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Table of Contents

THE RELATIONSHIP BETWEEN GRIT AND ACADEMIC PERFORMANCE IN THE CLASSROOM

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ABSTRACT

In numerous research papers since 2007 and in her best-selling book, Grit: The Power of Passion and Perseverance (2016), Angela Duckworth explains how grit, defined as perseverance and passion for long-term goals, is an important trait possessed by successful people in many fields including business, art, athletics, education, medicine, and law. Most research in education has shown a positive relationship between grit and long-term academic success, measured as the students' grade point averages (GPA) over their high school or college careers. Although grit is usually linked to the achievement of long-term goals, this accomplishment is the result of a series of short-term successes. Our research seeks to establish the relationship between grit and shorter term success, the grade in a course for one semester, rather than the longer-term GPA. We also sought to determine if grit varies according to students' gender and ethnicity.

Presentation available at:

https://www.dropbox.com/s/mo9otuvyll8nmj6/VID00013.MP4?dl=0

ANALYSIS OF PUBLIC INVESTMENTS AND ECONOMIC GROWTH IN CAMEROON

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ABSTRACT

This study investigates the contribution of public investment to economic growth in Cameroon from 1977 to 2015. It uses the Autoregressive Distributed Lag cointegration (ARDL) approach to estimate a modified version of the production function. The estimates indicate that real gross domestic product, labor force, public investment and private investment are cointegrated. The results also show a positive and significant relationship between public investments and real gross domestic product. Except for the lag value of private investment, the contribution of private investment to output growth is not significant. The estimates further show that labor force is a significant determinant of RGDP growth. The error correction term is negative and significant suggesting that any deviations of real GDP growth from the long-term value are corrected subsequently.

Keywords: Cameroon, Public investment, Autoregressive Distributed Lag, Error correction, Infrastructure, growth.

JEL Classification: E22; H54; O40; O50

Presentation available at:

https://www.dropbox.com/sh/yrzcxdyhmzqi1o4/AABiHh2bhDpsdZj-DGlMO3Rda?dl=0

DIVERSITY IN WORK GROUPS

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ABSTRACT

The purpose of this paper is to explore the idea of diversity in workgroups, how these groups are effective, what obstacles stand in the way of work group diversity and how leaders can promote diversity. Research suggests that diverse groups are beneficial to organizations; their outputs and competitive advantage. Questions remain on how to develop and maintain diverse work groups despite cultural distinctions among other differences such as gender and sexual orientation. This qualitative study serves as a means to further understand the advantages of diverse groups in the work place and how leaders can move forward in encouraging and incorporating diversity.

Keywords: work groups, diversity, leaders

Presentation available at:

https://www.dropbox.com/sh/yrzcxdyhmzqi1o4/AABiHh2bhDpsdZj-DGlMO3Rda?dl=0

CAMELS-BASED PERFORMANCE OF PUBLIC AND PRIVATE SECTOR COMMERCIAL BANKS IN INDIA DURING TIMES OF ECONOM DISTRESS

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ABSTRACT

The Indian banking system has been the stimulus for the persistent growth of India's economy its financial system is dominated by the banking sector. The major difference between public sector banks and private sector banks is narrowing and they are now competing directly with each other. So, it is of interest to the researcher to compare the public and private sectors of the banking system. Our focus in this paper is on the performance differences between the two sectors, particularly in terms of their responses to the global financial crisis in the late 2000's.

The performance of Indian commercial banks was measured based on the CAMELS model utilized by United States banking regulators. Based on our analysis, we find that the largest source of difference between public and private sector banks occur in the form of non-performing loans. The problem of bad loans issued by public sector banks have been well documented and this problem has only worsened since the end of the financial crisis, likely fueled by an urge to expand lending in a booming economy. This in turn appears to have contributed to a significant drop in returns for public sector banks over the last five years. In contrast, non-performing loans for private sector banks have increased to a significantly lower extent in the same time-period and their returns have been relatively steady.

The other significant difference between the two sectors lies in their level of capitalization. Private sector banks have been better capitalized compared to public sector banks, which allows them to absorb unanticipated losses in the event of another national or international economic downturn.

INTRODUCTION

The fuel for the growth and development of an economy is finance. However, mere monetary funds would not suffice the purpose, unless it is regulated and channelized in the proper direction with proper management. This need of regulating and channelizing the flow of funds in the economy is taken care by the banking system. A strong, resilient, and efficient banking system is essential for the economy to function smoothly and is without a doubt the backbone of any economy.

The Indian banking system has been the stimulus for the persistent growth of India's economy. The Indian financial system is dominated by the banking sector, which controls 63% of its assets, compared to Insurance companies controlling 19% and Non-banking financial institutions with 8% (see *Subbarao*). Thus, the onus of a smooth financial system operations lies

with the banks. For the benefit of the economy, the banking system has been formed and different roles and responsibilities have been assigned to different types of banks to ensure the overall development of the nation.

The structure of the Indian Banking system is as follows:

Reserve Bank of India - The Indian Banking system is controlled, monitored and regulated by the Reserve Bank of India (RBI). RBI is the apex bank; it is the central bank of India.
Scheduled Banks - All banks which are included in the Second Schedule to the Reserve Bank of India Act, 1934, are Scheduled Banks. These banks comprise Scheduled Commercial Banks and Scheduled Co-operative Banks. They are entitled to borrowings and rediscounting facilities from Reserve Bank of India (see also, *Evolution of Banking in India*).
Commercial Banks - The major banking segment that caters to the needs of trade, commerce, industries, agriculture, small business, transport, etc. in the Indian economy are the commercial banks. These banks carry out the basic banking business of accepting deposits and making loans and advances. Along with these, many other functions have also been vested upon by the commercial banks.

Based on the ownership pattern, the commercial banks can be classified as public sector banks (major holdings of the government), private sector banks (major non-government holdings), and foreign banks (having head offices located outside India).

DATA AND ANALYSIS

The major difference between public sector banks and private sector banks is narrowing and they are now competing directly with each other. Both sectors, however, have their advantages and disadvantages. The challenge lies in how both sectors cope with the dynamic circumstances of the economy. So, it is of interest to the researcher to compare the public and private sectors of the banking system. Our focus in this paper is on the performance differences between the two sectors, particularly in terms of their responses to the global financial crisis in the late 2000's.

The performance of Indian commercial banks was measured based on the CAMELS model. The CAMELS model was developed in 1970s by three banking supervisory agencies in the United States (US), namely the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC), as a part of the supervisory system for measuring the safety, soundness, and performance of a bank.

Following existing literature (eg. *Poghosyan and Cihák, 2011* and *Betz et al., 2013*), we adopted the following proxies for measuring each variable in the CAMELS system:

Capital Adequacy – We used two proxies:

i. Capital Adequacy Ratio: This was obtained from the table titled *Selected Ratios of Scheduled Commercial Banks* published by the Reserve Bank of India (RBI).
ii. Equity to Total Assets Ratio: Equity was calculated as the sum of Capital and Reserves & Surplus. Values were obtained from the table titled *Liabilities and Assets of Scheduled Commercial Banks* published by the RBI.

Asset Quality – This was estimated using the ratio of Gross Non-Performing Assets (obtained from the table titled *Movement of Non-Performing Assets of Scheduled Commercial Banks*) to Total Assets.

Management Quality – This was estimated using the ratio of Costs to Income with values obtained from the table titled *Earnings and Expenses of Scheduled Commercial Banks*. Cost denotes the sum of all operating expenses. Earnings refers to the sum of Net Interest Income and income from other sources.

Earnings – We used two proxies obtained from *Selected Ratios of Scheduled Commercial Banks*:

iii. Return on Average Assets: defined as the ratio of net profit for the year divided by the average of total assets for the current and previous year.

iv. Return on Average Equity: defined as the ratio of net profit for the year divided by the average value of equity for the current and previous year.

Liquidity – This was estimated using the ratio of liquid assets to total deposits. For liquid assets, we used the sum of Cash in hand, Balances with RBI, Balances with banks in India, Money at call and short notice, Balances with banks outside India, and Indian Government securities. The conventional denominator in this ratio is the sum of total deposits and short-term funding but we weren't able to distinguish short-term from long-term funding on the banks' balance sheets and were therefore constrained to use only the former.

Sensitivity to Market Risk – This was estimated using the ratio of income derived from market movements (sum of Net profit on sale of investments, Net profit on revaluation of investments, and Net profit on exchange transactions) to total income (sum of Net Interest Income and income from other sources).

We test the following hypothesis for each aspect of the CAMELS measure:

- H_0 - There is no significant difference between the performance of selected public sector and private sector banks.
- H_1 - There is a significant difference between the performance of selected public sector and private sector banks.

RESULTS

Result 1 is that private sector banks were better capitalized than public sector banks. The difference in terms of the Capital Adequacy Ratio appears small. However, this ratio is based on risk-weighted assets whose definition might appear arbitrary. Furthermore, in the timeframe of our analysis, the commonly accepted criteria for this ratio moved from the Basel II to the Basel III standard. Thus, we use the Equity to Total Assets Ratio as an alternative proxy to measure capital adequacy. In this case, the difference between private and public sector banks is much larger and highly statistically significant. We reject the null hypothesis for capital adequacy.

Result 2 indicates that private sector banks have a lower fraction of their assets tied up in non-performing loans, indicating that the former has been more judicious in their lending practices. We reject the null hypothesis for asset quality.

Result 3 shows that public sector banks are more cost efficient than the private sector banks, providing a useful indicator of management quality in terms of cost efficiency. We thus reject the null hypothesis for management quality. However, we also find that most of this difference arises from the early years of our analysis and that in recent years the two sectors have been slowly converging in this regard.

Result 4 shows a significant difference in earnings between private and public sector banks but the direction of the difference depends on the proxy we use to measure earnings. In terms of ROA, private sector banks outperform banks in the public sector but the opposite is true if we use ROE as the measure. We are thus unable to reject the null hypothesis for earnings. The time-series analysis in this case turns out to be very revealing.

In terms of both ROA and ROE, each ratio shows private sector banks were consistent in the years 2007-2016. On the other hand, public sector banks had steadily diminishing returns in terms of both measures from 2011 onward. This trend matches the increase in non-performing loans for public sector banks in the same time period.

Result 5 is that private sector banks were slightly more liquid than public sector banks. However, neither the magnitude nor the statistical significance of the difference is very high. We are unable to reject the null hypothesis for liquidity. This is confirmed in Figure 8, where we see both types of banks follow a similar trend while staying close to each other.

Result 6 shows that private sector banks have a lower share of their income from sale and revaluation of investments and exchange transactions, implying a lower sensitivity to market movements. We thus reject the null hypotheses for sensitivity to market risk. Once again, the time-series analysis provides a clearer picture.

We find that most of the difference between the two sectors occurs in the earlier years of our study, from 2005-2009. Subsequent to that, the two sectors are identical in terms of sensitivity to market risk, which is a possible indication of improving risk-management practices at public sector banks.

Our analysis indicates that a further investigation of non-performing assets is warranted. Specifically, we check whether the high non-performing assets ratio for public sector banks is caused by the existence of a few outliers or whether this was a sector-wide trend. To accomplish this, we compare the distributions of the relevant ratio between public and private sectors banks for each year and see if the distributions are statistically different.

We find that, with the exception of a few outliers, the distributions of the private and public sector banks' NPL ratios lie in the same range. For instance, in 2006, almost all the banks in the public sector had less than 1.5% of their assets tied up in non-performing loans. This was also true of most private sector banks. While the precise limits vary from one year to the next, both types of banks had similar spreads.

We also clearly see in later years a shift to the right for the distributions of public sector banks compared to private sector banks. It is therefore not just a few outliers that cause the average ratio of non-performing loans to total assets for public sector banks to trend sharply upwards. Instead, the entire sector experienced this trend.

CONCLUSIONS

Based on our analysis, we find that the largest source of difference between public and private sector banks occur in the form of non-performing loans. The problem of bad loans issued by public sector banks have been well documented (see for example, *Mundy & Kazmin, 2017*). This problem has only worsened since the end of the financial crisis, likely fueled by an urge to expand lending in a booming economy. This in turn appears to have contributed to a significant drop in returns for public sector banks over the last five years. In contrast, non-performing loans for private sector banks have increased to a significantly lower extent in the same time-period and their returns have been relatively steady. The other significant difference between the two sectors lies in their level of capitalization. Private sector banks have been better capitalized compared to public sector banks, which allows them to absorb unanticipated losses in the event of another national or international economic downturn. In terms of other factors, we do not find significant differences, especially over the later part of our analysis, strongly indicating that the increase in competition has led to a convergence in several operating characteristics of public and private sector banks.

Presentation available at:

https://www.dropbox.com/s/turw17mb0jgl2o5/IGBR%20Summer%20Indian%20Banks.mp4?dl=0

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FLYING THE UNFRIENDLY SKIES

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ABSTRACT

The forcible removal of a seated passenger from a United Airlines flight in April, 2017 sparked a viral feeding frenzy. With each official organizational response and perceived inaction, United Airlines witnessed stock value loss in excess of $1 billion in market value, an obliterated organizational brand, and a MEME spotlight. Public outcry centered on CEO Oscar Munoz – his formal organizational responses and his perceived decision-making inconsistency. His actions, or lack thereof, fueled a highly visible PR disaster. The purpose of the current case study is to utilize a decision-making theory lens to analyze decisions, implementation, and public response. Through this lens, scrutiny of both positive and negative outcomes are weighed juxtaposed with decision making-processes. Key questions guide the analysis to discern what went wrong, what went right, anticipated outcomes associated with various decisions, and how organizations may proactively prepare for organizational crises in the future.

Presentation available at:
https://youtu.be/LuRDQEZD_lA