SYNOPSES

SUPPLIER/CUSTOMER CONSIDERATIONS IN CORPORATE FINANCIAL DECISIONS

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Extant research in corporate finance defines the firm as a nexus of explicit and implicit contracts with a variety of stakeholders. Earlier works have mainly been focussed on the relations between the firm and its financial stakeholders, such as the owners of the firm and the firm’s creditors. More recently, however, researchers have started to recognize the importance of nonfinancial stakeholders, such as the firm’s customers, suppliers, rivals, and labour force, and to investigate the role that they play on the firm’s characteristics and corporate policies. In this paper we focus our attention on the supply chain and review the theoretical and empirical research on how two types of nonfinancial stakeholders, customers and suppliers, affect a firm’s financial decisions such as capital structure, risk taking, dividend policy, and earnings management. We also summarize extant research on the spillover effect along the supply chain.

MAKING ACADEMIC RESEARCH MORE RELEVANT: A FEW SUGGESTIONS

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Management research is generally perceived to have limited influence on management practice. The relevance of academic research to practice has long been a theme of discussion and debate among academic scholars. The schism between corporate India and Indian academe seems to be more pronounced than what is experienced in the West, as management research in India has been mostly replicative in nature with limited context sensitivity. There is a general acknowledgement that business schools in India lack research culture, which is attributed to factors such as (a) blind adoption of mainstream research culture of the West; (b) lack of an eco-system that facilitates research; (c) viewing faculty members as “generalists”; (d) emphasis on teaching and training; (e) no genuine incentive for faculty to conduct relevant research; (f) limited bandwidth to conduct relevant research and (g) a preoccupation with methodologically rigorous research.

To be world-class institutions, business schools in India need to commit themselves to both research and teaching excellence. Each institution must have an enabling eco-system that facilitates academic research with relevance. Business schools must (a) collaborate with business organizations to conduct research with relevance to organizations; (b) review and revamp doctoral research programmes; (c) attract and groom faculty for conducting relevant research; (d) collaborate and sponsor a pan-Indian academic journal that puts balanced emphasis on both methodological rigour and practical relevance (usefulness) of the contributions. Academic scholars in India must (a) understand the nature of disconnect with organizational realities; (b) be more confident and assertive; (c) collaborate with scholars from other disciplines and (d) expand their methodological repertoire by including methodologies which take cognizance of the role of practical issues and explicitly address the interdependence of theory and practice. Furthermore, they should also (e) focus on problem solving research and be specific and substantive while articulating research problems and communicating findings, (f) convert knowledge into practice and communicate the same in jargon-free language and (g) share ideas, knowledge and research insights at appropriate forums in a timely manner.