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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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FINANCIAL PERFORMANCE OF SELECTED PUBLIC AND PRIVATE SECTOR BANKS IN INDIA BY USING CAMEL MODEL

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ABSTRACT
CAMEL model analysis is a vital tool to analyze the banks and financial institutions. The financial performance is to suggest the necessary measures for its improvement where it is required. Indian banks the two public and private banks were selected to analyze the performance of banks five years period from 2015 to 2019. The financial performance of banks analyzed by using five parameters of CAMEL model Capital Adequacy, Asset Quality, Management Efficiency, Earnings Ability and Liquidity are considered.

KEYWORDS
public and private sector banks, financial performance.

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1. INTRODUCTION
Banks are as the backbone to development of the Indian economy. The primary objective of the bank is to accept deposits and provide loans to those who need money based on the banking norms. The efficiency of the bank in mobilizing the savings in the productive channel and strengthens of the Indian economy. The banks will have to perform and function well for the free flow of money in the entire system of the country for which regular inspections and rating the given based on different models. The CAMEL system is used in India throughout the world to assign each bank. The camel stands for Capital Adequacy, Asset Quality, Management Efficiency, Earnings Ability and Liquidity. Based on the parameters the financial institutions are inspect the banks performance. Therefore, effective and efficient performance of the banks is necessary for economic development and even to compete globally.

2. REVIEW OF LITERATURE
Misra and Aspal (2013) evaluate the performance and financial wellbeing of State bank group encompassing State bank of India, State bank of Hyderabad, State bank of Patiala, State bank of Mysore, State bank of Bikaner and Jaipur and State bank of Travancore for a period of three years i.e. from 2009-2011. One way ANOVA is applied to determine whether significant difference exists between the means of CAMEL ratio. They bring out that State bank of India needs to focus on Capital adequacy and asset quality while State bank of Bikaner and Jaipur and state bank of Patiala have to work on improvement of management efficiency and earning quality respectively.
Gupta (2014) evaluates the performance of public sector banks in India using CAMEL approach for a period of five years from 2009 to 2013 and brings out that Andhra Bank stood at first position followed by Bank of Baroda and state bank of Hyderabad while United bank of India secured the least position. Singh (2015) analyses the overall profitability of four private sector banks i.e. AXIS Bank, ICICI bank, Karur Vysya Bank and Yes Bank. He measures the performance of the banks on the basis of profitability ratios like interest spread, return on long term funds, net profit margin, adjusted cash margin, return on assets and return on net worth. ANOVA is also applied to find out the significant relationship between interest spread, return on long term funds, net profit margin, adjusted cash margin, return on assets and return on net worth among selected private sector banks.
Garg and Kumari (2015) examine the different perspectives of profitability of five major private banks for ten years from 2004 to 2014 using ratio analysis and ANOVA technique. They conclude that HDFC Bank has been the excellent performer over the last decade.
Meena (2016) assesses the performance of different public sector and private sector banks by using CAMEL model. In his study, he also investigates the factors that affect the financial performance of the selected public sector and private sector banks and finds that the management of NPAs is the weakest area of private sector and public sector banks.
Srinivasan and Saminathan (2016) apply CAMEL model to rank the public sector, private sector and foreign banks on the basis of financial performance from 2012 to 2014.They also find out that significant difference lies between the mean values of Camel ratios of public sector, private sector and foreign banks during the period of study.
Purohit and Bothra (2018) compare the performance of SBI and ICICI Bank using CAMEL parameters. They conclude that ICICI bank needs to improve its position with regard to capital adequacy and asset quality while SBI need to improve its position with regard to management efficiency, earning quality and liquidity.

3. OBJECTIVES OF THE STUDY
1. To study the financial performance of select public and private sector banks in India.
2. To compare and rank select public and private sector banks through CAMEL model i.e., based on Capital Adequacy, Assets Quality, Management Efficiency, Earnings Ability and Liquidity.

4. SCOPE OF THE STUDY
1. The scope of this study is to analyze the performance of banking industry in India.
2. The performance of the banks is analyzed and examined by using CAMEL model ratios.

5. LIMITATIONS OF THE STUDY
1. This study is limited to only five select public and private sector banks each in India.
2. This study is made only by considering financial statements of the banks which could have undergone through window dressing.
3. This study is undertaken only for ten years.

6. RESEARCH METHODOLOGY

6.1 RESEARCH DESIGN

Sample size: 2 Public and 2 Private Sector Banks.

Time period: For 10 years i.e., from 2010 to 2019

6.2 ANALYTICAL TOOLS

To look at the financial soundness of the selected Public and Private sector banks in India, internationally accepted CAMEL rating parameters have been applied. CAMEL is an acronym for five parameters (capital adequacy, assets quality, management soundness, earnings and liquidity). CAMEL rating is a subjective model which assesses financial strength of a bank, whereas CAMEL ranking indicates the banks comparative position with reference to other banks. Ratios and averages have been used for analysis. Averages are calculated using MS-Excel.

7. DATA ANALYSIS AND INTERPRETATION

7.1 CAPITAL ADEQUACY RATIO

Capital adequacy ratio is the ratio of the banks against insolvency and protects banks against surplus leverages, insolvency and keeps them out of difficulty. It is defined as the ratio of banks capital in relation to its current liabilities and risk weighted assets. Resk weighted assets is a measure of amount of the bank's assets adjusted for risks. An appropriate level of capital adequacy confirms that the bank has adequate capital to increase its business, while at the same time its net worth is enough to absorb any financial slumps without becoming insolvent. It is the ratio which determines banks capacity to meet the time liabilities and other risks such as credit risk, market risk, operational risk etc. as per RBI norms Indian banks should have a CAR of 9%. The latest RBI norms public sector banks are to keep this ratio at 12%. The CAR can be calculated Tire I and Tire II Capital by aggregate of risk Weighted assets.

$$\textbf{Capital to risk Weighted Assets Ratio} = \frac{\textbf{Tier one capital + Tier Two Capital}}{\textbf{Risk Weighted Assets}}$$

TABLE 7.1: CAPITAL TO RISK-WEIGHTED ASSETS RATIO (CRAR)

	Public Sector Bank			Private Sector Bank		
YEAR/BANK	SBI	PNB	Public Sector Banks Avg.	ICICI	HDFC	Private Sector Banks Avg.
2019	12.72	9.73	11.225	16.89	17.11	17.00
2018	12.6	9.2	10.9	18.42	14.82	16.62
2017	13.11	11.66	12.385	17.39	14.55	15.97
2016	13.12	11.28	12.2	15.64	15.53	15.59
2015	12	12.89	12.445	17.02	16.79	16.91
2014	12.96	12.11	12.535	17.7	16.07	16.89
2013	12.92	12.72	12.82	18.74	16.8	17.77
2012	13.86	12.63	13.245	18.52	16.52	17.52
2011	11.98	12.32	12.15	19.54	16.22	17.88
2010	13.39	14.16	13.775	19.41	17.44	18.43
MEAN	12.87	11.87	12.37	17.93	16.19	17.06
SD	0.58	1.33	0.955	1.18	0.9	1.04
CV (%)	4.53	11.19	7.86	6.57	5.58	6.08

Source: Annual Reports, P/L and Financial Statements of banks

The above table 4.2.1 the position of Capital Adequacy Ratio of SBI, PNB, ICICI and HDFC banks has been measured with the help of Capital Adequacy Ratio. The table reveals that the Capital Adequacy Ratio of SBI in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 12.87% in the year 2010 and 12.72% in the year 2019. The average of the 10 years also good 12.87% which seems quite consistent as standard deviation is 0.58 and coefficient of variation is 4.83%. The Capital Adequacy Ratio of PNB in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 14.16% in the year 2010 and 9.73% in the year 2019. The average of the 10 years also good 11.87% which seems quite consistent as standard deviation is 1.33 and coefficient of variation is 11.19%. The Capital Adequacy Ratio of ICICI Bank in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 19.41% in the year 2010 and 16.89% in the year 2019. The average of the 10 years also good 17.93% which seems quite consistent as standard deviation is 1.18 and coefficient of variation is 6.57%. The Capital Adequacy Ratio of HDFC Bank in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 17.44% in the year 2010 and 17.11% in the year 2019. The average of the 10 years also good 16.19% which seems quite consistent as standard deviation is 0.90 and coefficient of variation is 5.58%.

7.2 DEBT EQUITY RATIO

Debt Equity Ratio in banks is a measure of the Quantum of banks business that is financed through the blend of debt and equity. It is measure of financial leverage of bank. It is calculated as proportion of total outside liabilities to Net worth. Outside liabilities includes total borrowing, deposits and other liabilities. Net worth includes equity capital and reserves and surplus. Higher ratio indicates less protection for the creditors and depositors in the banking system.

$$\textbf{Debt Equity Ratio} = \frac{\textbf{Total outside Liabilities}}{\textbf{Net Worth}}$$

TABLE 7.2: DEBT EQUITY RATIO (D/E RATIO)

	Public Sector Bank			Private Sector Bank		
Year /Bank	**SBI**	**PNB**	**Public Sector Bank Avg.**	**ICICI**	**HDFC**	**Private Sector Bank Avg.**
2019	16.90	17.40	17.15	6.97	7.77	7.37
2018	15.80	18.80	17.30	8.58	7.28	7.93
2017	15.10	17.40	16.25	8.02	6.58	7.30
2016	14.20	17.30	15.75	8.25	6.86	7.56
2015	13,9	14.50	14.50	8.00	6.64	7.32
2014	13.30	14.50	13.90	9.36	6.65	8.01
2013	13.90	13.80	13.85	9.09	6.57	7.83
2012	13.90	15.80	14.85	9.04	6.55	7.80
2011	16.20	17.20	16.70	8.79	6.08	7.44
2010	13.80	16.60	15.20	8.38	5.74	7.06
MEAN	14.22	15.58	14.90	8.93	6.32	7.63
SD	1.26	1.62	1.44	0.69	0.56	0.63
CV(%)	8.86	10.38	9.62	7.78	8.93	8.36

Source: Annual Reports, P/L and Financial Statements of banks

The above table 7.2 the position of Debt Equity Ratio of SBI, PNB, ICICI and HDFC banks has been measured with the help of Debt Equity Ratio. The table reveals that the Debt Equity Ratio of SBI in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 13.8% in the year 2010 and 16.9% in the year 2019. The average of the 10 years also good 14.22.87% which seems quite consistent as standard deviation is 1.26 and coefficient of variation is 8.86%. The Debt Equity Ratio of PNB in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 16.6% in the year 2010 and 17.4% in the year 2019. The average of the 10 years also good 15.8% which seems quite consistent as standard deviation is 1.62 and coefficient of variation is 10.3%. The Debt Equity Ratio of ICICI Bank in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 8.38% in the year 2010 and 6.97% in the year 2019. The average of the 10 years also good 8.93% which seems quite consistent as standard deviation is 0.69 and coefficient of variation is 7.78%. The Debt Equity Ratio of HDFC Bank in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 5.74% in the year 2010 and 7.77% in the year 2019. The average of the 10 years also good 6.32% which seems quite consistent as standard deviation is 0.56 and coefficient of variation is 8.93%.

7.3 NET NON-PERFORMING ASSETS TO NET ADVANCES RATIO

Net non performing assets to net advances ratio is a measure of overall quality of banks advances. The NPA are assets for which interest is overdue for more than three moths or ninety days. The higher ratio reflects rising bad quality of loans.

$$\textbf{Net Non Performing Asset to Net Advances Ratio} = \frac{\textbf{Net Non performing Assets}}{\textbf{Net Advances}}$$

TABLE 7.3: NET NON PERFORMING ASSES TO NET ADVANCES RATIO

	Public Sector Bank			Private Sector Bank		
Year	SBI	PNB	Public Sector Bank Avg.	ICICI	HDFC	Private Sector Bank Avg.
2019	3.01	6.56	4.79	0.39	2.06	1.23
2018	5.73	11.20	8.47	0.40	4,77	0.40
2017	3.71	7.81	5.76	0.33	4.89	2.61
2016	3.81	8.61	6.21	0.28	2.67	1.48
2015	2.12	4.06	3.09	0.20	1.61	0.91
2014	2.57	2.85	2.71	0.30	0.97	0.64
2013	2.57	2.35	2.46	0.20	0.77	0.49
2012	2.10	1.52	1.81	0.20	0.73	0.47
2011	1.82	0.65	1.24	0.79	1.11	0.95
2010	1.63	0.00	0.82	0.00	0.00	0.00
MEAN	2.14	1.47	1.81	0.30	0.72	0.51
SD	1.24	3.78	2.51	0.21	1.45	0.83
CV	57.81	256.29	157.05	68.83	202.42	135.63

Source: Annual Reports, P/L and Financial Statements of banks

The above table 7.3 the position of Net NPA Ratio of SBI, PNB, ICICI and HDFC banks has been measured with the help of Net NPA Ratio. The table reveals that the Net NPA Ratio of SBI in the last 10 years has been well of the above norms that is 20% level. This ratio has been increasing year after years 1.63 in the year 2010 and 3.01 in the year 2019. The average of the 10 years also good 2.14% which seems quite consistent as standard deviation is 1.24 and coefficient of variation is 57.81%. The Net NPA Ratio of PNB in the last 10 years has been well of the above norms that is 20% level. This ratio has been increasing year after years 0.00 in the year 2010 and 6.56 in the year 2019. The average of the 10 years also good 1.47 which seems quite consistent as standard deviation is 3.78 and coefficient of variation is 256.29%. The Net NPA Ratio of ICICI Bank in the last 10 years has been well of the above norms that is 20% level. This ratio has been increasing year after years 0.00% in the year 2010 and 0.39 in the year 2019. The average of the 10 years also good 0.30 which seems quite consistent as standard deviation is 0.21 and coefficient of variation is 68.83%. The Net NPA Ratio of HDFC Bank in the last 10 years has been well of the above norms that is 20% level. This ratio has been increasing year after years 0.00 in the year 2010 and 2.06 in the year 2019. The average of the 10 years also good 0.72 which seems quite consistent as standard deviation is 1.45 and coefficient of variation is 202.42%.

7.4 TOTAL EXPENDITURE TO TOTAL INCOME RATIO

The banks are too keen on the controlling its expenditure as it is an essential aspect to enhance the profits for the bank. It is justified that the banks keeping a close watch on expenditure would enable to enhance its return to its equity shareholders. The operating expense of the banks consist of salaries to employees, technical upgrading and branch rationalization. This expenditure to total income ratio in long term they help the bank in enhancing its return to equity shareholders. The lower ratio will enhance the profits of the bank and subsequently enhance returns to the stakeholders. The ratio gives investors a clear view of the bank efficiency.

$$\textbf{Total Expenditure to total Income Ratio} = \frac{\textbf{Total Expenditure}}{\textbf{(Net interest Income+ Noninterest Income)}}$$

TABLE 7.4: TOTAL EXPENDITURE TO TOTAL INCOME RATIO

	Public Sector Bank			Private Sector Bank		
Year	SBI	PNB	Public Sector Bank Avg.	ICICI	HDFC	Private Sector Bank Avg.
2019	1.14	1.33	1.23	1.75	0.87	1.31
2018	1.20	1.44	1.32	1.77	0.87	1.32
2017	1.20	1.17	1.18	1.67	0.87	1.27
2016	1.17	1.21	1.19	1.53	0.87	1.20
2015	1.15	1.06	1.11	1.41	0.86	1.14
2014	1.06	0.90	0.98	1.37	0.86	1.12
2013	1.02	0.88	0.95	1.43	0.86	1.15
2012	1.02	0.78	0.90	1.55	0.89	1.22
2011	1.09	0.56	0.83	1.84	0.85	1.35
2010	1.12	0.55	0.84	1.80	0.71	1.26
MEAN	1.04	0.74	0.89	1.60	0.87	1.24
SD	0.07	0.28	0.18	0.17	0.01	0.09
CV	6.96	37.95	22.46	10.75	1.25	6.00

Source: Annual Reports, P/L and Financial Statements of banks

The above table 7.4 the position of Total Expenditure to Total Income Ratio of SBI, PNB, ICICI and HDFC banks has been measured with the help of Total Expenditure to Total Income Ratio. The table reveals that the Total Expenditure to Total Income Ratio of SBI in the last 10 years has been well of the above norms that is 60%

level. This ratio has been increasing year after years 1.12 in the year 2010 and 1.14 in the year 2019. The average of the 10 years also good 1.04 which seems quite consistent as standard deviation is 0.07 and coefficient of variation is 6.96%. The Total Expenditure to Total Income Ratio of PNB in the last 10 years has been well of the above norms that is 60% level. This ratio has been increasing year after years 0.56 in the year 2010 and 1.13 in the year 2019. The average of the 10 years also good 0.74 which seems quite consistent as standard deviation is 0.28 and coefficient of variation is 37.95%. The Total Expenditure to Total Income Ratio of ICICI Bank in the last 10 years has been well of the above norms that is 60% level. This ratio has been increasing year after years 1.80 in the year 2010 and 1.75 in the year 2019. The average of the 10 years also good 1.60 which seems quite consistent as standard deviation is 0.17 and coefficient of variation is 10.75%. The Total Expenditure to Total Income Ratio of HDFC Bank in the last 10 years has been well of the above norms that is 60% level. This ratio has been increasing year after years 0.71 in the year 2010 and 0.87 in the year 2019. The average of the 10 years also good 0.87 which seems quite consistent as standard deviation is 0.01 and coefficient of variation is 1.25%.

7.5 NET PROFIT MARGIN

Net profit margin is an important criterion to measure the earnings quality in banks. Increasing the profit is best indicator that the bank can pay dividends due to which the share price will trend upward. It is explained as percentage of revenue that is residual after all operating expenses, interest, taxes and preferred stock dividends other than common stock dividend is deducted from the total income of the bank. The high net profit margin clears that the bank has stable and steady earnings.

$$\textbf{Net Profit Margin} = \frac{\textbf{Net profit After Taxes}}{\textbf{Total Income}}$$

TABLE 7.5: NET PROFIT MARGIN SELECTED PUBLIC AND PRIVATE SECTOR BANKS

	Public Sector Bank			Private Sector Bank		
Year	SBI	PNB	Public Sector Bank Avg.	ICICI	HDFC	Private Sector Bank Avg.
2019	0	-0.17	-0.085	0.03	0.26	0.145
2018	-0.02	-0.22	-0.12	0.06	0.26	0.16
2017	0.04	0.02	0.03	0.09	0.26	0.175
2016	0.04	-0.07	-0.015	0.1	0.25	0.175
2015	0.05	0.06	0.055	0.12	0.25	0.185
2014	0.05	0.07	0.06	0.12	0.25	0.185
2013	0.07	0.1	0.085	0.11	0.23	0.17
2012	0.07	0.12	0.095	0.1	0.22	0.16
2011	0.06	0.14	0.1	0.08	0.24	0.16
2010	0.06	0.16	0.11	0.07	0.21	0.14
MEAN	0.06	0.12	0.09	0.1	0.23	0.165
SD	0.03	0.13	0.08	0.03	0.02	0.025
CV	46.82	106.04	76.43	32.64	6.73	19.685

Source: Annual Reports, P/L and Financial Statements of banks

The above table 7.5 the position of Net Profit Margin Ratio of SBI, PNB, ICICI and HDFC banks has been measured with the help of Net Profit Margin Ratio. The table reveals that the Net Profit Margin Ratio of SBI in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 0.06 in the year 2010 and 0.00 in the year 2019. The average of the 10 years also good 0.06 which seems quite consistent as standard deviation is 0.03 and coefficient of variation is 346.82%. The Net Profit Margin Ratio of PNB in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 0.16 in the year 2010 and -0.17 in the year 2019. The average of the 10 years also good 0.12 which seems quite consistent as standard deviation is 0.13 and coefficient of variation is 106.04%. The Net Profit Margin Ratio of ICICI Bank in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 0.07 in the year 2010 and 0.03 in the year 2019. The average of the 10 years also good 0.10 which seems quite consistent as standard deviation is 0.03 and coefficient of variation is 32.64%. The Net Profit Margin Ratio of HDFC Bank in the last 10 years has been well of the above norms that is 10% level. This ratio has been increasing year after years 0.21 in the year 2010 and 0.26 in the year 2019. The average of the 10 years also good 0.23 which seems quite consistent as standard deviation is 0.02 and coefficient of variation is 6.73%.

7.6 CASH TO DEPOSIT RATIO

This is important parameters to measure liquidity as it evaluates the amount of cash that the bank has formed the deposits that it has generated. Cash being liquid of all the assets gives the complete picture of the liquidity of the bank. Banks need to maintain cash to deposit ratio so as to ensure that large volume of cash is not maintained as idle cash does not generate any returns and subsequently put in danger the earnings quality of the bank.

$$\textbf{Cash to Deposit Ratio} = \frac{\textbf{Cash}}{\textbf{Total Deposits}}$$

TABLE 7.6: CASH TO DEPOSIT RATIO

	Public Sector Bank			Private Sector Bank		
Year	SBI	PNB	Public Sector Bank Avg.	ICICI	HDFC	Private Sector Bank Avg.
2019	0.04	0.05	0.05	0.06	0.05	0.06
2018	0.05	0.04	0.05	0.06	0.13	0.10
2017	0.06	0.04	0.05	0.06	0.06	0.06
2016	0.07	0.04	0.06	0.06	0.06	0.06
2015	0.07	0.05	0.06	0.07	0.06	0.07
2014	0.07	0.05	0.06	0.06	0.07	0.07
2013	0.07	0.05	0.06	0.06	0.05	0.06
2012	0.06	0.05	0.06	0.07	0.06	0.07
2011	0.06	0.05	0.06	0.08	0.12	0.10
2010	0.12	0.08	0.10	0.12	0.09	0.11
MEAN	0.06	0.05	0.06	0.07	0.08	0.08
SD	0.01	0.00	0.01	0.01	0.03	0.02
CV	16.15	5.90	11.03	11.64	40.37	26.01

Source: Annual Reports, P/L and Financial Statements of banks

The above table 7.6 the position of Cash to Deposit Ratio of SBI, PNB, ICICI and HDFC banks has been measured with the help of Cash to Deposit Ratio. The table reveals that the Cash to Deposit Ratio of SBI in the last 10 years has been well of the above norms. This ratio has been increasing year after years 0.12 in the year 2010 and 0.04 in the year 2019. The average of the 10 years also good 0.06 which seems quite consistent as standard deviation is 0.01 and coefficient of variation is 16.15%. The Cash to Deposit Ratio of PNB in the last 10 years has been well of the above. This ratio has been increasing year after years 0.08 in the year 2010 and 0.05 in the year 2019. The average of the 10 years also good 0.05 which seems quite consistent as standard deviation is 0.00 and coefficient of variation is

5.90%. The Cash to Deposit Ratio of ICICI Bank in the last 10 years has been well of the above norms. This ratio has been increasing year after years 0.12 in the year 2010 and 0.06 in the year 2019. The average of the 10 years also good 0.07 which seems quite consistent as standard deviation is 0.01 and coefficient of variation is 11.64%.

FINDINGS

1. Age value of private banks higher to public sector banks. Private sector banks maintain the better capital to risk weighted assets comparing to public sector banks.
2. The average value of private banks higher to public sector banks. Private sector banks maintain the better Debt Equity Ratio comparing to public sector banks.
3. The average value of private banks higher to public sector banks. Private sector banks maintain the better Net NPA Ratio comparing to public sector banks.
4. The average value of private banks higher to public sector banks. Private sector banks maintain the better Total Expenditure to Total Income Ratio comparing to public sector banks.
5. The average value of private banks higher to public sector banks. Private sector banks maintain the better Net Profit Margin Ratio comparing to public sector banks.
6. The average value of private banks higher to public sector banks. Private sector banks maintain the better Cash to Deposit Ratio comparing to public sector banks.

SUGGESTIONS

- Banks should try to sustain their competitiveness and they must also focus on their performance. The study observed that banks are not utilizing their assets in the best possible way hence; they need to concentrate on the better and more utilization of assets which will increase their profitability.
- Banks financial performance can also be improved by having proper/ better portfolio management. Therefore, better portfolio management is needed to increase the earnings to reach an optimal balance between return and risk.
- Technology has affected all the sectors around the world. Banking sector is also affected in a big way by it. It not only improves the efficiency of services, but also reduced cost. There is a need for public sector banks and private sector banks were slow in adopting technology and cost reductions. Thus, there is a need for both the sector to adapt technology which will improve overall performance of banks and employees productivity.
- Banks should reduce their NPA by adopting various measures within the constraints of RBI guidelines. The banks should declare the trust area for loans and advances.
- Banks should also try to make the best use of their branch network.

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ANALYSIS OF EFFECT OF HRM ON EMPLOYEES PERFORMANCE & ORGANIZATION GROWTH

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ABSTRACT
This paper will examine how HRM (Human Resource Management) works in the organization for the growth of business/organization as well as employees. This paper aims to highlight factors that affect the HRM for the development of employees and business. In this study, we show how HRM is essential for every organization, whether it's small or large, and how HR executives work in the organization to develop employees. This study is divided into three parts first part shows how HRM plays a significant role in the organization's growth. The second part analyzes how HRM measures the employee's performance with the help of six elements (Job Rotation, Training, Compensation, Job autonomy, Communication, and Career planning) and helps them sustain in the organization and their personal growth. The third part is the role of HRM to find out the satisfaction level of job, and it shows how much employees are satisfied with their jobs and also their positive and negative effects regarding their assignments.

KEYWORDS
human resource management, organization growth, employee's performance, Job satisfaction of employees.

JEL CODES
M12, M54, J53.

INTRODUCTION
Human resource management is a process to manage the workflow of any organization or institution, getting employment opportunities, providing training time to time compensating employees, developing and executing strategies, policies. In this scenario, HRM is essential to maintain all workflow of the organization systematically. Twenty years ago, human resource management used to process payrolls, send birthday gifts to employees, arrange company outings, and make sure correctly and adequately. In other words, we can say Human resource management used to be more of an administrative role rather than a strategic position. This study defines your HRM functions like Planning, Organizing, Staffing, Directing and controlling, developing workplace policies, compensation, and benefits, etc. This is a strategic approach for the effective management of employees and labor; also, how Human Resource Management helps to business gain & all competitive advantages. It is designed to maximize employees' performance in their service.

HRM is part of every organization; it helps to organize their employees and manages their work. It enables the organization/business to manage their employees and work done strategically; it is designed to maximize employees' performance and give better services to the organization. HRM is the initial stage of every organization to manage their employees and help to create policies related to employees. HRM aims to manage the entire employees in the organization/business and help them regarding their jobs; HR managers the employees regarding their employment, training issues, work preferences, and other issues related to employees.

HRM practices are used by every organization/business to analyses their performance. Although HRM practices construct with many policies, those are used by the HR manager while taking any decision like recruitment, selection, development, training programs, and increasing potential of HR in an organization Megginson et al., 1995. Generally, all organizations aim to grow their business, and being successful can only be possible if they have knowledgeable, hardworking, and full skill employees. HRM practices help them find those employees for organizations and analyze their performance to achieve organizational goals Guest 1997. The main aim of HRM is to manage the employees and maximum utilization of resources; there should be the right person at the right place in the organization. HR executive is responsible for all that work; several policies, rules, and regulations are there. Every HR executive follows those. Pfeffer, 2000 notes that HRM contributes significantly to maintaining organization performance because HRM deals with employee-related problems. If employees are comfortable with their jobs, it may increase the performance of that organization.

OBJECTIVES OF THE STUDY
1. To analyze the role of HRM for the Organization Growth.
2. To study how HRM measure the Employees' Performance.
3. To study the role of HRM to find out the satisfaction level of Job.

RESEARCH METHODOLOGY
The research is based upon the secondary data collected form of Journals, books, newspapers and magazines.

LITERATURE REVIEW
HRM (Human Resource Management) practices are used by every organization/business to run their work smoothly, and nowadays, every organization needs HRM practices. It helps in creating a good relationship between the organization and employees who are work for that organization. HRM practices show a significant relationship between the organization and the performance of employees; it helps enhance the job (interpretation) of the employees by giving them work according to their preferences. HR manager aims to direct infarct with the employees in the organization and influence their subordinates with the help of motivation. (employees) it may change in their attitude and behavior regarding their work which outcome is that employees enhance their performance, and they feel more motivated related to their work Katou (, 2008).

HR. manager is also known as a personal manager; it always helps in the organization's growth. It came out with those policies, rules, and regulations that favor employees and help them change their behavior and attitude regarding the organization and their performance (Hollenbeck, Gerhart, and Wright (2007, p.5).

HUMAN RESOURCE MANAGEMENT

Human resource management is necessary for every business to manage their administrative work; HRM manages the entire human resource needs in the organization. In addition, it is used to manage the employees in the organization/business. The person who is appointed in the HRM department is known as the HR manager or HR executive. HRM department is also known as Personnel Management (PM), Manpower Management, People Management, and Staff Management Opatha, 2019, p.25. According to Katou, 2008, HRM directly connects and influences their subordinates and enhances their skills, attitude towards their work, and increases their performance in the organization. They treated their employees so well that employees want to work in that organization and improve their performance towards their work. HRM structure is designed according to the need of the organization Alcazar et al., 2005.

There are few definitions regarding HRM the different author gives those.

"*HR executive function is to provide effective and efficient utilization of human resources to archive organization goal as well as employee's growth*" Glueck (, 1979, p.6).

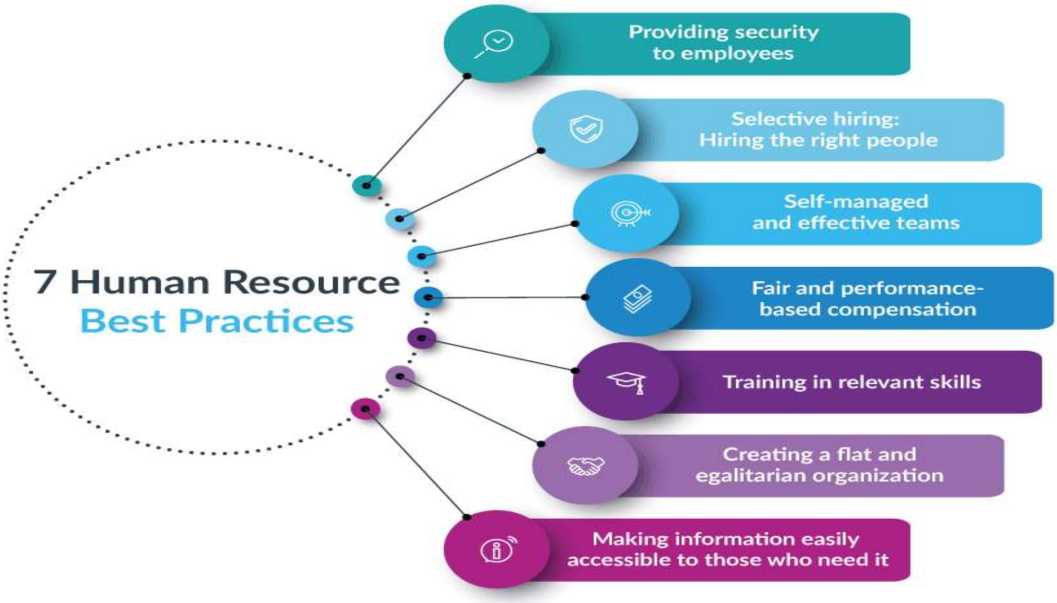
"*Personnel Management is a set of activities focusing on the effective use of human resources in an organization*."- Mathis and Jackson (1988, p.11)

"*HRM is the effective management of people at work. It examines what can or should be done to make people both more productive and more satisfied with their working life*."- Ivancevich (1992, p.3) & (2008)

"*HRM concerns the human side of the management of enterprises and employees" relations with their firms*."- Graham and Bennett (1992, p.3)

"*HRM refers to the policies, practices, and systems that influence employees" behavior, attitudes, and performance*."-Noe, Hollenbeck, Gerhart and Wright (2007, p.5)

FIGURE 1



1. TO ANALYZE THE ROLE OF HRM FOR THE ORGANIZATION GROWTH

Role of HRM in Organization Growth: HRM plays a significant role during the growth of every organization or business. HR executive is the first one who directly interacts with the employees and selects according to their work potential. The HR manager's responsibility is to assign the right person at the right place; if employees are satisfied with their job, it directly increases their performance in the organization. They feel more motivated towards their work; HR's executive duty is to fill all the requirements related to employees and ensure that employees are satisfied with their job and working conditions. Accordingly, Pfeffer (2000) observes that the HR manager plays a crucial role during the growth of the organization/business. HRM role is evaluating around manufacturing and development of organization Francis and Sinclair, 2003. We can also say that organizational change depends upon employees' job satisfaction and how the organization performs Dayal and Verma 2020.

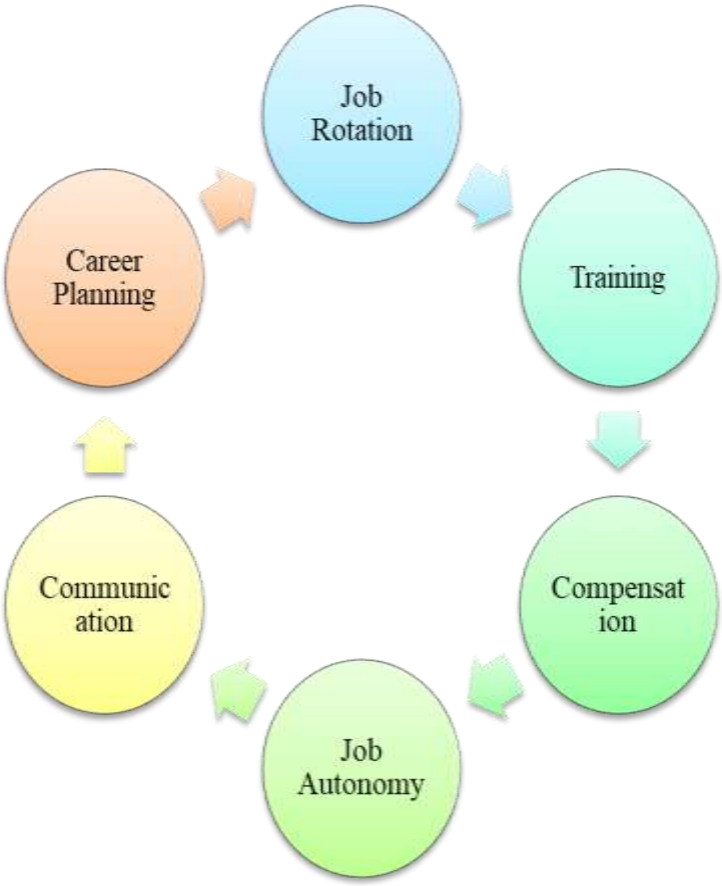
FIGURE 2: THESE ARE SIX ELEMENTS THAT AFFECT ORGANIZATIONAL DEVELOPMENT

During the growth of an organization, HRM practices a very significant role for the development organization development. These six elements (relationship, structure, purpose, mechanisms, rewards, and leadership) played a crucial role. Based on these six elements, HR executives create a healthy environment in the organization; it directly affects the organization's growth because when employees are willing to work in that organization, change is also there.

2. TO STUDY HOW HRM MEASURE THE EMPLOYEES' PERFORMANCE

Role of HRM during employee performance: Employee satisfaction is the essential priority of every organization/business; if employees are satisfied with their job, performance is automatically increased. Employee's performance can be measure through the behavior of person's thought working in organization Motowidlo, 2003. HR executive is the one who manages the entire work of employees and also analyzes their behavior towards their organization and their work if HR Executive finds out that employee is not conferrable with their current or position. They are not giving their full attention to their job. The HR Manager is responsible for changing their job or working environment to comfortably continue their work in the organization and give their full attention to their job archive organizational goal.

FIGURE 3



Source: These are the six (elements) HRM practices that directly affect employee’s performance Tabiu et al., 2016.

1. Job Rotation and Employee Performance

Job rotation of employees is when employees move from one working environment to another; it also comes with new opportunities, multitasking, skill development, and knowledge about new things (Jorgensen et al., & Dunning, 2005. HRM practice moves employees from one position to another during the working organization; there is a particular period when employees have shifted from one place to another to fill the organization's requirement (Jorgensen et al., & Dunning, 2005. Previous research analyzes a positive relationship between job rotation and employee performance in Hosseini et al., 2015; Khan et al., 2014.

2. Training and Employee Performance

Training and development are processes where an organization enhances employees' skills, knowledge of work, and attitude towards their Job (Latham, 1988. Training is a process where employees learn new techniques to improve their skills and feel motivated. HR executives organized a training program for employees to enhance their working skills, knowledge about new tools and methods Sels, 2002; Way, 2002.

3. Compensation and Employee Performance

Compensation shows how much the organization gives rewards/ benefits to their employees in return for increasing work performance Williams, 2008. Every organizational management uses financial and non-financial rewards for employees to motivate them and improves their performance in the organization/business Nadarajah et al., 2012. According to Shahzad et al. (2008), a reasonable compensation led to the motivation of employees, whether it's financially and non-financial. HRM practices ensure that appropriate payment is given to employees according to their preferences so that they (employees) are further willing to work in that organization.

4. Job autonomy and Employee Performance

HRM practices give job autonomy to employees while working in the organization. Employees have the freedom to make their decisions according to their work. They have equal right to participate in organization decisions because previously head of the department handles all the findings in the organization, and the rest of the employees have to follow them. Still, nowadays, things have been changed; employees want equally suitable and freedom toward their work Hackman & Oldham, 1975. According to Langford and Moye 2004 job autonomy enhances the performance of employees because when employees are capable of making their own decisions, they feel more motivated towards their job, which will help them increase their performance.

5. Communication and Employee Performance

Communication as HRM practices shows how employees transfer their information from one employee to another employee Leković & Berber 2014. It is imperative to have good communication between employee to employee, employee to superior, and superior to subordinate because good communication leads to a good environment in the organization that directly affects the performance of employees.

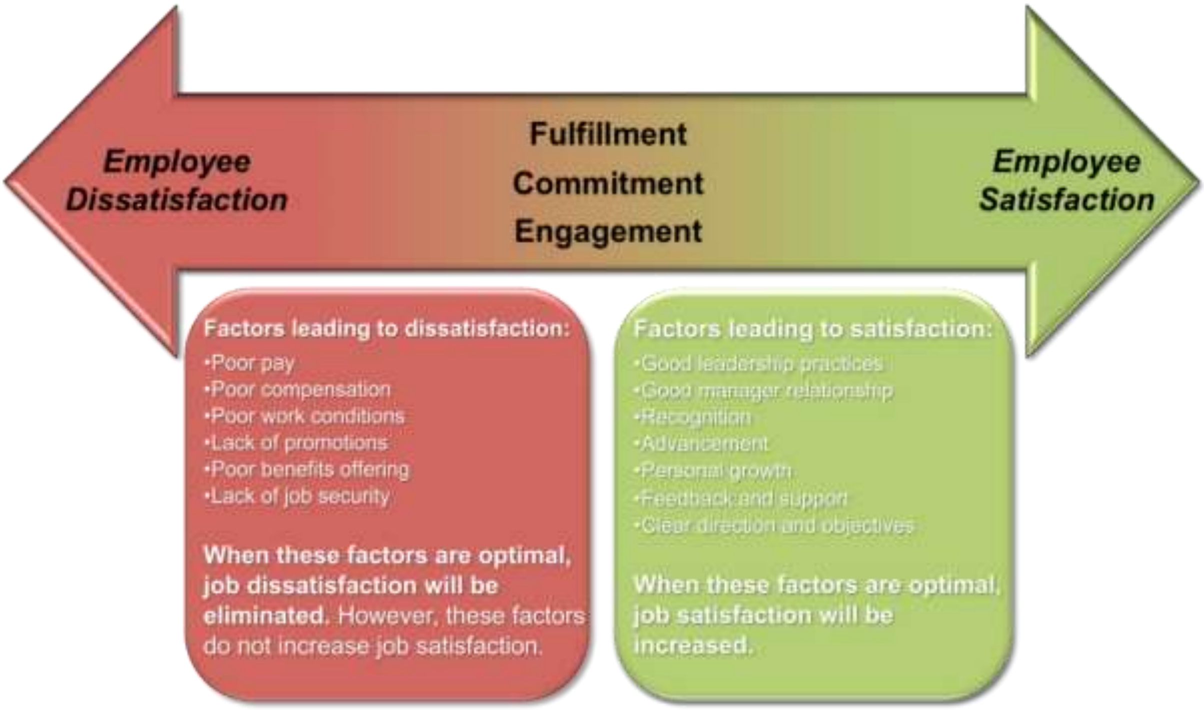
6. Career planning and Employee Performance

Career planning as HRM practices refers to employees' knowledge, skills, and interest in their work; employees should aim and work hard to achieve that goal while working in an organization. The basis of previous researchers shows that career planning plays a significant role to increase the performance of employees because when employees are more focused on their career, and they do have their own goals they, automatically work hard to active their goals which leads to an increase in their performance in organization Tiwari (2011) and Marwat et al. (2006)

3. TO STUDY THE ROLE OF HRM TO FIND OUT THE SATISFACTION LEVEL OF JOB

Role of HRM to find out the satisfaction level of Job: The HR manager is responsible for the "right person at the right place," and if employees are not satisfied with their position/job, they cannot give satisfactory results to the organization. Based on the current situation, every organization, whether public or private, depends upon HR's performance. If (HR's version) is good, its direct impact on the satisfaction of employees Uma et al., 2017. According to lane, 2016 "worked on work attitude and job motivation," said that with employees' attitude is positive related to their work, they feel more motivated and willing to do their work more efficiently. They have divided employees into two categories' one those are satisfied with their work and feel motivated. Other one is not satisfied with their work and feels less motivated.

FIGURE 4



Source: Job Satisfaction Model (Field, 2008).

Satisfaction level of job comes with a height level of motivation, performance, and satisfaction regarding their work Hackman & Oldham (1980). HR executive analyzes all these aspects related to their employees and creates a healthy atmosphere for them (employees) to feel more motivated related to their jobs. It may also help in increasing the satisfaction level of employees.

CONCLUSION

HRM (human resource management) is used very organization/business. Its main aim is to manage the entire employees in an organization and be responsible for work done in the organization should be smooth and effective. As we all know, employees are essential for every organization; without them (organization) are incapable of achieving their goal; HR executives help employees sustain in that organization/business and also increase their performance Thakur et al.,2020. Nowadays, every organization/business, whether small or large, needs a good HR Executive to manage their employee's related work and fulfill their expectations from that organization. In this current study, we highlight a different aspect of HR practices regarding employees, organization, and job satisfaction. The basis of previous research shows that HRM plays an essential part in sustain organization performance and encouraging employees to work in that organization Pfeffer (, 2000).

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FIRMS OF ENDEARMENT Vs. NON-FIRMS OF ENDEARMENT

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ABSTRACT

This paper talks about firms of endearment. These firms follow a holistic approach of working collaboratively with other stakeholders to achieve their goals. Further it mentions names of various firms of endearment and how they have worked with its stakeholder's viz. customers, employees, shareholders and society. Towards the end it differentiates between firms of Endearment and Non Firms of Endearment.

KEYWORDS

firms of endearment, non firms of endearment.

JEL CODE

M10

INTRODUCTION

A firm of Endearment (FoE) is a firm which is endeared (loved) by its stakeholders, as it aligns the interest of all the stakeholders. No stakeholder can benefit at the expense of another. A FoE connects with them at the emotional level. It doesn't go for the share of wallet but goes for the share of heart.

"FoEs share a set of core values, policies and operating attributes:
They actively align the interests of all stakeholder groups, not just balance them.
Their executive salaries are relatively modest
They operate at the executive level with an open door policy.
Their employee compensation and benefits are significantly greater than the standard for the company's category.
They devote considerably more time than their competitors to employee training.
Their employee turnover is far lower than the industry average.
They empower employees to make sure customers leave a transaction experience fully satisfied.
They make a conscious effort to hire people who are passionate about the company and its products
They consciously humanise the company experience for customers and employees as well as the working environment
(Sisodia, Wolfe & Sheth,2011, pg. 8-10)
The stakeholders in a company consists of the following:
Society
Partners
Investors
Customers
Employees
(Sisodia et. al, 2011, pg. 12)
A survey was conducted in US where thousands of professionals, marketing professors, MBA students and consumers were asked to nominate companies they not only liked but loved. After getting nominations the companies were screened for FOE criteria and in depth research was done on those companies. As a result 28 companies were identified as FoE. (Sisodia et. al, 2011)
The list was as follows:

Amazon	Ebay	Johnson and Johnson
BMW	Goolge	LL Bean
CarMAx	Harley-Davidson	New Balance
Caterpillar	Honda	Patagonia
Commerce Bank	IDEO	REI
Container Store	IKEA	Southwest Airlines
Costco	Jetblue	Starbucks
Timberland	Toyota	Trader Joe's
UPS	Wegmans	Whole Foods

Source: (Sisodia et. al, 2011, pg.16)

These selected companies were then compared with the ''Good to Great companies'' mentioned in the Jim Collins bestselling book. The companies were classified good to great because they delivered superior returns to investors over the period of time. (Collins,2001) After the comparison it was found out that FoEs performed better than good to great companies. (Sisodia et. al, 2011, pg.17)
Millions of customers shop at companies they are not emotionally attached to. "Customers can be loyal in behaviour to a company without being loyal in attitude. Attitudinal loyalty comes from emotional attachment." (Sisodia et. al.,2011 pg.5)
Due to the changing demographics, technology and globalisation there is a chaos in industries.
Talking about **Coca Cola** as it relies on young population for its sale but as the population is maturing there are less and less younger people. They should realise that US is no longer a market for them and they should focus on developing countries for their growth. Same is with beer industry. (Sisodia et. al.,2011 pg.49)
In US the automobile industry faces tough competition from foreign companies and they might dominate the scene just like steel, textile and consumer electronics industry. (Sisodia et. al.,2011 pg.50)

OBJECTIVES OF THE STUDY

1. To talks about firms of endearment, who follow a holistic approach of working collaboratively with other stakeholders to achieve their goals.
2. To differentiate firms of Endearment and Non Firms of Endearment.

RESEARCH METHODOLOGY

The study is based on secondary data collected from books, journals, articles etc.

THE CHAOTIC INTERREGNUM

With the emergence of new technology there is chaos in newspaper and telecommunications industry. Everywhere companies are operating in a dynamic world where they no longer have the control. Now people talk about a lot what they buy, where they work and all. This has lead to greater transparency. (Sisodia et. al.,2011 pg.51)

FoEs spend less and less on advertising still brands like Goggle and Starbucks have become most valuable brands. FoEs do not favour in traditional hierarchical system of management rather they believe in self organization. This empowers the employees and they work more efficiently. (Sisodia et. al.,2011 pg.52)

EMPLOYEES – THE VALUABLE HUMAN RESOURCE

Walmart is one of the most admired companies by the CEOs of US. It is the largest employer in the world. But behind its low prices it's the employees who suffer who are being paid meagre wages. They hire part time employees so that they don't have to pay for health benefits. The costs of everyday low prices is born by the society in which it operates. Also, it has a very strong anti-union policy. Employees are not allowed to form unions. (Sisodia et. al.,2011 pg.56,57)

Wegmans is another company which competes with Walmart. It believes that if takes care of its employees, the employees will automatically take care of customers. The employees are given to do anything in order to satisfy the customer without taking permission from the managers. It has a very low turnover and also customer loyalty is quite high with low employee turnover. Robert Wegman the chairman says that he never gives away more than he gets back. Customers love the whole experience of a wegman store. (Sisodia et. al.,2011 pg.68)

CUSTOMERS – THE POWER OF LOVE

Nike targets young generation whereas New Balance targets people in midlife. The values Nike promotes are winning, physical development, smell of sweat etc. the values promoted by New Balance are improvement of self, balanced effort and spiritual development. Nike pays millions of dollars to celebrities to endorse its product. Because Nike founder Phil Knight sees the sneaker market from competitive point of view whereas New Balance's Jim Davis has a different point of view. It views itself as a **sneaker making** company and its closest competitor Nike as **sneaker marketing** company. New Balance believes that one does not become worthy by becoming superior but by being their real self. Hence the focus is at inner self in New Balance. (Sisodia et. al.,2011 pg.108,109)

In twentieth century love, compassion and empathy were the words rarely heard of in business. The stress was on aggressive promotion and selling. Books were being written on how to influence and capture the mind of customer to effectively sell your products. But FoEs believe in understanding real customer needs, delighting them and giving them a wow experience. (Sisodia et. al.,2011 pg.102)

In this century marketing is emerging as a healer concept. FoE New Balance (sneaker manufacturer) makes available its sneakers in more widths compared to other sneaker manufacturers as it believes right fit is necessary for comfort and healing. (Sisodia et. al.,2011 pg.107)

INVESTORS – REAPING WHAT FOE SOW

As the life expectancy of people is rising, that of companies has declined. Many companies who tasted huge success in initial years have vanished altogether in later years. (Sisodia et. al.,2011 pg.126)

FoE **Whole Foods** of US has successfully followed stakeholder relationship business model. It recognises the inter dependence of its stakeholders. Their vision is to satisfy the customer, improve the environment and the betterment of the community at large. It balances the interests of all the stakeholders. (Sisodia et. al.,2011 pg.127)

Comparing to its competitors Walmart, Kroger, Safeway, Albertsons and Costco it has performed way better for its shareholders. Even among the FoE list it has performed better than its counterparts. (Sisodia et. al.,2011 pg.128)

PARTNERS – ELEGANT HARMONIES

Starbucks has launched C.A.F.E practices where it rewards producers producing high quality sustainably grown coffee. It looks after the needs of their suppliers and stand by them through thick and thin. (Sisodia et. al.,2011 pg.146,147)

As Starbucks is a people driven company and not number driven it nurtures the lives and organizations lying in its ecosystem. And seeks to make life better of the people in its sphere of influence. (Sisodia et. al.,2011 pg.148)

Competitors can also be partners. In 2005 when IKEA was to open a store in Stoughton. Its competitors Jordan's furniture and Costco let it use its parking lot for the grand opening of IKEA store. Jorden put up signs across the streets saying "Jorden Welcomes IKEA''. (Sisodia et. al.,2011 pg.151)

Stock markets analyses companies on the basis of "hard data''. They should be examined based on the ''concinnity index'' which shows how well a company has integrated its parts. FoE view stakeholders as partners and not the ones that can be exploited. They encourage shareholders to collaborate with them. Example Whole Foods asks its shareholders to help designing of future policy. After 9/11 when every company was laying off employees to cut cost. Southwest Airlines was the only one which didn't lay off and did not ask for givebacks. And when southwest was going through rough times its employee union stood by it. (Sisodia et. al.,2011 pg.154,155)

SOCIETY – THE ULTIMATE SHAREHOLDER

Many companies try to avoid paying tax and instead pay more money to tax attorneys.

They try to avoid tax by improperly pricing transactions between domestic and foreign operations. It is very common in pharmaceutical industry where Johnson and Johnson are the lone exception. (Sisodia et. al.,2011 pg.172)

Focus on personal gains by executives has led to a lack of trust in corporate world. (Sisodia et. al.,2011 pg.172)

FoEs encourage and reward employees for devoting their time for initiatives to help local communities. (Sisodia et. al.,2011 pg.177)

New Balance records each employee's volunteering hours and rewards them for completion of certain number of hours and Timberland provides employees with wages to work for community services. (Sisodia et. al.,2011 pg.179)

CULTURE AT FIRMS OF ENDEARMENT

Culture is what sets apart FoEs and help them generate greater value for their stakeholders. (Sisodia et. al.,2011 pg.200)

Southwest airlines consider its culture so crucial that it established a ''culture committee'' consisting of 96 employees. It does whatever it takes to create, enhance and enrich special southwest spirit. They hire people who understand can communicate southwest culture to other employees. (Sisodia et. al.,2011 pg.198)

Three primary elements of corporate culture:

Organizational vision – creating and implementing a winning plan.

Organisational values – it's the aligning force that keeps the organisation cantered and balanced.

Organisational energy – they reflect the passion, joy and commitment of employees and other stakeholders.

(Sisodia et. al.,2011 pg.200,201)

Companies now realise that their greatest asset lies in its 'people and culture' and not in hard assets. Unfortunately, in accounting there is no way to measure economic value of employees. (Sisodia et. al.,2011 pg.203)

The leaders of FoE are leaders of uncompromising integrity and have a long track record in the company. They are humble and modest in their lifestyles. Employees working under such leaders feel motivated and find them easily approachable. (Sisodia et. al.,2011 pg.205)

LESSONS LEARNED

Distinguishing traits of Firms of endearment
"Freely challenge industry beliefs
Every industry promotes formulas for success that industry generally follows.
Foes break these dogmas. In sporting goods industry Nike is a rule maker and FoE New Balance is a rule breaker. It has a different business model. It focuses on fit and function rather than on styling.
Southwest airlines defied its industry wisdom who treated cars, buses and trains as their biggest competitors. It rejected ''Hub and spoke'' method and offered single class service.
Wegmans Food challenged industry Dogma of paying low wages and benefits to employee.

FIRMS OF ENDEARMENT Vs. NON FIRMS OF ENDEARMENT

The FoEs and the companies who are not FoEs (Non-FoE) both are very different in their approaches. In case of FoE the focus is on generativity where Non-FoE focus on profit generation. FoE have a flat structure and have a positive world view whereas non-FoE follow hierarchy strictly and have a zero sum thinking. (Sisodia et. al.,2011)
Non FoE have high employee turnover than FoE. Employees contributing towards social activities are rewarded by FoEs; which is not the case with non-FoE. FoE recognise inderdependece of stakeholders but Non-FoEs do not. (Sisodia et. al.,2011).
The differences between FoE and non-FoE have been tabulated below:

BASIS	FoE	Non - FoE
Focus	FoE focusses on sustainability.	Focus is on profit earning.
Structure of firm	The structure at FoE is flat. Anyone in the organisation can approach management. They have an 'open door' policy.	Strict hierarchy has to be maintained.
World view	Positive sum view. Where all stakeholders contribute to a greater value.	Non- FoE have Zero sum thinking. A stakeholder has to be compromised to benefit another.
Analyses performance	Based on 'concinnity index' which calculates how well a company integrates its part.	Based on financial performance reflected in profit and loss account and balance sheets.
Alignment of interest	FoEs are concerned to align the interests of all stakeholders to achieve the shared goal.	Non- FoE have no such concern.
Executive salaries	Executive salaries are modest. This shows the other stakeholders that the executives are exploiting others for their own gains.	Executive salaries are very high.
Employee turnover	They have low employee turnover.	Employee turnover is high
Cost reduction during recession	Brings back outsourced work to the company	Lays off employees to cut cost
Frontline wages	They pay frontline employees above the basic norm in the industry in which the firm operates.	Front line wages are equal to basic norm in industry.
Reward for social activities	Employees are rewarded if they are indulged in social activities.	No such reward
Recruitment of top leaders	From within the organisation. It acts as a motivator to the employees to work harder.	May from within or outside of the company.
Interdependence	FoEs recognize interdependence of stakeholders.	Non- FoEs do not recognise such interdependence.

Computed by the Author of the paper based on the book "*Firms of Endearment: how World class companies profit from passion and purpose*" by Raj Sisodia, Jagdish Sheth and David Wolfe.

CONCLUSION

It's good to be a customer centric company, focusing your operations around customers and looking after their needs. But In today's era where everywhere the focus is being laid on sustainability being customer centric is not enough. Companies have responsibilities towards other stakeholders as well.
It's not that recently the firms of endearment have emerged. Few companies have been around for decades endearing themselves. LL Bean is one such company which started making better boots in1912 and employed stakeholder management model. (Sisodia et. al.,2011 pg.251)
Most companies have zero sum mind-set means one stakeholder has to be compromised with, to benefit another. Employees are seen as expenses that can be eliminated when profits go down and customers as objects of prey who can be duped and manipulated. (Sisodia et. al.,2011 pg.258)
An example of zero-sum thinking has been that higher wages and health benefits than necessary decreases competitiveness. This idea is central to Walmart policies. Stock market also rewards firms with zero sum thinking. As a result, firms like Costco, UPS and Whole Foods are criticized for paying too much to employees and customers at shareholders expense. (Sisodia et. al.,2011 pg.260)

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