Decision (March 2019) 46(1):1–2
https://doi.org/10.1007/s40622-019-00207-8

EDITORIAL

Editorial

Manisha Chakrabarty

Published online: 11 March 2019

I feel delighted to bring forth the first edition of our journal Decision in 2019. The issue I of Volume 46 brings together different spectra of research articles in accordance with our journal objective. The research fields touched upon in this first issue of 2019 cater to the different dimensions of decision-making processes of firms, market and government. The topics covered in this first issue of the year are in the areas of pure empirical finance, behavioural finance, marketing strategies, auction and market structure, supply chain, macroeconomic issues in emerging economy and agricultural credit from a developing economy's perspective.

The article "Do regulations and governance quality impact performance of MFIs in India?" by K. P. Saraswathy Amma, Gopalakrishnan Kannan and Lakshmi Parthasarathy talks about a very relevant issue in emerging economy. Microfinance institutions (MFIs) have twofold performance objectives to achieve—social objective of serving poor while ensuring their own financial stability. In this paper, they attempt to explore the impact of the AP ordinance (proxy for regulation) and boardroom conflicts (proxy for governance quality) on the performance of the MFIs in India. The impact of recent demonetization is also explored. The results show that AP ordinance and boardroom conflicts have had a negative impact on the performance of the MFIs. As per public interest theory, regulations are good for correcting market failures and upgrading the existing practices and hence have a positive impact on the performance. However, this research proves that AP ordinance has a negative impact on the performance of the firm and hence does not support the theory in the Indian context. Also this study does not support the negative impact of demonetization on the performance of MFIs.

The second article by Ramendra Singh and Sangeeta Trott titled "Non-deceptive deliberate purchase of brand lookalikes: a BOP customer value perspective" focuses on consumers purchase decision impacted through consumption of deliberate lookalike brands. Their findings suggest that BOP consumer feel little embarrassment, guilt or shame in the purchase or consumption of deliberate lookalike brands. This lack of neutralization or rationalization among BOP (bottom of pyramid) consumers implies that there is a reduction in the risks of the purchase and use of deliberate counterfeits and thus increases the acceptability of such products in the segment. However, it also increases the risk for the manufacturers of the original brands in countering the threat of counterfeiting of their brands in these markets. Their analysis suggests that three dimensions of BOP consumer value are cost–benefit calculations, status symbolism and value for money. The marketers of original brands can understand these notions of BOP consumers' value

M. Chakrabarty (✉)
Indian Institute of Management Calcutta, Kolkata, India
e-mail: mchakrabarty@iimcal.ac.in

and adapt their product or launch lower price-point variants to target BOP segment of the market.

The third article "Are type B investors efficacious? Exploring role of personality in ambidextrous investment decision-making" by Rupali Misra et al. deals with behavioural finance, a new direction in finance. This study attempts to explore the relationship between personality and investment efficacy through survey of 222 active investors in India. The results provide evidence that type B investors have superior intuitive ability, analytical ability and investment efficacy. The study is unique in exploring role of personality in ambidextrous decision-making framework, where rationality and intuition iteratively operate in parallel, yet synchronous fashion.

The article by Conan Mukherjee "Crony Capitalism" analyses the concept of "crony capitalism" and its association with anticompetitive regulatory practices. It argues that the presence of such practices may be necessary for identification of crony capitalism but is not sufficient. In particular, a mathematical model was presented where a rational revenue maximizing government may find it optimal to allocate a monopoly licence on the first come first served basis, rather than by conducting an auction. Thus, mere allocation of property rights without competitive bidding cannot be classified as crony capitalism.

The fifth article "Supplier Ratings and Dynamic Sourcing Strategies to Mitigate Supply Disruption Risks" by Preetam basu deals with the selection of a sourcing strategy which plays a vital role in managing supply disruptions. The choice regarding the number of suppliers is one of the most important decisions in mitigating supply-side risks. This paper analyses single versus dual-sourcing strategies of a buying organization in a multi-period setting where the low-cost supplier is exposed to disruption risks. He incorporates supplier ratings based on the performance of the suppliers in a dynamic setting and uses them in the sourcing decisions. The results show that dual sourcing provides maximum cost–benefit under high probability of supply disruption and high cost differential between the reliable and the unreliable suppliers using a stochastic dynamic program. The findings of this paper will help supply chain managers formulate optimal sourcing strategies when exposed to supply disruption risks by integrating performance metrics of the suppliers dynamically.

The article "Interactions between macro-prudential framework and macroeconomic indicators" by J Kaur et.al touches upon a very crucial feature of emerging economy. In this paper, they examine the interaction between macro-prudential policies and macroeconomic indicators such as capital inflows, exchange rate, gross domestic product (GDP) and stock prices in emerging countries (Asian countries) between 2000 and 2015. This period saw an unprecedented loosening of global monetary conditions, resulting in a rapid decline in interest rates and spreads in most developing regions. It also coincided with a rapid increase in financial inflows, domestic credit and capital-market valuations throughout the developing world. Based on panel regression, they found that countries like India and China are biggest emerging economies of Asia, which are facing the problems of sudden capital flows and its reversals. Even the economies of Malaysia and Saudi Arabia faced financial shock due to decreased oil prices, which further influenced the financial vulnerability position of the economy. Selection and change of exchange rate regime are still dubious in some of the EMEs of Asia; however, selection of exchange rate regime can pose a control on effects of capital flows reversals.

Last but not the least, the final article "Individual risk propensity and agri-entrepreneurial financing effectiveness: strategy for sustainable agri-financing" by Parrey. H and Bhat. A touches a very relevant issues facing today's Indian agrarian economy. Their study identifies prominent predictor of agri-financing effectiveness. The data have been collected through stratified random sampling from 220 beneficiaries who have availed agri-financing in the state of Jammu and Kashmir (India). Structural equation modelling approach was employed for instrument developments (i.e. confirmatory factor analysis) and hypothesis testing. The results provide evidence that risk propensity dimensions have positive impact on agri-financing effectiveness. This research has significant implications in preventing the economic loss resulted through the failure of agri-business schemes.

I would also like to acknowledge and thank all the anonymous reviewers who helped the Editorial Board to bring this first issue of 2019.