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Editorial

An Expensive Price to Pay: How Article XXI(b) Protects International Hegemony at the Cost of Good Governance

Prof. Abhijit Vasmatkar
Ms. Suma Dadke &
Ms. P Sriya

COVID 19: Effect of Job Insecurity on Employee Performance: Mediating Role of Depression

Mr. Mohammad Ali
Sabrina Sharmin Nishat,
Farzana Tazin &
Mohd Rabiul Basher Rubel

Covid 19 And Corporate Governance (India): Practical Issues, Implications and New Relief Measures

Mr. CS Divyesh Patel
Prof. (Dr.) Naresh K. Patel

Determinants of Occupational Stress in Information Systems Professionals Post COVID-19: A Factor analysis approach

B. Prathyusha
Dr. Ch. S. Durga Prasad

Indian Life Insurance Market: The Liberalisation Experience and Emerging Dynamics

Prof. K.V. Bhanu Murthy
Dr. Manisha Choudhary

Pivoting business model as a strategic response to COVID-19: A study of select organizations in India

Mr. A. Ramesh

Contents		
Articles	Authors	Page No.
An Expensive Price to Pay: How Article XXI(b) Protects International Hegemony at the Cost of Good Governance	Prof. Abhijit Vasmatkar Ms. Suma Dadke & Ms. P Sriya	1
COVID 19: Effect of Job Insecurity on Employee Performance: Mediating Role of Depression	Mr. Mohammad Ali Sabrina Sharmin Nishat, Farzana Tazin & Mohd Rabiul Basher Rubel	13
Covid 19 And Corporate Governance (India): Practical Issues, Implications and New Relief Measures	Mr. CS Divyesh Patel Prof. (Dr.) Naresh K. Patel	25
Determinants of Occupational Stress in Information Systems Professionals Post COVID-19: A Factor analysis approach	B. Prathyusha Dr. Ch. S. Durga Prasad	34
Indian Life Insurance Market:The Liberalisation Experience and Emerging Dynamics	Prof. K.V. Bhanu Murthy Dr. Manisha Choudhary	51
Pivoting business model as a strategic response to COVID-19: A study of select organizations in India	Mr. A. Ramesh	62

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The Gavesana Journal of Management is a bi-annual refereed journal of the Vignana Jyothi Institute of Management. Its objective is to disseminate knowledge of contemporary issues related to management and development. The journal seeks to serve as a platform for intellectuals to share the rapid strides made in contemporary research. The Research Journal has been registered with the Registrar of Newspapers for India (RNI) vide No. 108534/2010 dated 1/3/2011.

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EDITORIAL

Human Resource function(HR),in any organization,has to be that of a strategic or business partner,by developing the talent in the entity through job rotation, job enrichment etc. ,involving expert teams ,business leaders and line management .Such a partnership is a long-term relationship to achieve objectives common to the partners ,as also the organization's financial success .In the process, the HR employees, as partners, should perform their assigned roles ,and also support the activities of those in other functional areas .This needs a strategic plan which dovetails the HR Vision and Mission into that of the organization .

HR ,as a Strategic Partner - increases employee productivity and thus the organization's profitability ;enhances competency and talent management ;uses the technology and knowledge to formulate, implement and review strategies ;copes with the changes in the business environment arising from unforeseen business situations, and globalization ;and serves the internal and external customers well. This is done through efficient and effective delivery of human resource services. For this ,the HR needs to spend more time in the organization's planning, design and development. It must become part of the business team ,involved in planning at the highest level .HR Managers and HR professionals are strategically suited to provide the necessary leadership in change management, which is a challenging task .

The Human Resource Information System (HRIS) has to be effectively used to handle daily administrative HR tasks. Employees can make use of the self-service facility online ,to support business strategy development and implementation, which saves time and costs .There should be an HR Head who understands well the strategic partnership/relationship between organizational strategy and human resources. He should be an expert in all HR functions .Someone from within the organization can be groomed for this role.

Research has shown that the HR function will be effective in achieving the business objectives when it assumes the role of a strategic business partner. The top management should ensure this. The administrative reactive approach in people management can no longer support the organization in a competitive business environment.If the HR function is decentralized fully ,the line managers and supervisors will eventually put the blame on HR when problems arise .If this happens ,it interferes with the effective use of line managers 'and supervisors 'time in the operations of the organization on daily basis .The line managers and supervisors need to be supported to make them more proficient in managing their subordinates in the performance of daily tasks .Complete participation of HR people in strategy development and implementation promotes HR as a strategic partner. The HR Manager and HR professionals should contribute to business decisions ;develop business acumen to understand how a profitable business is run ;be customer-centric ;and learn how to link HR practices to the organizational business strategy.

The expectations from HR as Strategic Partner include: recruiting the right employees ;align corporate values to the recruitment strategy ;well-developed competencies of the workforce ,and their relevance to organizational core business; participative culture where HR initiatives fully support the overall strategic plan; discard ineffective HR practices that do not contribute to the success of your organization .HR management requires continuous improvement i.e., Kaizen to ensure and retain its relevance as strategic partner .For this ,capable and committed people are needed at every level ,supported by senior management .Change has to be managed well to avoid or minimize disruption in the organization's activities ,and for its success.

The effectiveness of the HR people as a strategic partner is also dependent upon the corporate policies and practices, structure, types of activities carried out, location, effective communication, leadership and motivating employees to keep moving in the right direction as per plan. Every aspect of HR has to be reviewed in the process of implementing the necessary changes and reorganization. Having the right is crucial to help them succeed and engage their full attention with the view to ensure HR truly becomes strategic partner .The HR Scorecard shows whether the organization is making good progress on making HR as strategic partner .The competitive advantage of the organization can be enhanced by aligning the HR strategies to the overall business plan. To ensure that HR truly becomes a strategic business partner, adequate financial backing is necessary. One needs to take measures to eliminate or minimize risks to HR, and it should be ensured that HR plays a meaningful role and not necessarily a major role, particularly during financial crises. It cannot also be a trial and error approach.

In fact, in a business landscape that is changing fast, there is an imminent need for HR to be an active strategic partner .By aligning itself with strategic plans of the business ,it needs to foster a stronger relation between the executive team and the workforce .Externally ,it can make valuable contribution to branding and the tone of communication. By leveraging customised, more personalised metrics and deep analytics, it can vastly improve organizational learning, training and improve decision-making. Consequently, the human capital program will lend more impact, thereby encouraging and enhancing collaboration between various functions across the organization. HR can no longer be just a functional arm, a distant participant, but will have to assume the role of strategic partner, integral to organizational well-being and growth.

Dr. Ch. S. Durga Prasad

An Expensive Price to Pay: How Article XXI(b) Protects International Hegemony at the Cost of Good Governance

Prof. Abhijit Vasmatkar* Ms. Suma Dadke** and Ms. P Sriya***

Abstract

In 2020, the Trump Administration's decision to impose 25 per cent tariffs on aluminium derivatives and 10 per cent tariffs on steel derivatives took effect. Despite widespread outrage from the international community, which is evidenced by the multitude of retaliatory measures and complaints against the United States of America before the World Trade Organization, it is certainly not the first time that this International Hegemon has subverted international trading regulations. Presently, the US has invoked the security exception under Article XXI(b) of the General Agreement on Tariffs and Trade, 1994. These tariffs were defended by the Trump Administration as a measure to protect the viability of the domestic industry to meet national defence requirements. The security exception, which as the name suggests, is an exception carved out for states that allows them to take any action they consider necessary for the protection of their essential security interests. It has, thus, largely been a self-judged provision used by states to justify trade decisions that protect their national interest. Two questions arise in this context: whether the existence of this exception serves to perpetuate international hegemony due to the sensitive aspect of state sovereignty it covers in its self-judging character, and whether this then transforms it into a tool to challenge good governance. The WTO as a governing body is founded on the ideals of good governance, however, it has been ineffective in regulating the exploitation of its provisions by powerful and developed states due to the non-recognition of such principles explicitly. If status quo remains, where states misuse the provisions of GATT increasingly and repeatedly, and the WTO remains unable to discharge good governance and hold such states accountable, it may result in monumental changes in the world order including the eventual collapse of the multilateral international trade regime. This paper explores the relationship between good governance and the WTO and how the security exception functions within this context. It examines the nature and usage of said exception by the US and how this has created a pressing issue for the multilateral trade regime. It proposes carving out an exception to the exception as a reinforcement to ensure that there is a check and balance of measures imposed under Article XXI(b). The proposed exception is of a qualifying nature that lays down international standards which must be met to retain the self-judging character of the national security exception, failing which, such measures would be open to judicial scrutiny.

Keywords - International Trade, Good Governance, International Hegemony, National Security Exception, State Sovereignty, Tariffs, WTO.

Introduction

By the end of the Cold War era, consensus was that international organizations lacked institutional depth and existed to serve the interests of the rich and powerful instead (Kentikelenis & Voeten, 2020; Mearsheimer, 1995). In this background of global dissatisfaction and the failure of the International Trade Organization, the World Trade Organization was institutionalised as a product of one of the most successful trade negotiations of the time, the Uruguay Round, on the ideals of liberal trade and economy, international cooperation and global good governance.

The term 'good governance' was first used while discussing the need for institutional reform and efficiency in the public sector within Sub-Saharan African countries (Kaufmann et al., 1999). It can be traced back to the development of the normative concept of 'governance' by the World Bank, which was defined as "the manner in which power is exercised in the management of a country's economic and social resources for development" (World Bank, 1992). This concept has evolved over the years, and today when viewed from the perspective of international economic relations, good governance is understood as having three dimensions (Christie et al., 2013):

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- i) The usage of rules, resources and power in the functioning of institutions,
- ii) participation in terms of equal representation and equal access to decision making and inclusion, and
- iii) factors ensuring transparency, accountability and fair administration.

An Expensive Price to Pay: How Article XXI(b) Protects International Hegemony at the Cost of Good Governance 3

Time and time again, the WTO has reiterated its commitment to the twin ideals of good governance and sustainable development. However, notably, when it comes to acting on such commitments the WTO seems to favour one twin over the other (Weiss & Steiner, 2007) – while sustainable development is explicitly provided for as an objective in the preambulatory paragraphs of the Marrakesh Agreement, 1994, and regularly invoked by the Appellate Body (US – Import Prohibition of Certain Shrimp and Shrimp Products), the principles of good governance are merely alluded to and decidedly more obscure.

It may be argued that while the concept of good governance is hardly visible in the WTO's broader framework, the organization itself is a rules-based system (Mayer, 1981; Keohane, 1984; Jackson, 1989) rooted in the elements of participation, transparency and accountability. The origin of the consensus rule that the WTO negotiations are based on, lies within the principle of participation and the effort to reduce the economic hierarchy between the developed and developing states alike, and is aimed at ensuring accountability and effectiveness in the regime (Woods, 1999, p. 52). The establishment of the Dispute Settlement Body with the objective of delivering unbiased decisions on trade issues, as well as its model of functioning, is based on the principle of accountability, framed on the idea that the world economic order is accountable not to powerful states, but to the international trading regime instead (Woods, 1999, p. 44). The requirement that tariff measures be reasonable, internally consistent, transparent, and non-discretionary points to the procedural element of the principle of fairness seen within the regulations of the WTO, while the demand for equal distribution of power to ensure equitable outcomes of WTO measures points to the substantive element of the principle (Woods, 1999, p. 46). Essentially, the broad idea of good governance, intrinsic within the WTO, entails equal representation and power divisions amongst the world with no one state being able to act as an unaccountable hegemon (Botchway, 2001, p. 177). It stands to reason, then, that the WTO is against the notion of international hegemony.

Unfortunately, it would seem that the lack of explicit recognition of good governance principles in the WTO's legal framework, and particularly within the General Agreement on Tariffs and Trade, 1994, has fostered a consequent lack of any semblance of good governance in the multilateral trade system. In fact, it may very well be true that there exist certain provisions in GATT itself that have been used in an attempt to subvert the principles of participation, transparency, accountability and fair administration.

The multilateral trading regime has experienced several devastating setbacks in 2020, however the system was already in shambles due to the paradigm shift from multilateralism to multipolarity. This shift can be attributed to the growing flavour of 'economic nationalism' over the past decade and the United States of America, particularly under the Trump Administration, has been the most recent state to embrace the phenomenon. This is evident in the state's short-sighted foreign policy, pronounced trade wars and abuse of power to suit national interest that all served to spell severe ramifications for the rest of the world. This policy orientation is not a consequence of Trump's presidency and can be seen within the moderate democrat administrations of Obama and Biden as well. In fact, the Appellate Body crisis started to build up in 2011 when the reappointment of Jennifer Hillman was blocked, followed by the unilateral decision to block the appointment of Seung Wha Chang in 2016 (United States Blocks Reappointment of WTO Appellate Body Member, 2016). Economic nationalism is on the rise with protectionist measures increasing rapidly, threatening liberalised trade. This is also a direct consequence of two issues: the rise in regional trade, or Mega-Regionalism, and the abuse and misuse of the WTO regulations and provisions, such as Article XXI(b), by powerful states and trade giants.

Article XXI(b), or popularly referred to as the national security exception (hereinafter referred to as NSE), is an example of this. Not only has it been used with increasing frequency in recent years, resulting in an arguable absence of transparency and accountability by virtue of the nature of this provision, but its invocation has also been accompanied by a host of unsavoury suspicions and hostile retaliation. While this is worrisome, what is even more

unsettling is how the NSE itself is being used with impunity by powerful member states to serve their own hegemonic ends, thereby actively undermining the WTO's claim of good governance. It is, perhaps, obvious at this juncture that the discussion around NSE cannot be continued without the study of the one state which has invoked it multiple times in the past decade. In other words, the United States of America has once again assumed centre stage.

In 2017, the Trump Administration directed the initiation of an investigation into steel imports and their effect on US national security (US Department of Commerce, 2017).

In 2018, the Trump Administration imposed 25 per cent tariffs on steel products and 10 per cent tariffs on aluminium products ("Adjusting Imports of Steel into the United States," 2018).

In 2020, the Trump Administration imposed 25 per cent tariffs on steel derivatives and 10 per cent tariffs on aluminium derivatives ("Adjusting Imports of Derivative Aluminum Articles and Derivative Steel Articles into the United States," 2020).

Section 232 of the Trade Expansion Act, 1962, empowers the President to regulate imports on the grounds of national security, beginning with an investigation by the Department of Commerce and ending with a recommendation, based upon which the President may issue proclamations adjusting imports. So far, only imports of steel and aluminium products and derivatives have been adjusted under this law, however, it is speculated that restrictions on automobiles and their parts ("Adjusting Imports of Automobiles and Automobile Parts into the United States", 2019) and as well as on uranium and titanium sponges follow closely ("Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Titanium Sponge," 2019). This move of the then Administration invited harsh criticism, both domestically and internationally.

On the domestic front, the very constitutionality of Section 232 (*American Institution for International Steel, Inc. v United States*, 2019) is being challenged in federal court along with the tariffs themselves (*Severstal Export GMBH v. United States*, 2018), and Congress is deliberating measures to limit the President's powers in this respect, in the aftermath of Trump's affinity for tariffs (Fefer et al., 2018). More importantly, this situation draws attention to the complications arising on the international front: although the US imposed such tariffs under Section 232, it also invoked Article XXI(b) to justify the imposition.

These tariffs were defended by the Trump Administration as a measure to protect the viability of domestic industries to meet national defence requirements which is linked to protecting US national security interest. Nevertheless, this move has been the cause of outrage and retaliatory measures including from the European Union, China and India (Fefer et al., 2018, p. 28). It has also resulted in numerous complaints against the US before the WTO (Fefer et al., 2018, pp. 39-41), as it is seen not only as yet another violative act by the US but also as a threat to the multilateral trading regime – a threat that still holds under the Biden Administration.

This article, while briefly touching upon these tariffs and their legitimacy under NSE, aims to answer this question: whether the very existence of the NSE serves to perpetuate international hegemony due to the sensitive aspect of state sovereignty it covers in its self-judging character, thus, not simply becoming the perfect clause to exploit, but also a tool to challenge good governance. It further discusses what this ultimately means for the WTO as well as the continued existence of liberalised multilateral trade.

For the purpose of this article, the authors will be restricting their study of the exploitation of this exception to this particular instance of steel and aluminium tariffs levied by the US.

B. AN ANALYSIS OF ARTICLE XXI(B) OF GATT

The NSE can be invoked to justify violations of member obligations assumed under GATT, creating a caveat in the system. Article XXI(b) allows for states to take any trade-related measures that they consider necessary for the protection of their essential security interests relating to fissionable materials, traffic of arms or ammunition, any material directly or indirectly involved in supply for the military establishment, measures taken during any emergency in international relations or during the time of war. The keywords that warrant deliberation are "it considers necessary" and "essential security interests", "supply for the military establishment" and "emergency in international relations".

By and large dormant for decades, this clause, predominantly an affirmation of the recognition of the sovereignty of members (Federer, 2018; Alexandroff & Sharma, 2005), has become the centre to many disputes and virtually the ideal provision to exploit the WTO multilateral trade system. The NSE was created to ensure the sovereignty of states over their national security, as is reflected by the text. It has a clear discretionary nature, conferring upon states absolute power in matters of determining essential security interests, and it is this nature that lends the provision a self-judging character. This can further be substantiated by drawing a comparison with the exception clause under Article XX, where the subjective term "considers necessary" is absent, and whose invocation has been examined objectively by the DSB, creating a general rule that the absence of unjustified discrimination is to be established by the invoking member state (EC – Measures Affecting Asbestos and Products Containing Asbestos, 2001).

Due to lack of WTO judicial precedent on the NSE clause until 2019, the primary tool of interpretation has been state practice, a *lex specialis* of GATT treaty interpretation (Alford, 2011, p. 708). Individual interpretation of member states can be broadly classified into two competing interpretations, the *ultra vires* and the *intra vires* perspective (Federer, 2018). The *ultra vires* perspective argues that the sole judge of the NSE invocation is the invoking member and that the DSB has no right to adjudicate on the security interests of a sovereign WTO member which, it is contended, is substantiated by the intention behind the clause: to ensure sovereign liberty over their essential security interests (Federer, 2018; U.N. Conference on Trade and Employment, 1947). The *intra vires* interpretation, further divided into two sub-classes, argues that the NSE falls within the jurisdiction of WTO Dispute Settlement Body. Where the first sub-class argues that the review power of the DSB is limited to whether the good faith requirement attached to invocation has been met with, the second sub-class argues that the invocation in its entirety is open to judicial scrutiny (Alford, 2011). This view is supported by the language used by the drafters of the text and the accepted rule that no member state can unilaterally justify violation of longstanding GATT principles (Federer, 2018, p. 230). Viewed from the lens of good governance, this *intra vires* interpretation is reflective of the principles of transparency, accountability and fairness. Unfortunately, the majority view and reigning state practice is that NSE is a self-judging clause, however, a strong minority argues that the invocation can be objectively reviewed based on whether the measure was taken in good faith and has any objective nexus to essential security interests (Akanke & Williams, 2003).

This also happens to be the view taken by the DSB in the very recent, and first of its kind, ruling on the NSE in 2019 (Russia – Measures Concerning Traffic in Transit, 2019). Ascertaining the DSB's jurisdiction over disputes on the invocation of the NSE, the body defined certain key terms of the Article and chalked out the limits of the provision. Despite upholding the historic, and currently protested, self-judging character of the NSE, the DSB stated that such discretion is limited to what the state deems are its security interests and the WTO cannot scrutinise what interests pertain to the quintessential functions of the state. However, in rejecting Russia's claim that the NSE is non-justiciable altogether, the DSB held that the invocation can be reviewed where there is evidence of the absence of good faith and where the nexus between the measure and the security interest is implausible. The same stance was mirrored in the Saudi Arabia dispute regarding the invocation of the security exception (Saudi Arabia – Measures Concerning the Protection of Intellectual Property Rights, 2020) under the Agreement on Trade-Related Aspects of Intellectual Property Rights.

The authors submit that the majoritarian *ultra vires* interpretation is exactly what is creating a fissure in the framework of GATT, as it has allowed the NSE to morph into an anti-transparency, anti-accountability and anti-fairness weapon that can be wielded at will. This is evidenced by the way the US has been employing the NSE to further its agenda at the expense of others, and thus requires urgent attention. The multilateral trading system appears to be crumbling from within, a gradual destruction brought on by the very international hegemony it sought to counter and yet seemingly perpetuates.

C. THE US AND THE NATIONAL SECURITY EXCEPTION – A CLOSE FRIENDSHIP

Much of Trump's electoral campaign consisted of assuring people he would "make America great again" (Simoes, 2017). It was apparent since then that should he assume office, his America First policy would bring about dramatic changes in the way America dealt with the rest of the world. His attempts to "put American steel and aluminum back into the backbone of the country" (Whitehouse, 2017) were what we began to see shortly after his inauguration, in the form of extreme tariffs. It was the promise of a politician being honoured. It is for this reason, among others, that

it appears that the reason behind these measures was political, and not exactly pertaining to national economic security interests. In fact, economists are contending that these tariffs hurt American economic interest, particularly those of the manufacturing sector quite severely (Fajgelbaum et al., 2020).

What may have begun as a promise to voters, and arguably retained that character as does any promise made by a politician hoping to be re-elected, quickly turned into an irrational display of power by someone who thinks trade wars are "good and easy" (Griswold, 2019). Although the Administration defended the imposition of tariffs saying its domestic industries need to be self-sufficient in the interest of its national security, i.e., in case a war breaks out the US must be able to manufacture enough weaponry on its own and currently it is dependent on imports to do so – these tariffs have been applied selectively. The application against the US allies including the EU, does not bode well for international relations, but the fact that Argentina, Australia, Brazil, Canada, Mexico and South Korea are exempt from the tariffs on derivative steel products, and Argentina, Australia, Canada and Mexico are exempt from the tariffs on derivative aluminium products (Fefer et al., 2018, p. 9), has led to many states regarding this act as *malafide*. Indeed, the EU and other members have filed complaints against the US in the WTO (Fefer et al., 2018, p. 43). However, the one that is suffering the brunt of these restrictions is growing superpower China – a state Trump often accused of employing "unfair trade practices" (Whitehouse, 2018). Trump's acts were presumably in an attempt to pressure China into revising its policies on intellectual property protection, technology transfers, industrial subsidies and market access (Guohua, 2019a) – something he consistently criticised.

China has not taken these restrictions lying down – the US is now staring at retaliatory tariffs in return (Guohua, 2019a), as well as Chinese complaints before the WTO (Fefer et al., 2018, p. 39). This has the potential to turn into a full-blown trade war quickly, if not already presenting as one. There appears to exist a political vendetta against China, originating well before Trump, which has resulted in several US-China clashes before having reached this point where the US is formulating policies that have a strong undercurrent of 'beggar thy neighbour.' Often credited to Adam Smith, the beggar thy neighbour policy refers to a policy that is enacted by one state in an attempt to resolve its economic issues but also worsens another state's economic issues (Smith, 2007). Protectionist policies such as trade barriers including tariffs, quotas and sanctions are examples of this. 25 per cent tariffs on aluminium and steel are certainly examples of this. Such policies were sought to be prevented by the institution of GATT, an agreement that embodies principles of free trade.

The crux of the problem, however, is not that one does not recognise what the US did under the Trump Administration specifically, although that in itself is extremely concerning. Retaliatory beggar thy neighbour policies that result in a trade war will affect developing countries the most, destroying multilateral trade and world economies. The problem is that International Hegemon United States of America has always been doing this – flouting norms of international trade with impunity to further its interests, economic or otherwise, regardless of the detriment to others (Jordan, 2019). Over and over it has bent rules to suit its purpose, always hidden behind the farce of "the greater good," parading as environmental concerns (US – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products, 2018; US – Import Prohibition of Certain Shrimp and Shrimp Products, 2001) or moral duties and no amount of world pressure or WTO rulings have resulted in changed behaviour. Thus, in a sense, Trump merely furthered the legacy of a superpower interested in preserving power, and President Biden seems in no hurry to undo said legacy.

D. A SYSTEM IN NEED OF CHANGING

It is apparent that a global trade war rooted in preserving power and establishing supremacy is beneficial to none – especially developing states. The implications for the multilateral trading regime should the US continue indulging in such behaviour, made not only possible but also convenient by the NSE, are dire.

Today, once again, the legitimacy of the multilateral trade system is being contested by developing states who feel inadequately consulted within international organizations that are catering to the interests of the powerful (Woods, 1999, p. 41). A classic example of this is how China is still eligible for the Special and Differential Treatment despite being the world's third largest economy (Cimino-Isaacs et al., 2021). One of the consequences of this dissatisfaction is, harkening back to the 90s, the rise in the number of Regional and Free Trade Agreements over the years, that has led to a sense of multipolarity within the sphere of global trade, weakening the WTO (Garzon, 2017, p. 102). It is

becoming increasingly common for states to develop bilateral and plurilateral RTAs such as the EU-Singapore Free Trade Agreements, or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. There are currently 342 RTAs in force, 7 of which were entered into in 2021 (WTO Database, 2021). This positive trend in the creation of RTAs suggests that there may come a time where the WTO becomes defunct, indeed it is already viewed as obsolete by some (Creamer, 2019), what with the flagrant abuse of its provisions and its inherent inability to counter wilful misuse. This may exacerbate brewing discontent further and lead to the ultimate collapse of the system.

The WTO is already plagued by a plethora of issues including the debacle of the Doha Development Agenda (Araujo, 2018, p. 245) and the crippling of the Appellate Body by the US resulting in its stagnation since December 2019 (Cimino-Isaacs et al., 2021). The US' continued blocking of the appointment of judges to the Appellate Body has created a situation where there is, effectively, no grievance redressal mechanism left to members. This is not to say that the US would abide by unfavourable rulings of the Appellate Body, in all likelihood – as evidenced by history – it will not. While a change in the US Administration may seem like a ray of hope for numerous issues like immigration, on the trade front, Biden's approach and goals appear to be much the same as his predecessor. Granted, Biden provides a more diplomatic and civilized approach to negotiations, but the economic nationalistic perspective still colours his core policy (Sloan, 2020). Even if Biden decides to extend cooperation to the WTO in an effort to salvage the situation, he has no plans to do so until the current global pandemic has been tackled by the state whose timeline, based on current statistics, cannot be predicted at this point. Further, with more and more states beginning to prioritise their interests and protect and promote regional trading regimes – it means the end of an era that was built on the principles of free trade. This has been aggravated by the COVID-19 pandemic, which has shifted focus to domestic interests and slowed down the ministerial negotiations (Cimino-Isaacs et al., 2021), ultimately pointing towards the question of the continued relevance of the body itself. The NSE, compounding these issues, is a polarising provision that is sabotaging the WTO's very existence.

However, as much as a systemic change seems warranted, any radical change must be approached with caution. Propounded by Sir Charles Kindleberger, the Hegemonic Stability Theory contends that for the world to remain stabilized, there is a need for one stabiliser – a hegemon, if you will – committed to the ideals of a liberal trade regime including free trade and peace (Brawley, 2004). Arguing in favour, Robert Gilpin cites hegemony, liberal ideology and common interests as the key factors essential for the formation and expansion of a liberal trade regime and market. The theory predicts the decline of the hegemony eventually, where the hegemon gets weary of 'free-rider nations' and begrudges its economic partners who enjoy similar benefits with lesser input from their side, so to speak (Schubert, 2003 as citing Gilpin, 1987).

This precisely resembles the current scenario with the US. Although the framing of the 1994 GATT is mostly credited to the US, it no longer holds the same values of the liberal economy as it did back then and its policies now are overwhelmingly nationalistic. The Trump Administration made its discontent with the regime clear, threatening to withdraw from the WTO if "they don't shape up" and going as far as to call the treaty "the worst trade deal ever made." (Jordan, 2019, p. 177). The WTO system, the US claims, has enabled the rise of countries like China at the cost of millions of manufacturing jobs in the US (Johnson, 2020). Therefore, any radical change to reform the system and the NSE clause particularly, might have very well been the straw that broke the camel's back. While the Biden Administration has now replaced Trump in office, it is clear that his position on the WTO is not dissimilar, although perhaps not as extreme (Sloan, 2020). It has been categorically stated that the US would be less willing to cooperate if its interests are not prioritised (Guohua, 2019b). Thus, it may lead to the withdrawal of the US from the WTO regime and although such withdrawal may not lead to the abolishment of the WTO directly, it will significantly weaken the already crumbling system, maybe fatally.

Given the current state of affairs, there is no one clear successor to the seat of International Hegemon. The baton may pass to China, which has slowly begun its hegemonic journey, with increased contribution to the global economy and quantitative lead on the US since 2013 (Lisewski, 2020) or to the EU, the current trade giants of the world alongside the US. However, it is also true that international trade and economy is not a relay race – such major transitions, more accurately the vicious battle for hegemonic dominance, disrupt the world order and create a flux. If the WTO were to collapse, and with-it GATT, there would exist a vacuum in the sphere of international trade where

there would be no global trade facilitating and regulating body. In the long term, this implies that smaller developing states would be left to defend themselves, with no institution to champion their cause and protect them from exploitation from developed states in unbalanced negotiations. The descent into multipolarity would become more rapid and intensive, attributed to numerous conflicting trade blocs with zero cooperation amongst them. A glimpse of this future is already visible, with an increasing number of states opting for Mega-Regionals, such as the Trans Pacific Partnership (TPP), and the Regional Comprehensive Economic Partnership (RCEP). RCEP alone accounts for 30 per cent of global GDP (McDonald, 2020) and TPP over 40 per cent (McBride et al., 2021). The numbers are so high and so many trade partners have entered into RTAs that even if the WTO shattered, their trade lines would remain intact, albeit presenting as a cut-throat warring wolf-pack model of global trade with incredibly high stakes. Moreover, should trade wars break out, which is neither a foreign nor a far-fetched notion, there would be no impartial body to help end the trade crisis before it disrupts the world economy drastically. This also means that states would have to resort to measures of dispute settlement that are fraught with diplomatic tension, politically motivated agendas and selfish interests. Ultimately, the cumulative effect of all these contributing factors would then trigger economic crises and threaten the ideals of sovereignty.

However, it is not merely in the interest of the world for world order to remain as is with a functional WTO backed by the US. The US' withdrawal might hurt the US more than the WTO. The US has only 20 FTAs in force with relatively smaller states, and the recent withdrawal from the TPP (Office of the US Trade Representative, 2017) and the abandonment of Transatlantic Trade and Investment Partnership (TTIP) negotiations, coupled with unregulated trade relations without GATT principles might be counter-productive for the US as 60 per cent of the US trade is outside the purview of its FTAs (Costa & Cimino-Isaacs, 2016). It would also lose its Most Favoured Nation status with 163 member states and the state would become a less attractive base for manufacturing, thus increasing the cost of US production and diminishing its competitiveness which essentially comes down to an increased price burden on the consumers (Brown & Irwin, 2018).

The US has lost too many lives, jobs and opportunities to the COVID-19 pandemic, and like several other states, now faces a disrupted supply chain and high unemployment rate (Weinstock, 2020). Although backing out of the WTO may seem beneficial to its economic nationalism and in dealing with its economic crisis, it would further cripple the US economy and expose it to the danger of tariff hikes and more stringent restrictions from member states, who are no longer bound by MFN obligations and other protections that the WTO offers. This would also then contribute to a faster hegemonic decline which may spell unimaginable and unmitigable disaster for the rest of the world.

E. THE ROAD AHEAD

As established, the need for a systemic change is imminent and extremely necessary, beginning with the self-judged national security exception that has turned into a dangerous tool foretelling ruin. However, a delicate balance must be struck between creating real change while also not disturbing the current system too severely lest we run the risk of unleashing trade instability and the breakdown of the multilateral trade system.

The authors believe that what is required is a regulatory character to the framework of the NSE that will ensure transparency in application and clarity in interpretation. Such character would fall in line with the *intra vires* interpretation of the NSE, thereby strengthening the WTO's supposed commitment to good governance as well, without interfering with state sovereignty enforced through the provision. This can be done by way of modification of the clause itself that involves laying down a set of qualifications testing the veracity of the invocation that must be satisfied for member states to be eligible to claim the NSE for their proposed trade measures.

The authors propose carving out an exception within the exception as a means of reinforcement within Article XXI(b) to ensure equilibrium between sovereign security concerns and independence, and prevention of the possible misuse of GATT.

Article XXI(b)

"Nothing in this Agreement shall be construed

(b) to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests

- (i) relating to fissionable materials or the materials from which they are derived;
- (ii) relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment;
- (iii) taken in time of war or other emergency in international relations; or..."

Provided that, the self-judging character shall be extinguished where one or all of the qualifications for the invocation have not been met in the interest of transparency, accountability and fairness.

Explanation 1. – In Clause b, "**qualifications**" include:

- (a) (a) The measure imposed under this exception
 - (i) must be uniformly applied to all contracting parties in consonance with Article I. Where certain member states are exempted, a statement of reason for such exclusion must be provided by the invoking member to all contracting parties, subject to judicial scrutiny upon institution of complaint by the aggrieved member;
 - (i) Should the statement of reason provided by the invoking member relate to exceptions available under Articles XXIV and XX, then such measure imposed must satisfy the requirements of such articles.
 - (ii) must aim to impart a higher degree of benefit upon the invoking member than the degree of disadvantage created to another member;
 - (iii) must be in consonance with the standard and principles of good faith;
 - (iv) must be proportionate to the threat to national security of the invoking member. Where tariff measures are being sanctioned, they must be in quantitative proportion to the security interest aimed to secure;
 - (v) must have a prima facie plausible nexus with the security interest aimed to be secured.

The authors are aware of the difficulty that accompanies modifying a treaty, especially one as complex as GATT. However, it is necessary that GATT, being an extremely important instrument in international trade falling under the ambit of the WTO, explicitly recognises the principles of good governance. It is desirable that this loophole in the current system is addressed appropriately, particularly to combat international hegemony. Considering the recent trend of judicial pronouncements by the WTO in regards to the NSE, it is hoped that member state acceptance and willingness to formulate a remedy – this specific remedy, would be strengthened through precedent.

Article XXI(b) is enabling powerful states to violate free trade norms and introduce policies best suited to their interests and in the process, exploit developing states that are bound by GATT norms. The cumulative effect of this is the ever-widening gap between the developed and developing member states. If remaining unchecked, the consequence will be the inevitable decline of the WTO as well as its standing as a paragon of good governance, with members repudiating obligations. They may resort to protectionist policies, or devise an alternate trade regime rather than remain part of a pseudo system that panders to superpower interests and where the authority of members to twist existing provisions to their advantage is not curtailed – such a development might trigger recession eventually and liberal economic principles may be at stake. Global cooperation is not enough, the need of the hour is good governance – what meets the eye today is an appalling lack of governance from the WTO, made possible by the simultaneous lack and presence of certain provisions in GATT used by member states to their advantage and the WTO's ultimate disadvantage. If such practice of twisting provisions to undermine good governance continues to go

unaddressed and remains non-remedied, the future for multilateral international trade and world economies looks inarguably bleak.

The WTO must take concrete steps to save the world from a polarised trade regime and must push for more decisive negotiations and consequential reforms. This, it is submitted, begins with introducing a well-balanced reform to the NSE framework to combat the impunity with which superpowers navigate international trade and its hegemonic set-up, while still respecting state sovereignty.

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COVID 19: Effect of Job Insecurity on Employee Performance: Mediating Role of Depression

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Abstract

The focus of the current study is to see the influence of job insecurity (JI) on employee performance in the form of in-role (IR) and extra-role (ER) performance with the mediating effect of depression. Data were collected from front-line employees of 4-star and 5-star hotels of Bangladesh. Findings of the study showed significant effect of employee JI on both IR and ER performance. Again, JI exhibited positive relationship with employee depression in the workplace. For depression, both employee IR and ER performance also showed significant relationship. Finally, both the mediating relations were also found significant. Thus, it can be revealed that management of the organization needs to be more concerned on employee performance which may help them to attain sustainable competitive advantage in the industry. Therefore, it is essential for the organization to ensure employee continuity in the workplace which may minimize their depression to contribute more.

Keywords - Job insecurity, employee performance, depression, hotel industry, Bangladesh

Introduction

The Coronavirus disease 2019 (COVID-19) epidemic revealed a global bump with approximately 25.1 million verified incidents and over 8,44,000 deaths in 216 countries up to 31st August 2020 (World Health Organization, 2020). This condition generated an adverse impact on the economies (Gössling et al., 2020; Nicola et al., 2020), societal connection, association, bonding (Balanza–Martínez et al., 2020) and health. COVID-19 has brought about a dire catastrophe to all industries across the globe. Business sectors like tourism, accommodation, and travel agencies are facing a steep plunge in demand because of being vulnerable to severe tremors like the occurrence of pandemics (Nicola et al., 2020). In specific, the hotel industry has faced massive sales decreases as service availing rates have massively fallen owing to the social distancing rule imposed by the world health organization as well as the local government. Thus, worldwide, the hotel organizations faced a radical drop in the number of visitors (Sobieralski, 2020). In consequence, the hotel business across the world is facing an employment shockwave in comparison to other industries, with a sharp drop in the employment ratios and a theatrical increase in the frequency of short-term leaves.

In response to the upsurge of the pandemic in Bangladesh, the appearance of visitors into the country was controlled, and the percentage of travelling inside the country also declined remarkably, initiating an undeniable managerial crisis in hotels. Employment uncertainty is generated by the spread of the virus in these industries, thus, causes an unavoidable threat to organizational operations and viability-an unusual situation that demands the hospitality industry to search for a variety of alternative approaches (Carnevale & Hatak, 2020). In this situation, examining job insecurity (JI), as seen by hotel employees, and its negative implications might prove to be noteworthy in defining how industries can replenish and how fast-changing industries can experience a persistent future.

Undoubtedly, contemporary working conditions have been incapable to ascertain employment security for all employees owing to unpredictability arising from technological upgradations, economic shifts, political instability,

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even from time-period before the upsurge of the pandemic (Etehadi & Karatepe, 2019). Employee conceptions about JI - the prejudiced and insensate conception of losing jobs have boomed on account of organizational re-engineering and cut-downs, and now the current pandemic has also severed the condition. Employees might fall prey to JI for two particular causes (Mauno et al., 2014); mostly, changes in an organization brought by JI, like employee cut-offs, dismissals, and mergers that affect specific workgroups of an organization, incorporating their conceptions of JI, and furthermore, separate work groups might perceive commonly or jointly about notions like particular threats or stressors. Henceforth, it cannot be avoided that employees face tremendous stress in the form of JI (Gaunt & Benjamin, 2007) signifying a negative correlation between factors of job attitude and employee mental health conditions (De Witte et al., 2015). A study by Chirumbolo (2015) explored the consequences of JI throughout the pandemic referring to the fact that JI triggers workers to get involved in damaging actions due to damaging psychosomatic behaviors.

A contemporary study identified that psychological condition moderates the potential correspond of work performance (Ford et al., 2011). The current research also considered depression as a mediator between JI and employee performance (in-role and extra-role). The discrete expenses of depression are fairly recognized (Lacko & Knapp, 2018), and recent calculations propose that approximately \$925 billion annual cost is being incurred by the global economy in consequence of the productivity lost due to depression and anxiety conditions. Depression is a prevalent mental health condition, declared by the Diagnostic and Statistical Manual of Mental Disorders (DSM-5), as the existence of continual dejected spirit infused with cognitive and somatic changes that considerably intervene with typical routine activities. The segregated costs of depression are well recorded, and updated statistics signify that reduced output arousing from depression and anxiety disorders cause an annual charge of approximately \$925 billion to the global economy (Chisholm et al., 2016).

The contributions of this study are two-tiered. Primarily, we addressed the impact of JI on employee performance in the shape of IR and ER in the hotel industry in Bangladesh with mediating effect of depression in COVID 19 situation. There has been little research on assessing the effect of JI on employee work outcome in hotel organizations as service industry (Jung et al., 2021). Another, here is a lack of research considering depression as a mediator between JI and both employee IR and ER performance. Therefore, this contextual study adds to this track of study as well. Henceforth, figure-1 presents the research framework of the current study that portrays the relationship between JI and employee IR and ER performance with the mediating role of depression.

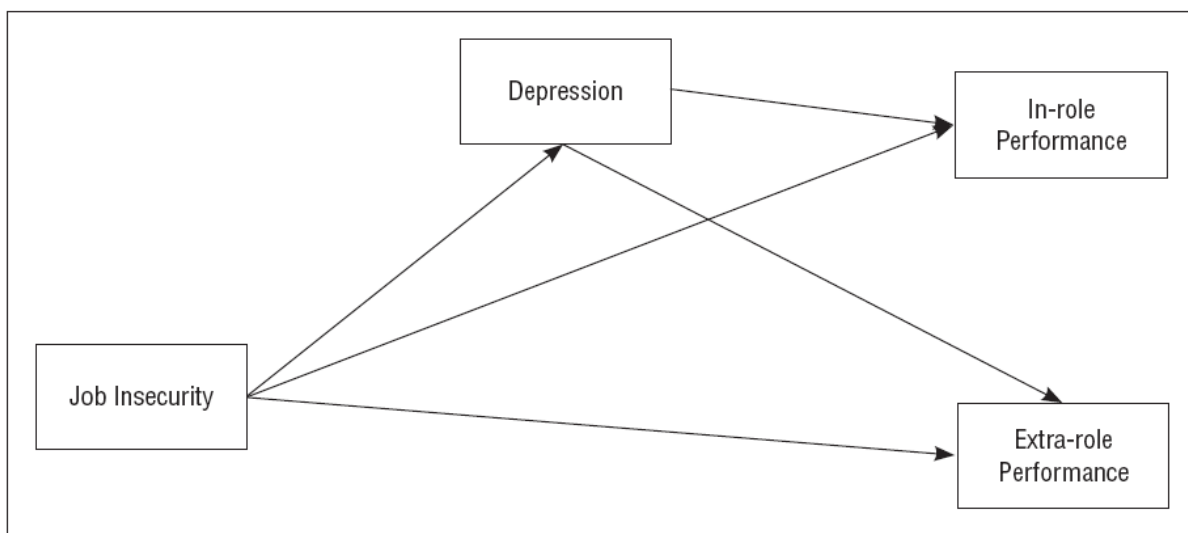


Figure 1. Proposed Research Framework

Literature Review

Employee Performance

Performance is expressed as the acquired result of competent workers in some situations (Prasetya & Kato, 2011). As stated by Hawthorne studies, and scores of other research work on productivity of worker showed up the reality that employees who are pleased with their job will have maximum job performance, in consequence, foremost job retention, than those who are not satisfied with their jobs (Landy, 1985).

Employee performance can be stipulated based on IR and ER performance. IR performance alludes to the behavior directed toward formal tasks, duties and responsibilities designated to the sole employee previously referred in their job description (Williams & Anderson, 1991). Contrarily, ER performance indicates those activities that are vitally important for organizational success but are discretionary in nature, for example, acting respectfully, assist others, quality relationship with fellow workers and superiors (Niehoff & Moorman, 1993). Scholars also termed ER performance as organizational citizenship behavior (Colquitt et al., 2009).

Job Insecurity

JI was initially defined in the eighties as the powerlessness to maintain the steadiness of work of an individual in an endangered working condition (Greenhalgh, 1984). There is huge uncertainty facing the employees around the world due to globalization, technological innovation, economic and political changes. Thus, resulting in the replacement of stability and predictability with JI (Dewitte, 2015). Employees expecting a possible layoff results in stress which are traumatic and life-disrupting (Alaina & Keim, 2014). JI appears from workers' perception about events, signal link with work, people and social atmosphere. Employees have a negative perception of JI when new managers arrive. It can threaten an individual's personal resources and identity (Shoss, 2017).

JI as a significant work stressor resulting in drastic consequences does not only impact both employees and their employers. Alongside the advent of continuous changes in the working environment inducing feelings of JI, employers are now forced to deal with new demands or master skills not relating to their jobs (Jiang & Lavaysse, 2018). Employees feel threatened by the prevalence of JI owing to the concept that they may lose their jobs. JI means to behold idiosyncratic conceptions about employment settings, overtly, about losing job constancy and continuance of employment relationship with the organization (Laura Bernardi, 2008). So far, JI has been linked with adverse job-related outcomes. For example, upon confrontation with perceived JI, employees may reveal lower level of motivation and they become depressed.

Depression

Depression is not just a form of acute unhappiness. It is a jumble that influences both brain and body as well as behavior, immune system and nervous system. Depression is observed as a disorder because it is imbalanced in a person's work activities or relationships (PDM Task Force, 2006). Depression also varies from ordinary sorrowing in that the person feels the world as empty or cruel, in contrast to, clinically depressed persons who hold their sense of emptiness or badness in themselves. In most cases depression ranges from light to extremely severe (PDM Task Force, 2006).

Depression has also been viewed as a veto subject in the organization. A lot of employees face organizational depression. Maximum employees conceal their sadness due to the fear of job loss or discrimination among their colleagues (Lacko & Knapp, 2018). Due to depression and anxiety, employees face negative reactions from employers and colleagues. Organizational depression is a mental sickness related to drawbacks due to a poisonous workplace atmosphere (Rasool et al., 2016). According to the grouping of DSM-5, depression is a familiar mental health condition that confirms continuous dejected temper collective with perceptive and sensual deviations which pointedly intervenes with everyday routine working. Beyond all health conditions, depression has far-reaching consequences on individual work performance (Kessler et al., 2008). Depression is a psychological discomfort that encompasses a tireless feeling of sorrow and loss of attraction (American Psychological Association, 2020; Sandoiu, 2020). Owing to the upsurge of COVID-19, tension arises among the employees regarding their careers. This COVID-19 triggers job loss of employees and unstable future job market which grows depression among the

employees (Sandoiu, 2020; Morath & Guilford, 2020; UN News, 2020). Normally, employees with depression shows low concentration, lethargy and decreasing decision-making capacity (Kessler et al., 2008). Several areas of job performance are deteriorated by depression such as interpersonal relationships, innovation, time management, workplace safety, etc.

Hypotheses Development

Job Insecurity and employee performance

JI is adversely related with employee job related outcomes (Darvishmotevali et al., 2017) as it is perceived as a job stressor. Employees who are mostly worried about JI cannot perform with full spirit (Darvishmotevali et al., 2017). Shin and Hur (2020) found that JI negatively controls employee job performance and acts as a mediator between the association of supervisor rudeness and employee job performance. JI acts as a negative determinant of role performance (Schreurs et al., 2012). Piccoli et al. (2019) believed that JI leads to negative behavioral consequences like poor performance, absenteeism, job switching intention, etc.

Rubel et al. (2018) suggested that employee feelings towards the insecurity of jobs can play as an important hindrance in IR service and ER service behavior. Based on the previous empirical evidence on the relationship between JI on employee performance, the following hypotheses may be developed.

Hypothesis 1a: Job insecurity is negatively related to IR performance.

Hypothesis 1b: Job insecurity is negatively related to ER performance.

Job insecurity and depression

JI as a psychological stressor (Kim & Kim, 2018) leads to high stress on employees' mentality. It acts as a determinant of job anxiety that causes depression (Kim et al., 2017). Kim & Kim (2018) claimed that JI significantly contributes to increase employee depression which may even lead suicidal attempt. Amid Covid-19, employees feel insecurity about their job and as a result of which anxiety and depression exist among young adults (Ganson et al., 2021). JI creates mental burden for employees that becomes the reason of poor mental health (Ganson et al., 2021). Therefore, it could be hypothesized that JI may act to enhance depression.

Hypothesis 2: Job insecurity is positively related to depression.

Depression and employee performance

Depressed employees are less productive employees because depression prevents dedication and engagement towards performance (Anwar et al., 2021). Depressed employees tend to be frequently absent and less involved in the assigned tasks which lead poor job performance (Parent-Lamarche et al., 2020). Lerner et al. (2015) concluded that job stressors like depression, anger and fear have a detrimental impact on employee performance. Alam (2020) concluded that work stress causes depression, which, in turn, is negatively correlated with employee performance. Lack of coworker and supervisor support may lead to high depression which may significantly deteriorate the IR and ER performance of employees (Talebzadeh & Karatepe, 2020). These arguments might be induced into the following hypotheses:

Hypothesis 3a: Depression is negatively related to IR performance.

Hypothesis 3b: Depression is negatively related to ER performance.

Depression as a mediator

We encompass the present study by assessing depression as a mediator in the relationship between JI and employee performance. Literature has emphasized the significance of negative relationship between JI and employee performance which decreases IR and ER performance (Piccoli et al., 2019; Rubel et al., 2018; Shin & Hur, 2020). Similarly, researchers have claimed depression plays a prominent role to reduce the level of employee performance (Alam, 2020; Anwar et al., 2021; Parent-Lamarche et al., 2020; Talebzadeh & Karatepe, 2020). Common beliefs of

the scholars support that JI is a psychological threat for employees which creates high depression (Ganson et al., 2021; Kim et al., 2017; Kim & Kim, 2018). However, researchers are still investigating the impact of JI on employee performance. It can be argued that JI is a determinant of depression which decreases employee performance.

Accordingly, depression has been experimented as a mediator by the researchers. Morasco et al. (2013) identified that depression influenced by JI is a potential mediator between JI and chronic pain. Furthermore, it was supported that depression mediates the relationship between workplace culture and employee productivity (Laing & Jones, 2016). Parent-Lamarche et al. (2020) found that depression mediates the influence of working condition on job performance. Recent research also provides the evidence of mediating role of depression (Bianchi et al., 2015; Fazeli et al., 2020). Therefore, the present study argues that depression plays a mediating role in the relationship between JI and employee performance and the hypotheses are as follows.

Hypothesis 4a: Depression mediates the relationship between job insecurity and IR performance.

Hypothesis 4b: Depression mediates the relationship between job insecurity and ER performance.

Methodology

Sample

The current research is cross-sectional in nature where data were collected in 2020 (October 2020–November 2020). A structured questionnaire is employed to collect data for the current research. Front-line employees were included of the 4-star and 5-star hotels in Bangladesh. Approximately there are 105 (4-star and 5-star) hotels in Bangladesh (Bangladesh Civil Aviation and Tourism Ministry Report, 2020). Among these 105 hotels, almost 76% (80) hotels are in Dhaka, the capital city, and Chittogram division, and the rest 24% (25) are situated in other locations of the country (Bangladesh Civil Aviation and Tourism Ministry Report, 2020). Thus, these two locations are considered as the sampling frame of the current research.

With the help of the human resource department the researchers distributed 800 questionnaires equally to all participated organizations. Of 800 questionnaires distributed, 478 were reverted. 60 questionnaires were discarded due to inconsistent information. In total 418 questionnaires were found suitable for further analysis. The current research employed purposive judgmental sampling a category of non-probability sampling design. Judgmental sampling is suitable when there is no complete list of the respondents and very difficult to identify the actual number of population (Sekaran & Bougie, 2016).

Measures and Data Analysis Technique

The current study adapted all items from the previous validated literature. Such as JI and depression were measured by 8 and 5 items adapted from Jung et al. (2021) and Ganson et al. (2021). Finally, both IR and ER performance were measured by 3 items for each adapted from Rubel et al. (2018). In this study, independent and mediator variable were assessed by 5-point Likert scale whereas, 7-point Likert scale was employed to measure both dimensions of dependent variable. Statistical Package for Social Science (SPSS) was employed to insert data, analyze the descriptive statistics and measure the demographic profile of the respondents. Whereas, Partial Least Square (PLS 3.2.7) was used to assess both measurement and structural model of the research framework based on the hypotheses.

Results

The respondents of the current research were from front-line employees; therefore, their perceptions were examined. The average age of the respondents who participated in this survey is 34 years. Approximately half (50%) of the participants are between 25–34 years. Two-thirds portion of the respondents is male (67.80%). On average, the span of work experience of the respondents is around eight years.

Measurement model

The measurement model has been evaluated using a confirmatory factor analysis (CFA) to confirm the reliability, convergent validity and discriminant validity of the model. The data presented in Table 1 reflects that the value of all

item loadings is higher than 0.5 while both AVE's and CR outcomes are predominantly higher than 0.5 and 0.7 respectively as recommended by Hair et al. (2014). Among the values presented in this table, the lowest value of CR is 0.843, and AVE is 0.519. Henceforth, it can be concluded that the study confirms convergent validity by achieving the parameter for acceptability.

Table 1. Measurement Model

Constructs	Items	Item Loading	AVE	CR
Depression	Depre 1	0.768	0.519	0.843
	Depre 2	0.647		
	Depre 3	0.737		
	Depre 4	0.728		
	Depre 5	0.714		
Extra-role Performance	ERP 1	0.876	0.735	0.892
	ERP 2	0.913		
	ERP 3	0.825		
In-role Performance	IRP 1	0.825	0.733	0.845
	IRP 2	0.886		
Job Insecurity	Job Ins 1	0.763	0.692	0.931
	Job Ins 2	0.893		
	Job Ins 3	0.799		
	Job Ins 4	0.866		
	Job Ins 5	0.848		
	Job Ins 6	0.813		

Furthermore, this study tested discriminant validity by an empirical standard to show how each construct was different from others following Hair et al. (2014). This study used Heterotrait-monotrait (HTMT) method suggested by Henseler et al. (2016) for discriminant validity analysis. Henseler et al. (2016) proposed value ≥ 0.85 as the stricter criterion or value ≥ 0.90 as the lenient criterion. The present value was found supporting the limit of the stricter criterion of ≥ 0.85 . Therefore, the discriminant validity standard was justified (see Table 2).

Table 2. Discriminant Validity

	Depre	ERP	IRP	Job Ins
Depre				
ERP	0.265			
IRP	0.242	0.637		
Job Ins	0.223	0.337	0.346	
Mean	3.61	4.67	4.81	3.72
SD	0.66	0.87	0.92	0.69

Structural model

A structural model is developed by studying the hypothetical relationships among the variables. Following Table 3, the path from depression to employee ER performance ($\beta = -0.164$, $p < 0.01$) and IR performance ($\beta = -0.126$, $p < 0.01$)

0.01) also illustrate significant relationships. Moreover, the path from JI to depression shows significant relation ($\beta = 0.196, p < 0.01$). Finally, the paths from JI to both outcome variables (extra-role and in-role performance) indicate their substantial relationships having values of ($\beta = -0.274, p < 0.01$) and ($\beta = -0.249, p < 0.01$), correspondingly. Table 3 shows the results of the hypothesized relationship.

Table 3. Result of Direct Effect

Direct Path	Std. Beta	Std. Error	t-Value	P-value	Decision
Job Insecurity > In-role Performance	-0.249	0.045	5.58**	0.000	Supported
Job Insecurity > Ex.-role Performance	-0.274	0.042	6.51**	0.000	Supported
Depression > In-role Performance	-0.126	0.048	2.65**	0.008	Supported
Depression > Ex.-role Performance	-0.164	0.046	3.58**	0.000	Supported
Job Insecurity > Depression	0.196	0.049	4.02**	0.000	Supported

**p < 0.01, (based on one-tailed test with 1, 000 bootstrapped replications)

This research also measures the mediating effect of depression on both JI and employee IR and ER performance following Preacher and Hayes (2008). The current results indicate considerable mediating effect of depression on JI and employee IR performance ($\beta = -0.025, p < 0.01$) and ER performance ($\beta = -0.032, p < 0.01$).

Preacher and Hayes (2008) recommend that the upper and lower limit values of confidential interval should not include zero to get mediation effect. The present study supports this requirement to get the mediating effect of depression between JI and employee IR performance (LL 0.013, UL 0.123), and ER performance (LL 0.056, UL 0.142).

Table 4. Result of Indirect Effect

Indirect Path	Std. Bet.	Std. Erro	t-Value	95% LL	95% UL	P-value	Decision
Job Ins > Depre. > ERP	-0.032	0.011	2.87**	0.013	0.123	0.004	Supported
Job Ins > Depre. > IRP	-0.025	0.011	2.26**	0.056	0.142	0.024	Supported

**p < 0.01, (based on two-tailed test with 1, 000 bootstrapped replications)

Discussion

The aim of this research is to examine how JI influences employee performance through the mediating effects of depression in the setting of a developing country. Specifically, the influence of JI on employee performance through depression among the front-line employees of the organizations in the Bangladeshi hotel industry. The outcome of the study is congruent with the past studies. The results of the current study accepted the first hypothesis on the relationship between JI and employee IR and ER performance. Earlier Shin and Hur (2020) supported that JI directly and indirectly makes negative link with employee performance.

The second hypothesis was also supported; JI can reinforce the depression of employees as the two are positively related. Similar results were also supported by the empirical analysis of Ganson et al. (2021). The result shows that when employees are concerned about the security of their job during COVID-19, they tend to be depressed. The results of the study confirmed the third hypothesis. The current findings showed a significant relationship between employee depression and IR and ER performance as advocated by Talebzadeh & Karatepe (2020). In the present context of the hotel industry, due to COVID-19, depressed front-line employees cannot psychologically engage themselves in the job that ultimately deteriorate their performance.

In this study, hypothesis four presumed that depression mediates the association between JI and both IR and ER performance. The result confirmed the mediating role of depression between JI and employee IR and ER performance, which is reliable with the previous study directed by Morasco et al. (2013). Since JI increases

employee depression (Ganson et al., 2021) and depression decreases employee performance (Alam, 2020), the results establish the mediating effect of depression between JI and employee performance.

In the present study, JI was found as a negative determining factor of employee performance that eventually impedes the performance of the organizations in the hotel industry as well. Moreover, depression was found as an intervening variable between JI and employee IR and ER performance. Therefore, hotel organizations should ensure the job security of employees which will contribute to reduce depression and ultimately improve their current level of performance.

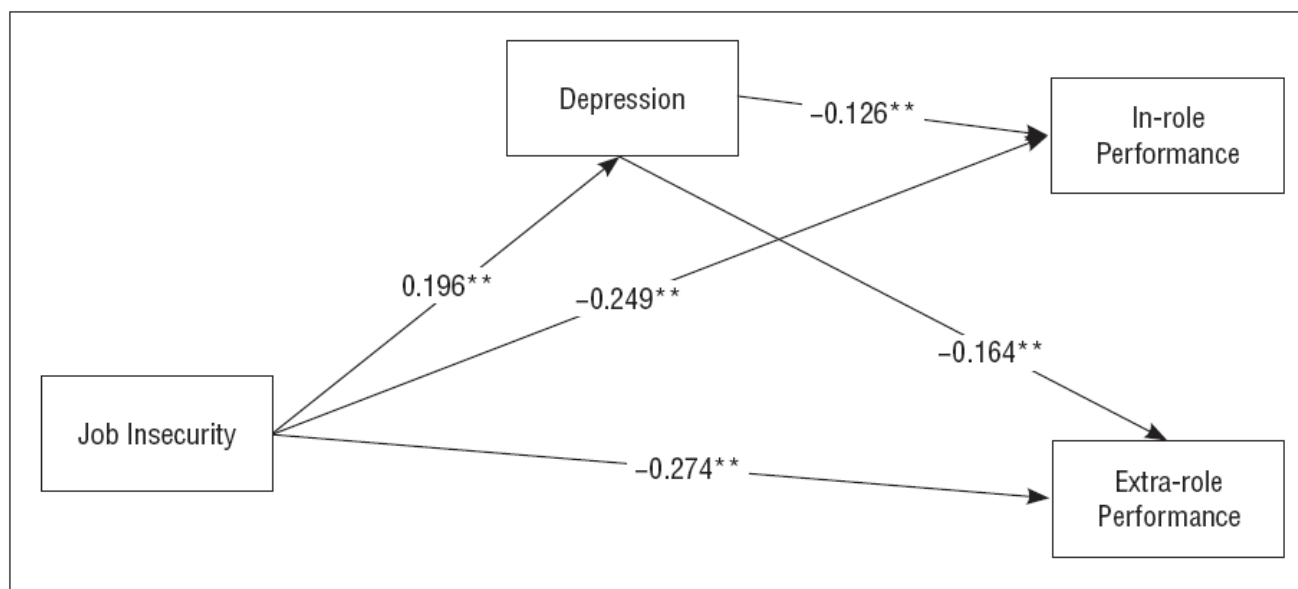


Figure 2. Output of Structural Model

Theoretical and Practical Implications

The findings of this research prioritize the importance of pragmatic style when managing employees' conceptions of job security in controlling their depression and refining their performance. At the instance of ensuring the job security by an organization, employees believe that their well-being is considered. They respond by enhancing their enactment beyond the specific task-related errands for which they are cared for and recognized by their organization. The current study imparts empirical evidence to believe that organizations can reduce depression when job security is ensured and well communicated with employees. Such insight may enrich human resource management (HRM) theories imparting support of employee IR and ER outcomes as well as recognizing JI as a job stressor. Moreover, the findings accelerate the argument of mediating impact of employee attitude by presenting depression as a mediator between JI and employee IR and ER performance. On theoretical aspect, the present results differentiate the study from the existing literature of HRM. The findings of the study contribute to the literature on HRM and employee outcomes by providing insights into JI, depression and employee performance in a developing country context. The current study provides the evidence of negative impact of JI on employee performance and the positive linkage of depression with JI amidst COVID-19.

Specifically, in practice, the results of the study provide Bangladeshi hotel organizations with a comprehensive understanding of the dimensions of JI and their applicability in the service sector for an improved economy. Proper security of job may lead to better performance of the employees. The study assesses how JI has an impact on front-line employees' performance through depression. The study suggests that hotel managers must concentrate on job security to make employees more devoted towards their performance. Fear of COVID-19 creates psychological pressures which becomes acute due to depression that arises from insecurity of job. Hence, hotel managers should take care of the issues of employee depression.

The findings help in presuming that job security is an important factor of goodwill of an employer when employees

are not depressed. As a result, employees become more enthusiastic to perform effectively for the organizations. Hence, the outcome of this research will help the managers of hotel organizations to gain better insights into the reduction of employee performance due to depression and the extent to which job security is crucial in this regard. Moreover, the findings will be beneficial to the organizations of other service industry and other developing countries.

Limitations and Future Research Direction

The study admits some limitations though it has been designed carefully. This study is cross sectional in nature; therefore, longitudinal approach can be used in the future study to examine the causal relations of the variables. Only three dimensions have been used in the present study whereas depression was incorporated as a mediator. Hence, researchers can analyze the impact of JI addressing the mediating effect of other altitudinal variables such as engagement, commitment, perceived support from leader, etc. The study focused on just hotel industry which is not enough to generalize the findings of service sector in a developing country context. Therefore, more service industry such as, insurance, banking, medical, etc. can be covered to achieve more generalizable results in the context of service sector of Bangladesh. Moreover, similar study can be performed in the developing and developed country context to extend the literature in JI and employee outcomes.

Conclusion

This paper aims to examine how JI influences employee performance through depression during COVID-19. The study concludes that insecurity of job is significantly related with employee outcomes such as, IR and ER performance. Our findings prioritize the idea that when job security is not ensured, employee performance suffers. Hence, management of hotel industry can attain better performance when employees feel their jobs are secured. More specifically, hotel industry should pay more attention on job security and mental health such as, state of depression, to get maximum and sustainable employee performance.

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Covid 19 And Corporate Governance (India): Practical Issues, Implications and New Relief Measures

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Abstract

Purpose/Objective: This research aims to study number of practical issues and risk faced by corporates and its implications and new relief measures introduced in relation to Corporate Governance (India) during COVID-19 outbreak. However, their extent and impact will naturally vary with the nature and size of a business.

Design/Methodology/Approach: Exploratory research is used to study and investigate practical issues and implications faced by Corporates regarding Corporate Governance practices in India during COVID19 outbreak.

Findings: COVID-19 Pandemic has impacted not only human but significant commercial impact being felt globally. It has come with inherent commercial risks impacting on business operations due to disruptions to Meetings, Dividend, Liquidity, Disclosure, Capital Allocation, Risk Management and Internal Control. Regulators should allow companies to conduct a hybrid AGM. It has compelled Companies to step up on building their technology infrastructure. Management should review of their share buyback programmes during such financial crisis. Remuneration committee should emphasize on Executive Pay matters. Government has initiated relief measures under Companies Act, 2013 and LLP Act, 2008 and relaxations from compliance with provisions of the SEBI (LODR) Regulations, 2015 due. Major initiative is contribution for COVID-19 is eligible CSR activity and introduction of schemes of Companies Fresh Start and revised the LLP Settlement to provide a opportunity to make good any filing related defaults and make a fresh start on clean slate.

Originality/value: Drawing on such analytical framework, this research provides further directions to amend and inculcate various corporate Governance practices for Government, Regulators, Companies and other stakeholders during such crisis. It also addresses the current policy issues that may have a significant effect on Corporates strategies.

Keywords - Corporate Governance (CG), Virtual /Hybrid Meetings, COVID19

Introduction

World's economy is a corona patient. Corona virus disease (COVID-19) epidemic has affected many countries and the World Health Organization (WHO) has declared it 'Pandemic'. The WHO more specifically defines a pandemic as "a worldwide spread of a new disease." On March 11, 2020, the WHO officially declared the COVID-19 outbreak a pandemic due to the global spread and severity of the disease. It's possible that the corona virus threat will eventually fade, as the Ebola, Zika, and Severe Acute Respiratory Syndrome (SARS) viruses have in recent years. But even if it does, the next devastating, yet-unnamed outbreak is not so much a matter of "if" but "when." The profound impact of the measures being taken across the globe to contain the spread of the Coronavirus COVID-19 is creating a number of issues for companies. The Indian Government declared lockdown for a period of 21 days with effect from 25.03.2020 in compliance of Order of The National Disaster Management Authority (NDMA) chaired by Hon'ble Prime Minister Shri Narendra Modi, Ministry of Home Affairs (MHA) has issued an Order dated 24.03.2020 under Section 10(2)(l) of the Disaster Management Act, directing the Ministries/Departments of Government of India, State/Union Territory Governments and State/ Union Territory Authorities to take effective measures for ensuring social distancing so as to prevent the spread of COVID-19 in the country. While we are now focusing in India on securing the population from health hazards and on providing relief, especially to the poor, we also need to think long-term - to secure the health of the economy, the viability of businesses, and the livelihoods of people. The Indian Governments and Regulators have passed legislation introducing a series of measures including those relevant to maintaining the good corporate governance of companies. These measures have applied with

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immediate effect. Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined¹. In his pioneering research, Gottfried and Donahue (2020) stated that as the global COVID-19 health emergency continues, the economic fallout is escalating as well and it would lead to logistical impediments and shifts in timing and strategy but, importantly, also creates opportunities for savvy investors. Global economic growth has gone into reverse, businesses have started cancelling service to customers, and millions of workers are technically unemployed or fired. It raises the question: what happened to "stakeholder capitalism", the enlightened economic model many companies embraced just months ago? How can it be squared with what we're seeing today? Corporate governance also comprises risk management; therefore, a key professional mandate of management is to ensure that risk is not diversified or spread to the detriment of the institution. Boards of directors are responsible for the governance of their establishments. The governing board is to ensure that management renders services that are appreciable to the stakeholders. Jensen, M.C. (2001) proposed that there should be a system of executing services that strengthen the connection between institutions and their stakeholders through effective communication. It is supported by Davies, M. A. (2012) in his research where he stated that it is the duty of the board to ensure a higher standard of performance and accountability by engaging in practices that foster good governance. Therefore, political and administrative reforms in many countries could directly shape what is to be referred to as good governance, especially in developing countries. Adherence to governance standards brings simplicity and reduction of risk in such institutions through the support of standard protocols, stakeholders, and government. Corporate governance is the system by which organizations are bound for and controlled. It is a configuration of checks and balances (both internal and external to organizations), to make sure that they discharge their duties well and accountable to all stakeholders (Dignam, A. and Galanis, M., 2016). They are also to ensure that establishments deliver their duties in a socially responsible way, in all areas of their business activity (Grayson, D. and Hodges, A., 2017). As we know that the heart of corporate governance is transparency, disclosure, accountability and integrity. Good corporate governance practice is an important element in attracting investors, and investors are willing to pay a premium of up to 25% for a well governed firm (Barton, D. and Wong, S.C., 2004). Todorovic (2013) has inferred that implementation of CG practices such as disclosure, protection of shareholders rights and equal treatment of shareholders can ensure safeguard investments. Drobetz, W. (2004) researched that Good CG led to increase valuation, increase higher profit, higher sales growth and reduce capital expenditure.

The remainder of the paper is organized as follows. The next section reviews extant of the Research Methodology and the Course of the Research Process. Section three presents Practical Issues and Implications with reference to Corporate Governance (India). In Section four, New relief measures and Initiatives during COVID-19 relating to Corporate Governance have been discussed including Spending of CSR funds for COVID 2019. Summary and major conclusions are in section five.

The Research Methodology and the Course of the Research Process

The study is purely based on exploratory research or grounded theory approach aims to study number of practical issues and risk faced by corporate and its implications and new relief measures in relation to Corporate Governance during COVID-19 outbreak. This study used Secondary research methods namely Online research, Literature research and Case study research are carried out during stages of research process to narrow the scope of research objectives and to transform ambiguous problems into well-defined one. Running business in the midst of a pandemic is an unprecedented challenge for business leaders worldwide. The restrictions imposed by many governments all over the world in handling the COVID-19 outbreak raise significant challenges as regards corporate governance. However, their extent and impact will naturally vary with the nature and size of a business, but the approach taken in respect of these issues could be crucial for the particular business to thrive or at least survive this new reality.

Covid-19 and Corporate Governance (india)

3.1 Practical Issues and Implications

The rapid outbreak of the corona virus presents an alarming health crisis that the world is grappling with. In addition

to the human impact, there is also a significant commercial impact being felt globally. As viruses know no borders, the impacts will continue to spread. In fact, 94 percent of the Fortune 1000 is already seeing COVID-19 disruptions. With the rapidly-developing situation; we are still in the premature stages of understanding the impact that COVID-19 will have. However, some important issues and implications regarding corporate governance practices and standards has been depicted in Figure-1.

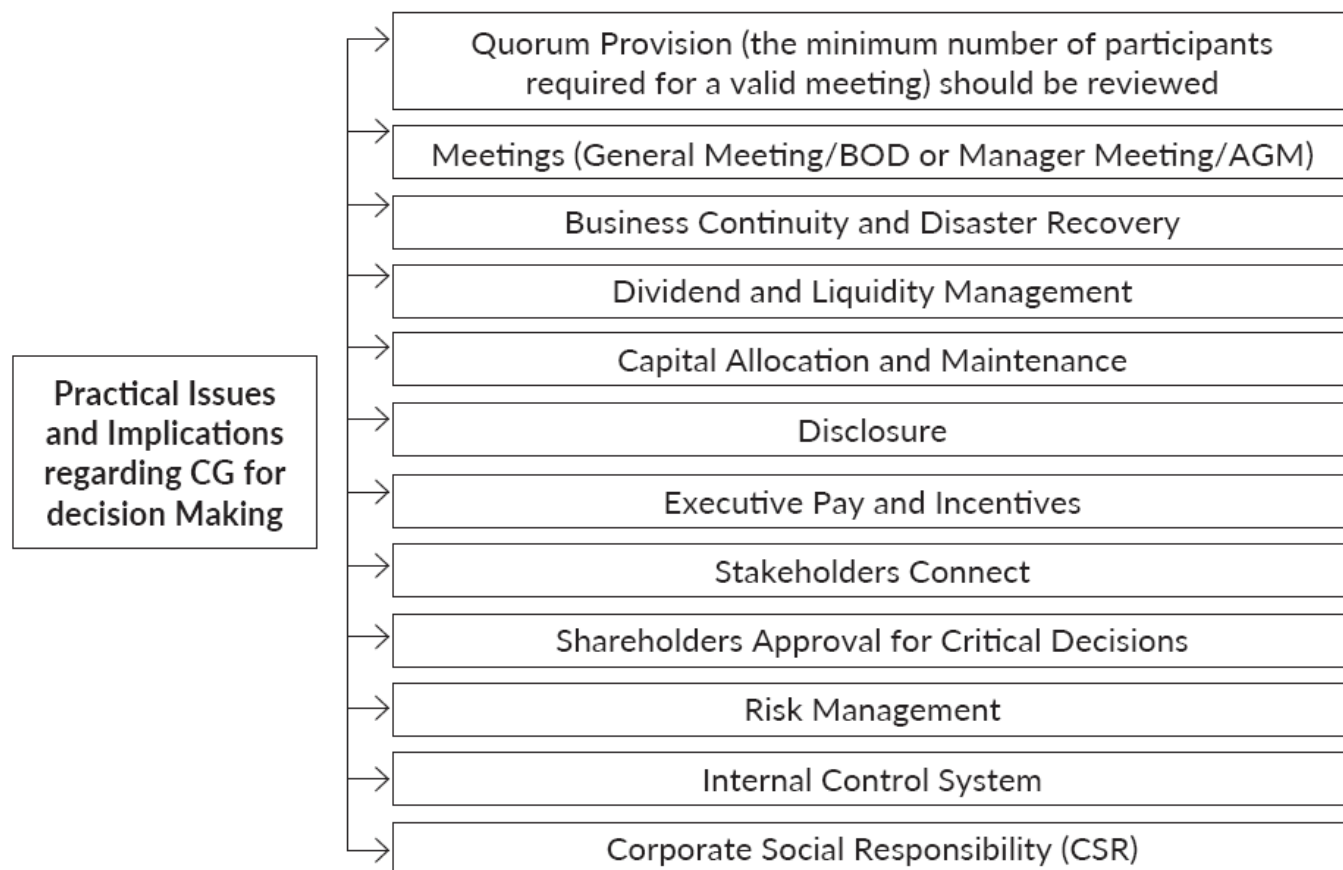


Figure-1. Practical Issues and Implications regarding Corporate Governance for decision Making

Meetings

Indian Government's directives of a 21-day lockdown and social distancing to avoid mass gatherings are likely to have an impact on Quorum Provision referred under section 103 of Companies Act, 2013 (i.e. the minimum number of participants required for a valid meeting). And in turn it would impact on format of Meetings namely General Meeting, B.O.D or Manager Meetings, AGM and NCLT Convened meetings. As in-person company meetings will largely no longer be possible. Hence, Small and Retail shareholders are likely to be the most exaggerated as compared to Institutional investors as they have several platforms to engage with company managements. The failure of not holding shareholder meetings will likely lead to a delay in urgent business transactions and to the adjournment or postponing of AGMs. That means it would lead to material impact on business. Although the board of directors can take all the crucial decisions relating to the working of a company, a set of critical decisions require shareholders' approval including appointment/re-appointment of directors, undertaking related party and inter-corporate transactions exceeding regulatory thresholds, issue of securities, schemes of arrangement, etc. Not obtaining shareholder approval in time might lead to non-compliance with the provisions of law or possibly even failed transactions. The only option for shareholder approval is via the postal ballot (i.e. Voting by post or through any Electronic mode) but subject to certain items of business under section 110 of Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014.

The major issue related to Closing of Financial Year. The statute state that AGMs are required to be held within six months of the close of the financial year subject to time between two consecutive AGMs cannot exceed 15 months. Financial year for most companies in India closes on March 31, unless the companies have got a separate relaxation

of the rules from the Ministry of Corporate Affairs to have another year end keeping in the mind that MNCs typically close their financial year on December 31 to align with global practices. As many of companies have already sent out notices for shareholder meetings where the meetings were earlier scheduled to be held during the lockdown phase, are being postponed. Although most Indian companies do not include such a provision in their Articles of Association (AoA), during such unforeseen times, it is generally possible for a board to decide to postpone a meeting. If postponement is not possible, a company's AOA will likely allow adjournment of a meeting, which will have the same practical effect. The AOAs usually allow meetings to be adjourned either by the chairperson with the consent of a quorate meeting or by the chairperson unilaterally if no quorum is present. Companies can also go with delaying in holding their AGMs. The COVID-19 pandemic may significantly reduce accessibility, communication and physical meetings to conduct statutory audits. It may cause delays to audit-related activities, including the impossibility to conduct on-site audits and inspections, and exercising the relevant access rights.

Virtual or hybrid AGMs

Among the measures introduced by the Government, certain rules introduce the possibility for the meetings of companies to be held exclusively in digital form without requiring the physical presence of their members⁸ and will therefore be able to conduct such meetings in a manner that protects the health and safety of their shareholders and board members. It is advocated that companies must allow shareholders to participate via a two-way teleconferencing or WebEx. Currently, the top 100 companies by market capitalization are required to have a webcast of their AGMs, but this is a one-way transmission. Although the Ministry of Corporate Affairs has allowed board meetings and board committee meetings to be held via video conferencing, it has not extended this to shareholder meetings. The Companies Act, 2013, requires physical quorum to constitute a valid meeting. UK-incorporated listed companies are permitted to hold hybrid (a combination of physical and electronic) or virtual AGMs. The US Securities and Exchange Commission (SEC) has also released a guidance, which permits US-based companies to opt for virtual or hybrid meetings. Allowing companies to hold a virtual meeting, especially for listed companies where the shareholder base is large, is now a necessary requirement for social distancing. The regulators (Mainly SEBI and Ministry of Corporate Affairs (MCA) need to allow companies to do so. The other option would be for companies to conduct a hybrid AGM. A Hybrid meeting allows the attendees to decide whether they'd prefer to attend the meeting in person or online, this could be from the comfort of their home, office or mobile device. Alternative options would be "Postponement of AGM", "Call and adjourn AGM" and "Delay of AGM" if your Articles of Association (AOA) do not permit a hybrid or virtual meeting.

Business Continuity and Recovery

During the COVID19 outbreak, most of companies are facing difficulties to maintain business continuity. Most of companies would be facing difficulties from suppliers' end. It means suppliers are incapable to supply components which are crucial to the company's manufacturing or provision of services. In turn it would lead to Business Distress/Financial Distress of Companies. Mehran, H., Morrison, A.D. and Shapiro, J.D., (2011) concluded that If a corporate fail, the fallout can be restricted to the stakeholders. If a bank fails, the impact can spread rapidly through to other banks with potentially serious consequences for the entire financial system and the macroeconomic. Moreover, in case a bank crashes then it does not crash alone, it also takes away the lifelong investment and savings of its entire account holders too. The failure of banks can create huge consequences to financial system of the country concerned as a whole. So, Business continuity is a biggest issue that corporate is facing. Hence corporates should be proactively addressed, especially in light of the duty that directors have to exercise reasonable care, diligence and skill, and this involves assessing and minimizing the risks in similar extreme situations. It will be important for boards to attack this problem by anticipating how the spread of the coronavirus will affect its stakeholders and then communicate how the company plans to deal with those issues (Scott, M., 2020).

Dividend and Liquidity Management

Now, another issue surfacing would be regarding dividend, liquidity and working capital requirements during COVID19 outbreaks and lockdown. There are few issues like company recently declared dividends which have still not been distributed or Corporates are currently deciding about dividend distributions. Directors need to consider not only the position of the company when a dividend is proposed but also when it is made. Where the company is no

longer competent to pay a dividend, it is advocated that directors should halt any dividend and communicate as appropriate to the market. The assessment of whether a dividend is appropriate should include consideration of current and likely operational and capital needs, contingency planning and the directors' legal duties, both in statute and common law. Bearing the current uncertainty and adverse market conditions in mind, it might be prudent to take a step back and gauge market, public and stakeholder reaction. In this sense it is also important to act in a manner which is in sync with both internal (management, employees etc.) and external sentiment. Liquidity and working capital requirements may naturally come under strain at such time and consideration will need to be given to cash flow management, banking arrangements and refinancing as well as available assistance/incentives including moratoria.

Capital Allocation and Maintenance

One of the central pillars of corporate governance is capital allocation, and where companies decide to focus their funding. Over recent years we have seen companies using increasing amounts of cash to re-purchase stock rather than investing in their businesses or bolstering up their balance sheets. In the S&P 500, 50% of all free cash flow is now used to re-purchase stock.

At a time when balance sheets are under immense pressure and companies face significant unexpected costs, including how they dedicate resources to ensuring the welfare of their staff, management should review the appropriateness of their share buyback programmes both at this time and in the longer term. Although there is an expectation that certain sectors will receive government assistance, the most likely outcome for distressed companies will be the use of emergency capital raising through deeply discounted rights issues or placing. In these circumstances, we would like companies to minimize the dilution of existing shareholders by honoring their pre-emptive rights and giving them the right to purchase further shares before others in the market. India has witnessed that few corporates are exploring share repurchase. Fairfax backed Quesst Corp is exploring share buyback on 25th March, 2020. Delta Corp to consider share repurchase on 28th March, 2020. Sterlite Technologies approves buyback of shares up to Rs145 crores on dated 24th March, 2020. Motilal Oswal Financial Services okays Rs150 crore share buyback plan dated 21st March, 2020. Sun pharma has announced Rs1700 crore buyback on 17th March, 2020. These are buybacks that may give solid assured returns during COVID 19 outbreaks and lock down. It can be seen that all the buyback decisions were announced during the lockdown period and proved that positive reduction in equity would lead to increase in shareholders return.

Disclosure

Disclosure which is an essential ingredient of CG is the foundation of any structure of CG Bhasin, M. (2012). With respect to regulated entities and companies listed on a regulated market which are subject to various laws and regulations aimed at securing investor protection, adequate disclosure without delay of information which should be made known to the public should remain a top priority. Proactive boards of such companies should thus continue assessing the situation, communicating with regulators and providing public disclosure where it is needed or warranted as new information constantly emerges. Cautious assessments should be made to analyze the extent of the negative impact of COVID-19 related developments and to determine any corrective action that might be needed to mitigate such impact as far as possible, with constant disclosure of significant developments to the general public. In fact, Ministry of Corporate Affairs (MCA) deployed a new simple web-based form w.e.f. 23rd March; 2020 focusing a purely confidence disclosure and building measure to assess the readiness of the companies to deal with COVID-19 threat in India.

Executive Pay and Incentives

It is advocated that Companies need to consider as consequence of the COVID 19 outbreaks

Shareholders will not generally look favorably on executives receiving pays and incentives following a year where shareholders have lost out, even though the impacts of the virus are non-controllable from Corporate ends.

Remuneration committees (An essential practice of CG) may make adjustments to schemes to permit rewards to executives who exhibit outstanding skill in navigating their company through the hard period ahead.

Close attention should be on individual company circumstances, including whether companies are consistent in their treatment of staff and executives (like self-quarantine).

For companies seeing an exceptional increase in demand for their services like Pharma, as a consequence of the virus and of related government measures, Remuneration committees should treat this as a windfall effect and be prepared to adjust pay downwards if appropriate.

Risk Management and Internal Control

Corporate governance also comprises risk management; therefore, a key professional mandate of management is to ensure that risk is not diversified or spread to the detriment of the institution. Relocation of staff and the inaccessibility of some business locations may lead to risk management processes and internal controls becoming impracticable or otherwise relaxed. Boards should monitor such changes carefully, introducing alternative mitigating controls where necessary and practicable to support the operation of an effective control environment.

New Relief Measures and Initiatives During Covid-19 Relating to Corporate Governance

Special Measures under Companies Act, 2013 and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak, dated 24th March, 2020

No additional fees shall be charged for late filing during a moratorium period.

BOD meetings stand extended by a period of 60 days till next two quarters i.e. till 30th September as per section 173 of Companies Act, 2013

The Companies (Auditor's Report) Order, 2020 shall be made applicable from financial year 2020-21, instead of being applicable from the financial year 2019-20

An additional period of 180 more days is allowed to file declaration for Commencement of Business for newly incorporate companies.

Spending of CSR funds for COVID-19

It is clarified by the Ministry of Corporate Affairs (MCA) in general circular No. 10/2020 dated 23.3.2020, that spending of CSR funds for COVID-19 is eligible CSR activity. Funds may be spent for various activities related to COVID-19 under item nos. (i) and (xii) of Schedule VII relating to promotion of health care, including preventive health care and sanitation, and, disaster management. Further, as per General Circular No. 21/2014 dated 18th June, 2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose. It is further clarified that any contribution made to the PM CARES Fund shall qualify as CSR expenditure under the Companies Act, 2013. However, in continuation of above circular, it further supplemented that spending of CSR funds for "Setting up makeshift hospitals and temporary COVID Care facilities would also come under the purview of eligible CSR activities as per Schedule VII of Companies Act, 2013 under item (i) and (xii) relating to health care, including preventive health care, and disaster management respectively (MCA, 2021).

Relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) due to the COVID-19 virus pandemic

- Compliance Certificate under Reg. 40(9) from Practicing Company Secretary on timely issue of share certificates gets extended till may 31st, 2020 (period of relaxation – 1 month).
- Relaxation of holding AGM and meeting of Board/Committee(s) as earlier discussed.
- Extension of timeline for filings under Regulation 7(3) with 1 month, Regulation 13(3) relating to Statement of Investors Complaint for 3 weeks, Regulation 24A relating to Secretarial Compliance report for 1 month, Regulation 27(2) relating to Corporate Governance report for 1 month, Regulation 31 relating to Shareholding Pattern for 3 weeks, Regulation 33 relating to Annual Financial Results for 1 month.

- Relaxation of publication of advertisements in the newspapers under Regulation 47 gets exempted till 15th May, 2020.

"Companies Fresh Start Scheme, 2020" and "revised LLP Settlement Scheme, 2020"

In pursuance of the Government of India's efforts to provide relief to law abiding companies and Limited Liability Partnerships (LLPs) in the wake of COVID 19, the Ministry of Corporate Affairs, has introduced the "Companies Fresh Start Scheme, 2020" and revised the "LLP Settlement Scheme, 2020" which is already in vogue to provide a first of its kind opportunity to both companies and LLPs to make good any filing related defaults, irrespective of duration of default, and make a fresh start as a fully compliant entity. It's a one-time waiver of additional filing fees for delayed filings by the companies or LLPs with the Registrar of Companies during the currency of the Schemes, i.e. during the period starting from 1st April, 2020 and ending on 30th September, 2020.

Conclusions

This research reveals that rapid outbreak of the corona virus first and foremost a human tragedy. It has impacted not only human, there is also a significant commercial impact being felt globally. As viruses know no borders, the impacts will continue to spread. In fact, 94 percent of the Fortune 1000 is already seeing COVID-19 disruptions. COVID-19 pandemic come with inherent commercial risks impacting on business operations due to disruptions to Meetings (AGM, EGM, BOD Meeting and NCLT convened meetings), Administration, Business Continuity, Dividend and Liquidity management, Disclosure, Capital Allocation and Maintenance and lastly Risk Management and Internal Control. Among the measures introduced by the Government, certain rules introduce the possibility for the meetings of companies to be held exclusively in digital form without requiring the physical presence of their members and will therefore be able to conduct such meetings in a manner that protects the health and safety of their shareholders and board members. Regulators should allow companies to conduct a hybrid AGM (i.e. Virtual Meeting). COVID-19 has compelled Companies to step up on building their technology infrastructure. It is imperative that directors and managers are proactive in ensuring the appropriate strategies are put in place to anticipate and to mitigate the potential commercial impacts of a pandemic, and to ensure compliance with their duties and legal obligation. Its duty of Board to make sure that Corporate Governance should not be simply sets of rules or "Check the box" framework. Management should review the appropriateness of their share buyback programmes and proved that positive reduction in equity (i.e. Free cash flow) would lead to increase in shareholders return. Company and its remuneration committee should emphasize on Executive Pay matters as it is very sensitive during COVID 19 outbreak which is stipulated in the introduction of this article. Corporate honchos are worried about well-being of their employees and business. Indian Government has initiated various relief measures under Companies Act, 2013 and Limited Liability Partnership Act, 2008 and announced relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) due to the COVID-19 virus pandemic towards Corporate Governance which has discussed earlier of this article.

Major two important announcement first spending of CSR funds for COVID-19 is eligible CSR activity covered under Schedule-VII of Companies Act, 2013 and Secondly introduced the "Companies Fresh Start Scheme, 2020" and revised the "LLP Settlement Scheme, 2020" to provide a first of its kind opportunity to both companies and LLPs to make good any filing related defaults, irrespective of duration of default, and make a fresh start on clean slate as a fully compliant entity. That added feather towards Ease of doing Business in India. Hirt, M., Smit, S., Bradley, C., Uhlaner, R., Mysore, M., Atsmon, Y., & Northcot, N. (2020) advocated that Corporate need to think and act across five horizons namely "Resolve, Resilience, Return, Reimagination and Reform" to battle against COVID-19. COVID pandemic is considered as a systemic risk which is not controllable from risk point of view. Given these ongoing uncertainties, a recent McKinsey briefing note frames this as a situation calling for a scenario planning approach, and suggests three fundamental planning scenarios, labelled as: "quick recovery", "global slowdown" and "global pandemic and recession". Scenario planning is important for both governments and companies, but it remains far from clear which of these scenarios, if any, will prevail. In nut shell, Investors, companies and other stakeholders will need to work together in a constructive way in order to navigate through the current crisis of COVID19. Drawing on such analytical framework, this research provides further directions to amend and inculcate various corporate Governance practices for Government, Regulators, Companies and other

stakeholders during such crisis. It also addresses the current policy issues that may have a significant effect on Corporate's strategies.

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Determinants of Occupational Stress in Information Systems Professionals Post COVID-19: A Factor analysis approach

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Abstract

The life of every individual has changed overnight with the arrival of COVID-19. The various surveys conducted at State and National Level stated that COVID-19 is not only disrupting organisations and institutions but also disrupting the work and personal lives of the employees. The invisible enemy made everyone alter the mode of communication with one another and made them to get engaged with different methodologies which lead to a new normal have caused occupational stress among employees. Occupational Stress is taking a toll on the mental, physical and emotional health and productivity of employees. The current study was planned to examine the various occupational stressors and to identify those stressors that influence Information Systems Professionals working in Hyderabad city. The primary data was collected using Occupational Stress Index (OSI) by stratified random sampling method from 1064 information systems professionals belonging to the Large, Medium, Small, and Start-up IT companies in Hyderabad. The factor analysis affirmed a twelve-factor model of occupational stressors in the Information Systems Professionals which confirms that the instrument used for the current research for assessing occupational stress has the high insightful/analytical capacity/ability for identifying areas requiring key concentration in the IT sector.

Keywords - Occupational Stress, COVID-19, Information Systems Professionals, Factor Analysis, Hyderabad, Categories of IT Companies.

Introduction

The majority of employees knew what they were expected to do while working from office/workplace/factory suddenly didn't have clarity on how to quantify the productivity while working from home. They started introspecting about the contribution and value that they are creating/should create in new normal post-pandemic has added stress to their daily lives. Information Systems professionals are experiencing high levels of stress as many of them have lost their jobs or are working for reduced hours. Occupational stress is identified a serious medical problem, which has serious emotional, physical and psychological implications on employees wellbeing. Pre COVID-19 around 80% of working professionals in India have complained that they are experiencing stress, anxiety and depression and this percentage have increased to around 90% during and post COVID-19 as employees were unprepared for the pandemic, job separation, salary reductions, working from home etc., Irrespective of age, gender, income, experience and designation every information system professional is experiencing stress due to above stated factors. While some level of stress is acceptable but high/chronic stress has become a common ailment that leads to issues such as anxiety, depression, high blood pressure, blurred vision, insomnia, skin rashes, migraines, and heart problems start affecting employee productivity and wellbeing. Combating the stress appears to be a key focal point for individuals and organizations.

Automation of business processes using artificial intelligence, IoT (Internet of things), surge in IT (Information Technology) and its applications and growing demand for high quality digitised services and products (P.S. Manjula, 2015) has created an unprecedented demand for Information Systems Professionals around the world as well as in Hyderabad. The Information Technology (IT) Sector is the fastest growing sector in Telangana. Telangana IT/ITES exports reached to Rs. 1,28,807 crores in 2019-20 when compared to Rs. 1,09,219 crores from the previous year 2018-19 at the rate of 17.93% against 8.09% all India. The sector provided direct employment to 5,82,126 professionals in 2019-20 in comparison to 5,43,033 professionals in 2018-19, there is an increase of 7.2% against

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the national growth rate of 4.93%. The growth story is phenomenal in the last quarter of FY 2019-20 (Jayesh Ranjan, 2020). According to the white paper prepared by Hyderabad Software Enterprises Association (HYSEA), CBRE, KPMG and Telangana Government and released by Minister for IT and Industries, Telangana expects a growth of 10% for the FY 2021 in IT sector in Telangana. But this is subjected to second and third wave of COVID-19. The recent survey conducted by HYSEA stated that 38% of the IT companies which took part in the survey believe that their revenues will be negative or remain flat. The report also stated that the number of layoffs were less during and post COVID-19 and the Telangana State Government has set-up a "Layoff Redressal Committee" and gave counseling several professionals and organisations during COVID-19 times.

Literature Review

(Devi. T, 2011) examined the impact of high levels of stress on organisational level outcomes, its impact on behavior, mind, body and emotions and recommended the coping strategies to be implemented at organisational level among 200 Information Technology professionals belonging to technical and middle level of management from six IT companies. The major stressors identified were organisational changes, fear of job loss, emphasis on competition, lack of employee control, increasing technology, Workload, organization culture and push of multi-tasking. The stress coping strategies suggested were like finding triggers and stressors, stress management programs supportive organizational culture, physical activities, life style modification programs, proper job design, stress counseling and to participate in spiritual programs.

(Rani, 2013) identified that relationship with peers and superiors, working hours, programmes related to women development and role ambiguity were the factors that contribute to occupational stress among women IT professionals. Adoption of more stress coping strategies by the individuals and organisations was given as a suggestion.

(B. Prathyusha C. M., 2014) studied about the health problems faced by the software professionals which was carried among 90 software professionals in Hyderabad city. The study revealed that prolonged working hours and sitting; and the continuous viewing of the computer screens/monitors are crucial factors affecting the health of the software professionals. The study also mentioned the practices followed by the professionals to cope up with the occupational stress and health problems.

(B. Prathyusha C. M., 2014) identified the coping strategies used by the software professionals to handle stress and investigated gender wise differences with regard to coping strategies by software professionals. The data was collected using a structured questionnaire from 100 software professionals belonging to different IT companies in Hyderabad and the sampling technique adopted was convenience sampling. The results showed that diet, sleeping for long hours, exercise, yoga, art of living, and meditation are some of the popular stress coping strategies adopted by the software professionals.

(Misra, 2015) studied about the different predictors of stress and stressful work conditions among 50 software employees of age between 30-40 years working in 4Soft, Oracle, Satyam and Accenture in Hyderabad during the last five years. The results were that the employees who worked in these companies from past five to eight years experienced stress due work pressure and working hours and have high levels of dissatisfaction.

(B. Prathyusha C. M., 2015) conducted a survey using PLSS (Professional Life Stress Score) developed by David Fontana to assess the professional life stress among 150 software professionals belonging to different IT companies in Hyderabad. The data was collected by using convenience sampling method. The results showed that there the software professionals were experiencing moderate to high level of Professional Life Stress.

(B. Prathyusha C. M., 2016) measured occupational stress using Occupational Stress Index (OSI) given by Srivastava A. K. and Singh A. P. among 500 IT Professionals working in different IT companies in Hyderabad. The data collected was analysed using descriptive statistics and the results proved that the IT Professionals were experiencing high levels of stress.

(K.D.V. Prasad, 2016) conducted study to identify the factors causing occupational stress and its effect on job performance among 90 women and 110 men on the causes of occupational stress and its effect on performance at the

workplace of IT companies. NASSCOM listed companies and the employees working more than 12 hours and were only considered for the study. The results indicated that women were experiencing high levels of stress when compared to men, the factors causing stress among them were same and were suffering from severe back and neck pain due to long sitting hours.

(Vimala Thomas, 2019) conducted a cross sectional study on occupational stress among Information Technology professionals working in Hyderabad. The study revealed that around 46%, 33%, and 21% of the professionals are experiencing low, moderate and high stress levels.

There were very fewer studies and it is also noticed that no holistic and exclusive study was conducted to determine factors affecting occupational stress among IS professionals in Hyderabad pre or post COVID-19. It involves a special mention that the studies conducted by the researchers prior to this study have done survey mostly in National Association of Software and Service Companies (NASSCOM) listed top five companies or in Indian based IT companies but not delved into and across the categories (Large, Medium, small and Start-ups) of IT companies. Hence, the present research is a pioneer study that endeavored to bridge this research gap.

Objectives

1. To examine or evaluate the various occupational stressors and to identify those stressors that are effecting the Information Systems Professionals post COVID-19.

Research Methodology

Sources of Data

Structured questionnaire was used to collect primary data from Information Systems Professionals in Hyderabad. The researcher adopted a standardized questionnaire of Occupational Stress Index (OSI) developed by Professors S.K. Srivastava and A.P. Singh (Srivastava A.K., 1984) consisting of 46 statements.

For this standardized questionnaire, Cronbach's alpha-coefficient was found to be 0.90 and Reliability coefficient determined by Split-half (odd-even) method was 0.937. Secondary data was collected from journals, newspapers, internet and business magazines.

Sample

The sample for the study consisted of 1064 information systems professionals from categories of IT companies using proportionate stratified random sampling. Four categories of IT companies (Large, Medium, Small and Start-up) were considered into four strata. Using Simple Random Sampling Technique, the sample is taken from each stratum. Stratification was done on the principles that the strata are homogenous within themselves and categories of IT companies are non-overlapping in order to gain a fastidiousness in estimation of characteristics of population.

Table 1. Break up of categories of IT companies (Strata)

Sl.no	Category	Turnover	Number of professionals
1	Large	More than 200,00,00,000	More than 1000
2	Medium	10,00,00,000 - 200,00,00,000	301-1000
3	Small	50,00,000 - 10,00,00,000	51-300
4	Start-up	Upto 50,00,000	0-50

Source: ICT Policy 2016

Tools

To analyse the data the tools adopted were Factor analysis and Principal Component Analysis.

Results And Discussions

To identify the stressors which are influencing the information systems professionals, factor analysis was carried on 46 variables. The following table 2 shows the descriptive statistics (mean and standard deviation) related to sources of stress.

Table 2. Descriptive Statistics (Mean and Standard Deviation) related to sources of stress

Itemcode	Statement	Mean	Standard Deviation
Var1	I have to do a lot of work in this job	3.98	.829
Var2	The available information relating to my job-role and its outcomes are vague and insufficient.	3.02	1.095
Var3	My different officers often give contradictory instructions regarding my works.	2.84	1.055
Var4	Sometimes it becomes complex problem for me to make adjustment between political / group pressures and formal rules and instructions	3.12	1.121
Var5	The responsibility for the efficiency and productivity of many employees is thrust upon me.	3.54	.983
Var6	Most of suggestions are heeded and implemented here.	2.48	.875
Var7	My decisions and instructions concerning distribution of assignments among employees are properly followed.	2.47	.854
Var8	I have to work with persons whom I dislike.	3.09	1.108
Var9	My assignments are of monotonous nature.	3.08	.983
Var10	Higher authorities do care for my self-respect.	2.58	1.036
Var11	I get less salary in comparison to the quantum of my labor/work.	3.74	1.105
Var12	I do my work under tense circumstances.	3.24	1.102
Var13	Owing to excessive workload I have to manage with insufficient number of employees and resources.	3.04	1.059
Var14	The objectives of my work-role are quite clear and adequately planned.	2.37	.885
Var15	Officials do not interfere with my jurisdiction and working methods.	2.90	1.218
Var16	I have to do some work unwillingly owing to certain group /political pressures.	3.08	1.068
Var17	I am responsible for the future of a number of employees.	3.16	1.003
Var18	My co-operation is frequently sought in solving the administrative or other work related problems at higher levels.	2.71	.957
Var19	My suggestions regarding the training programmes of the employees are given due significance.	2.56	.864
Var20	Some of my colleagues and subordinates try to defame and malign me as unsuccessful.	2.77	1.028
Var21	I get ample opportunity to utilize my abilities and experience independently.	2.55	.979
Var22	This job has enhanced my social status.	2.36	.925
Var23	I am seldom rewarded for my hard labor and efficient performance.	3.26	1.011
Var24	Some of my assignments are quite risky and complicated.	3.56	.969

Var25	I have to dispose off my work hurriedly owing to excessive workload.	3.12	1.029
Var26	I am unable to perform my duties smoothly owing to uncertainty and ambiguity of the scope of my jurisdiction and authorities.	2.94	1.015
Var27	I am not provided with clear instructions and sufficient facilities regarding the new assignments entrusted to me	2.88	1.071
Var28	In order to maintain group conformity sometimes I have to do/ produce more than the usual.	3.68	.836
Var29	I bear the great responsibility for the progress and prosperity of this organisation/ department/ project.	3.81	.857
Var30	My opinions are sought in forming important policies of the organisation/ department/project.	2.79	1.031
Var33	I got ample opportunity to develop my aptitude and proficiency properly.	2.42	.975
Var34	My higher authorities do not give due significance to my post and work.	2.88	1.008
Var35	I often feel that this job has made my life cumbersome.	3.02	.957
Var36	Being too busy with official work I am not able to devote sufficient time to my domestic and personal problems.	3.21	1.142
Var37	It is not clear that what type of work and behaviour my higher authorities and colleagues expect from me.	2.89	.987
Var38	Employees attach due importance to the official instructions formal working procedure.	2.48	.792
Var39	I am compelled to violate the formal and administrative procedures and policies owing to group/ political pressures.	2.56	.924
Var40	My opinion is sought in changing or modifying the working system, implements and conditions.	2.81	.902
Var41	There exists sufficient mutual co-operation and team-spirit among the employees of this organisation.	2.31	.918
Var42	My suggestions and co-operation are not sought in solving even those problems for which I am quite competent.	2.91	.999
Var43	Working conditions are satisfactory here from the point of view of our welfare and convenience.	2.46	.892
Var44	I have to do such work as ought to be done by others.	3.31	.938
Var45	It becomes difficult to implement all of a sudden the new dealing procedures and policies in place of those already in practice.	3.51	.983
Var46	I am unable to carry out my assignments to my satisfaction on account of excessive load of work and lack of time.	3.24	1.128

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaijyanic Parikshan Sansthan, Varanasi, 1984.

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test result is shown in the table 3.

Table 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.882
Bartlett's Test of Sphericity	Approx. Chi-Square	14766.935
	df	1035
	Sig.	.000

Source: Primary data

0.882 is the value of the KMO measure of sampling adequacy which indicates that the sample data for conduct of factor analysis for the 46 variables is appropriate. To find the presence of correlation among the variables the statistical tool used was the Bartlett's test of Sphericity. There is a significant relationship among the variables as the p-value (Sig.) is 0.00. The test statistic value of chi-square with 1035 degrees of freedom (df) is 14766.935.

Communality value ranges from 0 to 1. The value '0' means no variance and value '1' means total variance explained by common factor and if the variance is less than 0.5, it can be removed from the further study.

Table 4. Communalities

Itemcode	Initial	Extraction
Var1	1.00	.638
Var2	1.00	.580
Var3	1.00	.578
Var4	1.00	.636
Var5	1.00	.523
Var6	1.00	.624
Var7	1.00	.604
Var8	1.00	.462
Var9	1.00	.557
Var10	1.00	.387
Var11	1.00	.526
Var12	1.00	.546
Var13	1.00	.587
Var14	1.00	.523
Var15	1.00	.600
Var16	1.00	.484
Var17	1.00	.573
Var18	1.00	.553
Var19	1.00	.546
Var20	1.00	.589
Var21	1.00	.563
Var22	1.00	.485
Var23	1.00	.399
Var24	1.00	.487

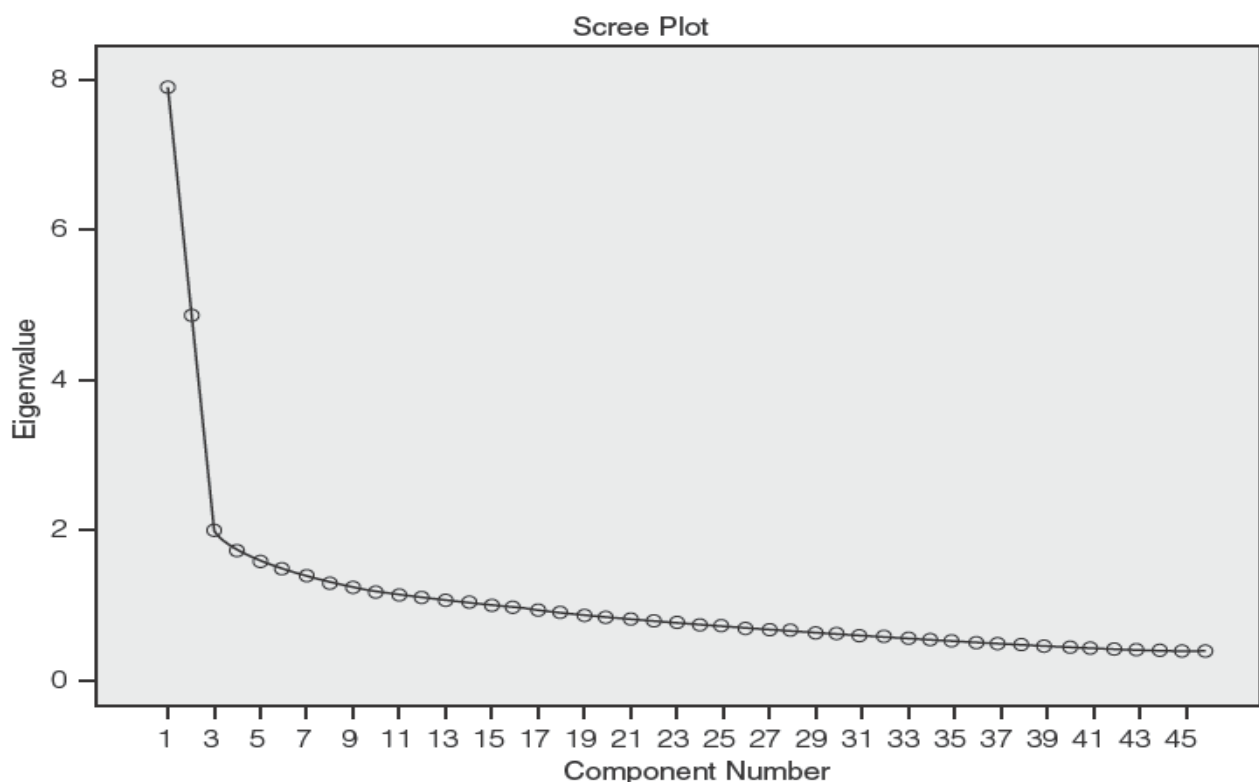
Var25	1.00	.616
Var26	1.00	.596
Var27	1.00	.616
Var28	1.00	.466
Var29	1.00	.618
Var30	1.00	.627
Var31	1.00	.627
Var32	1.00	.689
Var33	1.00	.596
Var34	1.00	.580
Var35	1.00	.574
Var36	1.00	.592
Var37	1.00	.599
Var38	1.00	.609
Var39	1.00	.530
Var40	1.00	.529
Var41	1.00	.578
Var42	1.00	.546
Var43	1.00	.496
Var44	1.00	.615
Var45	1.00	.682
Var46	1.00	.664
Extraction Method: PCA (Principal Component Analysis)		

Table 4 exhibits communalities table. Variables like Var8, Var10, Var16, Var22, Var23, Var24, Var28 and Var43 are removed for further analysis as all these variables have the value of variance to be below 0.5. Remaining all variables are considered for further analysis.

Table 5. Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.909	17.194	17.194	7.909	17.194	17.194	3.577	7.776	7.776
2	4.809	10.455	27.648	4.809	10.455	27.648	3.009	6.541	14.317
3	1.932	4.2	31.849	1.932	4.2	31.849	2.801	6.089	20.407
4	1.651	3.589	35.438	1.651	3.589	35.438	2.522	5.482	25.889
5	1.487	3.233	38.67	1.487	3.233	38.67	2.327	5.059	30.948
6	1.435	3.12	41.791	1.435	3.12	41.791	2.12	4.608	35.556
7	1.33	2.892	44.683	1.33	2.892	44.683	2.04	4.434	39.991
8	1.225	2.663	47.346	1.225	2.663	47.346	2.03	4.413	44.404
9	1.177	2.559	49.905	1.177	2.559	49.905	1.686	3.666	48.07
10	1.088	2.365	52.27	1.088	2.365	52.27	1.482	3.222	51.292
11	1.029	2.237	54.507	1.029	2.237	54.507	1.312	2.853	54.144
12	1.019	2.215	56.722	1.019	2.215	56.722	1.186	2.577	56.722
Extraction Method: PCA (Principal Component Analysis)									

The above table 5 exhibits the items of Principal Component Analysis (PCA) using varimax rotation. Factor analysis is conducted on all the 46 variables, on the criteria that Eigen value is greater than one. All the 46 variables were reduced to 12 components as shown in the Fig. 1 (Scree Plot) which together explain 57% of total variance.

**Figure 1.** Scree Plot

More than 56.748% of the variance have been explained by the first twelve components, which proves that the variables chosen for the study are relevant. Rotated Component Matrix shown in table 6 indicate how each factor correlates with each item. For easy reading and understanding of the below table the values are suppressed to 0.4.

Table 6. a. Rotated Component Matrix

	Components											
	1	2	3	4	5	6	7	8	9	10	11	12
Var1	.672											
Var2		.637										
Var3			.681									
Var4				.478								
Var5					.520							
Var6						.773						
Var7							.583					
Var9									.773			
Var11												.621
Var12											.641	
Var13	.454											
Var14		.405										
Var15			.672									
Var17					-.548							
Var18						.490						
Var19							.705					
Var20								.819				
Var21									.460			
Var25	.603											
Var26		.647										
Var27			.637									
Var29*												
Var30						.535						
Var31							.744					
Var32								.523				
Var33									.530			
Var34										.424		
Var35											.576	
Var36	.661											
Var37		.409										
Var38			.777									

Var39*												
Var40						.524						
Var41								.434				
Var42									.605			
Var44	.618											
Var45			.806									
Var46	.751											
a. Rotation converged in 16 iterations. Var29* and Var39* are having values less than 0.4 Rotation Method: Varimax with Kaiser Normalization Extraction Method: Principal Component Analysis.												

The following are the measures and item loadings of the twelve factors in order of their importance.

Component 1 - Role Overload

The first component accounted for 17.194% of the total variance. This component had significant loading of 6 statements. Table 7 shows the factor loadings of these variables.

Table 7. Component 1 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var1	I have to do a lot of work in this job	.672
Var13	Owing to excessive workload I have to manage with insufficient number of employees and resources.	.454
Var25	I have to dispose off my work hurriedly owing to excessive workload	.603
Var36	Being too busy with official work I am not able to devote sufficient time to my domestic and personal problems.	.661
Var44	I have to do such work as ought to be done by others	.618
Var46	I am unable to carry out my assignments to my satisfaction on account of excessive load of work and lack of time.	.751

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984

The component is named as "Role Overload" as all the statements are positively loaded as shown in table 7, it proves that the occupational stress is caused to Information Systems professionals due to excessive workload.

Component 2 - Role Ambiguity

This component accounts for 10.456% of the total variance and has significant loading of four statements. Table 8 shows that the factor loadings of these variables.

Table 8. Component 2 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var2	The available information relating to my job-role and its outcomes are vague and insufficient.	.637
Var14	The objectives of my work-role are quite clear and adequately planned.	.405
Var26	I am unable to perform my duties smoothly owing to uncertainty and ambiguity of the scope of my jurisdiction and authorities.	.647
Var37	It is not clear that what type of work and behaviour my higher authorities and colleagues expect from me.	.409

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

The component is named as "Role Ambiguity" as all the statements describe that the occupational stress is caused due to ambiguity and uncertainty of the job roles performed.

Component 3 - Role Conflict

This component accounts for 4.21% of the total variance and has significant loading of five statements. Table 9 shows the factor loadings of these variables.

Table 9. Component 3 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var3	My different officers often give contradictory instructions regarding my works.	.681
Var15	Officials do not interfere with my jurisdiction and working methods.	.672
Var27	I am not provided with clear instructions and sufficient facilities regarding the new assignments entrusted to me.	.637
Var38	Employees attach due importance to the official instructions formal working procedure.	.777
Var45	It becomes difficult to implement all of a sudden the new dealing procedures and policies in place of those already in practice.	.806

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

The component is named as "Role Conflict" as all the statements describe that the occupational stress is caused due to sudden changes in the procedures and policies, for not providing clear instructions regarding new assignments and job roles being ill-defined.

Component 4 - Political Pressures

This component accounts for 3.590% of the total variance and has four statements, out of four, only one statement is taken into consideration. Remaining statements are removed from the study as Var39 has factor loading to be less than 0.4 and Var16 and Var28 have the value of variance to be below 0.5. Table 10 shows the factor loadings of these variables.

Table 10. Component 4 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var4	Sometimes it becomes complex problem for me to make adjustment between political/group pressures and formal rules and instructions	.478
Var39	I am compelled to violate the formal and administrative procedures and policies owing to group/ political pressures>Loading is less than 0.4)	Not considered

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

The component is named as "Political Pressures" as all the statements describe that the occupational stress caused is due to make adjustment between formal rules and instructions and group/ political pressures.

Component 5 - Persons Responsibility

This component accounts for 3.234% of the total variance and has significant loading of three statements, out of three, only two statements are considered. Var39 is removed from the study as it has the factor loading to be less than 0.4. Table 11 shows the factor loadings of these variables.

Table 11. Component 5 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var5	The responsibility for the efficiency and productivity of many employees is thrust upon me.	.520
Var17	I am responsible for the future of a number of employees.	-.548
Var29	I bear the great responsibility for the progress and prosperity of this organisation/ department/project>Loading is less than 0.4)	Not considered

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

The component is labelled as "Persons responsibility" as the stress is caused due to the responsibility of productivity and efficiency of many employees is upon the Information System professional and the negative loading of var17 indicates that the extent of stress is reduced when the responsibility of the future of number of employees is in the hands of Information Systems professional.

Component 6 - Under Participation

This component accounted for 3.13% of the total variance and has significant loading of four statements. Table 12 shows the factor loadings of these variables.

Table 12. Component 6 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var6	Most of suggestions are not heeded and implemented here.	.773
Var18	My co-operation is frequently sought in solving the administrative or other work related problems at higher levels.	.490
Var30	My opinions are sought in forming important policies of the organisation/department/ project.	.535
Var40	My opinion is sought in changing or modifying the working system, implements and conditions.	.524

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

The component is named as "Under Participation" as all the statements describe that the occupational stress is due to the suggestions and opinions are not sought out from Information systems professionals for solving the problems or in changing the policies.

Component 7 - Powerlessness

This component accounts for 2.894% of the total variance and has significant loading of three statements. Table 13 shows the factor loadings of these variables.

Table 13. Component 7 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var7	My decisions and instructions concerning distribution of assignments among employees are properly followed.	.583
Var19	My suggestions regarding the training programmes of the employees are given due significance.	.705
Var31	Our interests and opinion are duly considered in making appointments for important posts.	.744

Source: Primary data. and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984

The component is named as "Powerlessness", as all the statements elucidate that the occupational stress in Information Systems professionals is caused due to not being involved in suggestions related to training programmes, opinions related to appointments for important positions and decisions relating to distribution of assignments.

Component 8 - Poor Peer Relations

This component accounts for 2.664% of the total variance and has four statements, out of which three statements are considered. The statement Var8 is not considered for further study as the value of variance below 0.5. Table 14 shows the factor loadings of these variables.

Table 14. Component 8 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var20	Some of my colleagues and subordinates try to defame and malign me as unsuccessful.	.819
Var32	My colleagues do co-operate with me voluntarily in solving administrative and other work related problems.	.523
Var41	There exists sufficient mutual co-operation and team-spirit among the employees of this organisation.	.434

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

This component is named as "Poor Peer Relations" as all the statements describe that the relationship with colleagues and subordinates lead to occupational stress.

Component 9 - Intrinsic Impoverishment

This component accounts for 2.558% of the total variance and has four statements. Table 15 shows the factor loadings of these variables.

Table 15. Component 9 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var9	My assignments are of monotonous nature.	.773
Var21	I get ample opportunity to utilize my abilities and experience independently.	.460
Var33	I got ample opportunity to develop my aptitude and proficiency properly.	.530
Var42	My suggestions and co-operation are not sought in solving even those problems for which I am quiet competent.	.605

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984

This component is named as "Intrinsic Impoverishment" as all the four statements describe that the occupational stress is caused due to monotonous assignments, cooperation and suggestions of the employee are not sought in solving problems.

Component 10 - Low Status

This component accounts for 2.364% of the total variance and has three statements, out of which only one variable is considered. The statements Var10 and Var22 are not considered for further study as the value of variance is less than 0.5. Table 16 shows the factor loading of the variable.

Table 16. Component 10 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var34	My higher authorities do not give due significance to my post and work.	.424

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984

This component is labelled as "Low Status", as the statement describes that the occupational stress is caused due to higher officials not giving due respect and significance to the professional work and the designation.

Component 11 - Strenuous working conditions

This component accounts for 2.238% of the total variance and has four statements, out of which two variables are considered. The statements Var24 and Var43 are not considered for further study as the value of variance is less than 0.5. Table 17 shows the factor loadings of the variables.

Table 17. Component 11 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var12	I do my work under tense circumstances.	.641
Var35	I often feel that this job has made my life cumbersome.	.576

Source: Primary data. and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984

This component is named as "Strenuous Working Conditions" as the above statements describe that the stress is caused due to the working conditions.

Component 12 - Unprofitability

This component accounts for 2.216% of the total variance and has two statements, out of which only one variable is considered. The statement Var23 is not considered for further study as it has the value of variance less than 0.5. Table 18 shows the factor loadings of the variable.

Table 18. Component 12 - Significant Loadings of Variables

Itemcode	Statement	Loading
Var11	I get less salary in comparison to the quantum of my labor/work.	.621

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

This component is named as "Unprofitability", as the above statement describes that the occupational stress is related with remuneration (increments and salaries).

Table 19 shows factor loadings based on factor analysis for the factors influencing occupational stress among Information Systems professionals.

Table 19. Factor Loadings

Components	Item	Factor Loading
Role Overload	I am unable to carry out my assignments to my satisfaction on account of excessive load of work and lack of time.	.751
Role Ambiguity	I am unable to perform my duties smoothly owing to uncertainty and ambiguity of the scope of my jurisdiction and authorities.	.647
Role Conflict	It becomes difficult to implement all of a sudden the new dealing procedures and policies in place of those already in practice.	.806
Political Pressures	Sometimes it becomes complex problem for me to make adjustment between political / group pressures and formal rules and instructions	.478
Persons Responsibility	The responsibility for the efficiency and productivity of many employees is thrust upon me.	.520
Under Participation	Most of suggestions are heeded and implemented here.	.773
Powerlessness	Our interests and opinion are duly considered in making appointments for important posts.	.744
Poor Peer Relations	Some of my colleagues and subordinates try to defame and malign me as unsuccessful.	.819
Intrinsic Impoverishment	My assignments are of monotonous nature.	.773
Low Status	My higher authorities do not give due significance to my post and work.	.424
Strenuous Working Conditions	I do my work under tense circumstances.	.641
Unprofitability	I get less salary in comparison to the quantum of my labor/work.	.621

Source: Primary data and A. K. Srivastava and A. P. Singh, 'The manual of Occupational Stress Index', Manovaigyanic Parikshan Sansthan, Varanasi, 1984.

Limitations

The present study has certain limitations like:

- This research was conducted only among 12 selected Information Technology companies. in Hyderabad, Telangana State.
- This study is based purely on the feelings/attitudes/opinions of the respondents which can change/vary from situation to situation, time to time while answering the questionnaire.
- Present research concentrations only on identification of occupational stressors experienced by the Information Systems professionals post COVID.

Conclusions

In conclusion, a twelve factor model of occupational stressors was confirmed using factor analysis in the Information Systems Professionals in post COVID-19 which proves that the scale adopted for the present research has high analytical capability for measuring occupational stress and for identification of areas which require key focus in the Information Technology sector/industry.

Majority of Information Systems Professionals are adopting individual strategies to overcome the occupational stress post COVID-19 by reading books and newspapers, gardening, meditation and yoga, watching television and movies with families, spending time with family members, cooking etc., It is not only the individual strategies help in overcoming the occupational stress.

It is very important that the IT companies also understand the needs of its employees and provide what is best for them which can help the Information Systems professionals to overcome the stress in a better way during post COVID. Constant appraisal programs, challenging assignments, recognition, awards and rewards, proper definition of the job roles, providing job security, frequent town hall meetings and appreciation from the superiors should be provided to reinstate and motivate them to feel "work and home" instead of "work from home".

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Indian Life Insurance Market: The Liberalisation Experience and Emerging Dynamics

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Abstract

The Indian life insurance market, after remaining a free market since its inception was nationalised in 1956 with the setting up of Life Insurance Corporation of India (LIC). LIC did fairly well in terms of spreading insurance culture and reaching out to the masses but under the nationalised regime, the market remained untapped. To bring reforms, Malhotra Committee was constituted which recommended the opening up of the market to private players to induce competition and improve market performance.

This paper studies the impact of liberalisation over the 20 year period (2001 to 2020) through secondary data analysis (obtained from various IRDAI Handbooks on Indian Insurance Statistics) using semi-log regression model of growth rate and other descriptive statistics. Data analysis has revealed that there is negligible rise in life insurance penetration during the 20 year post-reform period whereas density has risen at the rate of 9% per annum. LIC still remains the dominant firm in terms of total premium, new business premium and number of new policies issued. In terms of surplus, after an initial shock due to entry of private players, LIC has recovered and adjusted itself to show a consistent rise but the private players are still struggling to have steady growth. Competition has resulted in market expansion and the market has become more dynamic - in terms of products, distribution channels, geographical spread, micro insurance, surplus and growth pattern. On the whole, liberalisation has partially succeeded in improving the market.

Keywords - Indian Life Insurance Market, Liberalisation, LIC, Private Insurers, Malhotra Committee.

Introduction

Life insurance in India dates back to 1818 when the first life insurance company, named Oriental Life Insurance Company was set up. Since then, this market remained an open market till 1956. In 1956, it was nationalised keeping in view the social objective of life insurance. For this purpose, Life Insurance Corporation of India (popularly known as LIC) was set up in 1956. LIC did a fairly good job of spreading awareness about life insurance and making it popular amongst the masses. However, being a state monopoly, it had its own drawbacks and the market remained under-tapped. This led to the initiation of reforms in this market which started with the constitution of Malhotra Committee in 1993. Malhotra Committee gave its recommendations in 1994. One major recommendation was opening up of the sector to private players and also allowing foreign participation, with adequate regulation in place.

In 1999, Insurance Regulatory Development Authority of India (IRDA) was set up as the separate regulator for the insurance market. Also, the private players were allowed to enter the market. At present, there are 23 private life insurance companies along with the incumbent state veteran LIC, which makes it a total of 24. The way this market has behaved in the post-liberalisation period is really interesting to study. Liberalisation or reforms implemented in 1999 brought new hopes to improve the performance of this market. Here, it is pertinent to mention that market performance of life insurance is measured through two parameters- life insurance penetration and life insurance density. Life insurance penetration is expressed as a percentage of life insurance premium to Gross Domestic Product (GDP) of the country. Life insurance density is the per capita insurance. It was felt that by introducing competition, customers will get better products, better prices and the overall market performance (life insurance penetration and density) would go up.

This paper focuses on the impact of liberalisation on life insurance market. It has been 20 years now that the major

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reforms were introduced. Also, IRDA (now renamed as IRDAI), keeps bringing in necessary amendments and reforms from time to time keeping in view the changing national and international environment. Whether this entire reform process is able to yield the desired results is an important question. Through the analysis of this market over this 20 year period we intend to assess the efficacy of these reforms and the performance of Indian life insurance market in the post-reform period.

Malhotra Committee: Major Recommendations

The Malhotra Committee submitted its report in 1994. As per the Law Commission of India (2003) Report, some of the major recommendations made by it were as under:-

- (a) "the establishment of an independent regulatory authority (akin to Securities and Exchange Board of India);
- (b) allowing private sector to enter the insurance field;
- (c) improvement of the commission structure for agents to make it effective instrument for procuring business specially rural, personal and non-obligatory lines of business;
- (d) insurance plans for economically backward sections, appointment of institutional agents;
- (e) marketing of life insurance to relatively weaker sections of the society and specified proportion of business in rural areas;
- (f) provisions for co-operative societies for transacting life insurance business in states."

Literature Review

The literature review is focused on the studies that measure the impact of liberalisation on the life insurance market.

Gulati and Jain (2011) revealed that private sector has induced competition but is unable to affect the performance of LIC.

Bodla and Chaudhary (2012) studied the reasons why the private sector after initially capturing a significant market share is now struggling for a regular growth in business and market share.

Shah et al. (2011) recognized profitability as the biggest challenge for the industry. Private life insurers had accumulated losses of over 16,000 crores till March 2010.

Jain (2013) found that after liberalization, the life insurance industry of India witnessed marvelous growth but this growth declined after economic crisis in 2008.

Ansari and Fola (2014) did not find a significant difference in the new business premium of private and public life insurance companies.

Kulkarni (2017) through an analysis of the Indian life insurance sector revealed that after an initial growth in business (mainly led by ULIPs), the growth of private sector has slowed down and has been found to be lop-sided.

The above studies reveal that the reforms initiated in 1999 definitely led to increased competition and expansion of market but even now, the market hasn't realised its full potential. So, we want to contribute to the knowledge of impact of liberalisation on life insurance market by studying the impact of reforms over the entire 20 year period (2001-2020).

Objectives

The objectives of this paper are to study the impact of opening up of the life insurance market and the emerging changes. These objectives are given below:

1. To study the density and penetration of life insurance in the post reform period.
2. To look at growth profile of LIC and private insurers.
3. To analyse the network of life insurance business – area wise spread of offices.
4. To study the pattern of growth of Micro-insurance business.
5. To study the growth of Agent base of LIC and private insurers.
6. To study the growth of life insurance products.
7. To analyse the growth pattern of Surplus/deficit of LIC and private insurers.

Data and methodology

Data

To study the various indicators in line with the objectives, secondary data has been used. This data is obtained from the IRDAI website through the Handbook on Indian Insurance Statistics 2007-08, 2011-12, 2012-13, 2015-16 and 2018-19. The insurance Annual Reports 2001-02 to 2019-20 are also referred to fill some data gaps. The latest data released by IRDAI through its Handbook of Statistics on 12th March, 2021 has also been incorporated to present an upto date analysis.

Methodology

1. To study the growth patterns of various indicators of life insurance market's performance, semi-log growth equations are used.

Semi-Log Growth Equation

The natural log of each variable of life insurance, like life insurance penetration, density, total premium etc. (Y) is regressed on time (t). Therefore, the regression equation can be written as follows (1), in exponential form:

$$Y = e^{\alpha + \beta t} \quad \dots (1)$$

Taking log of both sides and adding an error term;

$$\ln Y = \alpha + \beta t + \mu t \quad \dots (2)$$

Where, $\ln Y$ = Natural log of variable Y

α = intercept term

β = slope of the regression equation (instant growth rate)

t = time

μt = error term

2. To study the growth pattern of surplus/deficit of LIC and private players, a set of descriptive statistics are used.

Data Analysis and Interpretation

Life insurance penetration and density

As discussed in the introductory section, life insurance penetration and life insurance density are two accepted parameters to measure the performance of life insurance market. Growth of these two parameters is shown in Table 1.

Table 1. Life Insurance Density and Penetration

Indicator	Period	Growth	Std. Error	t Stat	P-value
Life Insurance Density	2001-2019	0.09	0.014	6.63	4.26E-06***
Life Insurance Penetration	2001-2019	0.00	0.010	0.31	0.76
* Significant at 10% ** Significant at 5% *** Significant at 1% Source: Authors' Estimation					

After the coming of private players and liberalisation, there is a statistically significant growth of 9% per annum in the life insurance density over the period 2001 to 2019. However, if we see the growth rate of life insurance penetration from 2001 to 2019, there is no growth in the life insurance penetration, although the result is not statistically significant. This result points towards the unsatisfactory performance of life insurance market.

Growth Profile: LIC vs Private Insurers

After looking at the overall market performance, now we wish to see the growth profile of LIC and the private players. The growth profile has been measured through three indicators- total premium, new business premium and number of individual new policies issued. These results are presented in Table 2.

Table 2. Growth Profile in Life Insurance Business

Indicator	Period	Entity	Growth	Std. Error	t Stat	P-value
Total Premium	2001-2020	LIC	0.11	0.01	16.24	3.38E-12***
		Private	0.36	0.06	6.01	0.00***
New Business Premium	2001-2020	LIC	0.13	0.01	12.83	1.69E-10***
		Private	0.31	0.05	5.41	0.00***
Number of Individual New Policies Issued	2003-2020	LIC	−0.02	0.01	−2.09	0.05**
		Private	0.06	0.03	2.09	0.05**
* Significant at 10%						
** Significant at 5%						
*** Significant at 1%						
Source: Authors’ Estimation						

Total premium of LIC has shown a statistically significant growth of 11% per annum over the period 2001 to 2020. Over the same period there is a statistically significant growth in the total premium of private players at the rate of 36% per annum. This shows that private insurers have been successful in expanding the market.

The second comparison is between the growth of new business premium of LIC and the private players. New business premium is the sum of premium of the new single premium policies and the first year premium of other policies. The new business premium of LIC has risen at a statistically significant rate of 13% per annum over the period 2001 to 2020. Over the same period, the new business premium of private players has risen at a statistically significant rate of 31% per annum. This shows that the market has expanded over this 20 year period.

In terms of the individual new policies issued, LIC has shown a statistically significant negative growth of 2% per annum over the period 2003 to 2020. Over the same period, private players have exhibited a statistically significant growth of 6% per annum in the number of individual new policies issued. This also points towards the expansion of the market.

But this comparison between the growth rates of private players and LIC should be read with caution. It should in no way be believed that private sector has outperformed LIC just going by the face value of these results. Private sector is showing a much higher growth in certain cases, just because it started from a very low base. LIC began with a large base in 2001 whereas the private players started from scratch. Secondly, it is a comparison of one company (LIC) with the entire private sector (comprising of 23 companies). This shows that these 23 private insurers even if taken together are not able to give a tough fight to the state veteran LIC.

Network of Life Insurance Business

Network of life insurance business as reflected in geographical spread of life insurance offices is shown in Table 3.

Table 3. No. of offices _Area-wise

Indicator	Period	Entity	Growth	Std. Error	t Stat	P-value
No. of Offices (metro + urban)	2007-2020	LIC	0.08	0.01	8.72	1.54E-06***
		Private	0.0913	0.01	8.10	3.29E-06***
No. of offices (unclassified)	2007-2015	LIC	0.1065	0.01	8.37	0.01***
		Private	0.0169	0.05	0.32	0.76
Semi-urban	2016-2020	LIC	−0.004	0.00	−1.05	0.37
		Private	−0.102	0.04	−2.70	0.07*
Rural	2016-2020	LIC	0.0316	0.00	14.07	0.01***
		Private	−0.5561	0.20	−2.76	0.07*
* Signifcant at 10%						
** Signifcant at 5%						
*** Signifcant at 1%						
Source: Authors' Estimation						

Before presenting the analysis, the description of the geographic division is called for. So, first it is explained how the areas are divided into various categories. From 2007 to 2015, IRDA has given three-way classification of the area-wise distribution of offices namely, metropolitan, urban and unclassified. Metropolitan cities are those having a population of 10,00,000 or more; urban areas are those which have a population between 100,000 to 9,99,999. It implies that the areas referred to as unclassified had a population of less than 1 lakh, but it is not explicitly stated.

From 2016 onwards, the classification of areas given by IRDA changed to four, namely, metropolitan, urban, semi-urban and rural wherein semi-urban areas are those having a population of 10,000 to 99,999 and rural areas had a population upto 9,999.

Metropolitan and Urban Areas: For the purpose of our analysis, we have added the offices in metropolitan and urban areas (which represent a population of more than 1,00,000) and seen their growth rate for LIC and private insurers. In case of LIC, there is a statistically significant growth of 8% per annum in the offices situated in metropolitan and urban areas over the period 2007 to 2020. Over the same period, there is a statistically significant growth of 9% in the offices of private insurers situated in metropolitan and urban areas.

Unclassified Areas: The second analysis is done for the offices situated in unclassified areas which represent a population of less than 1,00,000. From 2007 to 2015, the number of offices of LIC situated in these areas with a population upto 99,999 have risen at a statistically significant rate of 10% per annum. However, the private companies' offices in these areas have grown at a meagre 1.6% per annum over the same period and this is also not statistically significant. Thus, it can be seen that the private life insurers do not have more offices in less populated areas and their offices are majorly confined to metropolitan and urban areas.

Semi-urban Areas: The third analysis is for the offices situated in semi-urban areas starting from the year when IRDA started releasing the data for this category i.e., 2016. From 2016 to 2020, the number of offices of LIC situated

in semi-urban areas have shown a miniscule negative growth of 0.4 % per annum though it is not statistically significant. Over the same period, the number of offices of private insurers situated in semi-urban areas have fallen at a statistically significant rate of 10% per annum.

Rural Areas: The fourth analysis is for the offices situated in rural areas, again starting from the year 2016, which coincides with the release of separate data for these areas by IRDA. LIC has reported a statistically significant increase of 3% per annum in the number of offices situated in rural areas from 2016 to 2020. The private insurers have however shown a decline in the number of offices situated in rural areas over the same period, showing a statistically significant negative growth rate of 55.6% per annum which is quite high and points towards the dwindling presence of private life insurance offices in rural areas.

So, we also see the dynamics in the form of changing geographic spread of offices.

Micro-insurance Business

IRDA notified the micro insurance guidelines on 10th November, 2005 which were revised in 2015. The main idea was to reach out to the poor and economically weaker sections through simpler and need based insurance products, including life insurance. Micro-insurance products have a sum assured of upto Rs 50,000. Table 4 reflects the performance of life insurers in terms of micro-insurance business.

Table 4. Micro insurance business

Indicator	Period	Entity	Growth	Std. Error	t Stat	P-value
Micro insurance (no. of lives covered)	2009-2020	LIC	−0.093	0.086	−1.08	0.30
		Private	0.379	0.074	5.06	0.00***
Micro insurance (premium)	2009-2020	LIC	−0.050	0.071	−0.71	0.49
		Private	0.470	0.093	5.08	0.00***
* Signifcant at 10%						
** Signifcant at 5%						
*** Signifcant at 1%						
Source: Authors’ Estimation						

There are two types of micro-insurance products - individual and group. IRDA releases the data for both. In case of group insurance schemes, number of lives covered is also provided. The performance of micro insurance business is analysed through studying the growth of number of lives covered and the premium in this segment. To calculate the total number of lives covered, the individual policies and the lives covered through group insurance have been added. Similarly, the premium on individual policies and group policies is added to get the total premium from micro-insurance business.

LIC has shown a decline of 9% per annum in the number of lives covered through micro-insurance from 2009 to 2020, though it is not statistically significant. Over the same period, private life insurers have also reported a statistically significant growth of 37.9% per annum in terms of the number of lives covered through micro-insurance. In terms of premium underwritten through micro-insurance, LIC has again shown a negative growth of 5% per annum from 2009 to 2020, though it is not statistically significant. Over the same period, there is a statistically significant growth of 47% per annum in the premium underwritten by private insurers through micro-insurance business.

Agent-base

Table 5 depicts the growth of agent base of LIC and private insurers across two categories- individual and corporate agents. Individual agents represent the traditional channel of distribution whereas the Corporate agents represent the newer ways of selling life insurance. Corporate agents include banks (popular as bancassurance) and non-banking institutions.

Individual agents of LIC have grown at a small but statistically significant rate of 1% per annum over the period 2002 to 2020. Over the same period, the growth rate of number of individual agents of private insurers is 13.4% per annum and is statistically significant. The number of corporate agents (Banks and others) of LIC has declined at a very small rate of 0.6% per annum from 2002 to 2020 but this decline is not statistically significant.

Table 5. Agent Base

Indicator	Period	Entity	Growth	Std. Error	t Stat	P-value
Individual Agents	2002-2020	LIC	0.0104	0.0049	2.12	0.05**
		Private	0.1343	0.0331	4.05	0.01***
Corporate Agents	2002-2020	LIC	−0.006	0.0333	−0.19	0.85
		Private	−0.007	0.0341	−0.21	0.83
* Signifcant at 10%						
** Signifcant at 5%						
*** Signifcant at 1%						
Source:Authors’ Estimation						

On the other hand, the number of corporate agents of private insurers has shown a decline of 0.7% per annum from 2002 to 2018, but again it is not statistically significant. This shows some underlying trend which is not statistically significant. It gives a hint that the corporate agency channel is less preferred by the insurers (both LIC and private players) and the traditional channel of individual agents still enjoys greater popularity.

Life Insurance Products

Life insurance products have undergone a lot of variation with the coming of private players. Introduction of Unit Linked Insurance Plans (ULIPs) is largely attributed to the private insurers and also seen as a major contributor to their initial success. However, lately it is seen that ULIPs are becoming less popular. So, the total premium of life insurers can be divided into two broad categories- non-linked (traditional products not linked to market performance) and linked (ULIPs which are linked to market performance).

Table 6. Life Insurance Products

Indicator	Period	Entity	Growth	Std. Error	t Stat	P-value
Non-Linked Premium	2007-2020	LIC	0.105	0.0041	25.71	7.307E-12***
		Private	0.243	0.0148	16.42	1.373E-09***
Linked Premium	2007-2020	LIC	−0.388	0.0354	−10.96	1.321E-07***
		Private	0.039	0.021	1.91	0.08*
* Signifcant at 10%						
** Signifcant at 5%						
*** Signifcant at 1%						
Source: Authors’ Estimation						

As shown in Table 6, over the period 2007 to 2020, there is a statistically significant growth of 10.5% per annum in the non-linked premium of LIC. Over the same period, there is a statistically significant growth of 24.3% per annum in the non-linked premium of private insurers. In the linked business category, the premium of LIC has fallen at a statistically significant rate of 38.8% per annum over the period 2007 to 2020. Over the same period, private insurers have reported a statistically significant 3.9% per annum growth in the linked premium. This is again an interesting result which shows that LIC has gradually moved out of the ULIP business as it was never its stronghold. Even the private players, who were the leaders in this category have reported a much lower growth as

compared to the growth of their non-linked business. So, the initial charm of ULIPs generated by promises of higher return seems to be fading and there is a general trend of decline in the linked business, though more pronounced in case of LIC. So, we have also witnessed changes or dynamics in terms of popularity of different types of products.

Surplus/Deficiency

Table 7 shows the year-wise surplus/deficit of LIC and the private insurers from 2002 to 2020. Surplus reflected through the Policyholders' accounts has been taken as measure of profitability to have comparable results. LIC has shown the highest surplus in the year 2002 whereas private sector has shown the highest surplus in 2018.

Table 7. Surplus/Deficit Indices

Year	Pvt. Surplus (in Lakhs)	LIC Surplus (in Lakhs)	Index of Pvt. Surplus	Index of LIC Surplus
2002	-33755.00	1215687	-4.73	100
2003	-19134.00	48810	-2.68	4.02
2004	23095.00	54813	3.24	4.51
2005	2382.44	69660.17	0.33	5.73
2006	7670.89	62177	1.08	5.11
2007	19964.02	75780.57	2.80	6.23
2008	45465.10	82958.97	6.37	6.82
2009	-24098.00	92912	-3.38	7.64
2010	178089.38	103092	24.96	8.48
2011	271141.27	113761.71	38.01	9.36
2012	560655.61	128122.9	78.59	10.54
2013	619219.09	143638.18	86.80	11.82
2014	572383.83	163426.52	80.23	13.44
2015	564514.35	180305.19	79.13	14.83
2016	505222.43	249703.48	70.82	20.54
2017	534969.86	220033.36	74.99	18.10
2018	713403.61	242182.26	100	19.92
2019	141019.77	266060.00	19.77	21.89
2020	139003.77	269774.00	19.48	22.19

Source: Authors' estimation

LIC has never reported a deficit over this entire period whereas in case of private insurers, there are three years viz 2002, 2003 and 2009, where a deficit is reported reflected through the negative sign. Index of surplus/deficit is constructed taking the highest surplus as the base. For LIC, the base year is 2002 (year with highest surplus), thus the index for this year is 100. After an initial fall of 96 basis points in 2003, LIC gradually started picking up. After constant improvement till 2016, there was a slight dip in 2017 but thereafter it again picked up and has shown an impressive growth over the last three years i.e., 2018 to 2020. Private sector on the other hand, after initial ups and downs finally started showing a consistent upward trend in its surplus since 2010 till 2014, dipped in 2015 and 2016, then rose in 2017 and reached the maximum in 2018. After that, there is again a drastic fall of around 80 basis points during the last two years. It shows that LIC is more consistent in maintaining a positive surplus, which

is not true for private insurers. These ups and downs in surplus also reflect the dynamics that have emerged through liberalisation. This is clearly reflected in Figure 1 given below.

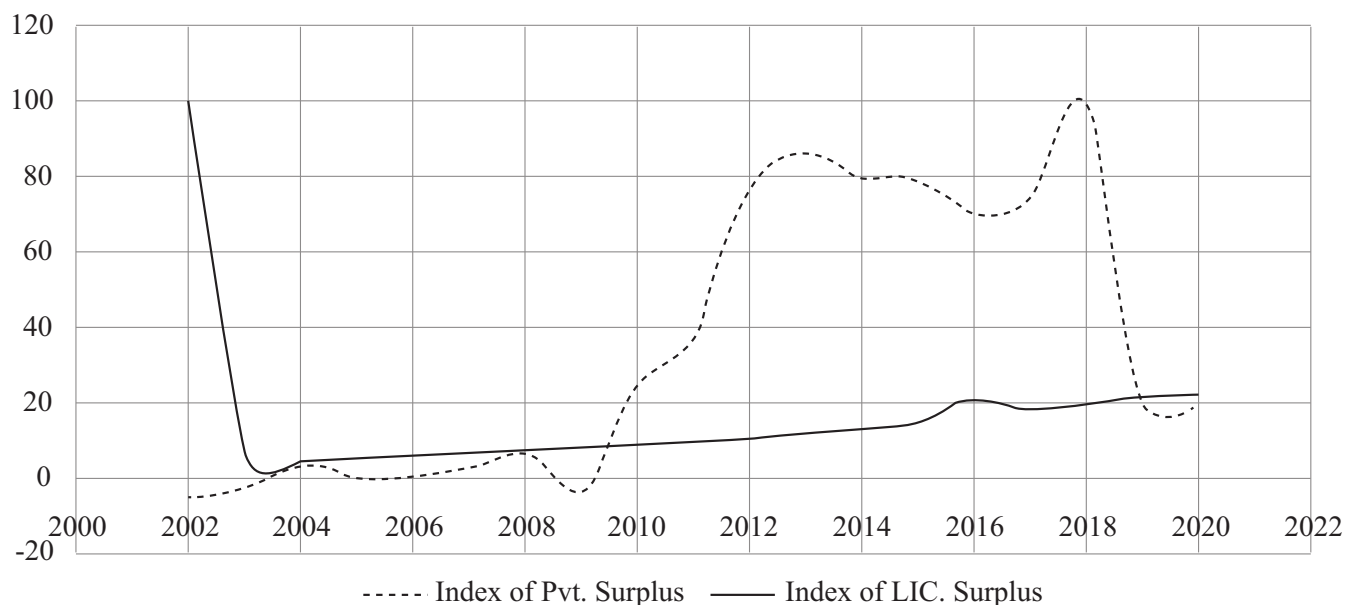


Figure 1. Index of Surplus

Source: Authors' own

Table 8 reflects certain descriptive statistics calculated using surplus of LIC and Private sector. The last column shows the ratio of private to LIC for each statistic and its interpretation is given below.

Table 8. Surplus (LIC vs Private)

	Private Surplus	LIC Surplus	Ratio of Private to LIC in %age terms
Mean	253748.07	199099.91	127.45
Standard Error	62141.89	59059.47	105.22
Median	141019.77	128122.90	110.07
Standard Deviation	270870.21	257434.25	105.22
Sample Variance	73370668379.01	66272392187.91	110.71
Kurtosis	-1.62	15.34	-10.58
Skewness	0.44	3.76	11.76
Range	747158.61	1166877.00	64.03
Minimum	-33755.00	48810.00	-69.16
Maximum	713403.61	1215687.00	58.68
Sum	4821213.42	3782898.31	127.45
Coefficient of Variation	106.75	129.30	82.56
Source: Authors' estimation			

The mean surplus of private players is 27% more than LIC. But here it is important to mention that LIC is one company and private sector comprises of 23 companies. The median surplus of private players is also 10% higher than that of LIC. Half of the private companies have a surplus more than 141019.77 which is 10% better than LIC. Standard deviation reflects the volatility. Volatility of surplus is no different between private insurers and LIC. But if we look at the coefficient of variation, private sector is 18% less volatile than LIC because there is a spread in case of private companies because of which the volatility goes down. Also, since the mean is higher in case of private players, their coefficient of variation is less despite of the standard deviation being almost the same. Kurtosis in case of private players is negative or leptokurtic which shows that all the firms are getting average surplus over these years and in case of LIC, it is peaked which shows that most of the values are around the mean and high. Skewness is more in case of LIC which shows that LIC got an initial shock and its surplus fell down drastically but then it is rising consistently in the later years. It means that the dynamics of competition have gone down in favour of LIC whereas the private sector is variable. Minimum surplus of private players is much lower than LIC and is also negative (showing deficit). Maximum value of LIC surplus is also much higher (41% more) than private players. Therefore, the range of surplus is also 36% less in case of private players. Total surplus of private players over this entire period is 27.45% more than that of LIC because private sector represents 23 companies.

Contribution

This paper has contributed to the existing knowledge by providing an analysis of the growth of Indian life insurance market over the entire post reform period (2001 to 2020) and bringing out the emerging dynamics through various indicators- geographical spread, growth profile, products, channels of distribution, micro-insurance and surplus.

Conclusion

Liberalisation of life insurance market ignited great hopes for improving this market by inducing competition. But it is clearly seen that there is negligible rise in life insurance penetration over the 20 year post-reform period, though density has risen at 9% per annum. LIC still remains the dominant firm in terms of total premium, new business premium and number of new policies issued. The growth rates across these categories are higher in case of private sector but this is primarily due to starting from a low base. Most of the private insurers' offices are concentrated in urban and metropolitan areas whereas LIC's offices are also growing in semi-urban and rural areas. Individual agents still enjoy greater popularity as a channel of distribution in comparison to the corporate agents. Linked business of LIC has shown a drastic fall and even in case of private players, it is receding. Private insurers have shown stupendous growth (much higher than LIC) in the micro-insurance business over the past few years which shows that private sector is trying to carve a niche as it is unable to directly compete with LIC. In terms of surplus, after an initial shock due to entry of private players, LIC has recovered and adjusted itself to show a consistent rise and even during the 2020 crisis, it has shown an impressive performance. Therefore, LIC has emerged as a hard rock and a seasoned player over this period but the private players are still struggling to have consistent growth. Competition has definitely resulted in market expansion and the market has become more dynamic- in terms of products, distribution channels, geographical spread, surplus and growth pattern. On the whole, liberalisation has partially succeeded in improving the market.

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Pivoting business model as a strategic response to COVID-19: A study of select organizations in India

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Abstract

COVID-19, a black swan event of the 21st century, has shocked the world and put the industry into a spin by forcing organizations to reinvent business models for survival and growth. The paper attempts to examine how several lesser-known Indian firms and reputed firms had pivoted their business models. Some of the measures of pivoting include launching new products and services which are highly relevant to existing and new markets, offering to digital experiences to name a few. The paper also attempts to examine pivoting actions and build a conceptual model based on the strategic responses made by few organizations in India.

Introduction

Organizations need to change their business models in the event of extreme uncontrollable events. The invisible enemy of the world covid-19, had played havoc with the businesses and thereby impacting the economy of several countries. According to Mark W. Johnson, et al (2008), components of Business model include, Customer value proposition (CVP), Resources, and key processes, profit formula.

Several organizations how they have changed their business models in terms of dynamic capabilities. Organizations need to keep pace with the change in the environment and it may impact (Audia et al, 2000), The dynamic capabilities (DCs) explain how the competitive advantage can be sustained in dynamic markets (Teece et al., 1997).

In order to achieve competitive advantage, organizations can use two different but complementary strategies: fitting environmental demands and forming market change. Eisenhardt and Martin, 2000). Dynamic capabilities (The DCs) view helps in understanding how the organizations get and sustain competitive advantage in changing environments

(Teece et al., 1997; Peteraf et al., 2013) and is ingrained in the resource-based view of the firms (Eisenhardt and Martin, 2000; Zahra and George, 2002; Teece et al., 1997).

DCs are defined as "the capacity of an organization to purposefully create, extend or modify its resource base" (Helfat et al., 2007). Capacity implies acceptable level of performance, while a firm's resource base includes intangible and tangible and human resources and capabilities that a firm possesses, controls or to which it has preferential access (Helfat et al., 2007) which are important to the organization.

Organizational capabilities are classified into DCs and operational capabilities. Operational capabilities allow an organization to perform basic functional activities (Collis, 1994) and help in day-to-day problem-solving (Zahra et al., 2006). Dynamic capabilities (Cs) are of higher order (Barreto, 2010), path dependent (Teece et al., 1997) and future oriented (Ambrosini and Bowman, 2009).

However, DCs do not directly result in marketable goods or services (Teece et al., 1997), but contribute to building, integrating and reconfiguring operational capabilities (Protogerou et al., 2012).

Marketing capabilities are important in DC's framework as generate customer knowledge, competing products and distribution channels. (Barrales-Molina et al., 2014). Marketing capabilities emphasizes customer value (Fang and Zou, 2009). Zou, 2009; Landroque et al., 2011 and considered to be subset of DC's (Bruni and Verona, 2009). There is a relationship between Marketing capabilities and CVP, and resources and key processes. The dynamic marketing capabilities are important.

Bruni, D. S., & Verona, G. (2009) defined "Dynamic marketing capabilities" (DM's) as indicating human capital,

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social capital, and the cognition of managers involved in the creation, use, and integration of market knowledge and marketing resources in order to match and create market and technological change. Market knowledge consists of customer and competitor areas (e.g., Kohli and Jaworski, 1990; Narver, and Slater, 1990); marketing resources are tangible and intangible assets such as products, brands, and distribution channels (Grant, 1991). Dynamic marketing capabilities involves middle management and enables organization to cope with the change.

According to Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann (Harvard business review 2008), Business model components include, CVP, Resources, and key processes, profit formula.

India reported first laboratory-confirmed case of coronavirus disease 2019 (COVID-19) on 30 January from Kerala. As the cases spread across the country lockdown was imposed on March 25, 2020. The prevailing new conditions are referred as the new normal. The norms of social distancing, wearing mask and handwashing was advocated to fight against the Covid-19.

Objectives Of The Paper

1. To explore the strategic responses made by select organizations in response to Covid-19.
2. The strategic responses are examined in the light of customer value proposition, resources, for the new and existing markets etc.
3. To build conceptual model to understand strategic responses made by the organizations.

Suparshava Swabs

During March 2020, polyester swabs were not manufactured in India and were imported, and as the demand rose, but it was becoming expensive. It provided an opportunity to domestic market. A Delhi based organization, Suparshava Swabs came forward and successfully pivoted to manufacture personal hygiene products including swabs under Tulip's brand. It converted its 100% cotton processing unit at Ghaziabad factory to produce polyester-spun swabs required for covid 19 testing. It is important to note that these are validated by national reputed govt agencies such as ICMR & NIV.

IHCL

IHCL launched Qmin, a mobile app in July 2020 to bring its collection of culinary experience online from restaurants to customers' homes in Mumbai, Delhi, Kolkata, Bengaluru, Chennai etc. The app was designed with Tata Digital in six weeks, which showcases customer centricity, resilience and sustainability. It offers guests a discerning delivery experience through a seamless interface which allows personalization of orders, curate menus, and track deliveries real-time."

10 by 10

The organization diversified portfolio by launching ISO.POD which is an instant room, a portable solution that protects people against infection and based on DIY methodology. ISO.POD comes in the size of 8' × 7' × 10', making it compact, modular, and easy to duplicate and scale. During the lockdown as hospitals are running out of beds, this product innovation which acts airtight enclosure comes as great rescue and priced at Rs 15,000.

Shree Shakti Enterprises

Shree Shakti Enterprises, a kitchenware company during lockdown was forced to innovate for survival by launching new product portfolio comprising sensor-based sanitiser dispensers to hands-free hand wash systems, and automatic foot sanitisers, which are extremely useful during covid 19 crisis. These can be used at offices etc. Shree Shakti received large orders from public, and government institutions, and private organizations including Hero Moto Corp, Wipro, Mohalla Clinics, the Ministry of Home Affairs, CRPF, BSF, police stations, and political parties. This allowed the company to avoid job cuts and gross Rs 1.15 crore in sales through the lockdown. This enabled the company to stop job cuts and gross Rs 1.15 crore in sales through the lockdown.

Boiline India

Indore-based Bioline India, founded in 2001, manufactures affordable and quality medical equipment. Hand sanitizers were slow moving category till pandemic struck, and it became most important item of the households and probably will remain for few years. The organization launched ULV Bio Fogger in 2005 and increased production to meet the full demand.

Fabindia

Fabindia stores were shut during lockdown, but as the government allowed the sales of essential items and hygiene products, the organization decided to increase production. The hygiene products grew to 15 to 20 % of business from 2% to 3%. Teamwork and collaboration played key role in success of the new activity.

Workshala

Established in 2013, Workshala started an initiative called Homescape to provide the tables, chairs and desks to individuals at homes. This provided comfort and ease of working for those who are working from home. This resulted in increase in productivity.

Hula Global

Founded in 2018, Hula Global is a Noida based organization manufactures apparel and also used to exports was badly hit by pandemic. It diversified its business into PPE kits, N95 masks, face shields. The company invested significantly to expand its manufacturing capacity from 10,000 coveralls a month to 10 lakh coveralls a month. From zero N95 masks in March, it is now producing 80,00,000 masks monthly. Very few organizations make all these products under one roof.

Koko boost

Koko boost is a Bengaluru based small organization which manufactures millets and munga energy bars. Distributors were reluctant to stock during Covid-19, as the customers were not preferring to purchase. This affected the business badly and company decided to widen its product portfolio. The company decided to make innovative range of immunity-based products under brand name "Sanrupt" made from the existing input and used social media for promotions.

Homz

Homz is a construction company a Delhi based company started in 1989. It is a niche player in high end luxury residential projects, reached out to its customers by giving them digital experience, and closed sales.

Parle-G

The brand had phenomenal success and achieved highest sales during covid-19, which is highest ever for eight decades. The brand Parle-G brand falls under the 'below-Rs100 per kg' affordable / value category, which holds one-third of the total industry revenues and accounts for over 50% of the volume sold. Getting permissions to run plant, manning people to work at factories and sales, and educating the labor and onboarding on the fact that it's just not mundane biscuit but providing food security for vast majority of the people by virtue of sheer size of consumption across the country. As govt placed it under essential commodities, the organization shifted to Digital strategy, advertising on OTT and social media for promotions. The other reasons include, there is increase in home consumption during lock down and some consumers also downgraded to Parle-G, buying whichever is available. Reduced workforce as per restrictions is also a challenge for the organization.

Cavin care

CavinKare's launched hand sanitizer under its well-known personal care brands of Chik, Nyle, Raaga. It provided much needed accessibility and affordability to ensure safety of everyone. Everybody must regularly wash hands or use sanitizer for safety and to fight Covid-19.

ITC

ITC' had launched Savlon Surface Disinfectant Spray as part of the ongoing fight against Covid-19. As the health stipulations have instructed two important facets to help protect against the deadly virus – hand hygiene and the hygiene of frequently touched surfaces. Savlon spray would disinfect frequently touched surfaces such as tables, doorknobs, chairs, and sofas, among others, which may have germs that can be transmitted and increase the chances of infection. See Table 1 for summary of the pivoting actions taken by organizations.

Table 1. Pivot actions taking by organizations

Name of the firms	Challenges & opportunities, and other key issues faced by the organization	Pivoting actions
1. Suparshva swabs	Regulation from ICMR and NIV	special swabs under the Tulips brand.
2. IHCL	The lockdown period saw a significant increase in the time spent by people on their mobile devices, and food being an essential commodity was readily available at the doorstep.	An app that gives guests a differentiated delivery experience through a seamless interface that allows them to personalise their orders, curate menus, and track deliveries real-time.
3. Bioline india	Targeting the same customers with different product	Bioline India finds itself playing a bigger role in the daily battle against bacteria with its ULV Bio Fogger.
4. Fabindia	The government was allowing the sales of essential items and hygiene products during the lockdown	Decided to ramp up its organic foods production.
5. Workshaala	As most people started working from home amidst the pandemic, furniture is required which gives comfort and ease in working.	Homescape' to provide furniture to people working from home. tables, chairs, and desks to individuals.
7. Hula global	To meet the rising demand for such products in the country.	Diversified into manufacturing PPE kits, N95 masks, face shields, etc.,
8. Koko boost	To take care of the immunity	brand of immunity-boosting powders made from moringa
9. Gulshan homz	Digitisation and virtual tours have been started by realtors, and this has helped them reach their target audience and close substantial sales even during the lockdown.”	“Digitisation and virtual tours
10. 10 by 10	During Covid-19, the hospitals were running out of beds and ventilators.	ISO.POD — an instant isolation room solution that protects people against further infection.
11. ITC	To protect families and remove germs from vegetables	Launch of safe veg wash
12. DETTOL	To protect families and remove germs	Handwash and sanitizer
13. Shree Shakti Enterprises	To meet the safety demand of corporate customers arising of covid -19 crisis	From sensor-based sanitiser dispensers to hands-free hand wash systems, and automatic foot sanitisers,

14. Parle-G	To meet surging demand from at home, NGO's and migrant and poor people segment.	Focus on production, distribution, getting permissions.
15. Cavin care	low priced sanitize for the on-the-go segment	Chick sanitizer
16. ITC	To meet safety demands arising out of the covid-19	Surface disinfectant

Source: Prepared by the author based on secondary data.

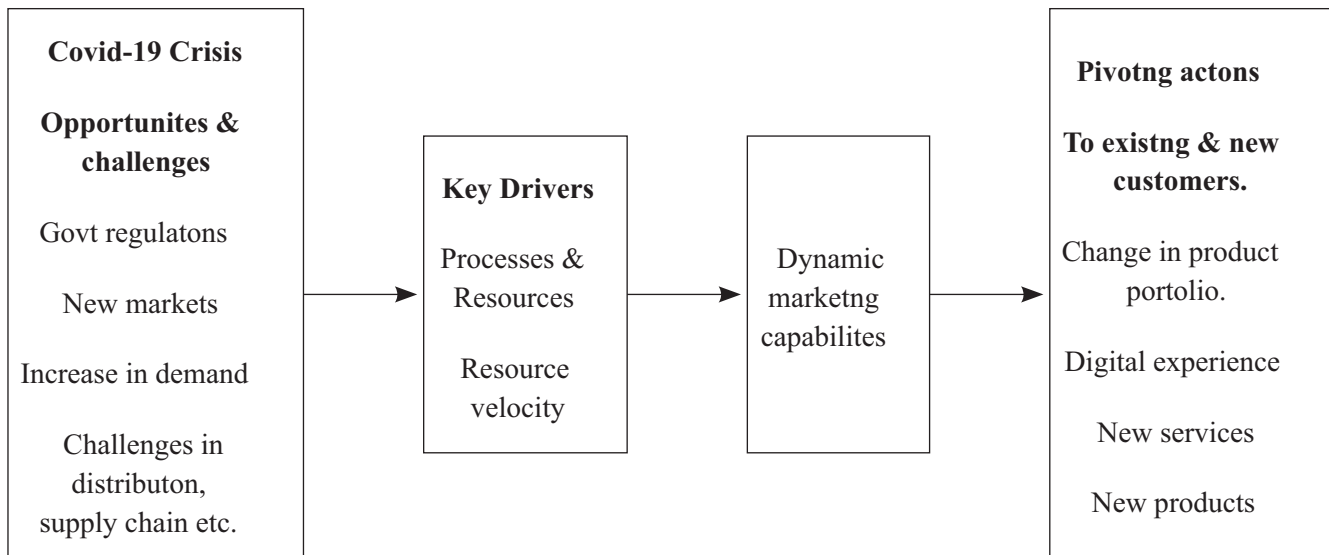


Figure 1. Proposed Conceptual model for Strategic response of Organizations to covid-19

Source: created by author

Conclusion

The dreaded pandemic Covid-19, had forced the industry into turmoil which led to unprecedented challenges. These varied from, restrictions on labour availability, regulatory constraints and compliances, supply chain and promotion challenges to name a few. The organizations mobilized available resources at a fast pace (resource velocity), explored opportunities for new products, new services, create new customer experience offline or digital, at the same time ensuring employee safety. The organizations created new and strong value proposition, for new and existing market. They also widened product portfolio, sometimes giving impetus to the new product launches, increasing production, and using digital media for promotions etc. Most importantly these strategies had a positive bearing on top and bottom line of the organizations.

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