PORTFOLIO STRATEGIES OF FUND MANAGERS IN THE INDIAN CAPITAL MARKET

ZABIULLA

The Indian capital market has been witnessing sweeping changes in the investment environment in the past two decades. In this changing financial landscape, a vast array of investment opportunities is available for investors to channelise their savings to enhance their wealth in the long run. Mutual fund is an ideal option for investors who do not have the time, professional knowledge, and expertise to otherwise invest in equity markets. The ability of portfolio managers to follow an active portfolio management strategy is reflected in their delivering impressive returns consistently to investors. Measuring the performance of mutual funds is a topic of increased interest in both the academic and practitioner communities. This is attributed to the expanding horizon of the mutual fund industry and its implication for efficient market hypothesis. This study examines the portfolio strategies of fund managers in the Indian capital market. The study period spans the period April 2007 to March 2010. Basically, it attempts to answer two questions: Do Indian fund managers exhibit superior stock selection and market timing skills? Does the asset size and market capitalisation of the fund affect portfolio performance? Selectivity and market timing strategies of fund managers were tested by using the Treynor and Mazuy (1966) model and the Henriksson and Merton (1981) model in their conditional and unconditional versions. The empirical results indicated that a majority of the fund managers failed to exhibit superior performance. They were inclined towards stock selection rather than timing. Perverse market timing strategies resulted in poor performance. Stock selection and market timing results revealed a negative relationship. The selectivity performance declined and perverse market timing ability increased on inclusion of macro-economic variables. The fund characteristics analysis showed that the large cap funds and large size funds posted better results than their midcap and mid-size counterparts. Small cap and small size funds displayed poor performance.

Fund managers were unsuccessful in adding value to their portfolio relative to the market portfolio. They were unable to time the equity market by shifting funds across various asset classes depending on broad market forecasts and estimated risk premiums. They failed to position their portfolio to take advantage of stock market trends during the economic cycle.

REVIVING BUSINESS HISTORY IN INDIA — THE WAY FORWARD

K. KUMAR

Business history as a discipline has an important role to play in developing a comprehensive understanding of the evolution of business. Apart from clarifying and enhancing our understanding of how industries, individual companies, business families and groups evolve and grow into significant contributors in the economic sphere, business history also helps us to understand the mutual influence of business and society on each other. However, the scholarly attention paid to this important subject has been inadequate of late and more so in India. In order to renew the interest in this important discipline, a group of scholars of business history got together in a panel discussion at the Indian Institute of Management Bangalore in August 2009 to take stock of the status of business history in India and outline a roadmap for further progress. Apart from historians of repute, the panel also included journalists and economists with a demonstrated historical perspective in their work. During the discussion, the panellists presented the perspectives they had gathered over their years of research in business history, the themes and areas with rich research possibilities, interesting research questions and the appropriate methodological approaches. Further, the panellists also took stock of the status of business history in India, the challenges involved in pursuing business history research and the possible directions for taking this important discipline forward. In addition, the panellists, in their discussion, also considered the implications of incorporating business history in management education, covering aspects of curriculum, pedagogy, and teaching resources. This paper revisits the discussion by presenting the key ideas and directions that emerged, and seeks to stimulate further research and interest in business history. It builds a case to revive this important discipline and outlines a plausible roadmap for the revival and progress of the discipline.

INNOVATION AND INTERNATIONALISATION IN THE INDIAN SOFTWARE INDUSTRY: WIPRO — GOING FORWARD

INTERVIEW WITH RISHAD PREMJI, CHIEF STRATEGY OFFICER, WIPRO LIMITED

Chirantan CHATTERJEE

Among many other items that the Indian software industry is struggling with, transitioning into the next big leap globally is a key consideration. How can Indian software firms play in the products space from being mere service providers in the global value chain? How can they co-create value for their customers? What are the necessary ways through which firms are considering disrupting their internal boundaries to engage in more meaningful innovation with accompanying strategic agility? A key aspect in this discussion is the idea of a firm, small or large, and its ability to strategically pivot and change trajectories. A recent paper by MIT and Wharton academicians (http://www.management.wharton.upenn.edu/~hsu/inc/doc/papers/david-hsu-tcspivot.pdf) raises this issue especially with regard to technology commercialisation. In this conversation, Mr. Rishad Premji, Chief Strategy Officer of Wipro Limited, walks us through an understanding of these issues especially with respect to Wipro’s goals related to innovation and internationalisation to remain prominent