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Corporate Governance and Financial Performance in an Emerging Economy Context: Evidence from Pakistan's Food, Personal Care and Cement Sectors[†]

Mohsin Ali Patel*

This paper analyzes the relevant literature with regard to the relationship between corporate governance and firm's performance. Corporate governance has recently developed as one of the most sought after topics for research. This research study was carried out in Pakistan, an emerging economy, on the selected sectors of cement and food and personal care products. The results obtained provide valuable information for stakeholders' decision-making. This exploratory study discloses that there is a significant negative relationship between firm's performance and share ownership by directors. If the directors' ownership increases the performance of the companies goes down. Similarly, there is a significant negative relationship found between the firm's performance and independent directors, which may be due to the inability of the independent directors to perform efficiently, effectively and independently in the existing local and cultural context of Pakistan. However, there is an insignificant relationship between performance and percentage held by five largest shareholders, and so it seems that the concentration of the share ownership by the five largest shareholders does not seem to show any impact on the firm's performance.

Key Words: Corporate Governance, Emerging Economy, Firm Performance, Ownership Structure, Pakistan.

CSR Governance Addressing Social Issues: A Critical Review

Shulagna Sarkar* and Sameer Pingle**

Governments which are facing major social challenges have looked towards engaging businesses in addressing those challenges by encouraging Corporate Social Responsibility (CSR) as a part of legislation over the years. The social issues faced by the developed, developing and Least-Developed Countries (LDC's) are different and thus what corporate undertakes as CSR also differs significantly. The paper identifies and elaborates the existence of the various social issues in developed, developing and LDCs. Secondary data has been used to explain governance of CSR across the countries studied, as well as the paper identifies the various social issues and highlights the CSR initiatives that can be undertaken to address the social issues. An attempt has also been made to share a case on impact of governing CSR in India. The paper discusses the role of structured CSR initiatives in addressing social issues with a special emphasis on health and education area. The paper provides background for future studies to statistically verify the constructs.

Key Words: CSR governance, Developing countries, Least developed countries, Social issues, Health, Education

An Assessment of Return Spillover Among Selected Stock Markets in SAARC Countries

Emon Kalyan Chowdhury*

This paper aims to examine the return spillover among the selective stock markets in South Asian Association for Regional Cooperation (SAARC) region, namely, Chittagong Stock Exchange of Bangladesh, Bombay Stock Exchange of India, Karachi Stock Exchange of Pakistan and Colombo Stock Exchange of Sri Lanka. Daily closing prices of selective indices of four countries were taken for a period of January 2005 to December 2014. The stationarity of the data was tested by using Augmented Dickey-Fuller unit root and Phillips-Perron unit root test simultaneously. Ordinary Least Square (OLS) is applied as all the return series are stationary. The contemporaneous and lag effects of other stock markets' return on CSE are also tested. This study concluded that there were neither lag effects nor contemporaneous effects on each of the market indices so it may be concluded that there is no return spillover across these four stock markets. The Chittagong stock market is integrated with other SAARC bound markets neither individually nor collectively.

Key Words: OLS, Return, SAARC, Spillover, Stock Market

Risk-Return Relationship for Stock-Market Investments: A Study of the Implied Volatility Index of Japan (VXJ)

Karam Pal Narwal¹, Ved Pal Sheera², Ruhee Mittal³ and Sushila Soriya⁴

The aim of this study is to examine the information content of implied volatility index of Japan (VXJ) and to determine the risk-return relationship for Japanese markets. Present paper also investigates the predictive power of VXJ. The quantile regression method and Granger causality test is applied for the empirical analysis. The major finding of study is that VXJ volatility index responds asymmetrically to the positive and negative NIKKEI 225 index returns and the asymmetry increases from the median quantile towards the upper most quantile in a monotonic manner. Secondly, the asymmetry occurs contemporaneously rather than at lagged returns or past returns, thereby rejecting leverage and volatility feedback hypothesis. However, behavioral explanations such affect and representativeness heuristic can explain this asymmetric short-term relationship in a better way. Thirdly, predictive power of implied volatility is also determined by analyzing its relationship with realized volatility derived from intraday squared returns. The results express that implied volatility is a partial and efficient predictor of future realized variance. The major implication of this paper can be for Japanese investors, portfolio managers and policy makers. Firstly, policymakers should officially develop a volatility index for investors which in Japanese markets which can be used for developing strategies for trading and profit-booking in the markets. This index can act as benchmark index for predicting future uncertainties in the market. This paper is novel in studying the risk-return relation using implied volatility index of Japan. To the best of author's knowledge till now there is no study in which statistical properties and behavior of VXJ is studied.

Key Words: Japan, Volatility index, Quantile regression, Stock markets, Implied volatility.

A Review of Inconsistencies in the Organizational Justice and Employee Performance Relationship: Can Organizational Identification Bridge the Gap?

Subhra Pattnaik* and Santosh Kumar Tripathy**

Research has positively linked organizational justice to employee performance. However, literature review reveals that the findings in this area have been inconsistent. While some studies have found strong relationship between justice-performance, others have found none. There is no consensus amongst researchers on which justice dimension is the strongest predictor of employee performance. This has led researchers to believe that there is a scope to further investigate the linking mechanism between the two constructs by exploring moderators and mediators that influence it. This paper reviews the literature on justice-performance relationship to highlight the inconsistencies present, thereby, opening up a research gap. It also highlights the commonly used moderators and mediators in the context of justice-performance relationship. The paper concludes by positing Organizational Identification (OID) as a potential influencer in this context and developing a research model for future empirical testing.

Key Words: Employee Performance, Mediator, Moderator, Organizational Identification, Organizational Justice.

Impact of Dynamic Risk Strategy of Mutual Funds on their Performance: Evidence from Indian Equity Mutual Funds

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The mutual fund managers manage their risk by varying exposure on the risk factors. This dynamic risk management strategy of fund managers could affect the performance of mutual funds therefore the objective of this paper has been to study the impact of dynamic behavior of mutual fund managers on their performance. The paper has modified the four-factor conditional Carhart model to capture the dynamic risk strategy of mutual funds and measured its effect on performance of mutual funds. The shifts in risk strategy have been ascertained with Bai and Perron (1998 and 2003) test for structural breaks. Based on data of 152 diversified growth equity mutual funds in India from 33 Asset Management Companies (AMCs) for the period 2003-2013, the study found negative impact of dynamic risk strategy mutual funds on their performance but more number of mutual funds with significant positive performance. Further, incorporation of dynamic behavior of mutual funds in performance measurement model resulted in improvement in forecasting ability of performance measurement model.

Key Words: Mutual funds, Performance, Forecasting, Risk strategy, Structural break.

Factors Influencing Bike Purchase Decisions: A Study of Consumers in Bangladesh

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Bangladesh is an emerging market of motorbikes. Here, poor infrastructures, highly income variation of people, large family members, different uses of bikes, and finally the emerging market of bikes stimulate the need for studying about bike users. Thus, the study is designed to take part the theoretical understanding of homogeneity of Bangladeshi consumers and its impact on bike purchasing. The results should assist marketers to know the common traits of Bangladeshi consumers who consider these in buying bikes. A conceptual homogeneity framework has been examined through the SEM with workable questionnaires. So results obtained prop up the conceptual framework showing that all consumers consider the factors such as exterior, convenience, performance, safety, economic aspect, attitude to mark, sale service, after sale service, and country of origin in case of bike purchasing. Marketer should, therefore, use the findings for new brand building, brand extension, market extensions of motorbikes in Bangladesh.

Key Words: Bangladesh, Bike¹, Brand, Homogeneity, Purchase Decision.

Sweets of Olive (SOO): Tasting Success through Sales and Distribution Management

Vikas Goyal*

This case study describes the journey of Sweets of Olive (SOO)—a confectionary company. SOO started out as a small organization operating in an unstructured market that went on to become a leading confectionary company both in its local and export markets. The case focuses on the best practices that the company adopted in its sales and distribution function that helped it become successful. The case also discusses the multiple challenges and ups and downs that SOO faced in the initial years and how its sales and distribution function evolved over the years. The case stress the importance of sales and distribution function in the overall success of manufacturing organizations. The case concludes with the guidelines for channel managers in developing and operating an effective sales and distribution function in their organizations.

Key Words: *Best Practices, Dealer Network, Distribution Management, Sales and Marketing, Sales Management.*
