software. The combined score of the items is 946.

The composite reliability coefficients in all the cases are above 0.7 which shows reliability. (Table 3)

The Model fit indices (Table 4) were also found to be above the threshold values and significant at <0.001 level confirming model fit.

6. Discussion and Recommendations

The primary purpose of this research is to understand the fundamental factors that influence the citizen's to use the e-filing system in the country. The secondary purpose of this research is to propose and empirically test a model that is capable of predicting citizen's intention to re-use e-filing system. We explored the antecedents of citizen's intension to use the e-filing system and found that the taxpayers who are satisfied with the e-filing system would use it again in the next filing session. The result shows that Perceived Ease of Use, Perceived Usefulness and Trust are positively related to Citizen Satisfaction. Hypothesis H1 and H2 are therefore accepted. The result further indicates

Table 4 Model Fit indices

Criteria	Value	Accept
Average path Coefficient (APC)	0.279, P<0.001	P<.05
Average block VIF (AVIF)	2.065	<=5
Average R-squared (ARS)	0.484,P<0.001	P<.05

that Perceived Ease of Use and Perceived Usefulness can be enhanced by improving Website Quality and Information Quality. This is in line with the findings reported in earlier studies on government websites by the researchers namely Gefen et al. (2002) and Azmi and Bee (2010).

Hypothesis H3 examined the effect of Computer self-efficacy on Citizen Satisfaction. The results indicate that the effect of Computer Self-efficacy (beta value = 0.094 and $p > 0.05$) on Satisfaction is not statistically significant. It may be due to the fact that the users have either third party services to file their returns or are computer literate to file their returns by themselves. Since most of the respondents possess higher qualifications, it is possible that they have used computers extensively and do not find e-filing different from other tasks performed using computers. Whatever the case may be, it is important to ensure that the website is made simple to enable the users, even to those who have no exposure in using websites earlier, to e-file their returns without any external assistance. On this note, the Government may consider offering the tax websites in local languages as well.

Hypothesis 4 reveals that Trust has no significant effect (Beta value = 0.060, $p > 0.05$) on Citizen Satisfaction. In a recent poll conducted by the Organization for Economic Cooperation and Development (OECD), India secured second position amongst 40 countries in a survey on trust in national governments for the year 2014. Switzerland stood at

Table 5: Test of hypotheses:

Hypotheses	Statement	P value	Beta Value	result
H1	Perceived usefulness will have a significant positive effect on citizen's satisfaction of e-filing system.	<0.001	0.296	Supported
H2	Perceived ease of use will have a significant positive effect on citizen's satisfaction of e-filing system.	<0.001	0.279	Supported
H3	Computer self-efficacy will have a significant positive effect on satisfaction of e-filing system	.418	0.010	Not Supported
H4	Trust in the Income tax e-filing site will have a significant positive effect on satisfaction of e-filing system	0.060	0.094	Not Supported
H5a	Information quality of the income tax e-filing site will have a significant positive effect on perceived usefulness	<0.001	0.452	Supported
H5b	Information quality of the income tax e-filing site will have a significant positive effect on perceived ease of use	<0.001	0.436	Supported
H5c	Information quality has a significant positive effect on citizen's satisfaction of e-filing system	<0.001	0.279	Supported
H6a	Web site quality of the income tax e-filing site will have a significant positive effect on perceived usefulness	<0.001	0.316	Supported
H6b	Web site quality of the income tax e-filing site will have a significant positive effect on perceived ease of use	<0.001	0.248	Supported
H6c	Website quality has a significant positive effect on citizen's satisfaction of e-filing system	0.433	0.010	Not Supported
H7	Citizen' s satisfaction has a significant positive effect on continuance intention to continue with the e-filing system	<0.001	0.650	Supported

the top with Norway in the third position (Mehra 2015). 73% of the Indian respondents answered "yes" to the question 'Do you have confidence in the national government? This indicates that they have a-priori trust in the government and therefore Trust as a factor has little or no impact on the citizens' decision to use the e-filing system.

Das (2012) reported that over 3000 grievances were received from citizens who used the e-filing facility. Though the income tax department has ordered better monitoring of complaints by tax payers (PTI2015), the citizen's should be able to navigate through the website easily to find information or functions that will help them file taxes intuitively. Support for H5a, H5b, H5c, H6a and H6b reveals that the website should continue to provide useful information such that citizens don't have to look elsewhere for pertinent information required to e-file their taxes. The efforts to pre-populate income data and other vitals of the taxpayer (PTI 2016) by improving information quality would help to improve the usefulness quotient of the e-filing website and reduce the errors that might creep in if citizens were asked to provide the information by themselves.

Hypothesis H6c investigated the effect of website quality on satisfaction of e-filing system. The result indicates that website performance (Beta value = 0.010, $p > 0.05$) has no significant effect on satisfaction. Such a contradictory result could be due to citizen's perception that the Government is generally inefficient, which is reflected in the quality of the website. Thuscitizens are resigned to possible longer transaction times for completing their e-filing. Previous experiences of the Government have not been straightforward for the citizens highlighted by inefficient management of tax money (Bok 1997, Parent et al. 2005). Also, there could be lack of awareness about third party services and citizens might be more inclined to take on the free e- filing offer compared to the charges they incur when using third party service, thus disregarding website quality.

Hypothesis H7 shows that citizens who are satisfied with the e-filing system will continue to use the e-filing system in the following year. This shows that our results are in line with prior TAM studies conducted on this area (Roca et al. 2006, Chen et al. 2009).

7. Limitations and Future Research Directions

The study investigated the factors that lead to the reuse of e-filing system among taxpayers in India. Due to resource constraint, sample size of the study was limited to 330 respondents. The finding cannot be generalized extensively as the scope of the study is limited to 10 cities in India and few towns in Kerala. A larger and more representative sample from all states and union territories may give boarder representation of taxpayers in India. A survey of rural India participants could shed more light on the findings reported in our research especially on the relationship between computer self- efficacy and citizen satisfaction as computerization of rural India has been on the rise. Also, future research could compare TRP assisted e-filing of taxes with Government e-filing facility to find out the reasons why citizens choose one mode over the other. It is suggested that the model may be tested in the context of other government department sites such as Indian railways, Ministry of Petroleum and Natural Gas, High Courts of various States etc. The application of this model in mobile platform (m-governance) may also be investigated.

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Don't Teach Me, Let Me Learn! Millennial Learning

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Abstract

This research paper attempts to link the millennial behavior and attitudes with the appropriate learning styles based on adult learning theories. Insights into the preferences and behaviors of this cohort will enable learning and development professionals to craft the learning style inventory effective for millennials. This understanding will help curate better content and harness the potential of the millennials in the workforce.

1. Introduction

With millennials likely to constitute nearly 50 percent of the workforce by 2020[1], a greater understanding of millennial behaviors has emerged as an area of interest. Older generations will have to interact with the millennial social group as they enter workforces and educational institutions (Rodriguez & Rodriguez, 2015). HR practitioners and organizations have to evaluate and implement new strategies to motivate, engage and inspire their millennial population.

Research has focused on the behaviors commonly demonstrated by the millennials (Eddy, Schweitzer, & Lyons, 2010; Myers & Sadaghiani, 2010). However learning mechanisms most relevant to the millennials has not been extensively researched. Developing this insight is critical for learning and development professionals and instructional designers. This will help practitioners in creating effective training modules and programs. This will enable millennials to be successful at the workplace.

2. Millennials in the Workforce

Generations exposed to and experiencing similar social, technological and historical events, tend to demonstrate commonalities of behaviors and ideologies (Twenge, Campbell, Hoffman, & Lance, 2010). With the increasing population of the millennials in the workforce (Farell & Hurt, 2014), there has been increased interest in the behaviors which typify this cohort of new workers. Concerns emerge with some research citing dysfunctional behaviors of the millennials such as self- centeredness associated with the "Look at Me" generation (Myers & Sadaghiani, 2010). The millennials are also reported to be disrespectful, disloyal and lacking in work ethic (Monaco & Martin, 2007; Myers & Sadaghiani, 2010)

The Millennials or Gen Y are the demographic cohort following Generation X. The "no future" Generation X has given way to the "has no clue where we are going" Generation Y (Miller, Shapiro, & Hilding Hamann, 2008).Howe & Strauss (1991) are often credited with coining the word "Millennials". However, there is considerable confusion on the exact year span which encompass the millennial generation. While Howe& Strauss (1991) defined the millennial cohort as consisting of individuals born between 1982 and 2004, the ranges of 1982-2000 (Mc Crindle, 2015), 1980 - 1995 (Eddy, Schweitzer, & Lyons, 2010) and 1980-2000 (Farell & Hurt, 2014)etc. have also been found to apply to the millennials. A global generational study conducted by Price water house Coopers with the University of Southern California and the London Business School defined Millennials as those born in the period 1980- 1995(PWC, 2013). The differences in outlook between the various generations is given in Table 1 and demonstrates the challenges of working effectively in a multi-generation environment.

The environment that the millennials have grown up in and are commonly exposed to is far different from those experienced by the earlier generations. The amount of information the millennials get from the internet, mainly social networks, makes them feel that they must be heard when they speak (Bauerlein, 2011). In the VUCA (Volatile, Uncertain, Complex and

1 https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf last accessed on 27th May 2016

Table 1 : Generation classification and typical behaviors associated with the generation

Generation	Period	Current Age (youngest)	Other Names	Typical Characteristics/ Behavioral Patterns
Traditionalists	1945 & before	70+	Veterans, Silent, Radio Boomers, The Forgotten Generation	Conformers, dedication, sacrifice, duty before pleasure, discipline, patience, loyalty
Baby Boomers	1946 to 1964	52+	Moral Authority, "Me" Generation	Anti-government, equal opportunities & rights, personal gratification,
Gen X	1965 to 1981	35+	The Doers, Post Boomers	Balance, diversity, entrepreneurial, fun, highly educated
Millennials	1982 to 2000	16+	Gen Y, Gen Next, Echo Boomers	Self-confident, sociability, diversity, extreme fun, extremely techno savvy, extremely spiritual, now!
Centennials	2001 onwards	<16	iGen, Gen Z, Gen Zee	Vigilant outlook, tempered expectations, less self absorbed, more self assured

Ambiguous) world, the use of technology is essential and appears to be the key to ensuring knowledge transfer (Rodriguez & Rodriguez, 2015). The impact of media has been massive in shaping how the millennials have grown and adapted to their world. Millennials have better understanding of media and digital technology and are considered to be tech savvy (Cleyle, Partridge, & Hallam, 2006; Connor, Shaw, & Fairhurst, 2008; Feiertag & Berge, 2008; Glass, 2007; Skiba & Barton, 2006; Sweeney, 2012; Twenge, Campbell, Hoffman, & Lance, 2010).

Millennials demonstrate higher levels of self-confidence (Bohl, 2009 ; Connor, Shaw, &Fairhurst, 2008; Hartman &McCambridge, 2011; Monaco & Martin, 2007 ; Myers & Sadaghiani, 2010).Millennials are often termed as multitaskers as they perform tasks simultaneously and believe their performance excels in this manner (Bohl, 2009; Feiertag & Berge, 2008). Their way of processing new knowledge tends to be more practical and "hands on" (Bauerlein, 2011; Monaco & Martin, 2007; Skiba & Barton, 2006; Wesner & Miller, 2008).

Rewards for participating in activities, rather than the rewards for achievement is an expectation of the millennials (Tolbize, 2008; Meister & Willyerd, 2010). Immediate gratification is an expectation, like a birthright. They show interest in the allocation of tasks to complete as a team but the level of commitment among members is very shallow (Twenge, 2013). With a low tolerance for delays, millennials expect quick information, feedback, results, team achievements, personal promotions, and fostering interpersonal relationships in the fastest way possible (Bohl, 2009; Feiertag & Berge, 2008; Monaco & Martin, 2007; Immerwahr, 2009; Skiba & Barton, 2006). Therefore instant gratification permeates practically every aspect of their lives and interactions. Skipping processes, lack of consensus in group decisions, absence of conventional courtesies, and skirting on ethical issues are tolerated behaviors (Cleyle, Partridge, & Hallam, 2006; Gorman, Nelson, & Glassman, 2004; Meister & Willyerd, 2010; Sweeney, 2012; Wilson & Gerber, 2008).

Millennials' capacity to assimilate and manage knowledge does not appear different from other generations. However, the propensity and regularity to read emails and short bits of text on web pages is much more than books (Twenge, 2013).

Millennials are also seen to be autonomous and have less respect for hierarchical structures in workplaces, particularly if actions are not well structured or supported by a safety net (Howe & Strauss, 1991). While Millennials prefer working hard, they demonstrate a willingness to sacrifice high incomes for leisure time or health. They demonstrate an affinity for a good work life balance. With diversity being part of the natural environment of millennials, acceptance of diversity is demonstrated in their preference for teamwork (Myers & Sadaghiani, 2010), but the expectation is for the team environment to provide speed, convenience, flexibility and power (Connor, Shaw, &Fairhurst, 2008; Gorman, Nelson, & Glassman, 2004 ; Skiba & Barton, 2006; Sweeney, 2012; Twenge, Campbell, Hoffman, & Lance, 2010).

3. Adult Learning Theory - Androgogy

Theories supporting adult learning argue that the process of learning is essentially social in nature (Dachner & Polin, 2016). For instance, Kolb (1984) argued for experiential learning based on the constructivist perspective. The experiential learning theory is built on the propositions that learning is a process of creating knowledge; all learning involving re-learning; learning requires resolution of conflicts and differences; and learning is a holistic process of adaptation and resulting from a synergistic transaction between learner and environment (Kolb & Kolb, 2005).

Effectiveness of learning depends on quality of content and delivery mechanisms. For this purpose, Blooms' taxonomy is mainly used to help instructors in evaluating course materials, objectives and assess student performance (Halawi, McCarthy, & Pires, 2009). This taxonomical approach groups the behaviors into cognitive, affective and psychomotor categories of learning. Blooms taxonomy helps facilitators assess learning outcomes on the basis of creating, evaluating, analyzing, applying, understanding and remembering the concepts.

Knowles (1913 - 1997) defined andragogy as the art and science of adult learning. The five assumptions about the characteristics of adult learners (andragogy) that are different from the assumptions about child learners (pedagogy) are:

Self-Concept: As an individual matures his/her self-concept moves from one of being a dependent personality toward one of being a self-directed human being

a. Adult Learner Experience: As an individual matures, the growing reservoir of experiences becomes an increasing resource for learning.

b. Readiness to Learn: As an individual matures his/her readiness to learn becomes oriented increasingly to the developmental tasks of his/her social roles.

c. Orientation to Learning: As an individual matures his/her time perspective changes from one of post-poned application of knowledge to immediacy of application, and accordingly his/her orientation toward learning shifts from one of subject-centeredness to one of problem centeredness.

d. Motivation to Learn: As an individual matures the motivation to learn is more internal

Knowles' espoused principles of Andragogy are: Adults need to be involved in the planning and evaluation of their instruction; adults are most interested in learning subjects that have immediate relevance and impact to their job or personal life and Adult learning is problem centered rather than content oriented.

So while Blooms' approach is more focused on creating pedagogy and Kolb's approach is based on the experiential learning process, we find the Knowles approach to be an integration of both these theories and more relevant for adult learning.

4. Knowles Learning Principles and Millennial Learning Style

People in the workplace have many opinions about millennials' development preferences and behaviors, but most of these lack supporting data. Due to the lack of substantial information, organizations struggle to identify how they can customize development to appeal to the millennial population.

It is interesting to understand that millennials highly value development opportunities at work. Sixty five percent of millennials stated that the opportunity for personal development was the most influential factor in choosing their current job (Pricewaterhouse Coopers, 2011). Millennials are 34% more likely to rank learning and development as one of the top five important employer value proposition attributes. While it is known that non-technology-based learning approaches may also appeal to the millennials, characteristics of multi- tasking, need to understand what's-next, and attention and feedback seeking behavior morph the learning preferences for them. Those of the millennial generation who are described as digital natives, individuals who have never known a world without computers, often fail to separate technology from what that technology enables us to do (Farell & Hurt, 2014). This influence must be considered heavily when determining ideal learning mechanisms of millennials. Increasingly leveraging technology as a learning platform is becoming popular for a wider, quicker and easier dissemination of knowledge (Brown & Charlier, 2013).Use of interactive technological elements in learning activities surely appeals to the millennial generation's active learning style and also aligns with millennials being tech savvy. Therefore technology based learning, such as online and mobile learning platforms as the mode of knowledge transfer, making use of simulations, games, quizzes, MOOCs, web based interactions, videos or even research repositories, which will be available at anytime and anywhere would be preferred. These technology based learning methods also fosters team orientation and collaboration for group exercises which connects people across the globe to take up assignments cross borders and complete them virtually.

Considering the behaviors and attributes of the millennial generation, we believe that the learning methodologies adopted by practitioners would need to be adapted to better suit the millennial generation. Integrating Knowles andragogy with the millennial behavior, we propose a learning model as shown in Figure 2 that would increase the effectiveness of trainings and knowledge acquisition for the millennials. (Fig. 2)

While the various millennial traits and characteristics may amplify differently based on the context, we may also see one-to-many mapping of Knowles andragogy principles to the millennial traits. Nevertheless the ones that primarily relate to a Knowles concept and strongly integrate to a demonstrated behaviorhave been mapped in our argument. We have also chosen to map the characteristics in the sequence in which learning happens. The learning sequence typically starts with getting introduced to a new concept, understanding, applying, reflecting and then re-applying the learning, which is in sync with various steps of the adult learning theories.

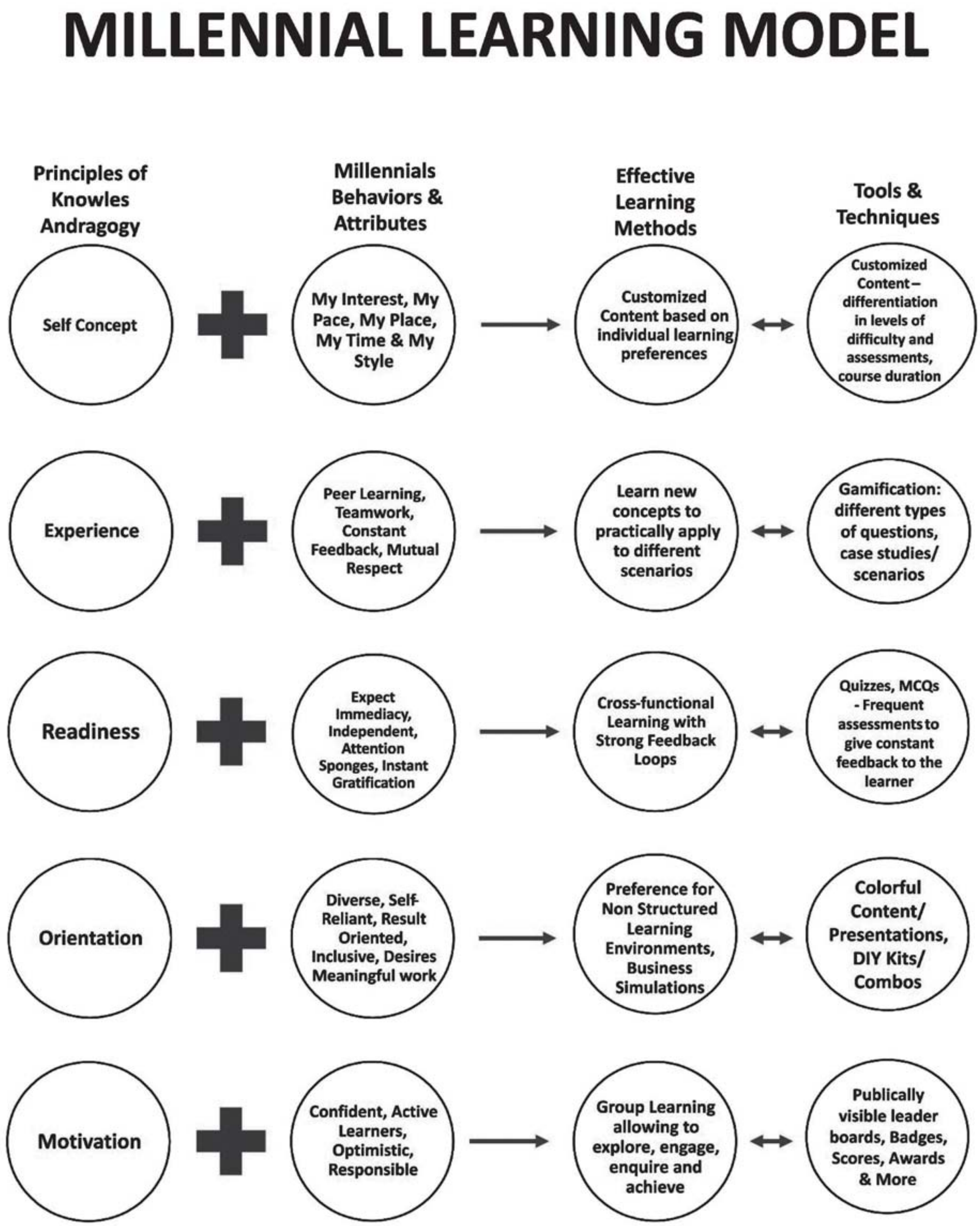
Knowles introduced the concept of self-directed learning which is based on the principle that people who take the initiative in learning will learn more, be motivated to learn, retain and make use of the learning (Knowles, 1975). The theory behind self-directed learning comes from the word andragogy (Knowles, 1975). Andragogy is the art and science of helping adults learn (Knowles, Holton & Swanson, 1998).

As a result of Knowles' work, there are two models of learning: the pedagogical model and the andragogical model. Initially, Knowles (1975) established five sets of learner assumptions: (i) Concept or self-concept of the learner, (ii) role of learner's experience, (iii) readiness to learn, (iv) orientation to learning and (v) motivation to learn. The five adult learning assumptions are:

The learners' Concept or self-concept: In the andragogicalmodel, this implies that learners want to be responsible for their own learning by being self-directed. As established in research, millennials do not like the feeling of "being taught" and would make an effort to learn when they become aware that a situation warrants/requires learning. Effective learning methods need to provide an environment of self-directed learning, otherwise they meet resistance by the adult learner. The ability to let millennials choose both their learning curriculum, as well as the depth of detail would find greater acceptance by this cohort. Emphasizing on individualization of teaching and learning will therefore ensure complete control of what learners want for themselves (Brown & Charlier, 2013).

1. The learners' experience: As per Knowles learning, adults learn from their peers and the multitude of experiences in their lives. These experiences help in building a strong set of beliefs, values, and perspectives. Millennials prefer environments which are more inclusive, respectful of team contribution and provide strong peer to peer learning. The learning

Figure 2 : Millennial Learning Model



methodology which best replicates this ecosystem are gamified platforms, case study learning etc., which involve high levels of peer involvement. Millennial learners respond well to teaching and learning strategies aligned on these dimensions.

2. Readiness to learn: Knowles suggests that the adults' readiness to learn is motivated by a need to grow, with a clear linkage to "what's-in-it-for-me". Adults would prefer to learn where the application of the learning is visible in the very near future. This marries with the "instant gratification" need of the millennials. Displaying learning outcomes through quiz scores, providing opportunities to the millennials to establish their learning outcomes quickly. Hence instant gratification has to be an element considered while designing learning experiences of millennials.

3. Orientation to learning: Adults are situational learners and learning shifts from the subject-centredness (theory) to problem-centredness (practical). They will learn more effectively if the new knowledge is applicable to a real- life situation (Knowles, Holton & Swanson, 1998). Millennials also demonstrate the need for deriving meaningful work and getting solutions and results.

   Learning facilitators will therefore need to link experiential learning tools and practical situations like case studies, simulations, role plays into the andragogy for millennials.

4. Motivation: Adult learners are driven by intrinsic motivations such as enhanced satisfaction, better quality of life, etc. as also by external motivators like promotions, social recognition etc. Millennials, who have been described as the "Look at me generation" (Myers & Sadaghiani, 2010), especially respond well to recognition. Hence methodologies which display high achievement through leader boards, gamification tool are well accepted by this cohort.

5. Tools for Effective Learning for the Millennials

5.1 E-Learning

Compared to the previous generations, millennials are more adept to the visual way of learning and learning through technology. Their ability to create content is matched by their potential to consume the same. Multimedia platforms and social learning platforms such as Coursera, Udemy, EdX etc. offer a variety of content and allow the consumers to runt, evaluate and comment on the content, therefore making the entire experience more collaborative by nature. Accessing content through mobile devices as well as laptops / desktops is increasingly acceptable form of learning. This also meets the "my time" requirement of the millennials. However, individual motivation and work load also determines the time spent on e-learning platforms.(Brown K. G., 2005). E-Learning is therefore emerging as a more efficient and effective platform for disseminating knowledge.

5.2 Gamification

With content pushed in smaller bites, followed by quick assessments, competitive leaderboards calling out peer performance and instant e-recognition makes learning a more social or collaborative exercise. The guerilla tactics is driving key learning outcomes through games helps align with the organization needs (Blunt, 2007) (Erenli, 2016)

Few popular ways of gamifying learning are

- Gamified Assessments: Conventional assessments are changed into short learning activities that take less than two 2 three minutes to complete.
- Providing Choices: Allowing a wide variety of choices like difficulty level of challenge (beginner, interme- diate, advanced), types of questions based on their interest.
- Performance/Participation based Badges for motivation: Create badges for crossing a specific level of participation in the learning module and also based on performance.
- Encourage collaboration: Encouraging learners to work together on questions, a common practice of gamers who team up in order to achieve an epic score.
- Leaderboards for status update and feedback: Essentially gives a quick overview of performance of all the learners on the platform. It also gives the individual performance dashboard for greater under- standing of the way one has to improvise.
- Reward mastery: Get extra bonus points for excellent performance

5.3 Simulation based learning

With higher acceptance of peer-to-peer learning, scenario based learning methodologies are widely being used for millennial learning for a blended approach (Brown & Charlier, 2013). Case based learning is a popular tool, which emphasizes real life situations and allows for healthy debate and active learning. Equally, business simulations and experiential/outbound learning interventions focus on real time behaviors, reactions, scenarios which foster holistic development.

Conclusion

The success of the millennials in the workforce is contingent on understanding what makes them tick. Our paper highlights how learning mechanisms also need to change to adapt to the millennials preferences and styles. Based on Knowles andragogy, we proposed a learning model for millennials which allows millennials to control what they learn, when, where and how they learn. The needs like instant gratification, success and recognition at workplace are met by tools like gamification, public leaderboard, social learning and quick feedback mechanisms.

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Customer Mall Shopping Behavior: A Bibliometric Analysis

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Abstract

The present study attempts to bring together the observations and findings of research studies related to shopping behavior of mall customers. It is based on the review of existing literature and Bibliometric Analysis. It also gives details about the significance of the work done by researchers in this field. The study has two parts. In the first part, different types of factors, including the mall attributes, personal/ individual factors and situational factors have been explained. The independent and dependent variables have been presented separately, where the dependent variables include time spent, money spent, out-shopping behavior and re-patronage intention. The second part of the paper contains citation analysis, which is a commonly used technique of bibliometric analysis. This section gives details regarding the most important research papers(based on the number of times they have been cited), details about journals referred and also regarding the author-wise citations(in order to find out the most influential authors).The paper not only evaluates, synthesizes and highlights the gaps in the existing literature, but also portrays the research directions for future studies.

Keywords: Mall attributes, personal factors, Situational factors, consumer shopping behavior, Bibliometrics.

1. Introduction

Over past decade, there has been a drastic change in the retailing sector in India. The number of malls in India has increased from just 50 in the year 2005 to 470 the in year 2013 and is further expected to increase to 720 by the year 2016 (Hindustan Times, Oct. 23, 2013).The mall culture has gifted people with a place where they can shop, eat, meet friends, watch movies and have fun. Visit to malls has actually become a sort of leisure activity.

The acceptability of malls as a shopping place can be attributed to various factors including convenience, increasing inclination of Indian shoppers towards lifestyle shopping, increased product variety and demand for improved service quality and so on. (Goswami & Nath, 2011). Customers consider malls as a place for entertainment, enjoyment and relaxation. They feel that malls not only fulfill their primary shopping needs, but also give them maximum cost, time and place utility (Khare, 2011). In a study by Trivedi, and Puri, (2013) more than 50% of the respondents thought of malls as their favorite shopping destination. The availability of various product categories under one roof, convenience, availability of entertainment facilities and the air-conditioned environment of the malls motivate consumers to prefer malls for shopping instead of other formats (Banerjee & Dasgupta, 2010).

However, despite a rapid increase in the number of malls and various efforts to attract customers, many of the Indian malls face problems of vacancies, reduced footfalls and increased losses. As per KPMG survey (2009), 2008 had been a very depressing year for the organized retailers as footfalls as well as the conversion ratio declined to a great extent due to global financial crisis. As per survey findings, most of the malls failed due to poor retail space allotment to the retailers, inadequate design and poor mall location.

Thus, just establishing a building and having multiple retail stores in it, may not give profits to the mall owners or even to the retail stores. A serious thought has to be given as to what affects a customer's decision of choosing a retail store and what factors ultimately affects their buying behavior. The present study thus tries to highlight the significant research work relating to the factors affecting footfalls and shopping behavior of the mall customers, get an insight about the authors and research studies that have been most influential in shaping the direction of research work in this field.

2. Research Methodology

In order to fulfill the purpose of the study, 36 articles and dissertations have been reviewed. Various online databases and search engines including Scopus, Google Scholar, JSTOR, Science Direct, Springer Link, Palgrave and Taylor and Francis have been surfed for the purpose of review. A total of 20 journals, three thesis/ dissertations and one conference proceeding have been referred to. The citation analysis has been done by using 'Publish or Perish' citations software program that retrieves raw academic citations using Google Scholar and then analyze them and calculates a series of citation metrics. The h-index of the Journals has been taken from Google Scholar.

For the purpose of finding out the most influential authors in the given research field, a period from 1973 to 2013 has been chosen, since all the research papers referred to in this study lay within this time period. The key words 'mall atmospherics', 'mall attributes' and 'situational factors in shopping' were used in the software to get the details about all the research papers of the chosen author, related to the chosen field and within the chosen time period, along with the details of the total citations, citations per paper, citations per author and citations per author per year. Some of the analysis has also been done through e-views.

3. Review of the Pertinent Literature

Till now, a large number of research studies have been undertaken in the area of shopping behavior of mall customers. This section brings to light, a synthesis of these studies. It highlights the major factors that attract customers towards shopping malls and affect their buying decisions. The independent and dependent variables have been presented separately.

3.1 Independent variables

Based on the review, the following factors affecting customers' shopping behavior are identified.

3.1.1 Mall attributes

Physical facilities: The physical appearance of a mall may be the first thing that attracts customers. A study by Khare and Rakesh (2010) showed that the most important factors leading to increased footfalls in malls are its physical ambience, entertainment facilities, services like parking, and amusement centers for kids, etc. Also, the variety of stores and presence of multiplexes and anchor stores are very important factors. Taneja (2007) has observed that the presence of an anchor store or a magnet store in a mall can be a major source of customer attraction. Ghosh, Tripathi, and Kumar, (2010) observed that mall's location and layout, number of brands offered, clean physical facilities, use of modern equipments, convenience, discounts offered and superior customer services help in increasing footfalls. Although, location plays an important role in the mall's choice decision, but it is not necessary that people always tend to visit nearby malls, rather attractive malls may catch more footfalls even when they are at a greater distance from customers' home or their workplaces as compared to unattractive malls (Drezner, 2006).

Visual merchandising: Once a customer has entered a mall, many factors simultaneously work to create an impression on him. Out of these factors, visual display plays a very dominating role. Kim (2003) studied the impact of various dimensions of visual merchandising on impulsive buying and found that form/mannequin display and promotional signage had a significant impact on impulse buying, whereas, window display and floor merchandising did not appear to be significant factors. Pillai, et al. (2011) observed that within the visual merchandising, orderly arrangement of products, graphics and signage and illumination, etc. play a vital role in motivating customers to purchase products from any store. Researchers like Sadeghi, and Bijandi, (2011) have opined that the mall environment and the quality, appearance and packaging of the products to gether result in increased sales. Brand availability, quality of products, advertisement, promotional offers and facilities at the mall, influence the buying decision of the customers (Bansal& Bansal, 2012). Madhavi, and Leelavati, (2013) found that the merchandise colors, presentation style and lighting, etc. strongly influence the buying decision.

Atmospherics: The review shows that Kotler, (1973) has been the pioneer in stressing on the importance of atmospherics on shopping behavior of customers. Kotler, (1973) explained the importance of atmospherics in different industries and designed a causal chain showing the effect of atmosphere on the purchase probability. Many studies have been done specifically on the role of music and scent on the shoppers. Michon, Chebat, and Turley, (2003) checked the interaction effect of scent and density level on perception of mall attributes and observed that ambient scent had a positive impact on perception of mall attributes only at medium retail density level, whereas at low or high density levels, the moderating effects became negative. Morrin, and Chebat, (2005) found that impulsive shoppers were more positively affected by the presence of background music, whereas presence of a pleasant ambient scent had a more positive impact on contemplative shoppers. Turley, and Milliman, (2000) did a review of sixty studies and observed that most of the researchers had focused on the internal atmospheric cues only and not much work had been done in the field of exterior variables. The researchers used the Berman and Evans (1995) model as a base and added up one new dimension of human variables to it.

Entertainment facilities: Many researchers worked on the importance of entertainment facilities in enhanc- ing the shopping experience of shoppers. Haynes, and Talpade, (1996) found that family entertainment centers play a vital role in attracting those customers who visit malls with their families and whose primary objective is entertainment. They also added that these customers tend to spend extra time in food courts and other mall stores. However, Christianse, Comer, Feinberg, and Rinne, (1999) found that although mall entertainment value had positive relation with the fre- quency of visit, with percentage of shopping and time spent on browsing, but it had no significant relation with number of items purchased and sales per square foot. Thus, it follows that availability of entertainment facilities may lead to increased foot- falls, but may not necessarily guarantee increased sales.

Crowding: Crowding has also been found to have an impact on the customers. Researchers have dis- tinguished between human crowding and spatial crowding. It has been observed that human crowd- ing mostly has a positive impact on the customers and they are more attracted towards those retail stores which one more crowded. On the other hand, spatial crowding has a negative impact on the customers because shopping becomes somewhat inconvenient (Graa, & Dani-elKebir, 2011).

Other Mall related Factors: Apart from the above, other factors, including discounts, staff attitude, store design, in-store promotions and retail services cape too have been found to have significant positive relation with impulsive buying (Chaturvedi, 2013). Wai,(2009) found that the top three reasons affecting customers' revisit intention include: Tenant mix and leisure attractions, location /accessibility and cus- tomer services. The researcher also found a positive relation between marketing strategy and customer satisfaction and retention.

3.1.2 Personal characteristics and shopping motives

A mall may offer a lot of services, entertainment facilities or product offerings, etc. However, the extent to which these factors influence the customers what? shall depend upon their personal characteristics, shopping motives and other situational factors. The researchers have not only tried to list out the factors influencing customers' decision making process, but have also tried to differentiate among these customers on the basis of their demographics or psychographics etc.

Various personal factors include:

- Personal values: Some of the researchers have ob- served that the perception about retail attributes is dependent upon various factors, including personal values which directly affects customers' attitude and further their shopping behavior. In this direction, Shim, and Eastlick, (1998) found that customers who give more importance to social affiliation and self- actualization are more likely to have a positive attitude towards mall attributes.
- Shopping motives: The effect of atmospherics may also depend upon the shoppers' type and their motives. Babin, Darden, and Griffin,(1994) have explained both the "dark side" and the "fun side" of shopping through two types of perceived shop- ping values i.e. utilitarian and hedonic shopping.Patel, and Sharma, (2009) listed nine types of shopping moti- vations under the main heads of hedonic and utili- tarian shopping. Arnold, and Reynolds, (2003) used cluster analysis to segment the adult shoppers into five shopper segments named as Minimalists, the Gatherers, the Providers, the Enthusiasts, and the Traditionalists, based on their hedonic shopping motivations.
- Demographics: Massicotte, et al., (2011) have ob- served that adults and youngsters do not interpret the atmospheric cues in the same manner. Thus, two different sections i.e. 'teen friendly' and 'adult' sec- tions can be developed by the malls to deal with the differing needs of these customers and to form a positive impression on their minds. Massicotte, Michon, and Chebat (2008) found that youngsters are usually more influenced by the attractive dis- plays and product offers, whereas experienced adults give more importance to the functional attributes like quality of products, etc. Trivedi and Puri (2013) have found that men are more influenced by the entertainment aspects, whereas women form a positive attitude towards shopping if they get

value and services. Tiwari, and Abraham, (2010) found the dimensions of aesthetics and exploration to be most influential reasons in a customer's decision to visit a mall. They found that youngster's visited malls more for escape and socialization as compared to older people.

3.1.3 Situational variables

Situational factors are the factors that exist at that point of time when a customer is actually into the act of shopping. Belk, (1974, 1975) categorized the situational variables into five types: physical surroundings, social surroundings, temporal perspective, task definition and antecedent state and focused on the role of these factors on shopping behavior of customers. It has also been observed by researchers that the presence of others (companions) may significantly affect the time and money spent on shopping. Customers who come with children, early shoppers, shoppers who visit on weekends, shoppers do without make shopping lists and take impulsive shoppers are likely to spend more money and time on shopping (Anic & Radas, 2006).

3.2 Variables of the study

Researchers have tried to find out the impact of the above factors on various components of consumer behavior including time spend in the mall, money spent, out-shopping behavior, subsequent mall choice etc. According to Wakefield and Baker, (1998), the variables including tenant variety, design and décor factors, level of shopping involvement etc. significantly affect the customers' excitement and desire to stay. Where on one hand, mall attributes help in creating an enjoyable shopping experience, it has been found that shopping enjoyment further leads to re-patronage intentions and negatively effects out-shopping behavior (Hart, Ferrell, Stachow, Reed, & Cadogan, 2007). Haytko and Baker, (2004) framed a conceptual model showing the effect of individual characteristics (including education and trend consciousness), mall characteristics (including comfort, safety, retail mix, accessibility and atmosphere) and the situational influences (companion and buying motive) on the mall experiences. They found that all these factors affect time spent, purchase intentions, out- shopping as well as subsequent mall choice.

4. Bibliometric Analysis (Citation Analysis)

According to Berger and Baker, (2014), bibliometric analysis is a very useful tool to evaluate and assess the impact of a published research work within a discipline and citation analysis is one of the most commonly used tools within Bibliometric Analysis.

The second objective of this paper has been met with the help of the analysis presented in this section. It shows the citation details of major research papers along with the details of the journals referred and the author impact analysis.

4.1 Citation details of research papers referred

Citation counts of any research article is considered as an objective means to measure the impact and value of that particular article in the research field (http: / / www.editage.com). Thus, it has been used in this study to find out the most important works form the various articles referred to. The citation data for all the articles has been collected from 'Publish or Perish' citation software. Then, by using e-views, it has been arranged in descending order of the citations per year. Also, in the e-views, simple descriptive have been calculated to find out the total number of citations and the maximum and minimum number of citations.

The top five papers as per the citations per year include those by Babin et al. (1994) (139.70 citations), Arnold and Reynolds (2003) (76.73 cites), Turley and Milliman (2000) (70 cites), Wakefield and Baker (1998) (42 cites) and Kotler (1973) (41 cites). Also, the research paper by Turley and Milliman (2000) has the highest h-index or 3.

4.2 Details of Journals Referred

The following table gives the list of the journals and the number of articles referred from each of that journal. A separate column for the h-index of the journal has also been added. (Table 1)

*h5-index is the h-index for the articles published in the last five complete years. It is the largest number of h such that h articles published in 2009-13 have at least h citations each (www.scholar.google.com, retrieved as on July 25, 2014).

The table 1 shows that maximum number of research papers i.e. five, have been taken from the Journal of Retailing. From all the other journals, either one or two papers each have been consulted for the review. Journal of Business Research has the highest h5-index of 62, followed by Journal of Consumer Research, Journal of Marketing Research, Journal of Retailing and others.

Table 1: List of journals, number of articles referred and journal's h-index

	Journal	Number of Articles	H5-index
1.	Journal of Retailing	5	34
2.	Journal of Consumer Research	2	51
3.	Journal of Shopping Center Research	2	-
4.	Journal of Business Research	2	62
5.	Journal of Retail and Leisure Property	3	-
6.	Journal of Marketing Research	1	50
7.	Advances in Consumer Research	1	9
8.	Journal of Service Research	1	32
9.	IMA Journal of Management Mathematics	1	12
10.	Journal of Retailing and Consumer Services	1	30
11.	International Journal of Management and Strategy	1	-
12.	The IUP Journal of Marketing Management	1	-
13.	Middle East Journal of Scientific Research	1	6
14.	International Journal of Marketing and Technology	1	-
15.	Serbian Journal of Managemnet	1	9
16.	International Journal of Marketing Research and Business Strategy	1	-
17.	Indian Journal of Marketing	1	-
18.	EkonomskiPregled	1	6
19.	Adhayan	1	-
20.	The Service Industries Journal	1	30

Source: Google Scholar (2014)

4.3 Authors Impact Analysis

This section gives all the details about the most influential 10 authors, whose works have been highly cited by other researchers. The ranking has been done on the basis of the citations per author per year. The reason for finding per author per year citations is that few papers have been written by single author, some by two authors and still others by more than two authors. Similarly, the years in which particular papers have been published also vary a lot. Thus, ranking on this basis becomes comparable more meaningful. The table 2 covers the details for the number of research papers of the particular author in this field, within the time frame of the year 1973- 2014. The information covered includes: the total number of papers of the author relating the research area, the total citations, citations per year, citations per author, citations per author per year and the h-index. (Table 2)

5. Conclusion and Suggestions for Future Research

Understanding customer behavior has never been an easy task, be it in the case of traditional unorganized market or today's organized market. with the inception of malls, this scene also has become more complex. Though malls attract footfalls, they are not able to generate the revenues at par with the increasing footfalls. Thus, there is a need to understand that factors that affect footfalls and the factors that affect the final buying decision may not be the same

e.g. availability of entertainment facilities may attract customers to visit malls but cannot guarantee increased sales. It may be the product quality, visual display, affordable prices, etc., which may help in furthering the sales. The existing literature lacks this type of distinction. Thus, there exists a need for some theory development for the same. For this, three categories of variables may be formed: factors affecting footfalls, factors affecting sales, and factors affecting both footfalls as well as sales.

It has been further observed that there is a need for a clear conceptualization of certain factors. Researchers have conceptualized taken situational factors differently. Some have taken them as all the factors that exist at the time of visiting and shoping from malls including the physical factors, the layout, personnel behavior, time available etc., whereas, others have taken physical factors and other malls attributes

Table 2: Details of work of top ten authors as per cites per year per author

Author	Papers	Citations	Years	Cites Per Paper	Cites Per Author	Cites Per Author Per Year	H-index
1. Babin	6	3851	20	641.83	1407.83	70.39	6
2. Reynolds, K. E.	4	1243	12	310.75	554.58	46.21	4
3. Chebat	21	1299	12	61.86	545.89	45.49	14
4. Arnold, M. J.	2	1021	11	510.5	466.25	42.38	2
5. Turley	6	1612	20	268.67	770.5	38.52	6
6. Baker, J.	7	2371	20	338.71	729.5	36.47	6
7. Michon	19	976	11	51.37	399.48	36.31	10
8. Morin	4	158	9	39.5	75.16	8.35	4
9. Kim, J.	3	147	11	49	84	7.63	3
10. Haytko	2	196	14	98	98	7	2

Source: Publish or Perish software

separately and have considered situational factors as only comprising of variables such as time available, money available, antecedent state etc. Thus, there needs to be a single criterion for defining such type of variables.

This study is a review based study and the observations are based upon the findings of other researchers and not on the basis of any primary data. In future, some empirical research can be taken up to find out as to what extent a combination of these variables affects the shopping behavior.

The citation analysis has further helped to find out the importance of research papers in the field of mall attraction and shopping behavior.

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