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INTERNATIONAL FINANCIAL REPORTING SYSTEM- THE COMMON GLOBAL LANGUAGE FOR BUSINESS AFFAIRS

Dr. M.VIJAYALAKSHMI

MR. J. MURALIDHARAN

&

MR. M. GOWTHAMAN

Assistant Professors of Corporate Secretaryship

Saradha Gangadharan College

Puducherry

Abstract

Modern economies rely on cross-border transactions and the free flow of international capital. More than a third of all financial transactions occur across borders, and that number is expected to grow. Investors seek diversification and investment opportunities across the world. Many renowned organisations support continuing work to achieve convergence to a single set of high-quality accounting standards. An attempt is made in this paper to bring out the significance International Financial Reporting System (IFRS). Focus is done to bring out the features, benefits and elements of IFRS. The prospective benefits accruing to India if it adopts IFRS is also drawn. Eventually a conclusion is derived based on the descriptive information provided.

Keywords: *Financial statements, cross-border transactions of international capital, International Financial Reporting System, high-quality accounting standards*

DEFINITION

Financial statements are a structured representation of the financial positions and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flow of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it.

OBJECTIVES OF THE STUDY:

1. To bring out the meaning and features of IFRS
2. To highlight the benefits of IFRS
3. To portray the elements revolving around IFRS
4. To put forward the effects of IFRS across borders
5. To bring out the implication of IFRS in India
6. To derive a conclusion based on the study.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International financial reporting standards are designed as a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. They are a consequence of growing international shareholding and trade and are particularly important for companies that have dealings in several countries. They are progressively replacing the many different national accounting standards. The rules to be followed by accountants to maintain books of accounts which is comparable, understandable, reliable and relevant as per the users internal or external.

FEATURES OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

- IFRS was developed by the International Accounting Standards Board, which is a part of not-for-profit, London-based IFRS Foundation
- It sets standards that bring transparency, accountability and efficiency to financial markets around the world.
- It specifies the manner in which companies should maintain their records and report the expenses and income
- It serve to establish a common accounting language that enables a global understanding by investors, government regulators, auditors and other interested parties.
- It enables a consistency in the accounting language, statements and practices
- It aids the investors and businesses to draw an effective financial analyses and arrive at healthy decisions for their progress
- It is not as strict as GAAP reporting. It allows companies to

report revenue sooner and a company's expense on development for the future is capitalized which are points that differentiates from GAAP.

- The Standard IFRS sets the following mandatory rules.
- ❖ **Statement of Financial Position:** IFRS influences the way in which the components of a balance sheet are reported.
- ❖ **Statement of Comprehensive Income:** This can take the form of one statement or be separated into a profit and loss statement and a statement of other income, including property and equipment.
- ❖ **Statement of Changes in Equity:** Also known as a statement of retained earnings, these documents reflect the company's change in earnings or profit for the given financial period.
- ❖ **Statement of Cash Flows:** This report summarizes the company's financial transactions in the given period, separating cash flow into operations, investing, and financing.

IFRS – A BOON TO THE WORLD:

- **Fair presentation and compliance with IFRS** - It advocates a fair presentation and faithful representation of the effects of the transaction, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework of IFRS and benefits with materiality.
- **Going concern:** Financial statements are present on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

- **Accrual basis of accounting:** An entity shall recognize items as assets, liabilities, equity, income and expenses when they satisfy the definition and recognition criteria for those elements in the Framework IFRS
- **Materiality and aggregation:** It ensures that every material class of similar items has to be presented separately. Items that are of a dissimilar nature or function shall be presented separately unless they are immaterial.
- **Offsetting:** Offsetting is generally forbidden in IFRS. However certain standards require offsetting when specific conditions are satisfied (such as in case of the accounting for defined benefit liabilities in IAS 19 and the net presentation of deferred tax liabilities and deferred tax assets in IAS 12)
- **Frequency of reporting:** IFRS requires that at least annually a complete set of financial statements is presented. However listed companies generally also publish interim financial statements (for which the accounting is fully IFRS compliant) for which the presentation is in accordance with IAS 34 Interim Financial Reporting.
- **Comparative information:** IFRS requires entities to present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. In addition comparative information shall also be provided for narrative and descriptive information if it is relevant to understanding the current period's financial statements thereby helpful for effective decision-making.
- **Consistency of Presentation:** IFRS requires that the presentation and classification of items in the financial statements is retained from one period to the next unless it requires a change in presentation.
- **Qualitative characteristics:** Since IFRS warrants comparability and a faithful representation it aids in verifiability of facts and a comprehensive understanding to investors to make their shrewd investments.
- **Single Set of Global Standards:** The IFRS Foundation has developed and posted profiles about the use of IFRSs in individual jurisdictions thereby resulting in a progressive assessment towards the goal of single set global accounting standards.

ELEMENTS OF IFRS:

The elements directly related to the measurement of the statement of financial position include:

- **Asset:** An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to then entity.
- **Liability:** A liability is a present obligation of the entity arising from the past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits, i.e. assets.
- **Equity:** Nominal equity is the nominal residual interest in the nominal assets of the entity after deducting all its liabilities in nominal value.
- **Revenues:** increases in economic benefit during an accounting period in the form

of inflows or enhancements of assets, or decrease of liabilities that result in increases in equity. However, it does not include the contributions made by the equity participants (for example owners, partners or shareholders).

- **Expenses:** decreases in economic benefits during an accounting period in the form of outflows, or depletions of assets or incurrence's of liabilities that result in decreases in equity. However, these don't include the distribution made to the equity participants.

IFRS are used in many parts of the world, including the European Union, Hong Kong, Australia, Malaysia, Pakistan, GCC counties, Russia, Chile, South Africa, Singapore and Turkey, but not in the United States. Approximately 120 nations and reporting jurisdictions permit or require IFRS for domestic listed companies, although **approximately 90 countries have fully conformed with IFRS** as promulgated by the IASB and include a statement acknowledging such conformity in audit reports. As of August 2008, more than 113 countries around the world, including all of Europe, currently require of permit IFRS reporting and 85 require reporting for all domestic, listed companies, according to the U.S. Securities and Exchange Commission.

EFFECTS OF THE ADOPTION OF IFRS ACROSS BORDERS:

Effect on Information Quality

The information disclosed by IFRS has a high quality in relevance than that when it was disclosed in accordance with local standards in certain countries. It has a positive effect on the relevant value of goodwill.

Effect on Capital and Credit Markets

The adoption of IFRS has proven to have a favourable effect on the capital market. This owes to the fact that the

IFRS adoption improves operating conditions in the capital market, as it involves lower cost of capital, lower synchronicity of actions, attraction of institutional investors and foreign investors. The positivity is more pronounced in case of companies which has a greater informational transparency. This positive effect is seen in terms of cost and nature of loans and attracting foreign creditors.

Effect on Analysts

The adoption of IFRS enables an increased analysts' ability to predict. This relates to those companies from countries which has a greater increase on information quality and information comparability.

Effect on Information Comparability

The accounting information in an IFRS environment is more comparable than local standards. This considers the company's characteristics as well.

Effect on Information Cost

Owing to the high audit fees the adoption of IFRS leads to increase in costs for companies. This is more evident in case of companies which undergo a complex auditing process and in countries with a low enforcement level and having high differences between local standards and IFRS.

Effect on Information Use

The accounting information used based on IFRS carries a superlative quality and this serves as a criteria to finalize the executive pay. This is more conspicuous in companies whose activity has an international nature with a high enforcement level.

IFRS Implication in India:

India, one of the fastest-growing global economies is on the verge of converging with International Financial Reporting Standards (IFRS). As on date 123 countries across the globe have converged with IFRS, India is soon to join the bandwagon.

Benefits of applicability IFRS in India

There are many benefits of implementing IFRS in India. These can be divided in three benefits to:

1) Economy: Due to global market expansion, the need for a global standard also increases. Implementation of IFRS will benefit the economy by increasing the growth of its international business. It facilitates the maintenance of orderly and efficient capital markets and also helps in increasing the capital growth and thereby economic growth.

2) Investors: Investors from other countries who are willing to invest in India seek information which is more relevant, timely, reliable and comparable across different jurisdictions. Regarding financial statements prepared using a different set of national accounting standards global investors have to incur more costs in terms of time, effort and money to convert them so that they can better understand global opportunities. So there is a need for financial statements prepared using a common set of accounting standards to help investors in better understanding the investment opportunities. Investor's confidence would be stronger if accounting standards used are globally accepted.

3) Industry: A major focus towards implementing IFRS has been coming from the industry. This owes to the fact that the industry would be able to raise capital from foreign markets at a lower cost if it can create confidence in the minds of foreign investors that its financial statements comply with globally accepted accounting standards.

CONCLUSION;

Historically accounting standards have evolved country by country through standards set by government, accounting profession or independent board.

Governments need to manage the national economy as well as managing public expenditure. Exchange rates, interest rates, external borrowing and inflation are all key issues affecting the

need to control public spending. Until very recently, almost every country in the world operated national accounts on a fairly primitive basis. In terms of reporting, this is simply poor accountability and disclosure.

So there was a need for pan-national bodies such as the UN, Red Cross/Red Crescent, Treaty Organizations such as NATO and SEATO, and free trade areas such as EU and ECOWAS, only exacerbates the need for IPSAS.

While converting to IFRS is a complex process, these standards have important and positive implications for organizations and individuals that adopt them. For companies: Reduced cost of capital and the ease of using one consistent reporting standard from.

And IFRS Accounting Standards contribute to economic **efficiency** by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs.

IFRS Accounting Standards have gone on to become the *de facto* global language of financial reporting, used extensively across developed, emerging and developing economies.

It is clear that 144 jurisdictions now require the use of IFRS Accounting Standards for all or most publicly listed companies, whilst a further 12 jurisdictions permit its use. The adoption of IFRS is effective in improving the quality of financial statements. But for the purpose of corporate governance, there is need for tightening of the loopholes within the IFRS framework. This would result in more a subjective judgement in the estimation of financial statements.

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A CLASS-FOCUSED MARXIST UNDERSTANDING OF GENDER DIVIDE IN WEST BENGAL DURING THE POST-REFORM PERIOD

Dr. INDRANI BASU

Associate Professor
 Berhampore College

&

Dr. BYASDEB DASGUPTA

Professor

Department of Economics, University of Kalyani
 Kalyani, Nadia, West Bengal.

Abstract

As per the Census of India, 2001 and 2011, the number of female workers is about less than half the number of male workers. Of the total main workers, female workers are only 23.3%. West Bengal has same characteristics as far as women's participation in labour market is concerned. Now, the main question is does a woman get empowered when she joins labour market outside her household. In this paper section 1 fabricates comprehensive theoretical review of our class-focused understanding of gender divide in employment. Section 2 illustrates the objective of the work and section 3 discuss about data and methodologies that we have followed. Section 4 states the major findings of the study. Finally section 5 draws conclusion of the paper.

Keywords: *labour market, non-economic activities, formal or informal, gender differences, empowerment, mainstream economics.*

INTRODUCTION

Gender divide in employment is frequently related with the gender differences in capabilities which reflect gender differences in access to economic opportunities. It is generally argued that rising labour force participation may be an indicator of empowerment of women. Despite significant increase in female labour force participation since Independence in India as well as in West Bengal, gender differences still persist in productivities and earnings across

different job categories, which we have dubbed here as *gender divide*.

Participation in labour market alters the allocation of times across a variety of economic and non-economic activities, which is very difficult for women who unlike men mostly have to keep balance between household chores and outside works. The economic activity may be formal or informal. Most of the women in India are engaged in informal sector. In many cases their economic

activities (both in informal and household) are not measurable.

World Bank Report (2012) has identified three major causes behind this overrepresentation of women in low-productivity jobs. They include gender differences (a) in allocation of time, (b) in accessing productive inputs and (c) failure of market and other societal institution to absorb women. These causes relate to separate societal space. Today's society is resolute by market. It is assumed that when a woman joins the market as a supplier of labour services she becomes empower in an economic sense. This narrow view of women's empowerment which rests on the neoclassical concept of rationality and optimization nullify the other spectrums of empowerment viz. political, cultural and like (Basu, 2017). Note that women as a group is not a homogeneous group. They are heterogeneous in terms of class, caste, power, property and income. Two categories of women include – (a) women who are not marginalized and vulnerable and (b) women who are socially and/or economically marginalized and vulnerable. Our concern here is with marginalised and vulnerable women.

Gender-based oppression, which is still prevalent in the Indian society at large, is different from the class-based exploitation. According to Resnick and Wolff (1987), a class is a process of performance, appropriation, distribution and receipt of Marxian notion of surplus labour. Class-based exploitation occurs when non-performers of surplus labour appropriate the surplus labour performed by the labourers in a production process. On the other hand, gender-based oppression is a non-class phenomenon and hence, a non-class process viewed in terms of class-focused Marxist approach as developed by Resnick and Wolff (1987). Class focused Marxist approach based on the Althusserian logic of over-determination states that all the social processes including both economic and

non-economic process(like political, cultural , traditional, natural, etc) are mutually constitute each other and being cause and effect of each other (Resnick and Wolff, 1987; Chakrabarti, Dhar and Cullenberg, 2012).

THEORETICAL REVIEW

In the mainstream economics, one aspect of development signifies fewer gender differences in employment within society (World Development Report, 2012). Following Sen (1999), we have observed that development as a process of ensuring equal freedom for all members of society. Keeping this essence Millennium Development goal has recognised women's empowerment and gender equality as one of the objectives of the process of development in the 21st century. World Development Report (2012) has illustrated that gender equality enhances economic efficiency and improves other development outcomes.

Women participation in markets is growing as a factor of production (either as a labourer or as an entrepreneur in the fundamental class processes) and also, as service provider (providing conditions of existence to the fundamental class processes being in the subsumed class processes and/or holding non-class positions).The question is whether this growing participation of women in public domain signify empowerment of women? Does it help to improve the quality of life of a woman or helps to reduce her miseries and gender-based oppression in the society? A woman may join market either as her own choice or being forced or stressed to do so. Then the typical question is does forced entry of a woman in market improve her quality of life or increase her stress further?

Different *feminist theories* seek to use their theoretical knowledge to portray women's' social condition in order to locate the changes towards gender-based equalities in work (Mazumdar, 2005). Liberal feminists identify the causes of oppression, but keep the public-private

dichotomy intact whereas radical feminists have criticized liberal feminism for keeping public/private dichotomy intact and thus keeping the private from being thoroughly politicized (Mazumdar, 2005).

Marx identified the economy or production as material object that causally changes other institutions of society like family and vice versa. Some Marxists have criticized feminism for overlooking capitalist system of production as the real reason for women oppression and for blaming women's oppression an unchanging universal concept (Graham 2009). On the other hand, feminists have criticized Marx for being gender blind. They have argued that women's oppression existed before the emergence of capitalism as an economic system. However, Marx clearly pointed out that the history of gender-based oppression is the first of its kind in the history of mankind (Dharand Dasgupta, 2013). Gendered oppression was very much prevalent in the pre-capitalist societies (Mazumdar, 2005).

Engel (1902) provided a historical materialist explanation of the oppression of women. With the emergence of more and more social surplus, more exchange of products and private property started taking place, and we observed revolutionary changes in societal arrangement which overthrew female from their right on private property. According to him, this overthrowing of property right was the world historic defeat of the female.

According to Hartmann (1997), labour market is more important than the family as a determinant of women's labour force participation. This view is premised on economic determinism or essentialism which is problematized by the class-focused Marxist approach (Resnick and Wolff 1987). Mutual constitutive, that invalidates the logic of unidirectional causality, does not simply affect the state of being that is presumed

to exist but it makes possible the very existence of the being (Chakrabarti, Dhar and Cullenberg 2012).

The widespread social processes together (like economic, political, cultural and natural) over determine the social status of a woman. Note that these processes are also changing continuously and so is the construction of woman in society.

In India, patriarchy which is a political process is treated as basic force behind the social and cultural construction of gender categories. However, patriarchy is not an unchanging and universal concept, rather a living social system (Banerjee, 2002).

Women may at once face non-exploitative and non-oppressive social processes in one sphere of society and at the same time are facing exploitative, oppressive social processes in another sphere (Basu, 2019). As a member of society, she is participating in several societal institutions, therefore over-determined effect of all social processes those prevail at such spheres are responsible to establish the status of women within society.

Women in post-independence period have been increasingly participating in job market. During the age of financial crisis, the women pulled out of their hearth and home and were engaged in market-based activities. A study on working women in Jaipur, Rajasthan in 1989 by Deepa Mathur revealed that 63% women worked due to financial crisis and 37% for non-financial reasons. Among latter only 12.4% worked for personal esteem and 7.2% for their personal fulfilment. Few in fact joined market out of their spontaneous choices. Rather, they were compelled to join market to earn income for the sustenance of patriarchal household. They are still facing exploitative class process and oppressive non-economic processes within household. However, women have new economic status independent of men

folk. Women have been competing with the men in market-based activities. Here the question of work condition and wage-payment arose.

Akin to the rest of India, West Bengal has experienced stagnation in employment generation during 21st century (Chandrasekhar and Ghosh, 2003) in the formal space of the economy. The concept of women as reserve army of labour exerting a downward pressure on wages in general could not explain the entire situation that prevails. Here women get lower wages as these are set for them despite there being Equal Payments Act in independent India. Some women do get benefits. These days, women are working more than before for their sustenance. After joining the market, they have realized their potential to earn, to survive, and to protect their family from crisis. The presence of high status with egalitarian decision-making power along with low status with non-egalitarian decision making are the outcome of over-determined effect of social processes at separate societal institutions. Class-focused Marxist approach rejects the neo-classical concept of empowerment which states that when a woman becomes a participant in the market (mostly in the sense of a supplier) on her own term as a rational economic agent she is *empowered in an economic sense* (Basu, 2017).

One can define the concept of empowerment in several ways. It may be economic-empowerment, political empowerment and cultural empowerment. But empowerment can be attained, only if a person would take spontaneous decision of its own choice that relates to different spheres of her/his life (Basu, 2017). As women empowerment has a multi-dimensional perspective in multiple domains in which a woman generally functions and discharges her duties, thus a single indicator is inconclusive to realize women's empowerment. Fraad, Resnick, and Wolff (2009) brought concept of exploitation of women in households

using a Marxist language of class. In a household, production, which is mostly non-paid (either in cash or in kind), may take place within a variety of exploitative or non-exploitative class relations (just as it happens in market). They analyze how the activities of working space and domestic space are interrelated to each other through the class (economic) process and non-class (non-economic) processes. We can say that when a woman is not exploited, she enjoys the control over her physical resources and has a opportunity to be empowered. But at the same time, she may suffer from gaining control on making decisions that relates to her own life. So, from another perspective, she may be non-empowered. Further, the status of women is very much influenced by the strength of social processes within the household as well as within market. Their positions within households and also in market function as both causes and effects of each other. All of them are mutually conclusive each other in an over-determined sense (Basu, 2019).

Notably all authentic statistical sources have announced majority of working women are working in unorganized/informal sector. Informal sector is mostly provider of low-paid and un-skilled work along with lack of social security measures. It is least egalitarian. Many women who have participated in this sector are not empowered even if they are engaged in some economic activity. At the same time, these women mostly depend on their family for their overall social sustenance. Family in general with oppressive cultural and gender process leaves no room for them to be called 'empowered'.

OBJECTIVES OF THE STUDY:

The pertinent questions are therefore the following:

(a) Could we recognise the growing participation of women in labour market as an indicator of empowerment if

we follow class-focused Marxist Approach?

(b) Does this increased participation reduce the everyday miseries of a woman's life?

(c) Does women's participation in market signify that women are ensured egalitarian decision-making power at market space?

DATA AND METHODOLOGY:

Following the class focused Marxist approach we must identify influence of social processes both in private (household) and public (market) space. Here, we take recourse to official data to make some understanding of women's participation in labour market of late nineties in West Bengal.

The economic reforms that started from the early nineties through Structural adjustment programmes had negative consequences for women (Varadarajan 2000: 75).

This study is based on the secondary data on different aspects of economic livelihoods collected from Census of India, Economic Census and National Sample Survey Organisation during 1991-2011. The final estimates for occupational classification of census 2011 have divided the entire population in two broad classes viz. workers and non-workers. The former category has further divided into main and marginal worker. The main workers are those whose involvement in main activities in economically productive work was for 183 days or more in the previous year. Marginal workers are those whose main activity was participation in economically productive work for less than 183 days. The workers are subdivided into four economic statuses viz. 1) cultivators, 2) agricultural labourers, 3) household industry (manufacturing, processing, servicing and repairing) and 4) other workers.

MAJOR FINDINGS FROM THE OFFICIAL DATA:

Sex ratio is a chief indicator that measures the extent of gender disparity at a given point of time (Ramachandran, 2002). The sex ratio of population that defined as the number of females per 1000 males has improved from 917 in 1991 to 934 in 2001 and further to 947 in 2011 in West Bengal. It has been steadily increasing during the last five decades after Independence whereas at national level it registered a decreasing trend during this period.

Irrespective of region, the sex ratio of West Bengal has assigned an increasing trend during 1991-2001. In the rural areas the ratio has increased from 940 to 950 while in urban recorded a slightly lower rate that was from 858 to 893. Such performances conducive to enhance the capability of women by lessening oppressive cultural, gender and political processes within societal institution.

In essentialist view, another important determinant behind better status of women within society is value of female literacy rate. Data shows that during 1991-2011 female literacy rate has been recorded quite high changes around India in favour of women. In this sphere, West Bengal also has achieved a higher growth in female literacy rate than national estimate during this period. In addition, there is high percentage (36%) fall in gender gap in literacy rate during this period (Census 1991, 2001 and 2011). As educational attainment is treated as one of the important market signal for getting decent jobs, so rise in female literacy rate should enhance the opportunities for women to live a decent life. All these as per mainstream theory should speak about presence of processes that enhance the capability of women to get a decent employment.

Work participation rate is defined as the percentage of main and marginal workers to total population. In 2001 this

rate was 36.8 per cent in West Bengal in 2001 while that in 1991 was 32.2 per cent. This rate further increased to 39.79% in 2011. The State therefore has witnessed an overall increase during 1991 to 2011. The sex-wise distribution of work force showed that in 2011, the workforce participation rate for females was 25.51% against 53.26% for males in India. Nevertheless, rural sector had been showing a better female workforce participation rate 30% as compared with 15% for urban sector during the same period. Here a state-wise comparison on gender-wise work participation across the region has showed that there was a huge gap in rural and urban female workforce participation. In West Bengal female work force participation (18.08%) was much less than that in India (25.51%). However, its gap among rural and urban female workforce was not so acute as it is in Himachal Pradesh. The female workforce participation rate has augmented from 11.3% in 1991 to 18.3% in 2001 but decreased to 18.08% in 2011. This might have happened owing to either by the unavailability of job caused by non-expansion of job opportunities or inability of female to be employed. This might reflect comparatively less job opportunities for female workers in the state, and hence to a certain extent signifies gender divide in the labour market in the state.

West Bengal has recorded quite high value of gender-divide in

employment (next to maximum i.e., Punjab) (Census 2011). States with the presence of matrimonial societal structure (like North-East Indian states) have less gender divided in employment. So, the nature of existing social processes like cultural process, gender process and political processes have strong influences behind the work-force participation. This is to be kept in mind that marginalised and vulnerable women do face oppressive space in the household as well as in the labour market in general. West Bengal like other major states in India registered higher gender disparity in employment in urban sector (Census 2011). One of the major reasons behind this estimate is that women either remain as reserve army of labour even in the informal sector or get jobs in agricultural/farm sector where they are ill paid comparatively and where they are without any social safety net. This scenario speaks of an oppressive political process for women in the urban areas. Quantitatively availability of jobs in rural areas is more (mostly in the farm sector as family labour), but it has not improved their quality of life.

Along with this from the following Table one can find acute wage differential between male and female employment in rural sector. It is high in the urban areas also but the difference is less in the urban areas as compared to the rural areas. This differential is quite high for female labour in West Bengal than for those at the all-India level.

Table 1
Average wage (in Rs) received per day by regular salaried employees of sex

	Rural			Urban		
	Female	Male	Difference	Female	Male	Difference
West Bengal	119.76	297.35	177.59	323.56	454.61	131.05
India	201.56	322.28	120.72	366.15	469.87	103.72

Source: NSSO, 68th Round, July 2011 - June 2012

A higher opportunity to get employed in rural areas compared to urban areas is mixed with higher wage differential in rural than in urban areas. Class processes (over-determined with various non-class processes) which prevail

in rural sector is exploitative mostly like the urban sector.

Our following data (Table 2) shows sex-wise distribution of working population (under the age group 15-59) along different job categories.

Table 2
Sex-wise distribution of employment under different categories in west Bengal during 2001- 2011(in percentage at age group 15-59)

	Main Workers		Marginal workers		Non-worker	
	Male	Female	Male	Female	Male	Female
West Bengal(2001)	37.52	6.75	5.16	6.66	9.66	34.25
West Bengal(2011)	33.86	6.3	7.67	6.27	10.04	35.87
India(2011)	33.48	10.96	6.84	7.21	11.11	30.41

Source: Census of India, 2001 and 2011.

During 2001-11, the percentage of non-working population has increased. The percentage of non-working female population is almost three and half times higher than that of male. Even their representation under main category is poor in the state as compared to national average. Note that the percentage of women both as main and marginal workers in the state has declined from 2001 to 2011 while the percentage of non-working female increased. This is also another indication of rising gender divide in the state.

Table 3 shows the nature of working activities of women in more detailed ways. The table speaks itself. Most of women (in both rural and urban

areas) are self-employed followed by employed as casual workers. This is true for male workers also. However, it is to be noted that the percentage of the regular women workers is more than that of the male workers in the state which is otherwise at the all-India level. The percentage of regular workers in the urban areas (both male and female) is higher than the rural sector. So, even though female participation is more in the rural areas, the quality of job is better for a greater percentage of women in the urban areas. Gender divide here lies in terms of the rural-urban divide as far as self-employed, regular and casual male and female workers are concerned

Table 3
Percentage distribution of workers according to broad employment status in West Bengal in 2011-12

	Rural						Urban					
	self-employed		Regular wage/ Salaried		Casual		self-employed		Regular wage/ Salaried		Casual	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
India	59.3	54.5	5.6	10.0	35.1	35.5	42.8	41.7	42.8	43.4	14.3	14.9
West Bengal	57.5	43.1	10.3	8.2	32.2	48.6	46.2	44.8	40.4	37.5	13.5	17.7

Source: Census 2011 mospi.nic.in accessed on 19.08.2014

The broad categories of main workers are cultivators, agricultural labourers, household industrial workers and other workers (State Development Report, 2013). During 1991-2001 the number of cultivators in the State has declined near 10% and their proportion in total workers has also declined from 29.2% to 19.2% during this period. Poor

percentage of female workers as cultivators reflects their lack of ownership of land property. This is the traditional cultural process which denies women the property rights. This is matched with our earlier claim that the female workers in rural area are unable to get regular and salaried employment as compared to male workers. Majority of female workers are

employed into Household industries where status of jobs is informal in nature. So female workers will be paid less and would not enjoy any social security measures. Such types of un-skilled jobs do not provide any incentive to enhance productivities. If truth be told, Table 5

shows percentage of women as cultivators has steadily declined from 1991 to 2011. Under such employment activities, female have less opportunities to appear outside of their household space, they are shrunk into world of oppression, class-exploitation and non-co-operation.

Table 4
Sex-wise distribution of employment under different Categories in rural West Bengal in 2011

	Main Worker		Marginal Worker	
	Male	Female	Male	Female
Cultivators	3,940,399	263,368	559,642	353,279
Agricultural Labourers	4,943,086	926,412	2,509,728	1,809,616
Household Industry Workers	869,039	649,089	245,644	700,352
Other Workers	11,925,755	2,169,482	1,722,754	1,168,710

Source: Statistical Abstract 2013

Table 5
Trends of share of male main workers along broad employment categories in rural West Bengal during 1991-2011

	1991	2001	2011
Cultivators	30.2	20.6	18.18
Agricultural Labourers	22.7	22.6	22.80
Household Industry Workers	2.8	4	4.01
Other Workers	44.3	52.7	55.01

Source: Compiled by the authors from Statistical Abstract, 2013

Table 6
Trends of share of female main workers during 1991-2011

	1991	2001	2011
Cultivators	16.2	13.4	6.57
Agricultural Labourers	37.9	32.4	23.11
Household Industry Workers	11.3	18	16.19
Other Workers	34.7	36.2	54.12

Source: Compiled by the authors from Statistical Abstract 2013

Share of female main workers as cultivators as well as agricultural labourers is declining which indicate that women become less secure (Table 6). They are continuously losing their access to arable land as property and regular salary/wage. Their share has been increasing in household industries and other works which are mainly guided by

exploitative economic process and oppressive non-economic processes (Basu, 2015).The importance of "house hold industry" has been escalating quite sharply, as part of a survival strategy particularly at the backdrop of weak formal sector employment situation in rural areas.

Table 7
Sex-wise distribution of marginal workers across different categories of employment during 2011

	Female	Male
Cultivators	8.76	11.12
Agricultural Labourers	44.88	49.82
Household Industry Workers	17.37	4.88
Other Workers	28.99	34.19

Source: Statistical abstract, 2013

Table 7 illustrates the fact that male workers are outnumbering female workers in all categories of works except in household industry works. In household economic activities (other than

household chores) women mostly do not have control over what they earn as household industrial worker as the surplus being appropriated by the male head of the family (Basu, 2015).

Table 8
Sex-wise distribution of employment across different categories of women in West Bengal in 2011

Sl.No.	Name of Districts	Male worker		Female workers		Gender Parity	
		Main	Marginal	Main	Marginal	Main	Marginal
1	Burdwan	18,38,681	4,54,402	3,28,061	2,90,107	0.18	0.64
2	Birbhum	7,85,648	2,44,122	1,27,196	1,74,637	0.16	0.72
3	Bankura	7,62,088	2,88,734	1,54,305	2,61,093	0.20	0.90
4	PurbaMidnapore	10,00,203	5,15,893	1,27,109	2,67,115	0.13	0.52
5	PaschimMidnapore	12,52,207	5,05,151	2,58,341	4,93,460	0.21	0.98
6	Howrah	13,04,435	1,93,735	1,91,832	1,29,843	0.15	0.67
7	Hooghly	14,63,433	2,50,175	2,51,212	1,88,050	0.17	0.75
8	Purulia	4,93,232	3,08,022	1,20,166	3,28,222	0.24	1.07
9	24Parganas(North)	26,30,907	3,14,282	4,24,723	2,01,712	0.16	0.64
10	24Parganas(South)	17,48,714	6,07,857	2,54,971	3,52,952	0.15	0.58
11	Kolkata	1,294,266	118,200	282,153	101,121	0.22	0.86
12	Nadia	1,405,191	148,899	190,689	97,828	0.14	0.66
13	Murshidabad	1,662,624	323,043	359,459	244,781	0.21	0.76
14	Uttar Dinajpur	688,769	110,858	135,573	140,426	0.20	1.27
15	DakshinDinajpur	427,578	71,982	98,892	104,535	0.23	1.45
16	Maldah	851,932	234,529	199,063	252,323	0.23	1.08
17	Jalpaiguri	922,182	169,179	231,583	189,966	0.25	1.12
18	Darjeeling	396,341	83,245	136,514	67,626	0.34	0.81
19	Cooch Bihar	749,848	95,460	136,509	146,160	0.18	1.53
	West Bengal	21,678,279	5,037,768	4,008,351	4,031,957	0.18	0.80

Source: Statistical Abstract 2013

In Table 8 we have computed the district-wise gender divided pattern of employment in West Bengal. Here we have computed the Gender Parity Index (GPI) which is the ratio of the number of female employments of a specific category to that of male employment. The

specific category of employment is favourable to females if the corresponding GPI crosses one. Our table states that with respect to main categories female share in all districts is far away from achieving gender parity. Nevertheless female workers of all districts are near to parity

in marginal categories. Districts like Purulia, Uttar Dinajpur, Dakshin Dinajpur, Maldah, Jalpaiguri and Cooch Bihar have achieved gender parity in favour of them. In these districts the concentration of tribal population is comparatively more (Census, 2011). Also, these districts have comparatively a greater number of female headed family (State Development Report, 2013). The question remains whether the female workers in these districts face non-oppressive gender process and also, non-exploitative class process. At the state level West Bengal is still experiencing unfavourable GPI in both categories of work. Since the pattern of marginal work is mostly low-productive, less secure and low earning, having favourable GPI under such category does not imply economic empowerment of the women for those districts.

SUMMARY

- Female work participation rate increased from 32.2 % to 38.08% in 2011 (Census, 2011).
- Rural areas have better female participation rate although the gap between rural and urban areas is not significant indicating lack of female employment in both the areas.
- In West Bengal there is over-all casualisation of labour irrespective of gender and region. However due to presence of exploitative economic process and oppressive non-economic processes at both private and public sphere, status of working women is more miserable than that of working men. Working women are mainly self-employed, pattern of which is informal in nature.
- Female unemployment rate in Urban West Bengal is quite high as rest of India.
- Gender-based wage differential is higher for rural area compared to urban area. This is due to the fact

that a significant number of women are mainly engaged unpaid or less paid household industries, signifying oppressive gender process and exploitative class processes as male members of the families are mostly appropriator of surplus labour/value performed by female workers (Basu, 2015).

- Most of the districts have unfavourable gender parity index in both marginal and main works except Uttar Dinajpur, DakshinDinajpur, Maldah, Jalpaiguri and Cooch Bihar.
- Numbers of female workers as cultivators are declining over time which signifies dwindling land property rights of women in rural areas.

CONCLUSIONS

Family and its profound influence upon the status of working women in modern society have been neglected in mainstream neoclassical economic theories. Our class-focused Marxist approach differs from this.

The economic and other non-economic conditions that a workingwoman generally faces when she enters labour market are different from the conditions that prevail within family. Different families may be characterized by different class processes and non-class processes including gender processes. Generally in the context of a heterosexual family space it is found that the feudal class process characterizes most of the families where women are the performers and men are the appropriators of surplus labour and, hence, women faces an exploitative class process within her living space, an exploitative process secured through ideals of love, affection, companionship, care, commitment, obligation, etc. Similarly, the gender process may be of two types – oppressive and non-oppressive (for women). So, one may have following four possibilities as

far as class and gender processes within the family are concerned:

(1) An exploitative class process coupled with oppressive non-economic processes for women.

(2) A non-exploitative class process coupled with oppressive non-economic processes for women.

(3) An exploitative class process coupled with non-oppressive on-economic processes for women.

(4) A non-exploitative class process coupled with non-oppressive on-economic processes for women.

It is highly probable that a woman within her living space is empowered if she faces the possibility (4) above. Also, it is likely (but less likely than (4) above) that a woman within her living space is empowered if she encounters the possibility (3) above. However, chance of empowerment is rare if she faces either possibility (1) or (2) above. One of the (not the most important) determinants of women' empowerment may be her decent work condition with some social safety net which is mostly missing in the current context as the official data suggests above.

A working woman similarly may face four possibilities in the labour market as follows:

(5) An exploitative class process coupled with oppressive gender process for women.

(6) A non-exploitative class process coupled with oppressive gender process for women.

(7) An exploitative class process coupled with non-oppressive gender process for women.

(8) A non-exploitative class process coupled with non-oppressive gender process for women

Chance of women' empowerment is highest in possibility (8) followed by possibility (7) and chances are rare in possibility (6) or (5) above.

Combining these eight possibilities, we come across the

following possibilities for any woman within and outside her family:

(a) Possibility (1) for family and Possibility (5) for labour market – which rules out women' empowerment.

(b) Possibility (1) for family and Possibility (6) for labour market – in which the empowerment possibility is low.

(c) Possibility (1) for family and Possibility (7) for labour market – in which the empowerment possibility is low.

(d) Possibility (1) for family and Possibility (8) for labour market – in which chance or probability of women' empowerment, at least in the labour market, is high.

(e) Possibility (2) for family and Possibility (5) for labour market – in which some chance of empowerment within family is there but no chance in the labour market.

(f) Possibility (2) for family and Possibility (6) for labour market – in which probability of women' empowerment both within family and outside family is greater than (e) above.

(g) Possibility (2) for family and Possibility (7) for labour market – in which similar chance as in (f) above may exist within and outside her family.

(h) Possibility (2) for family and Possibility (8) for labour market – in which the probability of women' empowerment may be high in the labour market but not so in the family.

(i) Possibility (3) for family and Possibility (5) for labour market – in which the probability for women' empowerment within family is high but not so in the labour market.

(j) Possibility (3) for family and Possibility (6) for labour market – in which the similar probability of women' empowerment within family as in (i) above may exist and also in the labour market.

(k) Possibility (3) for family and Possibility (7) for labour market – in

which the probability of women's empowerment both within and outside family may be similar as the gender process remains non-oppressive for women both within and outside family.

(l) Possibility (3) for family and Possibility (8) for labour market – in which the probability of women's empowerment may be quite high in the labour market which may have some positive influence for her being empowered within her living space.

(m) Possibility (4) for family and Possibility (5) for labour market – in which it is quite likely that a woman is highly empowered within her living space but not so in the labour market.

(n) Possibility (4) for family and Possibility (6) for labour market – in which woman may be empowered within her living space but in the labour she may or may not be so empowered as she faces oppressive gender process there although the class process is non-exploitative.

(o) Possibility (4) for family and Possibility (7) for labour market – in which woman may remain highly empowered within her living space but in the labour market she may or may not be so empowered.

(p) Possibility (4) for family and Possibility (8) for labour market – in which both within her living space and working space she may be empowered.

For all such categories, as have viewed above in terms of our class-focused Marxist approach, there are 16 different possibilities for understanding the question of women's empowerment. Note that the mainstream neoclassical economics holds that increasing female participation would automatically imply empowerment. Women's empowerment is viewed at par with her efficiency as a rational economic agent in the labour market. However, this is problematic for us. As our class-focused rendition of women-empowerment in terms of gender-divide nature of employment in West Bengal shows that women's empowerment

is required to be portrayed both in terms of her being empowered within her living space and also in terms of her being empowered within her outside-family working space in which economic and non-economic mutually comprise each other.

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 - <https://www.britannica.com> accessed on 5.7.2019
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- Surplus labour as per Marx is the labour performed by a labourer beyond her necessary labour in a production process. Now, performance and appropriation of surplus labour constitute fundamental class process and distribution and receipt of surplus labour subsumed class process (Resnick and Wolff, 1987).*
- The census defines main workers as those whose main activity was participation in economically productive work for 183 days or more in the previous year. Marginal workers are those whose main activity was participation in economically productive work for less than 183 days.*
- This we can claim from a field survey during 2010-13 in some parts of West Bengal while working on women market interface in the state. See Basu (2015).*
- Note that we are not claiming that it is true for all the women in the urban sector in West Bengal. As noted earlier in this paper, this is mostly true for those women who are marginalized and vulnerable otherwise.*
- See Basu(2015)*

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SURVEY OF THE ROLE OF COMMUNICATION IN COMMUNITY DEVELOPMENT: DISCOURSES OF POVERTY REDUCTION IN ETHIOPIA

MENGISTU TULU BALCHA

Assistant Professor in Development Communication

Department of English Language and Literature

College of Social Sciences and Humanities

Ambo University, Ethiopia

Abstract

Ethiopian Government has made significant efforts to enhance the economy of citizens and develop the country. The attempt has clearly noticed in many policy statements and changing programs as articulated in a hegemonic discourse “We do not pass poverty to the next generation but development and our great enemy is poverty.” Greater emphasis was given to many community-based development programs and is expected to play an essential role in the reduction of poverty, especially in rural areas where the bulk of the population lives. It is generally based on the belief that problems in communities have solutions in communities and the people should participate in matters that affect them.

For the success of community development projects, language and culture also play a very significant role. When language is used, ideas are shared, and important information is passed between individuals. It is often held that the function of language is to express thought and to communicate information. It enables development agents to store meanings and experience to facilitate communication for development in the successful implementation of development projects. Communication is the central component of any development activities. Mobilizing community members for community development purposes is important but members of communities can only be mobilized when communication is effective. An effective and adequate community communication can lead to effective collaborative efforts towards reducing poverty in general and solving difficulties in development activities in particular.

The objectives of the survey were to assess the communication strategies used in communicating development information by development agents to reduce poverty and identify effect communication has on development and the linguistic and communication gaps in the communication process by development agents and local community. The study employed descriptive survey method to assess the effect communication has in mobilizing community to tackle poverty. The survey identified out that the role of language and the different mode of communication applied to development interventions have received very little attention from the parties concerned though they party aware that the use of effective communication would lead to active participation of members in community development and social interactions are sustained by agreeable communicative principles. Moreover, the study revealed that when community is closely involved in community development plan and activities, it helps them take ownership of the initiative of development rather than seeing themselves as beneficiaries of development. Based on the findings, it was recommended that community members, community leaders, government officials as well as community development agents should engage in clear communication process so as to increase the participation of community members in development activities.

Keywords: Community, Development, Communication and Poverty.

1 BACK GROUND

1.1 A Contextual Overview and Poverty Reduction in Ethiopia

Ethiopia is a developing country located in the Horn of Africa with a total area of 1, 251, 88859 km² and an estimated population of 79.3 Million (CSA, 2007). According to the US Bureau of the Census estimation by July 2012, it has a population of 91,195,675 with an annual growth rate of 2.8%. For several decades, Ethiopia has gone through many economic, social and political crises. For instance, poverty is evenly distributed as compared to sub-Saharan countries. Poverty, in its most general sense, is the lack of necessities such as basic food, shelter, medical care and safety. These are generally thought to be necessary based on the shared values of the human dignity. The causes of wide and deep-rooted poverty include political instability, natural disasters, shortage of access to infrastructures and resources (*World Bank, 2001*).

On the other hand, for several decades, Ethiopia has gone through many economic, social and political crises as history tells us. In 1992, the Ethiopian government declared a Federal State comprising nine regional states and two autonomous administrative towns. Every region is divided in a number of administrative zones, each of which is formed by woredas that are composed of a number of kebele which are the smallest unit of the local government structure in Ethiopia. Moreover, Ethiopia People's Revolutionary Democratic Front (EPRDF) government has followed a pro-capitalist and market derived economic policy in order to stabilize the national economy and eventually achieve healthy and dynamic economic growth (ECA, 2002). However, according to the World Bank, Ethiopia remains the poorest country in the world and is ranked bottom of the list of countries whose per capita is 100 US dollars. On top of this, recent economic growth rates are encouraging

and signifying that the economy grew by 5% in 2003. Yet most of the citizens are still living in absolute poverty (2003). In 2000, according to the Poverty Assessment for Ethiopia, 42.2 percent of the population lived below the national poverty line, while 22.5 percent of households were extremely poor and lived below the food poverty line of 1650 kcals per person per day' (World Bank 2006). This gives a clear direction that the growth of the food supply of the country does not match the population annual growth.

Now days, Ethiopian government has made significant efforts to enhance the economy of citizens and develop the country which is clearly seen in many policy contents and changing programs and with hegemonic discourse "***We do not pass to the next generation poverty but development! and Poverty is our grate enemy!***" One major effort was the development of the Sustainable Development and Poverty Reduction Program (SDPRP) which was exercised from 2002/03–2004/05. Then, as a result of dynamic economical change the country had, Ethiopia developed the second phase of similar program called Plan for Accelerated and Sustained Development to End Poverty (PASDEP) I which was implemented from 2005/06–2009/10 and PASDEP II (2010/11–2014/15) ongoing. The major concern of the Ethiopian government in its PASDEP is to give emphasis to the countries all and basic industry agriculture through its strategy called Agricultural Development Lead Industry (ADLI). In the document greater emphasis was given to many community- based development programs and is expected to play essential role for reducing poverty especially in rural areas of the country where a bulk of populace well (85% of the population.)

Community-based development is an evolutionary paradigm shift in development approaches necessitated by the failure of the modernization approach

to fight poverty. It is an approach aimed to secure development in its fundamental meaning and more in the human face. Community-based development as an intervention strategy focuses on action and stresses on operationalizing the idea of development at the community level and implementing plans that construe further the welfare of the poor. As Jones and Inaba (1997) stated, locality-based or community-based development provides the opportunity to define and measure the social nuance of progress in a community, neighbourhood, or household. The emerging of this idea as an alternative approach to poverty alleviation takes the community as a unit of solution to the process at large. It is generally based on the belief that problems in communities have solutions in communities and the people should participate in matters that affect them at the community level (UNDP, 1997).

1.2 Community Development

Community development (CD) is a broad term applied to the practices and activities that concern the improvement of various aspects of local communities. It combines the meaning of the two terms 'community' and 'development'. Community is "... a group of people who have something in common and will act together in their common interest" (UNAIDS, 1999). Allan (1997) also exposed community as specific group of people usually living in a common geographical area who shares a common culture, are arranged in social structure and exhibits some awareness of their identity as a group. Development, on the other hand, is a process that increases choices. It means new options, diversification, thinking about apparent issues differently and anticipating change (Christenson and Robinson, 1989). Development involves change, improvement and vitality- a directed attempt to improve participation, flexibility, equity, attitudes, the function of institutions and the quality of life.

Adedokun (2008) sees development as the power of people to solve their own problems with their own wisdom, experience and resources with a view to eliminating poverty, pestilence and starvation. Akinpelu (2002) stated the target of development as being human beings and not the material accumulation surrounding them or of the economic growth of the nation. According to Akinpelu (Ibid), development as the process of enhancing man's knowledge, skills, attitudes, boosting his self confidence, self-reliance, and self-pride to face the world. For all these to come about, there is need for effective communication.

CD was first imitated from Egypt, Jamaica and others in the 1930s. It grew after the end of World War II in the UK and the US (UNAID, 1999), where there was a need to assist the social needs of the urban poor in the industrializing cities and it was designed to make citizens involve in the local decision-making process (Abbott, 1996). At this time, the developed nations also tried to assist the developing countries with programs of adult education and community betterment. The term community development gives a form suited to the twentieth century to the long-standing tendency of membership of a group to act together to improve the lifestyle of the group as a whole. Klonglan and Head in Chekki (1976) and UN (1956) also viewed community development as a process designed to create conditions of economic and social program for the whole community with its active participation and the fullest possible reliance upon the community's initiative.

The basic concepts, values and principles of CD seek to change the living standards a community and empower individuals and groups of people by providing them with the skills they need to affect change in their own communities. It focus on the joint rather than individual effort to empower peoples

ways of life from a less desirable to a more desirable one using their own resources, skills and knowledge. The Community Development Challenge Report (2006), produced by UK-based Community Development Foundation for Communities and Local Government, defines community development as a set of values and practices which plays a special role in overcoming poverty and disadvantage, knitting society together at the grass roots and deepening development. CD will provide a general orientation that will enable you to contribute to community development within your organization and participate effectively in collaborative community development initiatives. It emanates from the principle that within any community there is a wealth of knowledge and experience which, if used in a creative manner, can be channeled into collective action to achieve the communities' desired goals. It involves changing the relationships between ordinary people and people in positions of power to ensure that everyone takes part in issues of development and that affect their lives. The overall result of CD is to ensure that communities become self reliant by using joint efforts, skills and available resources to change their situation to a better one.

CD is a collective activity where a group of people that share mutual interests and concerns become aware of their needs and resources, and act together to improve their situation. Moreover, it involves the coming together of a group of people in a community planning and acting together to bring about the satisfaction of their needs with a view to bringing about desirable change in the lives of the people through their cooperative efforts and by actively taking part in measures designed to improve their conditions of living (Adedokun 2008). The coming together of these people in a cooperative way take for a grant that there must be effective communication between and among the

people in the community. Without effective communication, there would be misgiving and misunderstanding and this would always result in conflict, lack of cooperation and subsequently lead to underdevelopment.

Through communication one can help a community to strengthen itself, participate well, commit to their target and develop towards its full potential where any form of language- verbal or non verbal employ much.

1.3 The Role Communication in Community Development Projects

Communication is a key component of development activities. Mobilizing community members for community development purpose is important but members of communities can only be mobilized when communication is effective. Adequate community communication leads to effective collaborative efforts in issue of development. Moreover, communication will help engage citizens in development. Sarvaes and Liu (2007) exposed that to bring about social change among the marginalized and vulnerable population groups, participation must be fostered through communication; as such will lead to the transformation of the community. This is to say that communication is a central or the mediating factor facilitating and contributing to collective change process.

Community is precipitated on the fact that daily interaction of citizens is essential to collective action and that effective communication serves to stimulate and direct such interactions. When mention is made of communication in relation to community development, it means an interactive process in which information, knowledge and skills relevant for development are exchanged between community members and information providers either personally or through media such as radio, print telephones and internet. Development

communication aims to transform existing living conditions of the community through communication strategies, practices, and technologies. The aim of effective development communication is to put community in a position to have the necessary information for decision making and the relevant skills to improve their livelihood. According to FAO (2006), in communication for development, community is at the centre of any given development initiative and so communication is used in this sense for people's participation and community mobilization, decision making and action, confidence building for raising awareness, sharing knowledge and changing attitudes, behaviour and lifestyles.

Whenever communication is thought of, we always associate it with language. Language is a vehicle that we use in presenting our ideas, thoughts, feelings, opinions to the world to communicate. It is what we exhibit our cultural norms and orientations in development activities and the whole essence of our being is captured in our language. Development involves interactants interacting with concepts to create meanings and messages, construct and reconstruct meanings and values in order to arrive at a common understanding usually witnessed by a common social action. Language is vital to social change because it is the process 'by which persons share information, meanings, and feelings through the exchange of verbal and non-verbal messages' (Klopf, 1998).

Language is key to social processes and interactions which form the basis of human survival. A destruction of language or the denial of a people's language amounts to denying them the freedom to express themselves. In addition to this, language also plays an important role in maintaining the social order particularly when one considers its communicative function (Omondi, 2006). Communication is an essential tool for the establishment and maintenance of a good

social and working relationship in the development process. It involves constant change of ideas and interactions among people for the solution of their problems and they see effective communication as essential prerequisite for every aspect of group functioning. Effective communication enhances participation of every community member towards the achievement of the goals of community development. It makes people participate actively in matters of development. Communication is a powerful trend to facilitate participation in development. It is about encouraging community participation with development initiatives through a strategic utilization of various communication strategies.

Effective communication, in this sense, is a two-way activity; it is not a one way dissemination of information, nor should it consist of telling people what they should or should not do. Rather, it is viewed as a way to motivate people to participate in activities in which they did not have input. Communication is expected to be used to facilitate community participation in a development initiative. When communication is used for community development purpose, it is based on the one hand on participating process and on the other hand on media and interpersonal communication which facilitates a dialogue among different stakeholders around a common development goal, with the objective of developing and implementing a set of activities to contribute to its solution, or its realization and which supports and accompanies this initiative.

2. Objectives of the study

The main objective of this research is to examine the role of communication in reducing poverty through community developments programmes.

The specific objectives are:

1. assess the communication strategies used in communicating development information by development agents;
2. identify the linguistic and communication gaps in the communication process by development agents and local community;
3. Assess the impact of communication on community development programs to bring the intended change on the life of the target community.

3. Methodology

The study was conducted in West Shoa Zone: Ambo and Gindebarat slum areas which were selected on purposive sampling base. It entails an attempt to establish good correspondence between research questions and sampling, meaning that the researcher samples on the basis of wanting subjects who are relevant to the research questions. Ambo was selected because it is the zonal town which offer more opportunities jobs (daily labourers) they crowd here and also do get the required work. Gindebarat is also purposively selected as the town is away from the main road but relatively biggest of the rural village where supposed to accommodate many slum populations. The study used descriptive survey research method in general sense. The study population consisted of different subjects who are involved in communicating about community development messages with the development agents and do participated in development or social committees. A total sample representative of 200 was taken and taught to be proportional representation of the population under study. To select participants both availability sampling and purposive samplings were used. The participants were people who involved in different economical and social activities such as

community development project practices, local development committee, has role in different social activities. They could also be representatives of local development committee, local institutions, governmental and non-governmental organizations, and other concerned peoples.

To gather data, questionnaire and focused group discussions were employed. For the questioner, ten items were carefully prepared administered to the respondents to examine the role of communication on community development. To validate the items piloting was done on 20 subjects while the guided semi-structured questions for focused group were test and retested with expertise in the field of communication and development.

4. Results

Below are some presentation of the analysis of data and results identified in disseminating development information.

I. Community knowledge of community development communication concept

Communication is a social conscience; development communication is heavily oriented towards human aspects of development. Even though development communication is primarily associated with economic development, it is also concerned with the social development especially in slum areas. The reason it is much more demanding in slum town is that people may not get daily labourer job unless they communicate well. The knowledge and ability to communicate is an essential means to reinforce the capacity strategies of dialogue activities and strengthening interaction with stakeholders, partnerships creation and enhance access to relevant information. Accordingly, blow is table that depict the slum areas community communication knowledge.

Table 1
Knowledge and relationship of communication and development

S. No	Item	Responses			
		Yes		No	
		No	%	No	%
1	Communication is the process of sharing ideas, feeling, emotion and thoughts in a meaningful way for certain purpose	165	82.5	35	17.5
2	Community development is a way of helping a community to strengthen itself and develop towards its full potentials	93	46.5	107	53.5
3	The problem of community can be solved by empowering individuals and groups of people by providing them with the skills they need to affect change in their own communities	66	33	134	67

From the above table, one can understand that slum communities do have good knowledge of communication but they do have very low knowledge about the concept of community development and development communication. Almost all, 165 or 82.5% of the community responded that they know communication is the process to share their thought, emotion, ideas and feeling. However, 107 respondents responded that they do not know as community development helps the community to strengthen itself and leads them to develop their capacity to exploit their full potential. On top of this, 134, 67% of the subjects exposed that they do not know as the problem of community can be solved by empowering individuals

and groups of people by providing them with the skills they need to affect change in their own communities.

Table 2
The link between communication and community development

S. No	Item	Responses			
		Yes		No	
		No	%	No	%
1	Communication is expected to be used to facilitate community participation in a development initiative.	181	90.5	19	9.5
2	Communication leads to effective collaborative efforts in issues of development	178	89	22	19
3	Formulating and using appropriate communication strategy for community development, providing direction to development communication facilitators plays a more strategic role in the development process.	80	40	120	60
4	The lack of appropriate communication causes problem in development.	91	45.5	109	54.5

Normally, communication is of great importance in community development. However, Table 2 revealed that slum communities do have less or only 45.5% of the respondents know that formulating and using appropriate communication strategy for community development, providing direction to development communication facilitators plays a more strategic role in the development process. On different hand, 181, 90.5 % of the respondents aware of that effective communication has a great impact on members' participation in community development.

The effect of communication in the development of communities cannot be underestimated when one can't realize that there is need for collaborative actions among community members. The confusion stated above, as the identified in focused group discussion, is because of the psychological attitude or personal

thinking that "One who communicates much spends less time on work." May be here, they don't identify well the distinction between talk and communication. Communication is an activity done for purpose. It is not a talk instated simply to talk.

Table 3
Communication practice and Strategies used to impart development information

S. No	Item	Responses			
		Yes		No	
		No	%	No	%
1	Phonic (verbiage or spoken) communication				
	a. Face-to-Face (trainings, conference, workshops...etc)	123	61.5	77	38.5
	b. Radio	152	76	48	24
	c. Newsletters	65	32.5	135	67.5
2	Multimodal (involving two modes)				
	a. Brochures	76	38	124	62
	b. billboards,	115	57.5	85	42.5
	c. posters,	80	40	120	60
	d. Television	84	42	116	58
	e. Others (leaflets, drama, video, film ...etc)	36	18	164	82

Table 3 exposes the forms of communication used to impart different development messages to the community by non-governmental workers/development agents. In order to communicate and get appropriate and targeted change development facilitators use different mode of communication like posters, picture, flipcharts, brushers, leaflets, billboards, radio and TV programs, dramas, theatres and others strategies of imparting development messages. Moreover, in order to transfer modern knowledge and skills and transfer the world technology for the community use, development facilitators along with other concerned bodies use different trainings, conference, workshops and field observation techniques. In general, the development facilitators applied three communication strategies to develop the community. The two development imparting strategies are the phonic and

multimodal as identified from the data collected.

As one can conclude from the above table, Table 3, the verbalized communication form is by far the most commonly used mode of communication in the social interactions in the study. This mode is manifested in both face-to-face communications as well as distanced verbal communication. By face-to-face interactions I refer to the direct verbal exchange such as found in dialogic interactions like discussions, deliberations, presentations etc through meeting, training and workshop or in monologues such as found in lectures or expositions. On different hand, though the development agents' use multimodal strategies in their communication, it is found to be that the most under-utilized strategy of imparting development messages. The reason for this could be the problem of accessibility of those

multimodal communication technologies at the grassroots level. The observation data also prove that the local communities rarely have access to distance mode of communication, namely television-broadcast and internet services. Of the multimodal communication, the community is access only to telecommunication and quite a significant number of the community have accessed to television and internet services.

5 Conclusion and Recommendations

Development communications presumes the social construction and mean moving from a focus of informing and persuading people to changing their behaviour or attitudes to a focus of facilitating exchanges to solve a common identified problem. Once mind thinking way of the same slum community to development communication is changed; certainly, it influences all members and creates convention. This in essence would lead to a common development initiative to experiment with people and to identify what is needed to support the initiative in terms of partnerships, knowledge and material conditions. In the process of community development; therefore, communication is important as it involves the study of people relating to themselves and to one another in groups, societies, influencing one another and being influenced, informing one another and being informed, teaching and being taught, loving and being loved, entertaining and being entertained for development agenda.

Communication plays an indispensable role in community development especially in slum areas. The communication works done in the slum areas seek to make the community involved in dealing their issues of economic, political and social life more frequently. In the strategies set to combat global poverty, greater emphasis is put on the communication activities. The use of variety communication tools help the community ensure their voice is heard. To

attract the attention of government as well as non-government organization development facilitators to their area, communication is a helping tools.

Generally, base on the findings the following recommendations are made:

- A. Community development depends on the effectiveness of communication as it helps in sharing of ideas and opinions and diffusion of good ideas while irrelevant ideas are thrown out. As many scholars stated, effective communication enhances participation of every community member towards the achievement of the goals of slum area community. It makes people participate actively in matters of development. Communication is a powerful trend to facilitate participating development. It is about encouraging community participation with development initiatives through a strategic utilization of various communication strategies. However, according to the data in Table 2, most community members exposed that communication has a negative attitude on development. This was basically happen because the process of communication does not give opportunity of involving and motivating the community to define, identify, analyze and solve problems that in turn made them to feel as communication takes much of their time. Thus, aware creation by development facilitators is important. It is also recommended that community members, community leaders, government officials as well as community development agents should engage in clear communication process so as to increase the participation of

community members in development activities.

- B.** Effective communication plays a pivotal role in development. It brings the community together and stimulates to improve aspects of their way of living in the life that constitutes many unequally distributed power and resources. It makes the community

collective activity where a group of people join and share mutual interests and concerns become aware of their needs and resources and act together to improve their situation. However, on the base of collected data, the community belief that changes in their area comes if non-governmental organization would help them. They are waiting the hands of donors. Thus, mobilizing the community to work hard, relay on their own and existing resource and produce self-help esteem is important. To do this, development facilitators should give training on entrepreneurship and attitude change especially for slum community.

- C.** In community development activities, little attention has been traditionally given for the role that language plays in societal economic development. Language, as a tool for communication and as a key element of culture, should place as a part and has capacity for the community economic development.

- D.** Slum areas are inevitably occupied by very poor people and families. The majority of slum dwellers in the town have taken shelter to easily available locations like the river bed and banks, edges of railway lines and hill slopes apart

from vacant industrial lands. These areas are; moreover, characterized as lack by some basic infrastructures- clean water and electricity and their living conditions are unhygienic. Thus, development facilitators should genuinely communicate and address these life facts so that the government can plan certain scheme to develop the area.

- E.** In this study area, there are two main modes of communication in development discourse interactions used to disseminate development information. These modes are the phonic mode and the multimodal mode that largely combines the two modes. Of many development information imparting modes, the phonic is commonly used in the study area; whereas, graphics and written materials like brochures, posters, flayers, leaflets, newsletters and others are less utilized.

Finally, despite the fact that many studies concluded that development communication can have positive impact; there is a call for developing new models of development communication, which perhaps indicates a level of discontent with the existing dominant approaches.

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CUSTOMER ANALYTICS: - IS IT A KEY FOR THE GROWTH OF BANKING SERVICES?

Dr. R. TAMILARASAN

Professor
 TKP Business & Legal Services
 Madurai

Abstract

Customers are the life-blood of every business. The success of every business depends upon the patronage of such a business by customers. This is also true in the case of banking services. In such a scenario, it is essential for the banking services sector to have a better understanding of their customers to retain customers and earn customer life-time value. In this context, customer analytics helps banking services and sectors to understand their customers' behaviour better. Customer analytics, otherwise known as customer data analysis, helps in systematic examination of customer information and, thereby, customer behaviour to identify, attract, and retain customers in the banking business. This customer analytics is technology-enabled analysis involving the use of data to analyze and understand the composition, needs and preferences, and satisfaction of the customers. In a nutshell, these analytics provides a complete understanding of customers and their behaviour. It simply leads to better decisions, informed decisions, and technology-enabled, data-driven decisions. This helps to achieve the core business objectives such as acquisition, revenue generation, retention and engagement.

In the context of banking sector/services, it provides customer purchase insights, transaction patterns, social media usage, avenues to curb risks and fraudulent practices. Further, it helps to design banks loyalty reward programmes, etc. At the outset, it enhances customer personalization and experience on the one -side and better customer service and profitability on the other- side.

This article narrates the need for, the importance of, the benefits of customer analytics in the context of banking services.

Keywords: *Customer analytics, Customer behaviour, Customer identification, Customer insights, Customer acquisition, Customer retention, Customer life – time value, Customer loyalty.*

INTRODUCTION

Customer analytics plays a vital role in banking services. It helps banks to systematically examine the behavior of their innumerable number of customers. Analytics is simply the process of

discovering, interpreting & communicating patterns in customer data which results in usable information for banks about customers. Thus, customer analytics refers to the technologies & techniques by which customer behavior

data is used to provide insights about customers to banks to make the right decisions. This cannot be possible without technology-assisted and data-driven customer analytics. It helps banks to focus on customer-centered banking business. In the changing banking business scenario, it is important for banking services to integrate customer analytics as part of their business to survive and succeed in the competitive business environment. The application of customer analytics helps banks in a wider spectrum of areas from pre- transactions to post-transactions of customers. Its application expands from customer acquisition to customer retention & beyond. In today's scenario, it is inevitable for banks to apply customer analytics which is undeniably scanty currently in the banking sector/services. Its application leads to better decisions, better solutions to issues, and better service to customers. It is essential for mutual benefits. These analytics enables banks to have a better study of their customer behavior based on data from internal and external sources. These data sources about customers help in better understanding of customers' behavioral patterns, intentions, preferences, grievances, and satisfaction with services being provided by banks. These analytics helps banks to stay ahead of the competition. Customer analytics has become a vital part of banking services because of a shift from a product-oriented focus to a customer-centric focus. This shift in focus enables a 360-degree view of customers. These deep insights about customers help to reap lifetime value from customers and to avoid post-purchase dissonance. The business intelligence/data hitherto remain under-utilized from different sources can be better utilized thro' this technology/data-driven customer analytics. It is all about the examination/study of customers for better / outstanding business. In other words, / it can be applied to uncover/gain deeper insights about customer

acquisition, servicing, relationship development, customer retention & customer engagement. In today's complex business scenario, it is crucial for banks to leverage customer analytics for mutual benefits of both customers and banks.

IMPORTANCE OF CUSTOMER ANALYTICS:

The application of customer analytics, within the banking domains, helps to improve efficiency, gain insights and realize greater value from the data available in the banks. It involves data mining not only from internal sources but also from external sources. It provides unknowable insights into behavior of customers. It helps to improve the marketing ecosystem. It is a process of extracting actionable knowledge from data to assist decision-makers and evolving actionable strategies. It helps in forecasting/predicting, process improvement, customer strategy decisions, marketing costs pruning, revenue generation and resource management etc.

In today's virtual environment, a vast amount of data is collected through' various kinds of software, from customers at every stage of the buying process. The customers' data collected, at every stage, provides deeper insights about customers, their behaviour, preferences, expectations, dissatisfaction, and satisfaction etc... These types of data, a vast amount of data from different sources, imbibe lessons about customer purchase decisions. It provides data about the rate of customer acquisition, customer retention, customer engagement, and satisfaction. With such data, the banks can evolve business strategies to ensure that they are in the right track to uphold their strategies among competitors and be the market leader forever / as ever. Hence, customer analytics comes in handy to do better business in the present business scenario/competition.

As discussed, analytics involves gathering, processing, and analyzing

complex data sets about customer transactions which provide a wealth of valuable insights about customers and their behavior. The data set is a valuable asset that helps to successfully navigate the volatile banking environment. This analytics forms part of every major banking initiative. This data set is from both internal & external and structured and unstructured in nature, to gain deeper insights from customers.

CUSTOMER VALUE ANALYTICS FOR BANKING SERVICES

As we are well aware, money is the heart of all businesses which is especially true in banking services. Equally, data is the lifeblood of banking businesses. Proper analysis and use of such data are vital to the financial health of banking services. Such data is no longer from internal sources alone but from other sources such as social media too. Data analysis provides a bigger opportunity for banks to reap value from customers. Such analysis provides actionable customer insights which help banks to deliver the more unenviable targeted and personalized experience, different from yesteryears, which today's customers expect. Such a distinct service/experience give banks a greater degree of success in the competitive banking scenario. Customer value analytics helps to make use of data to enable market-based decisions and improved financial operations. This data analytics derived from multiple customer touch-points throughout the customer life – cycle provides the necessary information to deliver a greater customer experience, enhances customer loyalty and the share of individuals' wallet.

KEY AREAS OF CUSTOMER ANALYTICS: -

It is to be noted that every analytics need not necessarily help in discovering right / efficient insights about customers. In fact, the application of analytics involves spending precious time & resources. The danger is, it may result

in wrong insights about customers. Hence, banks have to be very careful while applying customer analytics/metrics. In general, it is being used primarily in areas such as Customer Acquisition, Customer servicing, Relationship development, Customer retention & Customer engagement.

1) CUSTOMER ACQUISITION: -

Customer acquisition is the primary objective of every bank. Customer acquisition is more costly than customer retention. Hence, with the help of customer insights obtained, it is essential to generate interest in our goods & services. Since every customer is a valuable customer, it is being carried out on a customer-by-customer basis. When you have effective customer acquisition strategies, it reduces customer acquisition costs & risks. In the process of acquisition, banks have to identify potential customers & thereby match their goods & services to attract customers to do viable business.

In other words, banks have to design their offerings to suit the customer groups identified. In nutshell, bank offerings should lead the customer to action.

2) CUSTOMER SERVICING: -

After customer acquisition, banks have to focus more on the provision of better service. Today's customers are more vibrant & dynamic i.e.; sophisticated customers expecting higher standards of service. They are more vigilant & have a higher degree of awareness regarding the services they expect is more as their wallet share is more & has life-time value in the long run, as a result of customer retention. In this connection, it is to be noted that a variety of analytics tools helps banks to determine the level of required service by customers.

3) CUSTOMER RELATIONSHIP DEVELOPMENT: -

It is essential for the banks to focus on customer relationship

development at every stage in the customer life – cycle. When transactions begin & start growing, it is important for the banks to transform their customers into loyal customers as they progress through the customer loyalty ladder. This customer loyalty could be developed by relationship building at every customer touch-point. It is, at the outset, possible by offering the desired goods & services as and when required by excelling the competition, as customers feel they are being offered personalized service & experience. This results to win over/ an edge over other competitors & loyalty. This relationship development is a one-to-one development as individual customer differs in their expectations & service. To build & develop such a relationship, banks have to focus on individual customer characteristics/traits. This could be possible through' customer analytics which is data – technology-driven dimension of marketing of services. This development is for mutual benefits as both banks & customers reap the benefits without the cost of the other. This leads to a win-win situation/relationship development.

4) CUSTOMER RETENTION: -

Today, we are witnessing that every bank is mulling over the other to retain their customers & evolving strategies to curb attrition of customers from their business transactions since retention is less costly than the acquisition of new customers. In other words, the cost of retaining & extracting values from the existing customers is multiple times higher than the acquisition of new customers. The existing client base will become more stronger when you meet or exceed their expectations from banks. Hence, every bank has to evolve strategies, thro' customer analytics, to initiate appropriate moves to attract & retain customers throughout their customer life – cycle. In order to capture/estimate the voice of the customers, it is essential to obtain

necessary data-driven feedbacks that would imbibe lessons from customers to retain them as well to enjoy better benefits mutually as they care for each other in their life-time of both.

These analytical efforts are being made in spite of obstacles standing in their way which helps banks to reap better benefits in the long – run. Hence, consistent efforts through' analytics will result in demonstrable – fruitful consequences in spite of a complex business environment. At the outset, banks have to lay a strong ground by their relentless efforts to place analytics to work, as a solid way to excel in their performance.

5) CUSTOMER ENGAGEMENT: -

Customer engagement involves the continuous ongoing cultivation of relationships between the customers and the banks. This refers to the

The emotional bond between the customers & the banks goes far beyond the transaction. This emotional bond increases the value at every customer interaction i.e.; increases customer loyalty & life – time value. These values can be increased, at every stage of transaction / touch-points, by building a continuous rapport & tailor-made solutions to individual customers on a one-to-one basis. This customer engagement leads to a) improvement in customer relationships, b)enhances customer loyalty & retention c) provides up-selling & cross-selling opportunities d)streamlined purchase cycles/process e) increased sale of services, etc.;

TYPES OF CUSTOMER ANALYTICS: -

- a. Descriptive analytics – It describes customers' behavior as it is.
- b. Diagnostic analytics – It helps to understand the 'why' behind the customer's behavior.
- c. Predictive analytics – It helps to predict the performance of any business/bank & the volume &

- value of the business from customers.
- d. Prescriptive analytics – It helps to chart/devise the next course of action.
 - e. Customer satisfaction analytics – To assess & improve satisfaction.
 - f. Customer life-time value analytics – To assess how valuable a customer is to your business & how long they stay with banks and ways to extend the length of stay & life-time value.
 - g. Segmentation analytics – To identify and segment the market to target specific customers with whom businesses/banks can have the association.
 - h. Customer churn analytics – To reduce customer churning/attrition from business/banks.
 - i. Customer acquisition analytics – It uses no of metrics to acquire new customers better & at a reduced cost per acquisition.
 - j. Customer engagement analytics – To develop an emotional bond, at every touch point/interaction with customers to maximize the value delivered to customers.

ROLE OF CUSTOMER ANALYTICS IN BANKING SERVICES: -

Customer analytics plays specific roles, which are very important, for the growth of the banking sector/services.

1) Exploration of in-depth customer insights: -

Customer analytics helps to identify/predict future requirements of customers, in view of changes in the customer expectations since they prefer differentiated product offerings & services. Such a change in expectations, needs, preferences & buying habits can easily be captured with the help of customer analytics.

2) Managing /Enhancing customer experience: -

Customer analytics helps in managing the provision of a better customer experience.

It enables the provision of personalized customized services /experiences by keeping abreast of changing customer needs & preferences. It also enables real-time offerings of goods & services, which enhances customer experience. Managing experiences in all buying stages are much more important than simply selling services as a one-time activity.

3) Managing risks in the banking sector: -

Customer analytics is essential to curtail risks and curb fraudulent practices. Its application provides various details about transaction patterns & interactions in online platforms. Data analytics, in banking services, can be leveraged to reduce risk and curtail fraudulent practices.

4) Evolving & Executing Marketing Strategies: -

The deeper customer insights help to devise & execute marketing strategies to win the head & heart of customers. It helps to provide unique product offerings & thereby improve the sale of banking services. It also helps in data-driven strategies to reduce marketing costs as well to enhance customer personalization of services.

CUSTOMER ANALYTICS /METRICS ENABLED BUSINESS DECISIONS: -

- 1) Customer analytics helps to assess & understand customers' behavior & their level of satisfaction with services.
- 2) Customer analytics enables targeting of customers across the markets / potential markets.
- 3) Customer analytics helps in better engagement of customers at every buying stages at the right time.
- 4) Customer analytics enables prediction of churn rate of customers & strategies to prevent attrition of customers.
- 5) Customer analytics helps to analyze the online behavior of customers & evolves ways &

means to increase sales & life-time value.

- 6) Customer analytics helps to build strategies to provide maximum personalized services & experiences.

Moreover, the customer analytics enables such as a) to increase customer response rates b) to enhance customer loyalty c) to gain a higher return on investment (ROI) d) to reduce promotion campaign costs by targeting the right customers e) to reduce attrition & retain customers e) to evolve strategies to segment & position their services among target customers and g) to identify satisfied & dissatisfied customers.

CUSTOMER ANALYTICS TO DRIVE PROFITABILITY & SUSTAINED GROWTH: -

When banks knew their customers better, they can better tailor their products and services to suit individual customer needs & preferences. Hence, it is necessary for banks to have a deeper understanding of their customer & behavior to enable a competitive edge. In this direction, it is evident that the right insights from customer analytics can provide a better basis to make the right decisions to plan systems, products, processes & experiences to increase sales/revenue opportunities. This helps both banks & customers to reap better mutual benefits without ignoring either party's interests. In other words, it helps customers to enjoy personalized services, experience & satisfaction as well banks to enjoy the life-time value of customers which leads to profitability & sustained growth.

CUSTOMER ANALYTICS IN INDIAN BANKS / BANKING SECTOR: -

In India, banks keeping in view of the changes in customer needs & preferences as well to stay competitive, have started the use of data analytics to lure potential customers as well to retain them, to reap life-time value of

customers. In India, the banks such as HDFC, ICICI, AXIS BANK, ING VYSYA BANK, IDBI & SBI have initiated steps to use customer analytics to do better business. This transformation started taking place in the later part of the 20 th century & thereafter. However, the implementation of customer analytics is at its nascent stage in Indian banks. At the outset, as a result of invariable use of internet banking, mobile banking, payment apps, and social media etc., enables the Indian banks to use customer analytics in their banking operations to study customer behavior. Specifically, Indian banks such as Axis bank, HDFC bank, ICICI bank Union Bank of India & Federal bank are using SAS analytics to improve the effectiveness & efficacy of their banking operations. This SAS analytical software enables the banks to retrieve, report & analyze statistical data about customers.

In this context, it may be noted that the following software's are considered as best for customer analytics a) Oracle Flexcube, Finacle, TCS BaNcsnCino, KonyDbx, iMAL, Coniche, Websoftex, Ababil, Keybank, Temons & Open Money etc .

IMPORTANCE OF ARTIFICIAL INTELLIGENCE IN CUSTOMER ANALYTICS :-

In the context of customer analytics, the use of traditional methods is time-consuming, costly as well lacks a better study of customer behavior. However, the emergence of artificial intelligence & machine learning has become much more effective to analyze customer behavior. These tools help to save time, resources, error-free & analyses sophisticated tasks better. The application of these tools, to analyze customer behavior, helps to improve customer satisfaction, customer acquisition, customer retention, CRM & customer engagement besides profitable business.

CONCLUSION:-

As time goes by, the changes are inevitable & permanent. Today, we are witnessing a lot of changes in businesses. Such changes in businesses are also inevitable due to the emergence of the internet/ digital world. Moreover, artificial intelligence & machine learning also enables major changes in business informatics. In view of such massive changes, we are also witnessing changes in the way businesses study customers' behavior. In this context, the technology – data-enabled businesses/banks to study customers at every touch-points/digital touch-points in a more effective way. This altogether changed the way businesses/banks do their business. The customer analytics, as discussed above, if properly utilized would change the whole host of business scenarios/business environments. In a nutshell, customer analytics helps both the customers & banks. However, as far as India, the Indian banking sector has to go a long-way to reap the benefits of customer analytics.

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COCOON E- MARKETING IN KARNATAKA

SATISH G

Research Scholar

&

Dr. H. M. CHANDRASHEKAR

Director

Institute of Development Studies

University of Mysore, Mysore, Karnataka

Abstract

Over the generations Sericulture has become a mainstay of reliable economic dependency and Sustainable Rural Livelihood. Rural employment generation and inclusive development is readily addressed by Sericulture and is a significant Rural Transformation Sector. The farm and non-farm activity creates 60 to 70 lakh employments every year mostly in rural India. Sericulture offers scope to transfer wealth from high end urban customers to poor artisan classes. Sericulture which was considered as a subsidiary occupation in the past is gaining importance as major activity. The state has the entire necessary infrastructure for accelerated sericulture development in the state. An Attempt were made to analyse the Cocoon e- Marketing in Karnataka in this study.

Keywords: Cocoon, e-marketing, marginal farmer

INTRODUCTION

Sericulture is an important agro based cottage industry involving both on farm and off farm avocation. It is also agro-based, labour intensive, export oriented commercial activity. In several southern districts of the State the sericulture is mainstay and livelihood of small marginal farmers and weaker section of the society and a Traditional source of livelihood. About 13 to 14 lakh families in the state are directly dependent on sericulture in the form of mulberry cultivation, cocoon rearing and raw silk reeling, twisting, weaving etc. It is estimated that one hectare of Mulberry provides year long continuous job for 13 persons. Factors like urbanisation,

depleting water table and rural distress have also adversely affected sericulture. Karnataka with its ideal climatic and Soil conditions is the pioneering Mulberry Silk producing state in the Indian Union. Karnataka contributes 11952 Metric Tonnes, nearly 50 per cent of total annual national Mulberry Silk production 25344 Metric Tonnes. Central Silk Board (CSB) is the apex national institution that could meaningfully contribute for the development of Sericulture.

Infrastructure for Sericulture Development

Commencing from 1970s Karnataka has implemented several projects to usher in scientific and sustainable Sericulture development by

establishing infrastructure and resorting to systematic capacity building both in mulberry cultivation, silkworm rearing practices and cocoon reeling. During later part of 1970s under the GOI sponsored Integrated Sericulture Development project (ISDP) emphasis was laid on Extension for technology transfer and promotion of chawki rearing centres (CRC). During 1980s under World Bank aided Karnataka Sericulture Projects I & II from 1980 to 1988 (KSP) approach has been for area expansion under mulberry to bring in new farmers and Sericulture Infrastructures like the grainages, Technical Service Centres (TSC) and Seed Farms. The Cocoon markets were also established in major reeling centres. During this period the Karnataka State Sericulture Research and Development Institution (KSSRDI) was established to undertake operational research and technology development and also Mulberry and Silkworm race improvement. Simultaneously the Dutch assisted on farm development programme was also implemented with focus on rearing houses, reeling sheds and the model chawki rearing centers (MCRC). During 2000 to 2005 the Swiss Development Corporation assisted Seri 2000 project was implemented with focus on expansion of sericulture in non traditional districts of the state. Sericulture developmental Trainings were imparted to the farmers and Reelers in new areas with emphasis on Bivoltine Silk production. Under the Seri 2000 about 600 Quality Clubs (QCs) have been established and the quality clubs were provided with Rs 10,000 one time seed money grants for each. During 1998 to 2007 for nearly a decade the Japan International Cooperation Agency (JICA) assisted project was implemented in two phases to promote Bivoltine (BV) Sericulture. Emphasis has been on BV Silkworm Racial improvement, development of Mulberry Varieties and Technology transfer to improve quality

Bivoltine production. Concerted efforts were undertaken to transfer BV technology and capacity building including BV reeling. Simultaneously the GOI sponsored Catalytic Development Project (CDP) has been implemented from 1997 through this decade with main focus on Bivoltine Sericulture and Reeling Development through the Cluster approach.

Karnataka has well established Multivoltine and Bivoltine Seed areas. They cater to the demand of parental seed cocoons required for the production of Cross Breed (CB) and Bivoltine (BV) hybrid disease free layings (DFLs). The above efforts have boosted the raw silk production to 9236 MTs during 1997-98 and currently it is around 11500 MTs. The productivity has increased despite area reduction under Mulberry. The state has the necessary infrastructure for accelerated sericulture development in the state. Sericulture offers very good potential to contribute towards Doubling Farmer Income and combat Rural Agricultural Distress.

Cocoon production, Marketing Reeling and Agribusiness

a. Cocoon Production

Depending on the mulberry growing season, large numbers of farmers bring about 100 -165 metric tonnes of Cocoons to market for sale every day. The Sericulture Department, Government of Karnataka, has established the Government Cocoon Markets to handle Cocoon sale transactions. Of the total 35 Cocoon Markets established in different Silk producing areas of the state 10 are major markets. These 10 markets handle almost 90 per cent of the Cocoon Sales. The cocoons being highly perishable have to be transacted preferably the same day the farmers bring the cocoons to the market. The Cocoon market sale transaction takes place round the year all 365 days except on the Independence Day and the Republic Day.

b. Silkworm Seed Supply and Chawki centres

The state has a very vibrant scientific seed supply mechanism catering to uninterrupted round the year supply. The state has organised both Pure Mysore and Bivoltine seed areas to produce parental seed cocoons on scientific lines. Both DOSK and CSB are coordinating the efforts. Separate seed cocoon markets are established to help seed farmers. Private Registered Seed Producers are having a major share in Silkworm Seed Supply. The Department facilitates the efforts through the Seed Officers. The network Registered Seed Producers (RSPs) and Chawki Centres offer uninterrupted Silkworm disease free layings (DFLs) for quality Cocoon Production.

Government Cocoon Markets

Of the total 35 Cocoon Markets established, in different Silk producing areas of the state, by the Sericulture Department Government of Karnataka, 10 are major markets. These 10 markets handle almost 90 per cent of the Cocoon Sales. Depending on the mulberry growing season, every day large numbers of farmers bring about 100 -165 metric tonnes of Cocoons for sale. Large numbers of Reelers, nearly 3500, reelers buy Cocoons daily for further processing to take out the raw silk. Cocoon transaction takes place in markets over a short span of 20 to 45 minutes of bidding window. Annually cocoons worth INR 15000 to 16000 millions are transacted. Traditionally cocoons were transacted in manual auction ever since the Government Cocoon Markets were established during 1980s. The manual auction involved shouting the bid price. Highest knocked down bidder stand to buy the Cocoons. The manual bidding in cocoon market used to be very chaotic noisy and no transparency. Several malpractices were attributed. Market officials could knock down cocoon sales to dominant reelers arbitrarily. There was

no scope for a fair cocoon price discovery. The farmers were never convinced of the price the cocoons fetched and their marketing satisfaction was very low. The perishable nature of Cocoons made the farmers vulnerable to accept the sales. As far as the reelers a free market access was a major issue. Most occasions the dominant reelers subtly intimidated other reelers from participating in bidding. Both farmers and reelers remain very restive during transactions. Under the circumstances especially the farmers desired a transparent transaction process. The bidding transparency has a direct bearing on economic as well as psychological satisfaction of both the farmers and also the reelers. Keeping this in view cocoon e auctioning is rolled out from 16 Feb 2015 in Kollegal Cocoon Market and subsequently extended to all the major Cocoon Markets in Karnataka. Recently during Jan 2021 e weighing and online payemnt is rolled out in Shidlghatta Cocoon Market on pilot basis.

Cocoon Reeling

Karnataka has a tradition of reeling, the state has all different types of Reeling devices namely Charaka, Cottage Basin, Multi End Reeling and also Automatic Reeling Machines. 90 per cent of the state Raw silk production comes from Charaka and Cottage Basins which engage highly skilled reelers. They are traditional manual units producing varying quality standards solely dependent on the skill of the reeler. Charaka silk although not gradable is having its own niche market mainly in weaving centres of southern India. Cottage Basins produce finer to courser Raw Silk ranging from 14/16 to 35/40 denier, catering to handloom sector mainly in weaving units of Northern India and both are used as Weft. Whereas Multi End Units are improved version of Cottage Basin and produce Bivoltine Gradable Raw Silk used for both Weft and Warp. The Automatic Reeling

Machines are highly Sophisticated and 400 End units can handle 700 Kgs of Bivoltine Cocoons daily with production capacity of 110 to 115 Kgs raw Silk per day. The State is Promoting ARM and MERM units to create additional Bivoltine reeling capability. The ARM Silk is of International Grade and can substitute imports. Thus it is an economic activity of significance to both farmers and reelers. Reelers add further value, in the form of raw silk, of another INR 20000 millions.

Cocoon and Raw Silk Price Stabilisation

The Cocoon market price fluctuation and raw silk price fluctuations have often adversely affected the systematic sericulture progress. Frequent cocoon price crashes always generated farmer unrest. During 2015-16, coinciding with customs duty reduction from 15 to 10%, the sericulture market situation remained unfavourable leading to Farmer and Reeler unrest. The farmers and reelers expectation has been that the market operations should cover the production costs. In the background to examine "The cocoon, raw silk Production prices and marketing strategies" a technical committee headed by Dr H Basavraj Prof. Agriculture Economics, UAS Dharwad, was constituted. The technical committee has gone into various aspects of sericulture and submitted the report. Technical committee has examined issues of production cost visa-visa remunerative prices. The committee report is a land mark reference for Sericulture policy formulations in Karnataka, which is also worth emulating by other states.

Successive Governments have taken measures to assure the farmers and the reelers by resorting to measures like production incentives both for Cocoon and the Raw Silk. Government Cocoon Markets and Silk exchanges have been established to regulate and control marketing practices to help the farmers

and reelers. In order to provide institutional support to Silk marketing the state has established the Karnataka Silk Marketing Board (KSMB) and about 10 Silk Exchanges for Raw Silk transaction. The state has also constituted the Price stabilisation Fund (PSF) to provide market and price stabilisation support. The market cess of about Rs 25 crores contributed by the reelers in the Cocoon Markets form the source of the Price Stabilisation fund. Previously the Price stabilisation Fund Authority (PSFA) was also established during 1980s to 2000, which is now not functional.

More recently based on Basavaraja Committee Report the state Government has sanctioned Price protection Scheme for ensuring remunerative price for cocoons in case the Market prices are below the production cost. Similarly the PSF is revived. To avoid distress sales the Cocoon Bank programme initiated.

Subsidiary Agribusiness out of Sericulture

The agribusiness opportunities in mulberry and Silkworm rearing inputs and disease pest control applications are abundant. Similarly pupal waste utilisation and processing also safe disposal of reeling waste and cut coon value addition and artefacts are few possibilities.

I. Importance of the Study

The state has the entire necessary infrastructure for accelerated sericulture development in the state. However the sericulture industry, in the state, is often suffering setback due to the unfavourable market forces. The expectation is that the marketing mechanisms have to be streamlined so as to provide a favourable atmosphere for the promotion of sustainable sericulture.

In order to effectively address this impediment and meet the expectations of the Sericulture Famers the Sericulture Department Government of Karnataka developed and deployed Silk Cocoon

auction automation application “e-Haraju”. This was rolled out on 16 Feb 2015 in kollegal Cocoon Market and extended to other major Cocoon Markets in phases. It is a technology driven real time dynamic bidding platform enabling market transactions. Considerable volumes of valuable Cocoons are transacted over a short span of 30 to 45 minutes. The buyers using android or ios devices offer e-bids for the Cocoon lots of choice. The Cocoon lots receive several bids. The system provides for a real time dynamically interactive transparent bidding process amongst the participating buyer bidder Reelers. It is designed to handle enormous simultaneous transactions. The system is so designed to capture effectively the instinctive emotions and competitive buyer spirit in a peaceful atmosphere. The e-Haraju is a Market specific local application. Every bid received is displayed on panels in the markets for the Farmers to view. Cocoon lots are sold to the highest bidder with due process of Farmer acceptance electronically. The e-auction has eliminated the Cocoon Market malpractices leading to fair cocoon price discovery. It opened the free market access providing equal opportunity irrespective of social and economic hierarchies of the reeler bidders. The e-Haraju received the Karnataka state e-governance award 2016-17 under “Citizen Centric Services Delivery” for outstanding performance. Recently during Jan 2021 e weighing and online payment is piloted in Shidlghatta Cocoon Markets.

Cocoon e Auctioning “e Haraju”

Traditionally the Cocoon transactions in the Government Cocoon Markets took place manually which often lacked transparent bidding and several malpractices were attributed. Highest knocked down bidder stand to buy the Cocoons. The manual bidding process also very cumbersome and lot of confusion prevailed in the Cocoon

Markets during the sale process. The inherent defective arbitrary nature of manual bidding process with human element deprived the Farmers of a fair price discovery. Market accessibility was a major issue for innocent Coon Reeler buyers. Most occasions the strong Reelers used to intimidate other Reelers from participating in the manual bidding. Both the Farmers and the innocent Reelers were in a disadvantageous position. The market satisfaction level was very negative both on Cocoon selling Farmer and Cocoon buying Reeler. In the above background there was a constant endeavour to come out with a system which removes the disadvantages to improve the marketing efficiency. The technology driven e-automation has been the outcome of the shared felt need of the Farmers and the Sericulture Department.

The cocoon e-auction automation process flow

Farmer and Reeler Registration

- Basic information for database

- Bank Account

Registration

- Assigning Reeler user ID

- Download and Installation

of e-Bid App

- Cocoon Arrival and

Inwarding

- Assigning e-lot number

- Issue of e-bid slip

- e-sale List generation

- e-Bid

- Reeler User ID Activation

by Password

- Login Screen on the

Andriod IoS Devices

- On Devise Selection of e-lots for bidding by Reelers

- Offering e-Bids for the

selected lots

- Green and Red Font

Display

- Refresh to know current

higher e-Bid value

- Continued e-Bid offers

- Bid Value Display in the Market
 - Flash indicating e-bid closure remaining 5 minutes
 - E-bid closure
 - Cocoon Lot wise Highest Bid Value Display
 - Farmer Acceptance
 - After e-bid Farmer acceptance
 - Cocoon lot Sale confirmation
 - Cocoon weighment
 - Bill generation
 - Bidder Wise Aggregated Sale value Receipt
 - Sold Cocoon Lot Exit in favour of highest bidder
- The sericulture department developed the Cocoon e-auction user manuals to educate the Farmers, the Reelers and also the Cocoon Market officials.

Government Cocoon Market e-bid Modules

The e-Haraju comprises of 3 primary modules namely; the Application, Interphase and Access layer.

Application Layer

Hosts e-Haraju core engine to facilitate real-time bidding and exposes API for applications and admin interface to manage whole cocoon auction process. This module consists of procedures listed below;

- Core bidding engine integrates with application and database Layers
- API Functions to facilitate with mobile APP for data request
- Facilitates functionality of admin module interface with various functionalities of server

Interphase layer

The bidder reeler The constantly changing “Green” and “Red” font bid value displayed on their bidding devises convey to the bidders the status of bids offered by them. System is designed to handle enormous transactions simultaneously. The system is so

designed to capture effectively the instinctive emotions, buying mood and competitive spirit of the Cocoon buyer in a peaceful atmosphere.

Objectives of the study

Objectives of the research topic are as follows

1. To study the trend in Mulberry, Cocoon Production and Productivity in Karnataka
2. Examine the institutional marketing mechanisms to promote viable Cocoon production in Karnataka
3. To study the adoption of cocoon e-marketing in Ramanagaram and Sidlaghatta Government Cocoon Markets.
4. To examine the Cocoon price fluctuations in Ramanagaram and Sidlaghatta Government Cocoon Markets.
5. To assess the Bidding process and the Price discovery effectiveness and diagnose problems in cocoon e - marketing process in the study area.
6. To suggest the efficient service delivery system with no major structural reorganization of existing Cocoon Markets system.

Research Methodology

Data collection and Research Methods

This study is based on both primary and secondary data. The primary data will be collected from mulberry growers and cocoon reelers buyers and hierarchical Cocoon Market officials by administering the questionnaire. For the study 500 farmers from and 200 reelers and 20 cross sectional hierarchy of Cocoon market Officials in the two Cocoon Markets of Ramanagara and Shidlghatta has been interviewed. Selection of the farmers and villages was based on the Cocoon lot size upto 40 Kgs, 40 to 60 Kgs 60 to 80 Kgs and 80 to 100 kgs and above 100 kgs of Cocoons transacted by the farmers during a year in the Cocoon markets so that the small medium and big sericulture farmers covered.

The time series of secondary data on the area, production and productivity of mulberry were obtained mainly from the sericulture Department, Directorate of Economics and Statistics, Bangalore and The Central Silk Board that are engaged in production, marketing and export of cocoon products in the state in particular and for all India level in general. In addition, the secondary data from the published books, journals, research papers, seminar volumes, leading newspapers and authorized websites will have been collected.

Statistical Tools and Techniques

The systematic statistical tools and techniques has adopted to draw definite and precise conclusions on the study. The Growth Equation Model will be adopted to determine the growth trends of the cocoons in the study area. The sample frequency and percentage analysis were adopted to facilitate the descriptive account and interpretation of the survey data, from the farmers interviewed and the SPSS v.22 used to draw the Frequency and percentage to assess the trends and associations of the data variables. In addition to this, the tables, graphs and charts were generated from the analysis of both the primary and secondary data collected to draw appropriate inferences. The SPSS v.22 were utilized to assess the Compound Growth Rate, Correlation Analysis, Markov Chain Analysis, Benefit Cost Ratios (BCR), and ARIMA technique were adopted in the study.

Scope and Limitations of the Study

The study is confined to Ramanagaram and Shidlghatta Cocoon Markets in Karnataka. The inferences will be based on primary and secondary data.

Gregory (2006), has explained the analysis that brings out the differential levels of manifestation of socio-economic mobility among different sections of rural people who have adopted or are associated with

sericulture. The impact of sericulture, with a high degree of change in living conditions, has been highly evident among progressive sericulturists, who mostly, but not always, belong to the medium land-holder category. The marginal and small land-holding categories, too, experience the impact of sericulture and have been on the path of socio-economic mobility by improving their labour status and stabilising their economic life. Appropriate interventions and strategic approaches would go a long way in converting this strategy as one of the sustainable forces of rural development in India.

Geetha and Indira (2011), have explained Women's involvement in sericulture activities is centuries old. Rural women prefer sericulture because it fits easily into their daily routine, Silkworm Rearing by Rural Women in Karnataka enabling them to alternate between household work, childcare, etc., and provides an economic activity that requires year round work with a regular income. It bestows on them the status of self employment and an opportunity to build social networks and access to SHGs, which is their only source of credit. Considering the volume of women's involvement, the sericulture industry needs to look at them as active partners and not just as economic participants for the enhancement of production. Thoughtful and systematic assistance would greatly alleviate the poverty of these hard-working and capable women.

Orhan et al (2011), have explained sericulture in Turkey. Sericulture which gave the name The Silk Road to the old world's trade routes between east and west has an important role at financial activities for centuries. Sericulture production was begun in Anatolia which is Asian part of Turkey in A.D. 552 during Byzantium Emperor of Justinianus. The city of Bursa became a textile city which was famous for silk and

silk trade centre. Sericulture has begun at the same period in Amasya that is one of the Ottoman cities. Sericulture and cocoon cultivating were made in Mugla the city has eligible climate condition to cultivate mulberry. In Turkey the silk was woven by using simple bench as a family work.

Eswarappa (2013), have explained a sociological understanding of the sericulture development, as studied by the scholars of the different disciplines across the states of India, has been provided. Sericulture is best suited to a country like India, where manpower and land resources are in surplus. It generates direct and indirect employment in various ways. More and more farmers in India have taken up sericulture activity and this activity, which was once confined to only five states, has spread to almost all states of India. Though this finding cannot be generalized across societies and places, the success story of Udaylakshmi and other women in the study area needs to be replicated in other areas as examples of the outstanding role of women in triggering community development.

Chandan et al (2014), has explored several dimensions of its growth pattern during the planning periods of West Bengal. A field level survey in the major silk producing district of West Bengal has exposed few factors like household size and male hired labourers which are positively raising the level of average employment in the sericulture farms, while education level acts as a significant reducing factor, along with mandays involved with the activities. In the absence of institutional apathy and well-linked credit system in the remote rural areas coupled with financial illiteracy of the rural artisans, the objective of development of artisanal silk industry in West Bengal seems to be far away.

Ahmad and Choure (2014), have explained the compound growth rate and instability in production of

different varieties of raw silk production in different periods were analysed and it was found that Tasar silk has higher instability in production and growth rate, while as more consistence's were achieved in Mulberry and Muga silk production in all the three periods because of the fact increased demand of mulberry silk throughout the country for the production of sarees and grey fabrics. It was also found that variations in raw silk marketing system in different states of have direct impact on averages raw silk prices, therefore states which have good marketing infrastructure yields good averages prices for the produce. So it is imperative for the government to maintain stability raw silk prices among states by increasing the number of raw silk exchange markets in the different states of nation.

Basavaraja et al (2015), the Technical committee constituted by the Government of Karnataka to analyse the various issues connected to "Cocoon, Raw Silk Production, Price and Marketing System a Comprehensive Study", the Technical Committee Report Submitted to Government of Karnataka with scenario analysis of Sericulture in Karnataka and gave recommendations to the Government on various aspects of Sericulture after in depth analysis of Cocoon Production, Silk reeling and Marketing. For the first time the Committee recommended for expected minimum Cocoon Market Price to cover the Cocoon production cost.

Banerjee (2016), have explained mulberry cocoon production is higher as compared to production of other cocoons. However, maximum number of beneficiaries or labourers engaged in the production of tussar cocoons so it is much popular all over Chhattisgarh and gained more profit. Production of natural tussar cocoon is progressively increasing while eri cocoon production is rapidly decreasing in last three years.

Sudhakar et al (2019), have explained with the above results the study can be concluded that the improvement indicates the success of CPP programme during XI & XII- five year plan at Hindupur during 2009-19 is nothing but intensive adoption of integrated technology in cluster approach is one of the remedy for attaining sustainability of sericulture. Further, it is essential to continue the intensive bivoltine promotion programmes of this kind in future in the new clusters established under CPP so as to make our country self sufficient and self reliable in quality bivoltine silk production thereby projecting India as one of the potential bivoltine silk producers at international market.

Srinivasa Reddy et al (2019), have explained help to know the knowledge level of sericulture farmers and critical practices like optimum dose of fertilizers, ideal moisture content for leaf preservation in mulberry, recommended size of nylon mesh for bed cleaning and hormone for uniform maturity of silkworm were found to be less adopted. In this line technical advisory service from extension agency would be very much required in motivating the sericulture farmers to realize importance of these improved practices to increase yield levels in sericulture. Hence, it is required to organize massive training programmes by the sericulture department to educate farmers on improved practices in mulberry cultivation and silk worm rearing in order to increase production, the cocoon yield, cocoon quality, stable market prices and income level among sericulturists and helps for overall sustainable development of farmers. The reviews of the published work also reveal the fact that no work of worth consideration on the topic of the present study has been undertaken by the researchers in the past. Hence, there is need for present study to fill the research

gap that exists at present. In order to cover this gap, the present research was undertaken.

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A STUDY ON RECENT TRENDS IN BUSINESS AND MANAGEMENT

B. DEEPIKA

Assistant Professor in Commerce,
 Morning Star Arts & Sciences College for Women,
 Pasumpon

&

Dr. S. NAZEER KHAN

Asst Professor
 PG & Research Department of Commerce
 Dr. Zakir Husain College
 Ilayangudi

&

Dr. P. ZAHIR HUSAIN

Asst Professor
 PG & Research Department of Commerce
 Dr. Zakir Husain College
 Ilayangudi

Abstract

Trade basically involves the exchange of goods or services for some benefits. Trade is the tertiary product type of profitable business that conditioning business and is profitable exertion and is also known as Pink Color Workers. In business, substantially goods are exchanged. In short, buying and selling of goods is a business. Only secondary data was used in this research. This paper provides navigational analysis of the different types of current occupations and how they are managed or attempts to conduct descriptive or theoretical studies. The type of trade and its operation before the artificial revolution was different from ultramodern times. The development of technology, after the artificial revolution led to major changes in the system of trade and its operation, and in the 21st century the development of technology therefore vary fast change of business trend and operation. The main aim of this research paper is recent trends in business and operation with the end of conducting a trend study.

Keywords: *Recent Trends, Artificial Revolution, Tertiary Production, Pink Color Workers, Business, Management.*

INTRODUCTION

Humans have been suitable to develop a large number of technologies on the strength of their intellect. The

development of this technology has led to a great deal of change in trade and operation as per experience. In present scenario, the nature of trade and operation

has changed drastically. Personnel resources are one of the most vital factors behind these technological changes and changes in trade and operation conditions. There are two main types of Personnel Resources i.e. quantitative and qualitative. This quality of life belief has led to major changes in business and its operation, independently. In this age, due to the development of technology, other new branches similar as e-learning, marketing and have materialized. Normally in present days five main types of human fiscal activities are in business, but trade is a third type economic action and business action is also known as Pink Color Workers. In this research paper, secondary data have been used. This paper studies the Recent Trends Business and Management as also the work is designed from the point of view of theoretical approaches or is a descriptive study.

Objectives of the Study

The objective of this paper is to work on recent trends in business operation as the nature of business and operation has fully changed in ultramodern times. The most important reason behind this is the change in technology. The work is designed from the point of view of theoretical approaches or is a descriptive study.

- The major objective of this paper is recent trends in business.
- The main objective of this paper is recent trends in management.

METHODOLOGY

Only secondary data has been used in this research work. This research paper has been geared up with theoretical based information on the nature of trade and its operation in ultramodern times. Various research journals, reference books, magazines and e-resources have been used in this research. In this study, the description of trade has been studied in terms of the type of trade and its ultramodern form. It also provides

information on how these trades are operation.

I) RECENT TRENDS IN BUSINESS:

The nature of trade before the Industrial Revolution was very different from the present form of trade. As technology developed in the world, the form and pattern of trade has also developed. But the main reason why the nature of trade has changed completely in recent times is because of the changes that have taken place in the 21st century, as well as the large-scale e-learning that has brought about great changes in trade.

- **Business Management Systems** (e-learning, e-commerce, e-business, e-finance, risk management, artificial market, derivatives pricing, portfolio management and asset allocation, stock market, FOREX market analysis, dynamics and simulation, financial modeling, emotional intelligence, BPR, computational economics).
- **Statistical Modeling:** (Correlation & Regression Analysis, Time Series Analysis, clustering, decision trees etc.)
- **Production:** (Inventory and Process Management, Supply Chain Management etc.)
- **Marketing:** (Strategic Marketing, Planning, Product Portfolio, Management, Consumerization Vs Customization, Strategic Branding in Global Market, Market Logistics, Supply Chain Management, Corporate Communication – Role in Marketing, Ethics & Social Responsibility in Marketing, Industrial Marketing, Marketing across the Borders, Sensory Branding, Importance in Marketing Customer Relationship Management (CRM), Service Marketing etc)
- **Distribution:** (Direct Marketing, Internet Marketing, Telemarketing, Wholesale, Retail, e-Commerce etc)
- **Finance:** (Finance & Accounting,

International Finance & Trade, Merger & Acquisitions, Derivatives Market, Banking & Insurance, Mutual Funds, Money Management, Return on Marketing Investments, Trends in Consumer Finance Industries etc)

- **Human Resource Management(HRM):** (Human Resource Management and the business environment, Organizational HRM, Strategic HRM, People Management, Industrial Relations & Legal HRM, Employee Turnover & Attrition, Training & Development, Knowledge Management, IPR Management etc)
- **Telecomm and Network Processes:** (Fiber deployment, Machine learning and process mining, Block chain Asset Inventory, Call center and network operation).

a) Mobile Commerce (m-Commerce)

Mobile commerce popularly known as m-Commerce is actually just a subset of e-commerce. Kevin Duffy coined the term in the year 1997. It is principally a way of carrying thousands and millions of retail shops in your compartment. Let us study some more about m-commerce. Mobile Commerce (M-Commerce) means transactions done using mobile phone. So M-commerce is the use of mobile phones to conduct any type of business trade. It takes the help of the e-commerce background and Wireless Application Protocol technology. The use of WAP to conduct selling of goods, providing services, and make payments and other financial deals, the exchange of information etc. is the base of mobile commerce. M-Commerce is actually a swiftly growing sector of e-commerce. Nearly 79 percent of the online transactions in India made only through mobile phones. M-Commerce is nearly 500 billion dollar industry globally in 2022, it will be reached more than 700

billion dollar business in the year 2025. M-Commerce is about exploiting new openings made available to us thanks to e-commerce. So it involves the initiation of new technologies, services, business models and marketing strategies. It differentiates itself in multitudinous ways from e-commerce. This is because mobile phones have truly different characteristics than desktop computers and it opens so multitudinous windows of openings for businesses to exploit.

b) Operations of M-commerce:

Other than the basic m-commerce that helps to make buying and selling of goods and services, they have countless applications for online operations. Some of them are listed below.

- **Mobile Banking:** Using a mobile website or operation to perform all your banking functions. It is one step ahead of online banking and has come commonplace these days. In some countries, the majority of banking transactions have been done on mobile phones only.
- **Mobile Ticketing and Booking:** Making bookings and entering your tickets on the mobile. The digital ticket or boarding pass is transferred directly to your phone after you make the payment from it. Indeed in India now Theatres, IRTC and other services give m-marking services.
- **E-bills:** This includes mobile attestations, mobile tickets to be redeemed and indeed dedication points or cards system.
- **Auctions:** Online auctions having now been developed to be made available via mobile phones.
- **Stock Market Reports** and indeed stock request trading over mobile operations.

c) Electronic Commerce:

E-Commerce or Electronic Commerce means buying and dealing of goods, products, or services over the

internet. E-commerce is also known as electronic commerce or internet commerce. The term E-commerce is a marketable trade that is happened over the internet. These services handed online over the internet network. Trade of capitalist, finances, and data are also considered as E-commerce. The business transactions can be done in four ways Business to Business (B2B), Business to customer (B2C), customer to customer (C2C), and customer to Business (C2B). The best examples of online websites are Amazon, Flipkart, Meesho, Myntra, Quikr, Olx. By 2022, global retail e-Commerce can reach up to \$ 30 Trillion. Let us study the advantages and disadvantages of E-commerce and its types. The name is self explanatory; it is the meeting of buyers and merchandisers on the internet. This involves the trade of goods and services, the transfer of finances and the exchange of data.

d) Models of E- Commerce:

Electronic commerce can be classified into four major types. The base for this simple type is the parties that are involved in the deals. *So the four electronic commerce models are:*

1. Business to Business

Companies are doing business with each other i.e. business makes commercial transactions with other company. Hence, only manufacturers, wholesalers, retailers are involved in business transactions rather end consumers.

2. Business to Consumer

Normally it happens in business i.e. the company will sell their goods and / or services directly to the consumer. The consumer can browse their websites and look at products, cinema, read reviews. They place their order and the company consigns the goods directly to them. Best examples are Amazon, Flipkart, etc.

3. Consumer to Consumer

The consumers are in direct contact with other consumers. No company is involved in business

transactions. It helps people sell their particular goods and means directly to an interested party. Generally, goods traded are motorcars, bikes, electronics etc. examples are OLX, Quikr etc.

4. Consumer to Business

This is the reverse of Business to Consumers. It is a consumer to business. So the consumer provides a good or some service to the company. Best example is an IT freelancer who demos and sells his software to a company. This would be a C2B trade.

II) RECENT TRENDS IN MANAGEMENT

Let us study how the management and manager use effectively managerial practices to manage their workers in business. As the market situation evolves, the organizational trends also evolve and change. These changes are subject to the souk conditions of that time period. In management, the most popular recent trends are TQM, Risk Management, and Crisis Management etc.

1. Total Quality Management:

All business operation principles collectively agree on the significance of quality. One can measure the success of an association from the quality of its goods and services. Due to the significance of this factor, TQM has gained vast elevation over the times. Management strives to maintain the loftiest quality standards to meet their market competition.

2. Significance of Quality Management

Quality is one of the most important factors determining the success of a business. While purchasing goods and services, customers always consider the quality of them. In fact, in some cases, quality gets elevation over price as well. Good quality of products always gives every association a strong edge over its challengers. It also rewards the business with client patronage, word of mouth and good will. It is because of these benefits that TQM has come so important. Reasons like these have led to quality

instrument norms getting so important these days. Companies frequently show their ISO instrument rankings in announcements to earn goodwill and attract customers.

3. Risk Management

The risk management concept is originated from the business of insurance. It has assumed significance over the times as an important function of management. It principally consists of five processes that aim to alleviate business losses. No business has completed eliminate risks and they have to prepare for them probably. Managing of risk is essential part of decision making and planning. Workers from top to bottom have to deal with risk. This, in turn, implies that risk can affect all aspects of an organizational management. Hence, knowledge of threat and risk management is pivotal for every business organization.

4. Crisis Management:

Tragedy is unpredictable. No one will predict when a tragedy could strike. We are able to make arrangement to prevent forestall mishaps but they may still happen some times. Crisis management in such conditions is one in every of the foremost necessary functions of managers. They have to invariably be ready to build their organization when a crisis happens. No business can completely prevent the happening of crisis strike. Every tragedy carries distinctive effects. Hence, managers need to perceive every potential crisis and deal with it differently.

5. Resistance to Change:

In these days, management of risks is one of the most inherent a part of decision making and planning. From top to bottom, all employees need to deal with risks. This, in turn, implies that risks will affect have associate degree effect on all aspects of an organization's management. Hence, data of risk management is crucial for each organization. Change is largely a variation in pre-existing customs,

methods and conventions. Since all organizations perform in dynamic environments, they perpetually need to change themselves to succeed. For smooth adoption of changes, change management has many strategies. One of the foremost necessary sides of change management is resistance to change. It is merely attribute to counteract any changes and maintain the establishment. However, organizations try to implement the changes with minimum hassle since change is inevitable in every business. Resistance to change is also either visible or implicit. For instance, staff members could react to changes in policies with outright rejection and protests. They can even refrain from showing disapproval directly, but they can do implicitly by not accepting changes. Managers should perceive these issues and facilitate the workers adopt these changes smoothly.

6. Changes through management Hierarchy:

Normally, top management makes the necessary changes in any organization. The lower level solely implements these changes. Such a hierarchy typically misses out tiny and minute details of planning. Managers should, hence, perceive the way to arrange for changes below such conditions. Top management frames policy decisions and makes amendments in it according to the current situations. Managers and executives merely implement plans that the top level makes. They take solely tiny and easy choices so as to enforce those plans. For instance, let's say a company's board decides to revamp its business by adopting the most recent technology offered. The board can inform the management of this call and leave its implementation to them. In such cases, the management can have to be compelled to take into account finer details that the board is probably going to go away out. This includes details just like the purchase of recent machinery,

termination of sure workers, coaching of staff, etc.

7. Global Practices/International Business:

After globalization, global business practices and international business became common trend. Generally, corporate firms and Multi National Corporations are doing business across the globe. Managing such cross-border operations needs a radical understanding of native cultures, practices, laws and business environments. International managers, thus, need to play many necessary roles in their businesses.

8. Role of a Manager in International Business

Change is usually same to be the sole constant in one's life. This statement holds true for business organizations also. External and internal factors nearly lead to changes always in the approach that happen. The manager foremost duty is to implement these changes smoothly and cautiously. International business primarily refers to industrial transactions that involve over one country. Only globalization made it possible. Business managers need to perform many necessary roles to earn profits and minimize losses. Since cross-border transactions need large-scale operations, management becomes terribly troublesome. Due to this reason, international management has gained huge significance over the years.

CONCLUSION

Trade is exchange of goods or products. National and International Trade are two main types of trade. This trend could be a third variety of monetary business. This business is principally concerning exchanging things. This business is financially diagrammatic by Pink Color Employees. The character of trade is totally different once the economic Revolution and also the nature of this trade have changed drastically in modern era. The main reason is change in technology. Presently, e-commerce is a

very big business venture. But at the same time, you will be able to see that there have been many changes in business management. This shows that human beings have to change their trade and business management over the period of time. They have to grow their business using new technology. In short, human beings should change over the period of time, that is, they need to change the approach they manage their trade over time.

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EXPLORING THE CRITICAL EFFECT OF FINANCIAL LITERACY ON SUSTAINABLE BUSINESS PERFORMANCE IN THE CONTEXT OF FIRM PERFORMANCE OF SMES IN SRI LANKA

ATHAMBAWA HALEEM

Senior Lecturer
 Department of Accountancy and Finance
 Faculty of Management and Commerce
 South Eastern University of Sri Lanka

Abstract

A new way of doing business has gained widespread attention since Sustainable business performance is crucial for organization and society, and business organization has always focused to attain firm performance. Hence, to increase firm performance and attain sustainable firm performance, Financial Literacy (FL) is an important factor to understand and manage the financial resources of small and medium-sized enterprises (SMEs). The core purpose of this study is to measure the nexus between FL and sustainable business performance through mediating effect of firm performance, and the moderating effect of business types. The theory of Resource-Based View (RBV) was applied to form a conceptual model. A sample of 260 SMEs was obtained from the Eastern Province of Sri Lanka. A structured questionnaire was developed to collect data. The analysis was done using a structural equation model (SEM) to test the hypothesis. The findings proved that a significant relationship exists among the three dimensions of financial literacy namely Knowledge (KNOW), Skills (SKIL), and Attitude (ATTI) with the business performance of SMEs. However, financial Behaviour (BEHA) had no considerable impact on the performance of SMEs. Furthermore, this study found that financial SKIL, financial KNOW, and financial BEHA have a substantial relationship with sustainable business performance, on the other hand, the ATTI had no significant impact on sustainable firm performance. As usual, the firm performance had a strong significant direct impact on sustainable firm performance. This research provides useful implications to the owner-manager by highlighting the fact that FL is essential to restore sustainable firm performance through firm performance.

Keywords: *Finical literacy, Firm performance, Sustainable Business Performance.*

INTRODUCTION

According to a study by Galindo and Méndez-Picazo, (2013) SMSs are the primary cause of new technologies and financial expansion. SMEs provide a significant job for society by expanding

the market for new products, creating jobs, and facilitating social mobility in terms of income (Thurik et al., 2008; Quadrini, 1999). Since the introduction of the open economic policy in Sri Lanka in 1978, SMEs have been crucial to the

growth of the country's economy. Depending on their degree of development, many nations have varied definitions for SMEs. Common indicators include total investment, Annual turnover, and total employees. An SME is defined by the SME policy framework in Sri Lanka as an organization with a maximum of 300 full-time equivalent employees and a total annual revenue of Rs.750Mn Sri Lankan Rupee (National policy framework for SME development, year).

Sri Lanka's economy relies heavily on SMEs, which make up 80% of the country's total businesses. These may be found across the economy, in the primary, secondary, and tertiary sectors, and they offer opportunities for skilled, semi-skilled, and unskilled workers alike. About 20% of all businesses are classified as SMEs, including agribusinesses that specialize in the cultivation of spices, fruits, and vegetables as well as manufacturers that participate in a wide range of different industrial operations. Almost all service providers are SMEs. SMEs are crucial to the economy since they account for around 35% of all jobs. SMEs are crucial in fostering widespread economic prosperity. On the other hand, Sri Lanka sees contributions from SMEs of over 90% of GDP, as stated (Bamunusinghe, 2022). SMEs in Sri Lanka contributes approximately 52% of GDP with 5% of exports, respectively. Meanwhile, Sri Lanka is in the midst of an economic crisis, prompting the government to step in and implement many new rules designed to safeguard the market and the country's diverse businesses (Bamunusinghe, 2022).

The global economy's reliance on SMEs requires a deeper understanding of their performance mechanisms. Entrepreneurship nowadays focuses on corporate performance (Cassiman&Veugelers 2002; Grandinetti 2016). Despite the economic importance of SMEs and expanding research, there is

limited agreement on business performance factors and practices (Grandinetti 2016). Researchers focused to form relationships and operational element hypotheses to investigate SME performance. Different perspectives may indicate a lack of generality in SME growth and performance theories. This is likely due to the complexity of SME growth and performance studies. The historical pattern suggests that academics are altering certain hypotheses as they explore (Wiklund et al., 2009).

Most people agree that SMEs need entrepreneurial capability (Wilson & Martin, 2015; Lewis, 2011). The ability to innovate and access financing are the two major pillars of entrepreneurial capability (Burke et al., 2002). In certain cases, even those who are capable of starting a business from scratch may lack the resources or the know-how to do it (Yin et al., 2015). Remund (2010) refers to FL as the capability to grasp fundamental financial ideas and to make business decisions.

To be financially literate is to have a firm grasp on fundamental financial ideas and the capacity to put those understandings to work in order to allocate resources wisely and spot market opportunities (Hung et al., 2009). However, many researchers argue that the ability to understand and manage one's financial situation is crucial to the success of any entrepreneur, especially during the crucial operations phase where revenue is generated (Wang et al., 2016).

Sustainable SMEs in developing countries struggle to grow because they lack of knowledge, skills, attitude, and awareness to handle and manage their money in a tough, apparent, and appropriate direction. Joo and Grable (2000) said owners make improper, insufficient, and unproductive business choices due to a lack of financial KNOW, a lack of available time to educate themselves on managing finances, complicated business transactions, and a

comprehensive selection of financial services. SME financial obstacles can be exacerbated by poor business management. Low FL might hinder SMEs' ability to analyse and comprehend funding options and navigate complex loan application procedures.

A new way of doing business has gained widespread attention since the Sustainable Development Goal (SDGs) was first introduced in 2015. According to Schaltegger, Hansen, and Lüdeke-Freund (2012), a developing / growing company may provide societal significance, and ecological preservation by adopting a sustainable business strategy. Sustainable business models, according to Bocken et al. (2013), go beyond the maximization of shareholder profit to include the interests of a wider group of stakeholders. Small firms can increase economic growth through creating jobs, reducing poverty, redistributing money, using local resources, adapting technology, being creative, innovative, and training the workforce (Ejemeyovwi&Osabuohien 2020). For Sri Lanka to develop further, acceptable business concepts must be instilled in the country's SME.

However, numerous academics, like Schiffer and Weder (2001), Cressy (2002), and Beck et al. (2008), have suggested that SMEs' contributions to economic growth have been inadequated by their inability to gain access of financing from institutions. This is because many business owners and executives aren't very knowledgeable about finance. So, according to De Mel et al. (2012), FL leads to the development of the financial KNOW and SKIL essential to the expansion of SMEs in underdeveloped nations (Balarezo & Nielsen, 2017; Bruhn et al., 2010).

Few researches, however, has examined how FL influences business performance and sustainable firm performance separately. Hence, the main objective of this research is to examine the relationship between FL and

sustainable firm performance through firm performance. In addition, the study assesses the moderating effect of industry types in the relationship between FL and sustainable firm performance.

The theoretical foundation for this research was drawn from the field of the Resource-Based View(RBV). According to this theory, business owners need to have a firm grasp of financial matters in order to acquire and arrange other resources effectively (Brinckmann et al., 2011). The theory can be used to investigate how FL influences the performance of entrepreneurs. (Szilagyi, 1980).

Moreover, most of the studies were focused differently with the following factors such as FL, financial SKIL, financial ATTI, financial BEHA, awareness, and influence on SMSs' performance in nations, both advanced and developing but no direct study on FL and SMEs success in Sri Lankan context. There are a few theories that enlighten FL and entrepreneurship, hence it is up to the researcher to come up with different ways of describing and quantifying these concepts. Thus, this study is the first to investigate areas in personal finances, such as financial KNOW, financial skill, financial ATTI, and financial BEHA, on SMEs success in Sri Lanka. The exogenous variables of this study conceptualized with four dimensions of FL namely, financial KNOW, SKIL, ATTI, and BEHA as applied by (Maroufkhani et al. 2018). Because of this, all these gaps in empirical and methodological knowledge have been addressed by the findings of this study.

To bring a firm performance that results in sustainable firm performance, some owner-managers rely on resources especially technology, financial resources, infrastructure, etc. (Andries, 2018). However, some others focused in other resources such as market KNOW, reputation, business network, etc.(Guo, 2019). RBV emphasizes that an

organization needs resources to firm performance and suitability (Barney, 1991). Despite, several studies and increasing evidence, conclusions remain mixed. Recently, however, there have been a number of studies that have placed a higher value on the characteristic of human capital/resources in the SME sector. For instance, when owner-managers are poor in financial literacy. Hence, they are unable to invest in new business, technology, infrastructure, and new products etc. (Liao & Barnes, 2015).

In addition, SMEs often struggle to maintain their focus to increase performance and attain sustainability due to a lack of public and private financial support (Khan, Yang & Waheed, 2019). Organizations can achieve maximum productivity and sustainable advantage with the help of managers who possess specialized KNOW, SKIL, and capabilities, as stated by the RBV theory (Grant, 1996). The theory puts a greater value on the capabilities, experience, and KNOW of the management team, all of which contribute greatly to the success of the firm. This research, therefore, evaluates the significance of intangible assets of FL KNOW, SKIL, ATTI, and BEHA on firm performance and sustainable firm performance.

2. Resource-Based View Theory

One of the most influential and well-refereed ideas in the field of administration is RBV (Barney et al., 2011). According to RBV, a company has a valuable set of assets, and some of those assets have a stronger influence on the business than others (Wernerfelt, 1984). Given that every organization has its own unique set of resources, SKIL, and competencies, the RBV of companies demonstrates that innovation is one of the most important drivers of corporate development and expansion (Nath et al., 2010). A company's capabilities are the sum of its talents, abilities, and any supplementary KNOW that helps it

achieve its goals (Sirmon et al., 2011), and in recent years, information and KNOW have come to be seen as both critical resources and flexible capabilities (Sirmon et al. 2011).

A lot drives on the company's assets and SKIL to develop competitive advantages for it to survive (Gu et al., 2016). As a result, RBV emphasizes how crucial it is for businesses to make effective use of present resources while also developing new ones to sustain their competitive advantages (Sirmon et al., 2011). Moreover, RBV takes into account both internal and external factors to boost productivity and make use of innovation to create distinctive resources and capabilities for businesses (Peteraf & Barney, 2003). The primary goal of RBV is to differentiate between competing organizations' performances that can be attributed to inherent differences in their assets (Gu et al., 2016). According to the firm's RBV, all kinds of unique asset bundles are part of any business.

3. Literature Review

Financial inclusion is the recent concept which helps achieve the sustainable development of the country, through available financial services to the unreached people with the help of financial institutions. Financial inclusion can be defined as easy access to formal financial services or systems and their usage by all members of the economy. Paramasivan. C Ganeshkumar. V (2013)

FL means being able to make decisions that are both wise and prudent when it comes to using and managing money (Noctor et al., 1992; Beal & Delpachitra, 2003). Another way to define FL is as a component of the fundamental KNOW people need to function in contemporary society (Kim, 2001). The term "financial literacy" refers to one's capacity to understand and put into practice fundamental financial concepts (Servon & Kaestner, 2008). World Bank (2012) defines "FL as a combination of awareness, KNOW, and

SKIL necessary to make proper financial decisions and achieve financial well-being". KNOW of personal money management is becoming increasingly practical. The world's complex financial and economic systems require citizens who are financially educated. Decision-makers in the economy are strongly impacted by their KNOW with various financial ideas and terminology, which is a measure of their level of financial literacy. As civilization has grown, humans have become more capable of securing their own financial destinies.

The ability to recognize popular financial products and familiarity with fundamental financial principles are prerequisites for making prudent financial decisions. Recent research on FL demonstrates that most people lack the KNOW to make smart financial decisions (Guiso & Jappelli, 2008; Shahrabani, 2012). Conversely, a lack of FL has been linked to unwise spending and investing decisions. Stango and Zinman (2009), for instance, finding a state that a lack of financial awareness may lead to high-interest loans and an accumulation of unnecessary debt. Also, when interest rates drop, it's difficult for those who aren't financially savvy to take advantage of the opportunity to refinance (Campbell, 2006).

FL is multifaceted and has varied meanings to different researchers and academics, according to Zuhair et al. (2015), who noted that the lack of a frequently accepted definition was evidence of this. When compared to the definition of FL stated by Lusardi (2013), who states that FL is "a blend of awareness, KNOW, skill, ATTI, and BEHA essential to make full financial decisions and ultimately accomplish individual financial," the definition provided by Klapper et al., (2012) is more in line with the aforementioned definition. In an article, Schuhen and Schürkmann (2014) conveyed the most largely acknowledged definition for FL

throughout the world, which consists of three fundamental pillars as financial KNOW, ATTIs, and BEHAs. In addition, Menike, (2019) identified the influence characteristic of an entrepreneur is as a major characteristic in financial literacy. FL namely, financial KNOW, financial ATTI, , financial influence, and financial BEHA as adapted by (Thapa & Raj, 2015). The ability to use financial KNOW and SKIL, as well as the right ATTI and behave in a way that is appropriate, have been demonstrated to be essential components of financial literacy, according to a number of studies (Huston, 2010; Atkinson & Messy, 2012). People may effectively protect their financial future by acquiring and using the specific financial KNOW, SKIL, ATTI, and BEHA that are the key components of financial literacy.

4. Variable Development

4.1 Financial Literacy

The term "financial literacy" refers to the set of KNOW, SKIL, and information that allows business owners to handle their company's finances efficiently. Understanding how to read and write, as well as having domain-specific KNOW and SKIL, is what we mean when we talk about literacy (Atkinson, 2017). Financial literacy means making short-term and long-term money decisions and taking into account both expected and unexpected costs and income, as well as saving and investing for the future (Remund, 2010). There isn't one, agreed-upon definition of financial literacy. Instead, scholars have come up with their own interpretations of the concept. Since the concept of FL is multifaceted and has diverse meanings to different researchers and academics (Zuhair et al., 2015). People who can manage their finances well are seen as valuable assets to companies in the creative industries. Business owners can use this tool to help avoid the pitfalls of financial mismanagement (Berryman, 1983). The high percentage of small

business failure is mostly attributed to the owners' inability to manage their finances effectively, according to the Global Entrepreneurship Monitor (GEM) 2010 report. SME performance is said to increase in countries where citizens are financially literate (Barte, 2012; Wise, 2013; Siekei et al., 2013). When compared to the definition of FL provided by Lusardi and Scheresberg (2013), who states that FL is "a blend of awareness, KNOW, skill, ATTI, and BEHA essential to make full financial decisions and ultimately accomplish individual financial wealth," the definition provided by Klapper et al., (2012) is more in line with the aforementioned definition. FL is defined by Schuhen and Schürkmann (2014) as "the information, ATTIs, and BEHAs necessary to manage one's personal and professional financial affairs effectively".

The dimension of FL has been categorized by the previous researchers into main dimensions such as financial KNOW, financial SKIL, financial ATTI, financial BEHA, awareness, and financial influence. The researcher describes below the development of constructs consisting of independent variables dimensioned from FL (financial KNOW, financial SKIL, financial ATTI, and financial BEHA) mediating variable: business performance and dependent variable: sustainable business performance.

Besides, the variables of FL in this study were conceptualized and operationalized and measured using the dimensions of KNOW, SKIL, ATTI, and BEHA as adopted from (Bongomin et al., 2018; Atkison & Messy, 2014; Lusardi & Mitchell, 2014). In addition, Kempson (2008) distinguished between the functional components of FL and the progression from KNOW to SKIL to ATTIs to BEHA. In a summary, KNOW would cover the reason for saving and the means to do it, SKIL the ability to create a saving plan, ATTI the willingness to

save in advance, and BEHA the practice of setting aside some funds.

4.2 Financial Knowledge

Financial KNOW is defined as the Learning of fundamentals of personal finance is essential to living a comfortable and secure life (Huston, 2010). Financial KNOW is playing a crucial role on how to handle money. Those who have financial KNOW of the economics behind the most pressing concerns in their field of expertise are more likely to succeed than their less financially savvy counterparts. In other words, it allows them to effectively handle monetary concerns related to the performance of their enterprise. Being financially literate means having a clear understanding on the fundamentals of financial management in order to successfully run a business (Eniola & Entebang, 2017), understanding finance and how it works (Lusardi & Michell, 2006), being able to apply that understanding (Hung, Parker, & Yoong, 2009), and finally, being financially independent (Lusardi & Michell, 2006) are all necessary components of being financially literate (Huston, 2010).

The financial KNOW dimension includes income generation, cost cutting, increase assets, and minimizing debt (Kiyosaki & Lechter, 2000). This requires the owner-manager to make sense of a number of seemingly elementary financial concepts, such as interest, the value of discounts and cost-sharing, and return on investment. Budgeting, investing, financial planning, keeping accurate records, and maintaining specific types of bank accounts are all part of the FL component here.

4.3 Financial Skill

The fundamentals of finance is referred "financial KNOW," whereas "financial SKIL" is the capacity to apply that KNOW to real-world situations. The technical KNOW employed and shaped in

routines of financial self-management represented these SKIL (Pellinen et al., 2011), FL encompasses a wide range of competencies, from proficiency in figuring out compound interest to calculating interest (Kunovskaya, 2010) and inflation (Sekita, 2011) to the competence of securing the best possible terms in business deals while planning ahead (Kunovskaya, 2010; Chaulagain, 2015; Lusardi & Mitchell, 2014).

Managers who understand income, financial planning, budgeting, saving, and investing may make better short-term financial decisions and build solid long-term plans. (Remund, 2010). Many researchers argue that business owners of SMEs benefit from financial literacy, or the development of financial KNOW and SKIL since it allows them to make better financial decisions. Njoroge and Gathungu (2013) stated that those who are financially skilled are less likely to make poor management decisions with their money. Strong financial management is crucial to the survival and management of SMEs, and FL SKIL enables business leaders to evaluate financial products and make wise decisions.

4.4 Financial Attitude

A financial ATTI has referred a person who takes into account monetary realities while making choices and allocating resources (Ragina, Ezat, Junid, & Moshiri, 2011). Financial ATTI, such as aversion to risk and a focus on time, as well as some aspects of one's social context and formal education, might boost firm performance. Managers of smaller companies that are eager to improve their bottom lines by learning more about financial management will increase their firm performance. KNOW of finances has been proposed as a necessary element for a manager to have a healthy financial ATTI (Hathaway & Khatiwada, 2008). It has been theorized that a manager's financial ATTI will improve if he or she

has a firm grasp of the financial ATTI (Eniola&Entebang, 2017).

4.5 Financial Behaviour

Financial BEHA, as defined by Zeynep (2015), is "the ability to capture of comprehend the entire implications of financial actions on one's condition and to make the proper judgments associated with cash management, safeguards, and opportunities for budget planning." Individuals' financial BEHA as measured by various indicators may be reliably predicted by their level of financial literacy, as several studies have proven (Hung, Parker & Yoong, 2009).

According to Sucuahi (2013), competent financial BEHA is defined as the capacity to generate wealth and prevent uncertainty in organizations and people. These measures increase one's financial assets, safeguard against going into debt over one's head, provide for one's retirement, and protect one's financial stability against important life events.

4.6 Sustainable Firm Performance

Firm performance is measured by an organization's capacity to live up to the hopes and dreams of its customers and other stakeholders via careful planning, informed decision-making, and creative problem-solving. A company's long-term performance depends on its capacity to produce organizational KNOW, manage KNOW in a competitive environment, deal with environmental unpredictability, generate organizational intelligence, and control the supply chain (Civelek et al ., 2015). Thus, running a business is about more than just creating a profit for the proprietor; it's also about doing things the right way, and that requires everyone involved to accept responsibility for their part. An organization's sustainability should be based on improving efficiency, social importance, localization and engagement, stability, being socially

responsible, and work enrichment (Wells, 2013; Upward & Jones, 2016).

Indicators of sustainability evaluate the results of a company's actions regarding its business model and the degree to which those decisions contribute to sustainability (Abdelkafi & Tauscher 2016). Businesses that are sustainable make sustainability a central tenet of their value offering and their reasoning for creating value. Therefore, they benefit both their clientele and the world at large (Geissdoerfer, Vladimirova, & Evans 2018). Five propositions characterize sustainable business models: i) Benefits to the economy, society, and the environment are all considered when calculating sustainable value. (ii). To be really sustainable, business models must create a system of mutually beneficial exchanges of resources and benefits between numerous parties, including the natural environment and the human community. (iii). They call for a rethought value chain in terms of its goals, architecture, and leadership. (iv). They necessitate taking into account the needs and roles of all relevant parties across the board in order to maximize value for everyone involved. Business externalities (v) and product-service systems (vii) foster creativity and new approaches to creating sustainable businesses (Evans et al., 2017).

Creating social value and protecting the environment inside a successful company are both aspects of sustainable business performance (Schaltegger, Hansen, & Lüdeke-Freund, 2012). Using a framework developed by (Paulraj et al., 2011). There were able to quantify the economic, environmental, and social performance of sustainable firms. According to Paulraj (2011), the economic indicator (materials purchased, energy consumption, waste discharge, return on investment) environmental indicator (air emission, waste, consumption for hazardous, frequency for

environmental accidents, and energy saving), and social indicators (stakeholder welfare, community health and safety, risks, occupational health and safety, and awareness and protection) were used as measures. The goal of sustainable business performance is to "generate consumer and societal value by combining social, environmental, and commercial operations" (Bocken et al., 2013). Delivering financial value to stakeholders is only one aspect of sustainable company performance.

4.7 Firm Performance

The term "performance" can be used to indicate a variety of things, such as development, maintenance, achievement, or even rivalry. The term "performance" refers to a company's success in producing desired results and activities (Eniola & Entebang, 2015). The term "business performance" refers to the degree to which a company is able to realize its goals as determined by comparing actual outputs with those projected. This includes financial results, market standing, and shareholder return (Richard et al., 2009). When a company meets or exceeds the goals and expectations it set with its investors at the beginning of a given time period, it is said to have achieved "business performance," which is synonymous with "market success" (Eniola, 2015; Begonja et al., 2016).

The firm performance, according to Chamwada, (2015) may be determined by tracking three indicators: the rate of growth in revenue, the value of the company's assets, and the number of full-time workers. With regards to SMEs, it is about the concept of performance, and more specifically, the definition of performance. Performance can lead to two different strategic outcomes, which are commonly referred to in the literature as company success and failure (Abiodun & Harry, 2016). Managers can use firm performance as a proxy for the quality of

management (Jennings & Beaver, 1997; Sefiani&Bown, 2013). Whether or whether a business has been successful is determined by how well it has accomplished its objectives (Davidsson, 2004).

Performance is used as a measure of a company's viability throughout a specific time frame, as stated by (Eniola & Entebang, 2015). Due to this, performance has become an important concern for SME. Strategically bettering a company's performance depends on a number of factors, including the management team's ability to recognize and capitalize on new opportunities as they arise, its flexibility in responding to environmental shifts, and its possession of other traits such as innovativeness in product development, creativity, proactivity, technological advancement, and social networking.

There has been much discussion on how to measure business performance, but no agreed-upon metrics have emerged. The traditional measures of a company's performance, however, include both monetary and non-monetary metrics. Profitability indicators such as return on asset, return on sales, return on investment, return on equity, market share and operational efficiency are examples of financial indicators (Gentry & Shen, 2010). Job satisfaction, loyalty to the company, employee turnover, and business owners' happiness are all indicators of performance beyond the bottom line (Mayer & Schoorman, 1992). There is an understanding that business owners, especially those running smaller operations, often shield their company's financial performance metrics from public view for reasons of secrecy (Sabana, 2014).

Factors that shape a company's direction are called determinants of

business performance (Simpson et al., 2012). As a result, measuring and evaluating business performance is crucial in today's competitive business environment, as stated by (Mabhungu&Van Der Poll,2017). In addition, Javed and Muhammad (2011) noted that measuring business performance is an improved method for investigating whether a business enterprise is developing by means of indicators which permit an easy way to look into the enterprise situation. These indicators include the annual sale turnover rate, growth, number of employees, innovation, competition, and availability of resources. Profitability, growth, innovativeness, and survival were the most common indicators of business performance in the corporate world (Feng et al., 2017).

Client service quality, customer satisfaction, employee contentment, and environmental and social impact are non-financial indicators of success (Kaymak&Bektas, 2017). In the long run, non-financial performance metrics can have an impact on the efficiency and profitability of a business (Eccles, Ioannou, & Serafeim, 2014; Ho, Wu, & Wu, 2014). Gielnik et al. (2016) argued, however, that in addition to traditional indicators like "economic growth," such metrics should also take into account what the business owners themselves consider to be performance. In addition, Feng et al. (2017) argued that only objective measures of a company's performance should be embraced, meaning that performance in business should be measured by factors like increased sales and staff proficiency. In keeping with these points of view, the researcher of this study wants to focus on nonfinancial indicators of firm performance.

Conceptual Framework

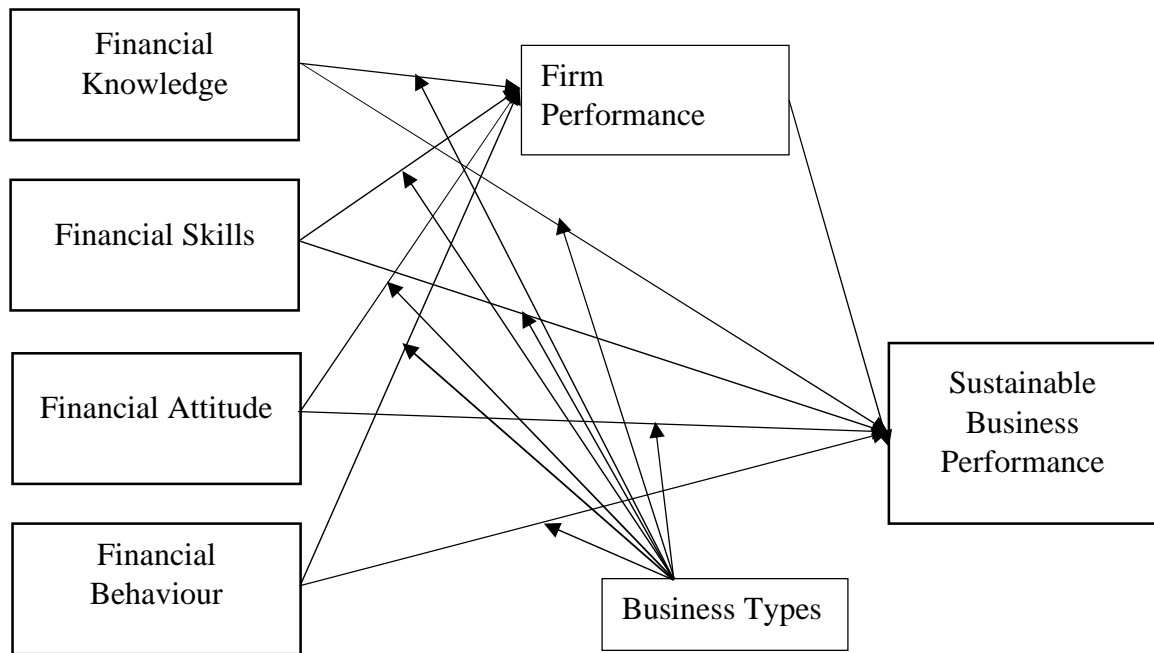


Figure 1 – Conceptual Framework

5. Hypothesis Development

5.1 Financial Literacy and Firm Performance

According to research by Kidwell and Turrisi (2004), firms whose owners have a deeper understanding of finance are better able to keep accurate financial records and secure funding from other sources. Increased access to capital is one benefit of FL for businesses (Marcolin & Abraham, 2006). Owner-managers who lack financial expertise will have a difficult time directing their businesses' finances successfully. Therefore, each decision taken by the company's management has the potential to alter the firm's performance. Studies on the impact of FL on the performance of SMEs have drawn the conclusion that a lack of financial KNOW is a major factor in the failure of many businesses throughout the world (Bunyaminu, Tuffour, & Barnor, 2019; Tuffour & Martey, 2019). SMEs play an outsized role in the economies of many countries; therefore, a manager's financial SKIL and practices may have an impact on the success of its operations in the future (Sucuahi, 2013). According to

Agyapong and Attram (2019) sound financial KNOW, SKIL, ATTI, and awareness to manage and direct the finances of their firms in a good direction, transparent, and professional way is significant to the firm.

According to Ajzen (1991), a person's financial ATTI is the individual's propensity to act in a certain way that was created owing to some economic and non-economic views the person had about the consequence of certain conduct. Higher levels of financial optimism are associated with the following BEHAs and ATTIs: a greater propensity to save (Atkinson and Messy, 2012; Agarwalla et al., 2013), lower inflation expectations (Bruine de Bruin et al., 2010), a lower propensity to consume (Atkinson and Messy, 2012; Agarwalla et al., 2013), and higher risk tolerance (Lusardi & Mitchell, 2008; Yu et al., 2015).

How a person behaves has a major impact on his or her financial situation. High financial BEHA individuals also save more frequently and routinely, invest in the stock market, and use other formal financial markets (Van Rooij et al., 2007;

Klapper et al., 2012; Bucher-Koenen et al., 2016). What makes a company capable is its ability to arrange and bring together various resources, typically in some sort of combination, via the use of organizational processes that result in improved performance (Grant, 1996). Those mechanisms are based on KNOW unique to the company and are thus mostly intangible. They have evolved over time as a result of complex interactions between the firm's resources (Amit & Schoemaker, 1993; Conner, 1991; Prahalad & Hamel, 2006). They can be viewed as the firm's KNOW and the ATTIs and beliefs it fosters, all of which contribute to the company's ability to attract and retain a wide variety of resources (both financial and non-financial), to survive difficult economic and social environments, and to improve performance.

FL as including four dimensions KNOW (Lusardi & Bassa Scheresberg, 2013); SKIL (Kunovskaya, 2010; Sekita, 2011; Kunovskaya, 2010; Lusardi & Mitchell, 2014); ATTI (Sabri & MacDonald, 2010); and BEHA (Atkinson & Messy, 2012; Klapper et al., 2012; Agarwalla et al., 2013). Hence, the following hypotheses were developed.

H1 –Higher Financial knowledge leads to an influence on firm Performance

H2 –Higher Financial skill leads to an influence on firm Performance

H3–Higher financial attitude leads to an influence on firm Performance

H4 –Higher financial behaviour leads to an influence on firm Performance

5.2 Financial Literacy and Sustainable Firm Performance

Many research has tried to prove that FL is vital to the performance and sustainable firm performance of SMEs (Deakins & Hussain 1994). According to Beal and Delpachitra (2003), FL is a crucial competency since it allows

individuals to navigate the financial markets with confidence and competence and eliminates misunderstandings about issues. When business leaders are financially literate, their companies benefit because they have easier access to capital and are less likely to suffer losses due to bad decision-making. Due to inexperience with accounting information systems and poor financial statement preparation, many small business owners have their loan applications rejected (Deakins & Hussain 1994). Preparing standard financial accounts and providing useful information to all stakeholders, including bankers and lenders, in a timely manner improves a small business owner's prospects of securing financial resources. Small business owners that are financially literate are better able to prepare for loan applications, present compelling arguments during client interviews, and adapt to a dynamic business and financial markets environment (Lusardi & Mitchell 2011). For technical purposes, FL improves SMEs' access to resources, lowers finance costs, and allows for the development of a sound capital structure, all of which contribute to the long-term viability of the business (Areo, Gershon, & Osabuohien 2020).

In spite of the fact that the impact of FL on SME performance has been widely documented, the same cannot be said about its impact on corporate sustainability or sustainable business model (Lusardi & Mitchell 2011; Eniola & Entebang 2017). Beyond financial literacy, the prior research also looked at financial competence, which includes things like financial KNOW and SKIL as well as money management abilities (OECD 2016). People that are financially adept have a positive mentality when it comes to handling their finances. They keep an eye on the economy, adapt their decisions to the current climate, and take measures to better their financial situation. As business owners show they

can responsibly handle their finances and make educated choices, they will be able to keep their sustainable business (Borg, 2017).

Research on SMEs financing has repeatedly indicated that a lack of capital is an issue for SME owners. Financial illiteracy may be a hindrance for business owners, making it harder for them to secure funding and keep track of their earnings. Those who are not financially knowledgeable tend to avoid investing and other financial decisions because they feel overwhelmed (Agarwal, Chomsisengphet, & Lim 2017). FL as including four dimensions of KNOW (Lusardi & Bassa Scheresberg, 2013); SKIL (Kunovskaya, 2010; Sekita, 2011; Kunovskaya, 2010; Lusardi & Mitchell, 2014); ATTI (Sabri & MacDonald, 2010); BEHA (Atkinson & Messy, 2012; Agarwalla et al., 2013).

Managers of SMEs would do well to equip themselves with financial literacy, financial expertise, and financial data that would allow them to secure the external financing that is the key to competitive advantage (Hussain, Salia & Karim, 2018). Financially literate managers are a boon to the SME sector in emerging economies because they can better allocate resources, resulting in better performance (Malinda et al., 2018). For example, the KBV theory proposes that businesses with managers who are Knowable, skilled, and informed have better benefits in performance and competitive advantage. FL has been found to have a substantial positive correlation with sustainable firm performance in a number of studies (Purnomo, 2019). Since this is the case, the study makes the hypothesis that

H5- Higher financial knowledge leads to the influence on Sustainable firm performance

H6- Higher financial skills lead to the influence on Sustainable firm performance

H7- Higher financial attitude leads to the influence on Sustainable firm performance

H8- Higher financial behaviour leads to the influence on Sustainable firm performance

5.3 Firm performance and Sustainable firm performance

The success of SME is said to improve firm performance when its owners are financially literate (Barte, 2012; Wise, 2013; Siekei et al., 2013). Firm performance is measured by financial and nonfinancial indicators (Runyan et al., 2012; Rauch et al., 2009; Stam et al., 2014).

A person's FL is an intangible resource that aids in their ability to manage their own finances and make sound investment choices (Greenspan, 2002). Both resources tangible and intangible with respect to FL are crucial to gain an edge in the marketplace and succeed as an entrepreneur with superior performance. There is a contradicting causal relationship between firm performance and sustainable firm performance. In addition, a company's participation in sustainability initiatives in the following term is a direct result of its financial performance in the preceding period. If a company's financial performance has been strong in the past, it will have extra money to put into sustainability initiatives; if it has not, the company will not even consider taking such measures. All firms, high and low, have a common short- and long-term causal relationship between performance and sustainability (Chang & Kuo, 2008).

Higher sustainability performance has been linked to a company's success, according to several studies. So, for instance, Rodgers et al. (2013) found that the value of a company's performance has a major impact on CSR in the modern era. Chang and Kuo (2008) found that the stronger a company's financial

performance, the better its sustainability practices, and the same holds true for the other way around. In addition, some academics have concluded that social investment undermines the core idea of growing a company's worth (Jensen, 2001).

H6: Firm performance has a significant relationship on Sustainable firm performance.

6. Research Design, Data Collection, and Analysis

An organization's resources interact in complex ways over time to create something called a "firm-specific intangible process" (Prahalad & Hamel, 2006). The firm's own KNOW, SKIL, ATTIs, and BEHAs, as well as the strategic resilience and support for the firm's superior performance and sustained firm performance, are examples of these intangible assets.

The research method that follows describes constructing measurements for the FL constructs, firm performance, and sustainable firm performance as well as the data collection procedure for empirical testing. Confirmatory factor analysis and hypothesis testing using covariance-based path coefficients were utilized in structural equation modelling for instrument validation.

The constructs used in this study are financial literacy, firm performance, and sustainable firm performance. For each construct, it was identified items that were used from previous research. The testing was used as perceptual measures rather than objective measures for firm performance and sustainable firm performance. Because it is difficult to isolate both due to FL as changes in performance. In a similar vein, Tallon et al. (2000) stated that executives' subjective assessment can stand in for substantial evidence.

Accordingly, in this research, FL was characterized by financial KNOW,

financial SKIL, financial ATTI, and financial BEHA. In which, financial KNOW was measured by four items (Knowledgeable about financial risks, Knowledge about costs associated with financial products/services, Knowledge of key features of financial products/services, and Knowledge about financial statements); SKIL was measured with three items (ability to prepare a personal budget, ability to accurately determine benefits and cost from financial dealings, and evaluating the different financial products and services); ATTI was measured with three items (good attitude towards saving money, organized in regards to managing money, and well prepared for the future risk); BEHA was measured with four items (always read the terms and conditions on use of financial products/ services, always keep aside some money for their future use, always choose financial products that suits their needs and Conditions and always look to saving and spending money).

The firm performance construct was measured by four items, as described in the literature section: profitability, growth, innovation, and survival (Feng et al., 2017). Finally, sustainable firm performance was measured by three items: Environmental sustainability, financial sustainability, and social responsibility (Babajide et al., 2021; Habib, Bao & Ilmudeen, 2020).

The eastern province, data was gathered using predetermined and organized mail survey questionnaires. The questionnaire's face validity was initially improved through pilot testing with a small sample of experienced owner-managers. These firm owners and managers shared the same educational and occupational backgrounds as the real responders and displayed a high level of business and financial Knowledge. In addition, respondents were involved with analyzing the phrasing of each scale item for clarity and purpose before making

suggestions for improvements. The respondent reached a consensus on the constructs and items, indicating that the measurement scales had sufficient face validity. A researcher specializing in accounting was asked to comment on and critique the updated questionnaire.

The refined questionnaire was sent to 600 randomly selected owner managers from the SME registered in the Chamber of Commerce of each district (Ampara:383, Batticaloa:83, Trincomalee: 418) in the Eastern Province, Sri Lanka, along with a letter explaining the study objective and assuring participants' privacy. They were chosen because there was a need for the target respondents to possess both Knowledge relevant to their companies.

Participants were asked to indicate the degree to which they agreed or disagreed with statements made regarding the concepts on a Likert scale running from 1 (strongly disagree) to 5 (strongly agree). It was requested that the questionnaire be returned via postal mail. Two weeks following the initial letter, a reminder was issued to those who had not yet replied. Almost 25 of the surveys had unusable responses due to incomplete responses. The data was collected from 260 respondents, at a response rate of 43.33%. Among the 285 responses, 260

were considered for analysis after the screening of data. The reliability and construct validity of each variable was tested by using SPSS, version 26.0. The reliability of the individual items in each construct was measured with Cronbach alpha against the alpha coefficient which was higher than 0.7 and thus internal consistency was attained.

To examine the construct validity of the measurement models of each variable, confirmatory factor analysis (CFA) was done. Before doing CFA, it is important to check the Exploratory Factor Analysis (EFA). The Kaiser-Meyer-Olkin (KMO) value, Bartlett's Test of Sphericity for sample adequacy, and factor loadings for internal consistency were done for the purpose of confirming EFA. The measurement model's integrity of fit was measured with Chi-square/df<3, GFI > 0.9, AGFI>0.9, CFI>0.9, and RMSEA<0.08 values (Hair et al., 2010). When the overall measurement model is accepted (Chi-square/df< 3, fit indices >0.9 and RMSEA< 0.08), all the factor loadings were more than 0.5 and the discriminant validity is satisfied, the structural model was developed and goodness-of-fit was evaluated. Then by using AMOS, version 26.0 SEM was used for hypotheses testing and validation.

7. Descriptive Analysis

Table1
Descriptive Analysis

Demographic Variables	Sub-items	Frequency	Percentage
Gender	Male	204	78.46
	Female	56	21.54
Qualification	A/L Completed	95	36.54
	Diploma	79	30.38
	Bachelor Degree	64	24.62
	Master Degree	22	8.46
Experiences	1 To 3 Years	32	12.31
	3 To 6 Years	34	13.08

	6 To 9 Years	173	66.54
	More than 9 years	21	8.08
Position	Manager	52	20.00
	Owner / Proprietor	152	58.46
	Partner	32	12.31
	Chairman	9	3.46
	Director	15	5.77
Business Types	Trading	100	38.46
	Service	64	24.61
	Manufacturing	49	18.84
	Construction	47	18.07
Business Operation	1 To 3 Years	15	5.77
	4 To 7 Years	72	27.69
	8 To 12 Years	115	44.23
	More than 12 Years	58	22.31
Number of Employees	0 To 10	63	24.23
	11 To 50	159	61.15
	51 To 150	35	13.46
	More than 150	3	1.15
Annual Turnover	Less than 15 Mn	127	48.85
	15 Mn To 50 Mn	105	40.38
	50 Mn To 100 Mn	22	8.46
	100 Mn To 250 Mn	6	2.31

Source: Primary data

The above table depicts the percentage of gender participants including 78.46 % (204) male and 21.54(56) female. Further, it shows the educational qualification of the participant who has A/L completed as the highest percentage of 36.54(95), next to the highest is the diploma holders percentage of 30.38 (79), the lowest percentage of the participant who has master degree completed .typically the general owner possess bachelor degree at 24.62 (64) percentage.

The owner-managers have different years of experience in their firm. The table depicts that the owner-managers highest year of experience included 66.54(173) in 6 to 9 years, 13.08% (34) in 3 to 6 years, 12.31% in 1 to 3 years and the lowest is 8.08% (21) in more than 9 years of experience.

The distribution of business types

in the study included 38.46% (100) in trading(wholesales, retails, imports and distribution, distribution, modern shops), 18.84%(49) in manufacturing, 24.61%(64) in service, and the lowest is 18.07% (47) in construction. The table indicates that in the majority of the forms approximately 61.15% (159) of the respondent have 11 to 50 employees, about 24.23% (63) respondents have below 10 employees, and 13.46%(35) respondents have 51 to 150 employee in their firm. The lowest numbers of employees are in more than 150. The table finally indicates that the majority of the respondents' firms earn less than 15mn. approximately 48.85 % (127) of the respondents have less than 15mn, about 40.38%(105) of respondents'' firm has 15mn to 50mn sales per month, 8.46% (22) firm has 50mn to 100mn. The lowest number of firm turnover is 2.31% (6).

Table 2
Measurement and criteria

Variables	Items	Factor Loading	AVE	CR
Financial Behaviour	BEH1	.896	.756	.925
	BEH2	.851		
	BEH3	.877		
	BEH4	.854		
Financial Knowledge	KNO1	.811	.723	.912
	KNO2	.851		
	KNO3	.895		
	KNO4	.841		
Financial Attitude	ATT1	.891	.770	.909
	ATT2	.877		
	ATT3	.864		
Financial Skills	SKI1	.974	.661	.849
	SKI2	.824		
	SKI3	.596		
Firm Performance	FIP1	.874	.799	.941
	FIP2	.914		
	FIP3	.891		
	FIP4	.897		
Sustainable Firm Performance	SFP1	.809	.734	.892
	SFP2	.880		
	SFP3	.880		

Source: Primary Data

According to Hair et al. (2010), the measurement model was tested using construct reliability convergent validity and discriminant validity. Composite reliability and Cronbach alpha of the construct were used to measure the construct reliability of the model. The composite reliability of the measurement model ranged between .849 to .925 (see table 2) and the factor loading value of the construct in between .596 to .914 which is above the threshold level (>0.5). Hence the measurement model is fit and reliable for further testing (Hair et al., 2014).

According to Fornell and Larcker, (1981) the average variance extracted (AVE) was used to measure the convergent validity of each construct. The

values of AVE of all constructs were above the threshold value >0.5. This shows that the convergent validity of the measurement model is fit (Hair et al., 2014). Finally, the discriminant validity of the model was tested. It shows (see table 3) that all the diagonal values (AVE) are higher than their highest squared correlation with any other construct (Fornell& Larcker, 1981). In this, the AVE as the diagonal value is greater than the off-diagonal squared correlation in the rows and columns, signifying the fulfillment of the Fornell-larcker criterion (See Table 3). Hence, the discriminant validity of the constructs is satisfied.

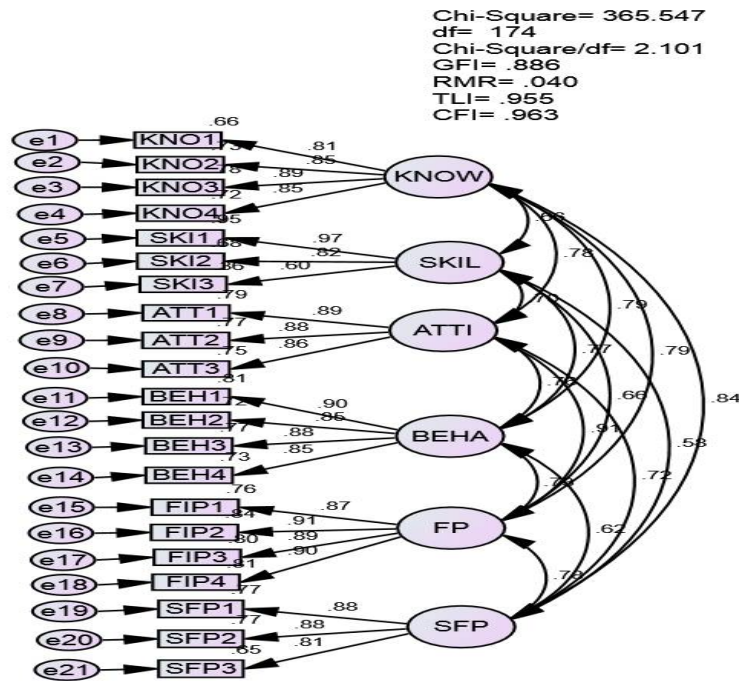


Figure 2: Measurement Model

Table 3

Discriminant validity of the construct

	KNOW	SKIL	ATTI	BEHA	FP	SFP
KNOW	0.723					
SKIL	0.437	0.661				
ATTI	0.605	0.494	0.770			
BEHA	0.624	0.590	0.581	0.756		
FP	0.630	0.436	0.651	0.533	0.799	
SFP	0.701	0.339	0.518	0.382	0.605	0.734

Note: The diagonal data in the Matrix represents the square of correlation of the construct.

Structural Equation Modeling and hypothesis testing

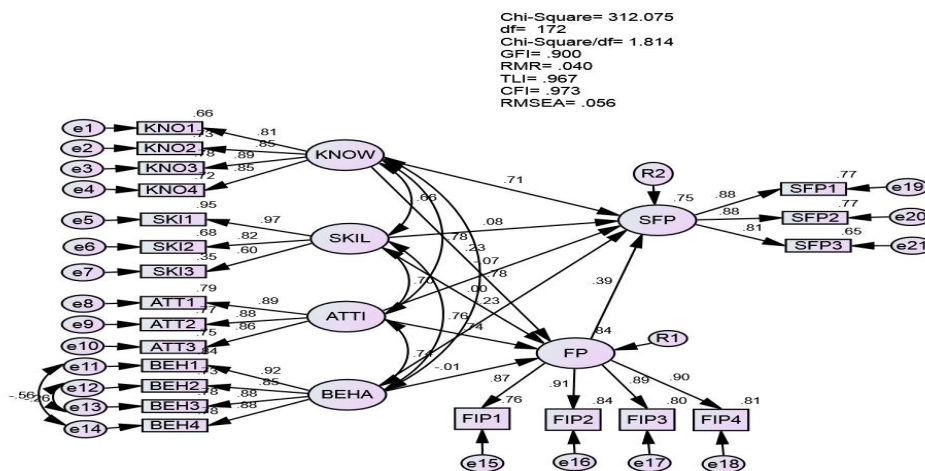


Figure 3: Structural Model

Table 4
Results of Hypothesis

Hypothesized Path	Relationship	Std Estimate	UnStd. Estimate	S.E.	C.R.	P	Hypothesis Result
H1	FP <---KNOW	.335	.504	.067	7.533	***	Supported
H2	FP <---SKIL	.581	.530	.114	4.460	***	Supported
H3	FP <---ATTI	.799	.921	.065	14.155	***	Supported
H4	FP <---BEHA	.044	.062	.054	1.154	.248	Not Supported
H5	SFP <---KNOW	.644	.727	.076	9.533	***	Supported
H6	SFP <---SKIL	.089	.340	.171	1.986	.047	Supported
H7	SFP <---ATTI	.008	.007	.091	.078	.938	Not Supported
H8	SFP <---BEHA	.160	.167	.050	3.316	***	Supported
H9	SFP <---FP	.332	.249	.085	2.914	.004	Supported

Source: Primary data

The structural model was tested using AMOS 26 analysis. The SEM is a good fit for the data used in this study. There are some criteria which were used to test the model for example. Chi-square fit, CMIN/ df= 1.814 which is below the cut of point of 3. Hence, the model is fitted in line with Chi-square value to the degree of freedom. Then the other criteria were used such as TLI, CFI, and GFI which values are .967, .973, and .900 respectively, which are greater than 0.9 (Hair et al., 2014). RMSEA is 0.047 which is lesser than 0.08 and RMR is 0.040 which is less than 0.50. Thus, the structural model is a valid model (See figure 2).

As shown in Table 2 above most of the relationships are significant. However, based on 1000 bootstrap resample's as recommended by Hair et al., (2014), the nexus between FL and firm performance and the nexus between FL and sustainable firm performance. Most of the variables are significant at 0.05 (See Table 4). The path coefficients show that ATT significantly impacts on FP (Std estimate= .799, CR=14.155, p = 0.000 <0.000) and KNOW significantly impacts on FP (Std estimate= .335, CR=7.533, p < 0.000), the relationship

between SKIL and FP (Std estimate= .581, CR=4.460, p =0.000 < 0.000), confirming H1, H2, and H3. In contrast, the relationship between BEHA and FP (Std estimate= .044, CR=1.154, p=.248 < 0.05) confirms that BEHA (H4) do not significant with FP respectively. Further to test the significant impact on SFP of exogenous variable: the path coefficient shows that the impact of BHAV on SFP (Std estimate= .160, CR=3.316, p = 0.000 <0.000): KNOW significant impact on SFP (Std estimate= .644, CR=9.533, p = 0.000 <0.000): INF significant impact on SFP on SFP (Std estimate= .089, CR=1.986, p = 0.047 <0.05): confirming that H5, H6, and H7 are supported. Finally, to test the relationship between FP and SFP, the path coefficient shows that FP significantly impacts of SFP (Std estimate= .332, CR=2.914, p = 0.004 <0.05) confirming H9 that FP has a significant impact on SFP.

The coefficient of determination (R^2) is a statistical indicator of the extent to which a linear regression model can be explained by a set of exogenous variables (Chicco et al., 2021). Based on what we see in Figure 3, the SEM's coefficient of determination (R^2), The model explains a large proportion of the variation in both

the FP (75%) and SFP (84%) dependent variables, indicating its validity. R² values above 0.10 are recommended by (Falk & Miller, 1992). The model satisfies the criterion for endogenous variables set forth by (Falk & Miller, 1992). Since the model still has a sizeable fraction of unexplained variability, it could benefit from the addition of new, critical components. According to Hair et al., (2014), R² values greater than 67% are considered a higher variance explained. The model used in this study explains more variance of FP and SFP.

Examining Mediating Effects

To measure a complex integrated structural model, it is important to test the mediating effect between constructs. This section is intended to test the mediating effect of FP between ATT, BHA, KNOW, and SFP, and these were tested separately. According to Hair et al.(2014), there should be robust associations among the exogenous variable, the mediator, and the endogenous variables. The direct and indirect effects were considered when analyzing the mediating effect. However, according to the conceptual model of this study, there is a need a study to measure full and partial mediation between variables

Mediation effect of FP between KNOW and SFP

standardized regression weight and the finding table (2) revealed that the direct relationship between KNOW and FP has a significant relationship. Meantime, the relationship between KNOW and SFP has a significant relationship. As both paths have a significant relationship, it is needed to test partial mediation. The 95% CI for the indirect impact of KNOW on SFP is (lower= 0.027, upper= 0.200). The number 0 does not fall within the range (Memon, 2018). As a result, KMOV influences SFP. Therefore, FP is a mediator between KNOW and SFP (P=0.023 <0.05)(see Tables 5 and 6). Therefore, H9a, FP mediates the

relationship between KNOW and SFP is supported with partial mediation.

Mediation effect of FP between SKIL and SFP Based on the standardized regression weight, the findings (Table2) revealed that there is a significant relationship between SKIL and SFP and there is a significant relationship between SKIL and FP. The 95% CI for the indirect impact of SKIL on SFP is (lower= 0.105, upper= 0.174). The number 0 does not fall within the range (Memon, 2018). As a result, SKIL influences SFP. Therefore, FP is a mediator between SKIL and SFP (P= 0.035 <0.05))(see Tables 5 and 6). Therefore, H9b, FP mediates the relationship between SKIL and SFP is supported with partial mediation.

Mediation effect of FP between ATTI and SFP

Because of the standardized regression weight, the findings (Table2) revealed that there is no significant relationship between ATTI and SFP and there is no significant relationship between ATTI and FP. The 95% CI for the indirect impact of ATTI on SFP is (lower= 0.081, upper= 0.505). The number 0 does not fall within the range (Memon,2018). As a result, ATTI influences SFP. Therefore, FP is a mediator between ATTI and SFP (P= 0.021 <0.05))(see table 5 and 6). Therefore, H9c, FP mediates the relationship between ATTI and SFP is supported with full mediation. As the other variable: BEHA has no significant relationship with FP and a significant relationship with SFP, it can be concluded that there is no mediation effect. Further, table 5, it shows that the lower bound and upper bound value of both SKILL and BEHA has 0 value. As a result, there is no mediation effect for the variable.

Table 5
Unstandardized Indirect Effect

	KNOW	SKIL	ATTI	BEHA
FP
SFP	.023	.035	.021	.825

Table 6
Indirect Effects Analysis Using 1000 Bootstrap

	95% Lower Bound						95% Upper Bound					
	KNOW	SKIL	ATTI	BEHA	FP	SFP	KNOW	SKIL	ATTI	BEHA	FP	SFP
FP	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
SFP	.027	.105	.081	-.058	.000	.000	.200	.174	.505	.060	.000	.000

Source: Primary data

Table 7

Moderating effect of ‘Business Types’

Model	NPAR	CMIN	DF	P	CMIN/DF
Unconstrained	236	1023.384	688	.000	1.487
Measurement weights	191	1080.308	733	.000	1.474
Structural weights	164	1110.389	760	.000	1.461
Structural covariances	134	1143.715	790	.000	1.448
Structural residuals	128	1156.623	796	.000	1.453
Measurement residuals	59	1261.466	865	.000	1.458
Saturated model	924	.000	0		
Independence model	84	6162.017	840	.000	7.336

Source: Primary data

The moderating effect of business types was examined using four types of groups: trading, services, manufacturing, and constructs. Based on the moderation test, it showed that the chi-square (1023.384) for unconstrained was lower

than the measurement residual(1261.466) (see table 7). The output indicated that there was a moderation effect on the model.

Table 8

Assuming model Unconstrained to be correct

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Measurement weights	45	56.924	.109	.009	.010	-.002	-.002
Structural weights	72	87.005	.110	.014	.016	-.004	-.004
Structural co variances	102	120.331	.104	.020	.022	-.005	-.006
Structural residuals	108	133.239	.050	.022	.024	-.005	-.005
Measurement residuals	177	238.082	.001	.039	.043	-.004	-.005

Source: Primary data

The measurement residual showed a significant $p = 0.001 < 0.05$ (see table 8). It showed that there was a significant moderating effect between business types

(Trading, Service, Manufacturing, and Construction) towards exogenous and endogenous variables.

Table 9
Table Regression Weight of the Moderating Variables

		Trading		Service		Manufacturing		Construction	
		Estimate	P	Estimate	P	Estimate	P	Estimate	P
FP	<--- KNOW	.052	.870	.602	.067	.224	.172	.820	.004
FP	<--- SKIL	.904	.203	.352	.616	.285	.633	.497	.559
FP	<--- ATTI	1.366	***	.988	***	.965	***	.708	.017
FP	<--- BEHA	.328	.347	.073	.709	.005	.972	.260	.400
SFP	<--- KNOW	1.073	***	.526	.077	.887	***	.949	.002
SFP	<--- SKIL	.477	.392	.573	.314	.337	.653	1.412	.064
SFP	<--- ATTI	.174	.510	.061	.829	-.820	.189	.045	.874
SFP	<--- BEHA	.645	.021	.027	.862	.360	.056	.206	.444
SFP	<--- FP	.336	.013	.289	.229	.965	.084	.086	.655

Source: Primary data

Based on the above table9, it showed that the moderating effect of business types for trading towards exogenous variables consisted of (ATTI, SKIL, KNOW, and BEHA) and as for endogenous variable SFP and FP. It showed that business types only act as a moderator for ATT to FP(p=0.00), HEHA to SFP(p=0.021), KNOW to SFP (p=0.000), and FP to SFP (p=0.013) with beta value 1.366, 0.645,1.073 and 0.336 respectively.

Similarly, for service business type, it showed that the moderating effect of business types for services towards exogenous variables consisted of (ATTI, SKIL, KNOW, and BEHA) and for endogenous variables SFP and FP. It showed that business types act as a moderator for ATT to FP(p=0.00), with a beta value of 0.988.

While examining, it showed that the moderating effect of business types for manufacturing towards exogenous variables consisted of (ATTI, SKIL, KNOW, and BEHA) and as for endogenous variable SFP and FP. It showed that business types act as a moderator for ATT to FP(p=0.00), and KNOW to SFP (p=0.000) with beta values of .965 and 0.887 respectively.

Finally, it showed that the moderating effect of business types for construction towards exogenous variables

consisted of (ATTI, SKIL, KNOW, and BEHA) and for endogenous variable SFP and FP. It showed that business types act as a moderator for ATT to FP(p=0.017), KNOW to FP (p=0.004), and KNOW to SFP(p=0.002) with beta values 0.708, 0.802and 0.949 respectively

7. Conclusion and Recommendation

SMEs have a significant impact on the national economy. Hence, the owner-managers of the SMEs are the key decision maker to take the organization toward success. FL is one of the important concepts to determine firm performance and sustainable firm performance. The organization's success is measured by its performance. The hypothesized conceptual model was developed by adapting the RBV theory to measure the relationship between FL and firm performance, financial literacy, and sustainable firm performance, and firm performance and sustainable firm performance. In addition, the second objective was to examine the mediating impact of firm performance in the relationship between FL and sustainable firm performance. Finally, a moderating role of business types was tested on firm performance and sustainable firm performance with financial literacy.

This study test nine hypothesis derived from the conceptual framework of financial literacy, firm performance, and

sustainable firm performance. The study concludes that a significant influence was found by the three dimensions of financial literacy; KNOW, SKIL, and ATTI with firm performance while financial BEHA did not show a significant impact on the firm performance of SME. Further, this study reveals that financial SKIL, financial KNOW, and financial BEHA have a strong relationship with sustainable firm performance while ATTI did not show a significant impact on sustainable firm performance. Finally, to test the direct effect, the firm performance had a strong significant impact on sustainable firm performance. Further, the model was used to assess the mediating effect of firm performance in the relationship between FL and sustainable firm performance. The study concluded that firm performance mediates the relationship between financial ATTIs and sustainable firm performance is supported by full mediation. And also firm performance mediates the relationship between financial KNOW and sustainable firm performance is supported with partial mediation. Moreover, firm performance mediates the relationship between SKIL and sustainable firm performance with partial mediation while firm performance did not mediate the relationship between BEHA and sustainable firm performance.

The theory of KBV emphasizes that owner-manager with sufficient Knowledge, skill, and information direct their firm to improve profitability and sustainability (Barney, 1991). Moreover, RBV emphasizes the importance of tangible and intangible assets of the firm to gain sustainable and better performance. Prior studies stated that intangible assets (KNOW, SKIL, information, and capabilities) drive toward superior performance (Khan, Yang, & Waheed, 2019). This study focused on the KNOW of the owner-manager for higher performance and sustainable firm performance.

Moreover, the result confirmed that financial KNOW significantly contributes to firm performance and sustainable firm performance. Other studies are also consistent with the finding that it shows a significant positive influence of FL on sustainable firm performance (Purnomo, 2019). Further, this study is consistent with the finding of (Memon, Yong An, and Memon, 2019), who revealed that a manager who has FL will have high capabilities to find opportunities and new ideas which can bring high performance. Hence, this study has revealed that financial KNOW, SKIL, and financial ATTI are supported by firm performance, and further, it revealed that Financial KNOW, Financial SKIL, and Financial BEHA, have a significant influence on sustainable firm performance. Therefore, strengthening FL is crucial to the blueprint for success in enhancing entrepreneurial performance (Adomako & Danso, 2014; Kojo Oseifuah, 2010; Glaser & Walther, 2013).

Further, the research reveals that financial BEHA has not a significant influence on firm performance, at the same time it has a significant influence on sustainable firm performance. The findings, as a result, stand in contrast to the conclusions of Potrich et al. (2016), who came to the conclusion that the financial behaviour of SMEs has a considerable impact on the company's performance. Even though, the majority of the owner-manager respondents and significant relationship of financial KNOW, SKIL, and financial ATTI on firm performance, however, they have no opinions about their financial BEHA.

Moreover, financial SKIL have a significant relationship with firm performance and sustainable firm performance. Financial SKIL might have a positive effect on the future of the business (Sucuahi, 2013), and the finding is consistent. The study of Chatterjee and Das (2016) showed a negative effect of skill on the commercial success of Indian

micro-enterprises, which goes against the outcome that was found here. Financial SKIL might have a positive effect on the future of the business (Sucuahi, 2013). Additionally, many research confirmed that the key drivers of SME growth are undoubtedly human capital and financial SKIL (Maroufkhani et al., 2018; Perks, 2010).

Business performance has been shown to boost economic, environmental, and social outcomes in numerous research (Eltayeb et al., 2011; Foo et al., 2018). In line with their conclusions, this research found that FL and company performance are significantly related to firm sustainable performance. This finding is in line with the conclusion of another study that explained a positive correlation between firm performance and sustainable firm performance. Short-term firm performance is correlated with long-term sustainability across all low- and high-performing enterprises (Chang, & Kuo, 2008). Some studies have found a causality relationship between sustainability and firm performance, both in the other direction (from firm performance to sustainability) and in the positive direction (from sustainability to firm performance).

According to the literature (Ullmann, 1985; McGuire, 1988; Waddock, Graves, 1997), a company needs additional capacity to engage in sustainability initiatives (according to the RBV theory, a company needs to make a profit in order to invest in things that aren't directly related to making money). In addition, a company's financial performance in one period will influence its participation in sustainability efforts in the following time. If a company has a history of strong financial success, it is more likely to prioritize sustainability initiatives with that extra money. If the company has a poor financial track record, it is less likely to prioritize sustainability initiatives.

Some studies have shown that if a company is doing well financially, it will also do well in terms of sustainability. According to a survey conducted by Chang and Kuo (2008), the two concepts are positively intertwined; better higher financial performance tend to correlate with sustainability practices and vice versa.

In this study, a further test was applied to measure the moderating effect of business types (Trading, Service, Manufacturing, and Construction) with financial literacy, firm performance, and sustainable firm performance. Hence, it was hypothesized that business types moderates the relationship between financial literacy, firm performance, and sustainable firm performance. The finding shows that ATT and BEHA of business types moderate the effect of firm performance. Further, a trading organization under business types moderates the relationship between KNOW and SFP, and FP SFP. Similarly, service organizations under business type moderate FP and SFP. Further, manufacturing organization under business type moderates ATTI and FP, KNOW, and FP. Finally, construction organizations under business types moderate ATT, KNOW with FP, and KNOW and SFP.

This study revealed that the owner-managers help when choosing a financing option, budgeting, costing, and making decisions about production. The acquisition and use of the proper financial knowledge have the power to boost productivity, expand market share, and boost sales revenue. In the end, this would encourage venture development and survival, giving the company a competitive advantage.

The creation of FL education initiatives helps investors, legislators, managers, and employees of businesses become more financially literate. FL programs are being introduced by many organizations to assist managers in

improving their financial KNOW, SKIL, ATTI, and BEHA. Contrarily, several businesses also offer financial counselling services to investors after evaluating their risk tolerance and profile. The study's findings suggest that managers and politicians should concentrate on creating investor profiles based on personality attributes.

The findings will highly be helpful to owner-manager of SMEs as they prepare to archive the objectives set that direct the firms toward success. One main finding from this research is that SME managers need to emphasize the significance of FL and work to help their staff become more financially literate. If this were to happen, it would improve in the training of owner-managers both now and in the future in terms of financial literacy.

The results can be applied theoretically. This research adds to the RBV theory by defining FL as crucial to performance and sustainable firm performance. Further, in the RBV theory, intangible assets like FL add a new dimension of this study by aligning with firm performance that improves sustainable firm performance. In addition, the study enhances the body of knowledge by using the RBV theory to demonstrate the importance of financial knowledge and abilities for the owner/manager if the enterprise is to have a competitive advantage over rivals in the same industry.

Policymakers were urged to enhance funding for economic and entrepreneurial education in national education systems in light of the correlation found in this article. There is a substantial correlation between FL and sustainability. Given the significance of financial KNOW, SKIL, ATTI, and BEHA in the lives of citizens, the benefits of FL go far beyond the purely economic issue. It is recommended that FL be given a higher priority in educational systems around the world in order to

preserve sustained success in economic disciplines.

Finally, there are business implications derived from this study. Because human capital and financial KNOW, financial SKIL, and financial ATTI obviously become the main area of SMEs' growth, governments and educational institutions should prioritize training and education programs on FL for entrepreneurs to provide supportive entrepreneurial sustainability. And since it has been shown that exposure to financial facilities increases business owners' knowledge of money concerns, governments and financial service organizations may make it easier for business owners to gain access to a wider range of financial products and services.

There are some limitations to this study. The first thing to note is that the sample size for this study was (260 responses) and focused in the Eastern Province in Sri Lanka. Second, other factors, such as age, gender, level of experience, etc., may moderate the proposed association between the constructs. However, these moderating factors are ignored. Human capital, customer relations, and innovation are just a few examples of non-financial intangible assets that have been extracted by researchers into common metrics that can be used in the throughput model to evaluate the correlation between sustainability and business success. Hence, Future research can consider deeply the indicators of the dimension (financial, social, and environmental) of sustainable firm performance. This may bring a clear understanding of these indicators. Further, future studies can consider both financial and non-financial measures over the long run to examine firm performance and sustainable firm performance. The incorporation of this intangible asset performance into a more general theoretical framework can lead to surprising findings.

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