Major findings
CHAPTER 7
MAJOR FINDINGS

Micro-finance is an essential tool for:

- Creating social capital and advancing human development
- Clearly supporting the poor, especially the women

However it seems to present limits which have to be over passed.

Rajasthan is the less targeted state by MFIs but we can observe that there was nevertheless a rapid increase in this sector. It is partly due to the millennium development goals context, which saw governmental programs flourishing within India that benefited to the MF sector growth. A great example of these policy programs was the MGNREGS project that was a scheme allowing many households to meet their priorities expenses such as education, health, etc. A major objective MGNREGS was to reach financial inclusion as the payments under this scheme were routed through official institutions, which is a positive step forward. Many schemes were built up in order to tackle poverty and not only just BPL’s categories, integrating them in official institutions processes such as banks, but also in skill development training cycles and especially off-farm trainings. All in all, these programs established a favourable dynamic in order to reduce poverty and encouraged the financial inclusion. However, as seen in the survey, the reality is that hardly 10 percents of SHG members are totally integrated to the financial institutional system.

Government policies thus, tended to focus on creating institutions of the poor afterwards, as it was perceived as more sustainable and effective. For instance NRLM scheme worked in that sense:

- Building credit linkages of poor with banks;
- Building institutions of the poor;
- Providing seed capital
- Encouraging savings
However, and it is observable through the study, we have been assisting for the last few years to a rollback of private banks from MF. Indeed, these banks faced expansion issues in rural areas, and were not able to find solutions to the problems, resulting in a narrowing of financial provisions.

Furthermore, we know that savings and credits have been found to be the very two prime financial services that poor needs. Nevertheless with the shrinkage of private financial channels, many MF informal systems started to grow here and there, being sources of credit from friends and relatives the most important part of it. Those informal systems, prevalent in Rajasthan, are numerous and therefore making it more uncertain the conditions for obtaining credits.

However, informal sources are still very present because:

- Easy access to credits
- Timely disbursement
- No formality
- Flexibility in repayment.

As seen, these scattered informal systems and the lack of institutional informal credit providers resulted in the implementation of several NGOs establishing microfinance projects across India, and in Rajasthan.

However the increasing number of MFIs didn’t come along with an increase of resources from donors that started to shrink. Therefore it is crucial to understand the necessity for MFIs to become self-sufficient, diversify their services without losing sight of the social functions MF has. This evolution of MFIs towards self-sufficiency must be supported by international NGOs, governments or donors providing technical assistance, funding, and training to the MFI itself. This partnership is central in strengthening local institutions and providing the best services.

We also have seen that in this context, the SHGs then have known a remarkable growth, from ‘social mobilizations’ to genuine organizational financial systems. These initiatives participate to the strategy for women empowerment and poverty alleviation. The efforts are meant at developing these groups as ‘vibrant
people’s organizations’. However most of the members are poor, illiterate and socially marginalized, and therefore it take time to make these groups organizing in strong entities.

Moreover, emerging problems regarding loans defaults appeared in a context where however, the repayment rate keeps on being high. But still loan defaults are an emerging concern that has to be seriously considered. In the same way, the lack of awareness of rural branch staff about the linkage banking programs and the simplified procedures needed for their account opening and credit linkage is impeaching SHGs empowerment and positive impacts to spread.

Through the survey we handled in the different districts we noticed several points that need attention, in order to improve SHGs efficiency:

- Average life cycles of about 4 to 5 years old of SHGs are directly dependent of the NGO’s projects, but also of the weather variations;
- The average size for the five districts put together is 12;
- The social category of the SHG members is drawn on geographical patterns but also reflects the social distribution between the different castes in Rajasthan;
- The distribution by type of house translates the slow economical development that is taking place in rural areas;
- SHGs members can’t independently manage their financial record keeping because of high illiteracy incidence;
- But, major part of the land is unirrigated, therefore non farmable, and so useless in most of the cases, except in Jaipur; it highlights the crucial importance of water and its access;
- People don’t have many animals because of the unirrigated lands. Where there are rocky lands, we observe the development of others fields;
- As for the savings, the elder, the more the group saves bigger amounts of money;
- SHG groups’ creation availed extending the financial possibilities of SHG members even if all members don’t benefit it;
- Loans taken all are emergency loans and short-term loans for which the members used to go to money lenders or relatives before;
The loans are productive loans (animal husbandry, agriculture, etc.) and vital loans (domestic and health purposes, etc.); Loans from the banks are few, which translates very little cooperation and interest in working with SHGs; Savings is the very first priority in joining SHGs; There is no appreciation of the other functions of SHGs such as the collective power, women empowerment, social capital, etc; Basic purposes are being fulfilled and economical growth is a positive sign for the future of SHGs; As for training, the problem is twofold, and is situated as much on villagers’ side who can’t assist all these trainings, as on NGOs’ side, which are limited in their actions by the lack of resources; SHG members are aware one the major problem is the lack of training, in order to make up for illiteracy, bank accountancy, etc; As said before, SHGs must let members know about the great social impacts SHGs can have.

Several observations from FGDs also must be pointed out, as to show what is at strike:

- SHG is an effective institution for poverty reduction and women empowerment but it can be only effective when it is promoted with right approach and process;
- Various research studies have revealed that lack of proper training to SHGs is one of the most important reasons for poor quality of groups across country;
- Further many groups lost their interest in inter loaning as they feel that the interest on their savings is too low or completely absent in comparison to bank rate of interest;
- Grading is a process which measures credit worthiness of a group. The objective of the process is to measure the quality of group and accordingly recommend loan amount. Bank branch has a very critical role in this process;
- Many members said that monthly repayment schedule was not convenient for them but in fact improper repayment schedule is one reason for weak groups.
It is also important to point out the problems faced by MFIs which meet difficulties in always having constant funds available, but also in the increasing resource costs, etc. The tendency to extract commercial returns and possible opaque pricing models is keeping away the poorer clients.

Therefore, to remain rooted the objectives of serving the poor and vulnerable, MFIs need to:

- Revisit their original objectives;
- And ensure mission fidelity.

Growth, profits and high corporate image gain considerable value when accompanied by mission achievement. Financial inclusion should involve both savings and credit products. Thereby, the provision of savings products will enable MFIs to offer a more complete suite of products to low income groups.

**Problems faced by MFIs**

The MFIs face problems, some common across the sector and some unique to a particular set of institutions depending upon the form, size and business model. The common problems range from availability of funds, increasing resource costs, higher risks, limitations on HR availability and also a passive policy environment. The specific problems relate to low access to commercial funds for not-for-profits and poor soft fund support to for-profits. Federations seem to face problems in raising resources forcing them to become state-dependent, except in the case of mutually aided cooperatives.

Banks do not seem to have a continuing long term interest in the microfinance institutions. The flow of funds is hesitant and could dry up any time impairing the ability of MFIs to carry on their business. When credit availability to the client is disrupted, then the credibility of MFIs suffers in the field. In the not very distant past, a decision of one of the major banks to stop loans to MFIs on account of certain internal reasons had created a very difficult situation for the partner MFI in the field. While MFIs assume that their credit facilities with banks would continue to be enhanced year after year, the banks face difficulties in increasing the credit exposure beyond a point on account of risk management policies. With only book debts of
MFIs available as collateral, banks were wary of expanding their loan exposure and the recent increase in risk weight on loans from 100 to 150 per cent to unrated institutions would make the banks even more cautious.

The recently introduced capital adequacy norm for the NBFC–MFIs has been discussed intensely in the sector. The 15 per cent capital adequacy stipulated is felt to be rather high by some practitioners, who are concerned at the increased cost of capital and the overall cost of funds that might result. However, there are others who feel that 15 per cent CAR fairly reflects the level of risk that is inherent in the business and the need for a larger quantum of promoters’ funds being brought into business. Larger MFIs such as SKS Microfinance, Spandana or Share Microfin do not see the additional equity as a major issue. But smaller entities without recourse to external equity will find this increased CAR to be a stumbling block to their growth aspirations.

**Funds for lending**

The Indian MFIs are highly leveraged and in some cases, precariously. The debt to equity ratio for 83 MFIs taken for detailed analysis by Sa-Dhan in its Side by Side Report 2007 was 15. The high leverage enjoyed by MFIs becomes possible through borrowing from multiple banks; at times, not making full disclosure to the lenders. Available bank funds are typically short-term. The maximum period for which loans are available is for two years with rare exceptions. The lack of long term resources for MFIs compels them to provide very short-term credit to their clients; which is not appropriate for undertaking investment in income generating assets. As these loans given by the banks and financial institutions have regular repayment obligations, the counter-party loans given to the clients typically carry weekly instalments. There is a tendency among some lending banks to sanction and disburse loans to MFIs around the end of the accounting year in pursuit of their targets. This leads MFIs to draw and deploy the funds sub optimally for a period, till they find better avenues for deployment in loans to the needy clients. In some exceptional cases, the loans taken from the banks were invested back with them in short-term deposits at much lower interest. The hidden cost adds to the already increasing cost of funds.
Chapter 7: Major Findings

The hardening interest rates and the inflationary conditions have the potential of impacting the profits and balance sheets of MFIs. Rising fund costs and client expectations of declining interest rates from growing MFIs are the two extremities of the pricing continuum. When the high leverages are taken into account, it seems difficult for MFIs to continue to absorb the incremental costs of borrowing. The market should expect to see a resetting of MFI interest rates following the banks’ resetting their rates.

Risks and challenges

The emergence of new MFIs and rapid scaling-up in several regions is a welcome development from many points of view. A matter of serious concern is the initial set of assumptions made at the time of designing the MFI and its business model. Quite a few of the new MFIs assume breakeven within a period of three years, with turnover targets running into a few billion rupees. This kind of very high growth is possible only when lending funds, skilled staff and sound internal systems are in place with potential to scale up along with increasing business. The returns to equity assumed are significantly high. Equity placement at a premium even before commencement of business is under negotiation in some cases. But for the fact that these institutions are designed as MFIs, these business projections would not be an issue for debate. But high profitability and high growth are based on the basic assumption of ability of MFIs to charge high interest rates. Such business models need careful appraisal by the investors and funders from systems and HR availability angles.

Keyman risk is the biggest single risk facing the larger MFIs. Most MFIs especially the larger ones are driven by a committed individual or at best, a small group. If these persons, especially the promoters, exit from the institution; then, what would happen to the business and to its clients, is a question that needs to be answered satisfactorily. Eight large MFIs had more than half a million clients (two of these had more than 1 million clients and one has reached 2 million clients recently). Such large number of clients is entitled to warranties of continued quality of service from the MFIs, regardless of who the owners and funders are. The keyman has to ensure that there is a proper chain of command, and a good second and third-line of management, which is able to run the business professionally. But the evidence of such second and
third-lines of management within the institutions is hardly available. This is an area of concern not only in India, but all over Asia. The Banana Skins Survey [106] 2008 listed management quality, corporate governance and staffing as the key risks at ranks 2, 3 and 4 out of the top five risks that are facing the microfinance sector in Asia. Apart from recognising the criticality of management and governance in MFIs, more needs to be done, to ensure that institutions do not deny their past when there is a change in ownership.

Governance standards in the microfinance sector, especially in NBFCs (with some exceptions), have not received favourable comment. Mission drift, cousin boards, lack of transparency, failure to induct independent professionals on boards, weak audit systems, lack of independent review of audit outputs and lack of client protection/grievance redressal mechanisms are some of the concerns with regard to governance. There are some MFIs that have taken significant measures to improve governance and have provided good models for others to emulate. In the recent past, the larger MFIs have been making conscious efforts to improve different aspects of governance. The induction of private equity has made significant contributions to this change. But there is still, a long way to go.

Human resources are scarce in the sector and the Banana Skins Survey highlights this as a key risk. Sa-Dhan has estimated the HR requirements at 2,40,000 of which those at area manager levels was 6,500 over the next five years. The competencies at the base level are not extraordinary. The requirements relate to diligence, proper people-friendly attitude, and adherence to systems and procedures. But raw recruits need to be trained and schooled in the base-level skills of finance and microfinance. Industry-ready personnel who would hit the ground running are not available. A combination of theoretical training and a practical internship is a must to produce competent field staff. As for higher levels, it is difficult to get experienced people in large numbers. The MFIs with expansion plans should recruit persons with educational background and other industry experience in managing human resources and customer relationships. Indian Institute of Banking and Finance (IIBF) [107] and Sa-Dhan have partnered in a project to offer a certificate course and a diploma course in microfinance. IIBF also has partnered with Centre for Microfinance, Jaipur to offer a certificate course in microfinance. NABARD also offers financial assistance to
those taking up a certificate examination in microfinance in the Yashwant Rao Chavan Open University. More such initiatives are needed to meet the large HR needs of the sector. The HR recruitment and training model of SKS microfinance provides some insights into the level of mobilisation that MFIs have to undertake in their quest for fast growth.

Financing institutions and investors have highlighted that the poor quality of information that is available in the MFI sector renders their decision making risky and conservative. Few MFIs have a core banking solution which produces the kind of information that is required on a variety of business and finance-related parameters. In many institutions, accounting and record-keeping is on manual systems; in cases where computers might be used, no standard software that takes care of accounting and information generation, is in place. Investments in technology are more seen as a function of availability of grants than a business requirement. In a fast-commercialising microfinance sector, investment in appropriate technological solutions to take care of accounting and Management Information System (MIS) requirements is a prerequisite. Availability of commercial funds (equity, venture capital funds and bulk loans) might become contingent on fulfilment of IT enablement of accounting and operational processes.

**Alternatives to loans**

Over the last two years, institutions have been observed to be moving from soft funds to commercial funds; and in commercial funds, from loans to private equity. The depth in the market in terms of capacity to absorb equity is very shallow. While there is a clear need to diversify the sources of fund in this debt-dependent sector, it does not mean a move towards equity. Securitisation of portfolio, structured-debt instruments, portfolio buyouts and even bond issues are some of the liability products that are under development. Axis bank, ICICI bank and Development Cooperative Bank have already bought portfolios from MFIs. Stanchart has been working on structured debts and bond issues. But these resource-raising measures, by and large would be available only to large and mature MFIs.

One of the problems that have been agitating the sector is the uneven playing field between the MFIs and banks. A number of poverty alleviation programmes and
other developmental schemes are implemented through the banking system. Routing of concessional credit and subsidy schemes of government through the banks places them in a better position to acquire more clients, and also reduce the credit risk that is inherent in lending to vulnerable sections of population. MFIs argue that they should also be made eligible to receive and distribute poverty alleviation schemes of the government.

**Interest pricing and transparency**

Interest rate and loan-pricing continue to dominate the discussion in microfinance and MFIs. Clients have no alternative, but to pay the rate of interest as fixed by the MFIs for want of alternative sources of finance. Some cases of high-interest pricing, taking advantage of almost monopolistic conditions and the desperation of borrowers have been witnessed. The pricing of the loan product differed from one MFI to the other, and the clients have great difficulty in knowing the real cost of credit. [108] The loan terms are complicated and opaque, with a result that the borrower is unable to make a comparison and take an informed judgement on the affordability of the loan. The borrowers more often than not are influenced to look at the affordability of the instalment of repayment rather than the interest cost of credit. There is a need for transparency in interest pricing. The difference between a flat rate charge and declining balance interest charge has to be explained in terms of financial cost of the borrowing. [109] Practices such as taking a security deposit, collecting an instalment of loan in advance, charging a variety of loan-processing and monitoring fees and so forth, have their own implication on the financial cost-of-credit to the borrower. These needs are to be factored in and analysed for giving greater information to the clients. In an attempt to bring greater transparency to interest-rate setting, formation of a new non-profit organisation has been announced in the Micro Credit Summit Conference in July 2008. This platform named Microfinance Transparency (MFT) would place all interest rates of all MFIs on a standard format and make the results comparable as annual percentage rates paid on declining balance. The rationale for its formation as explained by MFT ‘... goal of MFT is to promote transparency on product pricing information; MFT also operates on the foundational principle of transparency. All operational rules, all calculations, all data sources are made public. MFT also operates on the principle of reporting
objective facts. No judgments are to be made, no rating scores given, nor are profits of MFIs to be reported.’

The obligation of having to repay every week that too, on very small loan sizes which average around Rs 5,000 does not serve the poor well in terms of poverty alleviation. Available loan size required to bring people above poverty line would be around Rs 50,000, if we take into account a capital to output ratio of 4:1. [110] Inadequate loan size compels borrowers to find additional sources of funds, provides space for competitors to enter and encourages multiple borrowing. Multiple borrowing may not solve the problems of the client fully, but would certainly impair the asset quality of MFIs and alienate the client over time. Performance of a social mission and achieving profitability that would satisfy equity investors seem to be in conflict. In the words of one of the industry leaders ‘microfinance without a development mission is a waste of time and resources.’

The investment climate

The total amount mobilised via equity sell-offs by Indian MFIs had increased 25-fold from 2006 to 2007 and looks set to increase even further in future. Even with all these developments, the Indian MFI equity scene is nowhere near to reaching its investment potential or fulfilling its burgeoning requirement for equity. With the overall sector growing at a scorching pace, MFIs would need to sell much more of their equity to investors, to maintain current low levels of capital adequacy. [111] Yet recent regulatory changes in the sector imply that equity financing will not just keep pace with other forms of financing, but will increase and fill new gaps. The RBI has mandated that all non-deposit-taking NBFCs—the legal form of choice for most large MFIs—increase their capital adequacy ratios from 10 to 15 per cent by April 2009. Even when equity is ready to flow, there are few institutions that have the necessary readiness to receive and absorb equity. The critical requirements for receiving and absorbing equity in MFI are: (1) information base and transparency, (2) governance standards, (3) investment readiness in the form of business strategy, (4) professional management and (5) revenue models. There is a view that the investments made today in the sector are more experimental than calculated business decisions. The lack of a market-based exit route and also the difficulty of producing high returns render equity investments in most of institutions, risky. The political risk remains a key concern for
many investors. All investors approached for comments, ranked political risk as one of their top concerns.

Other challenges to expanding equity investments arise from regulation. While MFIs in India are registered under a variety of legal forms, equity investments are effectively restricted to MFIs registered as NBFCs. Due to the minimum capital requirement of Rs 20 million for registering a new NBFC, along with the other legal requirements, converting an MFI into an NBFC from another legal form remains a difficult task. In addition, while larger MFIs in other countries have recently come to depend on deposits as a source of funds, it looks increasingly unlikely, that the RBI or government will lift restrictions which effectively prevent MFIs from accepting deposits from clients.

The investors on their part have several objectives. Some have social objectives and target a low return in exchange for achievement of social objective. There are some that are entirely commercial and target high rates of return. The return expectation ranged from 5 to 30 per cent on the equity investment. The other material factor is the holding period for such equity investment. This varies from 3 to 7 years. In a growing market, which is building volumes and serving reportedly, the vulnerable sections of the poor; a three-year investment threshold and a 30 per cent return on equity appear unrealistic. In fact, it will be unachievable except through charging high rates of interest from the poor clients. Though double bottom lines are desired in an investor, the equity funders look to financial performance as a non-negotiable outcome. The equity funds have investors backing them and have to post decent returns to keep them interested. The risks in equity investments are higher than in loans as the equity generates a return only after all other claimants are paid, and any capital appreciation and exit possibility depends on good financial performance. For the other stakeholders, contractual payments do not depend on financial performance (except some types of staff incentives). Hence, equity investors feel that their return expectations should not be envied as there is a real risk of total investment failing to recover even the capital. But there are other views on equity investments targeting the mature MFIs. Vijay Mahajan [112] points out ‘Globally 3 to 4 billion dollars has been spent to bring the field to where it has reached now. For extreme
profit-seeking investors to now cherry pick that part of this field which gives a high return, without any care as to what it does to the poor, is not acceptable.’

The investors, especially the bulk funders from the banking sector are extremely wary of the reputation risk that might arise from inappropriate behaviour on the part of the MFIs. This leads them to take extra precautions in terms of specific areas of governance, financial management and in some cases even interest pricing. Some institutions insist that the borrowing MFIs should cap their rate of interest to clients. Some others seek a seat on the board of the MFIs, in which the investments are made or the loans are extended. Overall, the investment climate is adversely impacted in the short-term by the introduction of changes to capital adequacy norms that have mandated a risk weight of 150 per cent to bank loans extended to unrated institutions. [113] MFIs which are not rated would become unattractive, as clients to the lending bank. As this pushes up the level of capital required carrying such exposure on their balance sheet, the banks would tend to increase the interest rate of such loans and also reduce the quantum thereof. This would adversely affect the growth plans of many of the existing MFIs.

This brings us to a discussion on the practice of rating of MFIs. As far as the Central Bank is concerned, banks can, in case of MFIs where the exposure is more than Rs 50 million, accept ratings carried out by those agencies that are approved by RBI. Presently, CRISIL, CARE, ICRA and Fitch are the rating agencies whose ratings are recognized by Reserve Bank, and the financing banks can make use of the same for their risk assessment of larger borrowers and lower [114] the risk weight age on loans. M-CRIL has been present in the industry for a long time and has considerable experience of intense involvement in rating of the MFI sector. Yet, its ratings have not been recognised for this purpose (in the case of loans of Rs 50 million and more) by the Central Bank. The ongoing discussion between M-CRIL and the RBI [115] should produce positive results bringing much-needed relief, both to MFIs and the lending banks. But the point is that the MFIs should commission ratings every year in their own interest so that they are in a position to access bank funds and raise comfort levels of investors and clients. The present trend of MFIs making the rating exercise an optional extra that is contingent on availability of donor funds must cease. The MFIs should get themselves rated in their own interest and should know from an
independent source, the health of their organisation. There are signs that MFIs are more ready to get ratings done on their own. Sanjay Sinha estimates that in 2008, about 50 MFIs would pay for their rating when compared to 20, which paid in 2007. The pressure from financing banks for rating reports (prodded by the credit risk assessment requirement under Basel II norms) is a factor in this move towards getting external ratings done.

Some of the banks have gone ahead with a deeper examination of the risk involved through portfolio study and systems audit-looking to the risks faced by the sector. ABN-AMRO has taken up conduct of portfolio audit jointly with a couple of other banks. Such studies apart from providing information to lenders could provide valuable feedback to the MFIs.

**Information asymmetry**

One of the problems facing the lender is the lack of full information about the borrowing institutions. Many MFIs have multiple borrowing relationships with multiple lenders. The terms at which these loan contracts are concluded differ from bank to bank. But information relating to the underlying quality of asset as also the operational aspects is not uniformly known to all the lending institutions. While each institution seems to have a part of the information, a totality of what the borrowing institution is about, is rarely available. Ratings referring to the position at a point of time can be too dated in a fast-developing microfinance sector. There have been attempts in the recent past to pool the information through an informal forum of lenders. The informal forum exchanges information about the MFIs, quality of asset, business models as also the processes that are adopted. Instances of deviant behaviour on the part of MFIs are beginning to be shared across like-minded lenders. The lenders increasingly feel the necessity for a more formal arrangement under which, sensitive information could be pooled and shared to make appropriate decisions. Further, more lenders together could jointly carry out portfolio audit; systems audit, and also place a common representative on the board of the MFIs to protect their interest. This, according to banks, is an acute necessity on account of the high leverages and high-debt dependence of MFIs on the banking system. There are suggestions for introduction of common reporting formats on which MFIs could provide periodic, operational and financial information to all the lenders. Any special
requirements of individual banks could be separately met as such requests are likely to be rare. This would save time on the part of the MFIs and the banks. Similarly, there is a move for a set of common minimum standards in financial and operational disciplines that would be insisted upon by all lenders so that the scope for MFIs arbitraging on these conditions between different lenders is avoided.

The private sector banks and the foreign banks are quite active in financing the MFIs rather than the SHGs. These banks have their own system of appraisal and audit as also dedicated personnel for management of microfinance portfolio. The feeling of these banks is that the sector is suffering from shortage of qualified professionals, weak information systems, weak accounting standards, multiple lending to same borrower by different MFIs, absence of credit information bureaus, relatively loose regulation, and unrealistic targeting by MFIs that are yet to mature.

Investment in Indian microfinance has increased dramatically, over the past year and a half. Despite this dramatic rise, investment will need to increase even faster if it is able to plug the gaps in financing, which have resulted from recent regulatory moves by the RBI and the overall growth of the sector. Intellecap has projected that the Indian MFIs would cumulatively require funds of the order of Rs 243 billion, of which equity capital would be Rs 21.6 billion and Rs 223 billion would be the loans. [116] This level is about 5.5 times of the volumes expected to have been reached in 2008. Significant obstacles to the scaling-up of investment in Indian microfinance remain; yet, the strong growth in the supply of microfinance investment funds is an encouraging sign that market participants are up to the challenge. Clients would be better served through improved governance, efficiency and access to large source of funds. But the tendency to extract commercial returns and possible opaque pricing models would keep away the poorer clients. To remain rooted to the objective of serving the poor and vulnerable, MFIs need to revisit their original objectives and ensure mission fidelity. Growth, profits and high corporate image gain considerable value when accompanied by mission achievement.