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FINANCIAL DERIVATIVES AND RISK MANAGEMENT: AN OVERVIEW

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ABSTRACT

Financial contracts whose value is derived from an underlying asset, index, orate are known as derivative instruments. They are crucial in managing financial risks, making predictions about asset values, and mitigating risks. Multiple parties that can trade over the counter or on an exchange construct a derivative. Derivatives are multifaceted tools that have changed the financial industry by providing investors with a range of risk management options. With the use of derivatives, risks associated with traditional instruments can be efficiently unbundled and managed independently. Futures, forwards, options, and swaps are the primary derivatives that are used to manage risk in the markets for financial instruments and commodities. When used properly, derivatives can lower expenses while also raising returns. The study's base is secondary data gathered from numerous publications, articles and journals. Understanding the function of derivatives in corporate is management is the goal of this research. According to the study's findings, derivatives are crucial for risk management.

KEYWORDS: *Derivatives, Forwards, Futures, Options, Swaps, Risk.*

INTRODUCTION

Financial agreements known as derivatives are made between two or more parties and are based on an underlying asset, a collection of assets, or a benchmark. Since the introduction of derivatives in India in the 2000s, the market has undergone significant change. Derivatives can be traded over the counter or on an exchange. The majority of online brokers allow the free purchase and sale of exchange-traded derivatives, like futures and options, which are more standardised and subject to stricter regulations than those traded over the counter. Futures contracts, forwards, options, and swaps are examples of common derivatives. These products can be used by market participants to diversify their investment portfolios, speculate on price movements, and hedge their exposures. Because they offer flexibility and customisation, derivatives allow organisations to modify risk management strategies to fit their unique exposure profiles, risk appetites, and financial goals. Their emergence is linked to the period when Britain

implemented stringent foreign exchange regulations and the Bretton Woods agreement, which served as the basis for the monetary system, was destroyed. After that, the

First interest rate swap and currency package contracts were created. (Slakoper, 2009, p. 407). The advantages of using derivatives are what indicate their fundamental purpose. The main purpose is to protect against risk and minimise exposure to certain instruments, markets, currencies, nations, regions, and other things. A legal requirement and an essential component of any effective management strategy, risk management is a tool that aids in anticipating and adapting to change. They are crucial instruments for arbitrage, speculation, and hedging that help market players efficiently manage and transfer risk. It is more important than ever to comprehend the strategic role that financial derivatives play in risk management as markets change and technological innovations like blockchain and artificial intelligence transform financial ecosystems.

Objectives of the study:

- To recognize and evaluate the various kinds of market risk that derivatives can manage.
- To provide a comprehensive overview of financial derivatives and how they are used in risk management.
- To give businesses advice and concepts on how to include derivatives in their risk management plan.

LITERATURE REVIEW

The use of financial derivatives to control market risk has drawn interest from regulators, practitioners, and academics. The usefulness of derivatives in reducing different kinds of market risk, including interest rate risk, currency risk, and commodity price risk, has been the subject of numerous studies.

- **Gannon and Mora (2017)** show that commodity-based businesses can increase their risk-adjustedprofitsbyutilisingcommodityfuturesandoptions.Derivatives can also help investors diversify their portfolios and maximise their risk- return trade-offs.
- **Zaremba, Konieczka, and Foszczyski (2019)** demonstrate how incorporating option strategies into stock portfolios can reduce overall risk and increase risk-adjusted returns.
- **Tang and Qiu (2017)** also find that currency forward contracts can increase diversity and reduce volatility in foreign investment portfolios.
- By the end of June 2024, the global notional value of outstanding derivatives increased by 2% year-over-year (yoy) to $730 trillion, according to the Bank for International Settlements **(BIS).** This indicates that more people are using derivatives to manage risk. Furthermore, smaller businesses or investors may find it difficult to enter the market due to the complexity of some derivative instruments and the regulatory frameworks that govern their use. Furthermore, the availability and pricing of certain derivatives may be impacted by market liquidity, which could make them less desirable for risk management **(e.g., Chen et al., 2018).**

- **Afza & Alam (2011)** Using 105 non-financial companies listed on the Karachi stock

exchange as a sample investigated the use of derivatives to hedge interest rate and foreign exchange risk. The study's conclusion shows that businesses with greater foreign exchange exposure are more likely to engage in hedging.

- According to **Xiangchao Hao, Qinru Sun, and Fang Xie (2022)**, banks are the most significant users in the foreign exchange (FX) derivatives market, but little is known about how the use of FX derivatives affects bank capital buffers. An international sample of non-US banks from 59 economies is constructed for this study, and the relationships between them are examined. It was discovered that banks with higher levels of FX derivatives had lower capital buffers, indicating that the use of FX derivatives is a replacement for capital buffers and that banks primarily use them for risk management.
- **Adam (2002)** investigates the impact of using derivatives on financing strategies. Investment expenditure and the minimum revenue that the hedging policies guarantee were found to be positively correlated in this study.
- **Singh and Upneja (2008)** examine the factors that influence hedging decisions by examining lodging companies from 2000 to 2004.This study found that the following factors significantly influence hedging decisions: firm size, foreign sales ratio, cash- flow volatility, underinvestment costs, and financial distress costs.
- **Gaur & Jolly (2023)** explores the risk management strategies employed by commercial banks, focusing on their utilization of financial derivatives. By examining a number of case studies, the study highlights how well derivatives manage risk while addressing the difficulties and complexities involved in their application.
- **Gao (2024)** looked at the systemic risks associated with poorly regulated derivatives markets and suggested regulatory technology for oversight and blockchain for transparency.
- **Jiang (2024)** highlights the participation of derivatives in the market downturn period amid the pandemic, targeting the VIX index and the Global Interest Rate. The study's findings demonstrated the derivative's dual role during the pandemic, which allowed for effective risk mitigation despite the possibility of uncontrollable market volatility.
- **Yangetal. (2025)** presented a framework for dynamic hedging based on financial news and market sentiment that makes use of large language models (LLMs). In volatile markets, this method performs better than conventional static hedging techniques.

RESEARCH METHODOLOGY

In order to investigate the function and efficacy of financial derivatives in risk management, this study uses secondary data and a descriptive and analytical research design. Understanding the relationships, patterns, and trends between risk mitigation techniques and derivative instruments across markets and companies is the aim.

Limitations of the Study:

1. Data Reliability: The validity and depend ability of the secondary sources determine how accurate the study is.

2. Absence of Primary Insights: Because there are no direct surveys or interviews included in the study, there are fewer real-time practitioner insights available.
3. Problems with comparability: Data from various sources may adhere to disparate definitions or accounting standards, which could compromise consistency.

DISCUSSION

The foundation of contemporary financial markets' infrastructure is made up of financial derivatives. Their usefulness for portfolio optimisation and speculative opportunities, in addition to their capacity to reduce exposure to erratic market movements, make them strategically significant.

Types of Financial Derivatives:

a) Forward-In that they entail commitments to purchase or sell an underlying asset at a specific price and future date, forward contracts are comparable to futures contracts. Customised agreements between two parties that are frequently traded over-the-counter (OTC) are known as forwards.

b) Future- Standardised agreements to buy or sell an underlying asset at a specific price and future ate are known as futures contracts. Unlike options, futures contracts have legal force behind them and demand that both parties fulfil their end of the bargain on the specified date.

c) Option-Options are contracts that give the holder the right, but not the obligation, to buy or sell an underlying asset within a given time period at a predetermined price (the strike price). There are two kinds of options: put and call options. While put options grant you the right to sell the underlying asset, call options grant you the right to purchase it.

d) Swap-Agreements between two parties to exchange financial instruments or cash flows under specific terms are known as swaps. The most common kinds of swaps are interest rate swaps, currency swaps, and credit default swaps.

The unique features and advantages of each of these derivative instrument said investors in effectively managing market risks. They make it possible to take advantage of arbitrage opportunities, hedge against adverse price fluctuations, and generate speculative profits.

Types of Risk while Trading in Derivatives:

1. **Market Risk**- The type of risk connected to any investment is known as market risk. It is dependent upon the drop in the value of an underlying asset or financial instrument.
2. **Credit Risk**-The risk of loss in the event that the counterparty defaults on its responsibilities is known as credit risk.
3. **Liquidity Risk**-Another important one is the risk of liquidity. It alludes to the possibility that an investor won't be able to sell their derivatives market position in a timely manner or at a reasonable price.
4. **Operational Risk**-Operational risk is the possibility of suffering a loss as a result of either external events or in sufficient or unsuccessful internal systems, personnel, or processes.

Risk Management Strategies

Hedging is a tactic used by traders to lower the price risk of an existing position by taking an offsetting position in a related asset. By using this technique, traders can reduce the risk of volatility when trading derivatives. As a risk management technique, port folio diversification involves investing in a range of assets to maximise returns while lowering risk. Traders can significantly lessen the impact of any one investment's poor performance by incorporating stocks, commodities, bonds, and other assets in to the investment portfolio. A collection of tools called **Risk Metrics** allows investors to calculate how much market risk they are exposed to using the "Value-at-Risk framework." It is a metric that calculates the maximum possible loss on a portfolio over time. **Limits** can be set by investors to reduce losses. By establishing standing orders to sell an asset when its price drops below a specific threshold, investors can protect their portfolios from significant asset value declines. For efficient risk management, investors should periodically **monitor and assess** their investment portfolios.

CONCLUSION

With their primary applications in risk management, speculation, and arbitrage, financial derivatives have emerged as essential tools in contemporary financial markets. This study emphasizes how financial institutions and businesses can protect themselves against arrange of risks, such as changes in commodity prices, interest rate swings, and currency volatility, by utilising derivatives like options, futures, forwards, and swaps. The benefits of financial derivatives in risk management have been emphasised throughout this study. They enable investors to enhance market liquidity, diversify their holdings, and support effective price discovery. The development of risk management techniques has coincided with the evolution ofderivativemarkets.Originallyconcentratingonbasichedgingtechniques,modernmethods now optimise the use of derivatives by utilising quantitative models, machine learning, and even quantum computing. Regulatory frameworks that prioritise transparency, compliance, and systemic risk mitigation have also changed, especially in reaction to financial crises.

Lastly, the management of market risks depends heavily on financial derivatives. They give investors important tools to protect themselves against changes in interest rates, prices, currency values, and credit issues. Although derivatives have many advantages for risk management, they must be used carefully and in line with the right risk management guidelines.

RECOMMENDATION

In order for traders, risk managers, and decision-makers to comprehend intricate derivative structures, institutions must make investments in ongoing education. Additionally, given the increasing significance of artificial intelligence and technology in financial markets, research may examine how FinTech applications could enhance the use of derivatives in risk management. The function of derivatives in financial crises, like the COVID-19 pandemic or market shocks brought on by geopolitical events, requires further investigation. Future research should examine how investors' and risk managers' use of derivatives is impacted by behavioural biases. Further study in this field would help us better understand how derivatives fit into risk management procedures and assist businesses in creating efficient risk management plans in rapidly shifting market conditions.

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DEMOGRAPHIC FACTORS AND ENTREPRENEURSHIP EDUCATION OF ENTREPRENEURIAL INTENTION AMONG UNDERGRADUATE STUDENTS OF MANIPUR

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ABSTRACT

India being the world most populous developing country needs a lot more business to maintain a healthy balance between job seekers and employers. The youths in the developing economics have higher entrepreneurial intention as compared to developed economies, so greater numbers of students in India will likely be more inclined towards starting a business. The study investigates the differences in entrepreneurial intention among undergraduate students base on their demographic factors. The study was conducted among 385 undergraduate students using primary data. The result of the Independent sample t-test and one-way ANOVA revealed that there was significant difference between gender and streams of study but could not detect any significant difference among category, place of residence and parents occupation. Further analysis of parents occupation showed that students with entrepreneurial parents show higher entrepreneurial inclination as compared to public sector, others and unemployed. The result of Multiple-regression showed that entrepreneurship course, training and knowledge have significant impact on entrepreneurial intention.

KEYWORDS: *Demographic Factors, Entrepreneurship Education, Entrepreneurial Intention, Undergraduate.*

INTRODUCTION

India being the world most populous developing country needs a lot more business to maintain a healthy balance between job seekers and employers. Entrepreneurship is regarded as one of the methods for generating money and job possibilities. In India, hundreds of students graduate each year, but only a small percentage of them have the desire to launch and manage their own businesses, maybe due to a lack of knowledge or resources. One of the factors contributing to the high unemployment rate is the desire to work for a private corporation or the government. The best long-term answer to the unemployment problem will be a shift away from relying on paid employment as a survival tactic (Israr & Saleem, 2018). Entrepreneurship does not happen overnight but emerges in the long run (shane, 2000; Franco, 2010). For an individual self-confidence and seeing entrepreneurship as a carrier choice is crucial for initiating a venture (Davidson, 1995).Entrepreneurship education is crucial in influencing students' entrepreneurial motives and intentions, which in turn helps to promote entrepreneurial activity (Ayu et al., 2020). Integrating entrepreneurship development programs into college courses and developing an appropriate university atmosphere can be crucial for raising students' awareness of and knowledge of the business world (Raposo et al., 2008). Economic management, education, and technical studies are just a few of the diverse disciplines that make up modern entrepreneurship education. The youths in the developing economics have higher entrepreneurial intention as compared to developed economies (Daweyet al.2011; Lokovela et al. 2011), so greater numbers of students in India will likely be more inclined towards starting a business. Entrepreneurship not only create jobs but also improves a country socio-economic development (Nguyen, 2018). Understanding intention offers crucial insight into the process of venture creation (Kruger and Carsrud 1993). Entrepreneurial intention refers to the extent of efforts that an individual is willing to exert in order to initiate a behavior (Ajzen, 1991). Intention based approach to entrepreneurship behavior offers testable theory driven models to measure the influence of endogenous variables (Davidson, 1995). It Act as catalyst in the relationship of endogenous factors and venture creation (Krueger and Carsrud, 1993). Therefore, the current study will examined the difference in entrepreneurial intention among undergraduate students base on their demographic factors and also analyze the effect of entrepreneurship education on entrepreneurial intention.

Theoretical Background

The research on entrepreneurial intention in respect of demographic factors have produced contradictory results. Among these factors: education, age, parents, genders and nationality play pivotal role in entrepreneurial intention (Reujil, 2013). Overall, there is a prevailing perception that women will show a diminished degree of entrepreneurial intention (Phan et al., 2002; Zhao et al., 2005; Nguyen, 2018). Some of the studies have yielded inconclusive results failing to identify statistically significant relationship between gender and entrepreneurial mindset (Shay &Terjensen, 2005; Wilson et al., 2007; Chaudhary, 2017; Georgeseu & Herman, 2020). Some studies have established empirical evidence that supports the link of age the desire to become the entrepreneur (Hatak et al., 2015; Polar et al., 2019). Whereas study conducted by Nguyen (2018) and Talas et al., (2013) showed no significant difference among age groups. In addition, the inverse relationship between age and entrepreneurial intention have been confirm by (Hart et al., 2004; Hatak et al., 2015) which is contradicted by some studies in which older graduates have more inclination towards entrepreneurship (Katundu, 2014; Chaudhary, 2017). Childhren who had parents to look upto as mentors for entrepreneurship tend to have higher level of

entrepreneurship intention (Mathews & Moser, 1995; MeEluree& Al-Riyami, 2003) which is confirm in recent study (Chaudhary, 2017; Georgescu & Herman, 2020; Polas et al., 2019). Whereas Nguyen (2018) and Mungai and Velamuri (2011), showed no significant difference among children with different parent occupation. The education level of an individual may not have significant difference influence on entrepreneurial intention (Davidson &Aonig, 2003) but specialization of students does have impact on their carreer choice, students who had entrepreneurial education tend to have higher entrepreneurial intention (Talas et al., 2013; Georgeseu & Herman, 2020).

The term entrepreneurship education focuses on three key points first improvement of entrepreneurial intention through entrepreneurial skills and employability, second is the opportunity recognition and venture creation and third is the management promotion and development of business entreprise (Jamieson, 1984). The core purpose of entrepreneurship education is to equp the students with skills and knowledge that will enable them to engage in income yielding activities (Dankimba et. al., 2023). In the face of unemployment problems, innovative entrepreneurship is the most preferred and sustainable solution which necessitates the role of entrepreneurship education to divert students from job seekers to job creators (Abebe, 2015). Many scholars have found positive and significant effect of entrepreneurship education on entrepreneurial intention among undergraduate students (Nabi et. al., 2018; Solomon et. al., 2019; Munoz et. al., 2020; Boahemaah et. al., 2020; Liu et. al., 2022). A meta analysis conducted by Zhang et. al. (2022) also reveals the positive contribution of entrepreneurship education towards entrepreneurial intention. Whereas some studies showed no significant effect of entrepreneurship education on intention (Oosterbeek et. al., 2010; Farhang et al., 2016; Velez et. al., 2020; Lin et. al., 2022; Montes et. al., 2023). Since, the studies on demographic factors and entrepreneurship education have remained inconclusive the following hypothesis will be tested in the study.

H_1: There is significant difference in entrepreneurial intention between gender

H_2: There is significant difference in entrepreneurial intention among category of students

H_3: There is significant difference in entrepreneurial intention among different streams of study

$H_{4:}$ There is significant difference in entrepreneurial intentionbetween hill district and valley district

$H_{5:}$ There is significant difference in entrepreneurial intentionamong student with different parents occupation.

H_6: There is significant impact of entrepreneurship education on entrepreneurial intention.

Research methodology

The study was carried out among 385undergraduate students of Manipur. The undergraduate students are the most appropriate population for the study as they have come close to the end of their academic career as students, and their next choice is to get a job or start their own business. The study was purely based on primary data. The collected data was analyzed using Independent Sample T-Test and One - Way ANOVA.

Demographic Background

TABLE 1 DEMOGRAPHIC RESPONDENTS OF THE STUDY

Variables	Frequency	Percentage
Gender		
Male	145	37.7
Female	240	62.3
Category		
General	52	13.5
ST	221	57.4
OBC	102	26.5
SC	10	2.6
Present Course of Study		
Arts	124	32.2
Science	110	28.6
Commerce	151	39.2
ParentsProfession		
Private	66	17.1
Public	81	21.0
Entrepreneur	22	5.7
Retired	41	10.6
Unemployed	83	21.6
Others	92	23.9
Place of Residence		
valley district	155	40.3
hill district	230	59.7
Total	**385**	**100.0**

Among the sample of the study, 57.4% participants of the students were Schedule Tribe (S.T), 26.5% of the participants were Other Backward Class (OBC), 2.6% of the participants were Schedule Caste (SC), and 13.5% of the participants were General, out of which 37.7% of the participants were male while 62.3% of the participants were female. Most of the parent occupations belong to other occupation (23.9%), 21% of the students' parents were in public sector, 21.6% of students' parents were unemployed, 10.6% of students' parents were retired from their work, 17.1% of students' parents were in private sector, and 5.7% of students' parents were entrepreneurs. While considering the place of residence 40.3% of the students were from the valley district and 59.7% of them were from the hill district.

Independent Sample T-Test of Gender and Entrepreneurial Intention

An independent sample t-test was conducted to compare the entrepreneurial intention among the male and female students. There was significant difference (t (383) =3.177, p= 0.002) in the mean scores of entrepreneurial intention. The scores for male (mean= 29.3448, SD= 5.99465) was slightly higher than Female (M= 27.2500, SD= 6.42791). The magnitude of difference in the mean was (mean difference= 2.09483, 95% CI: 0.79846to 3.39120). The mean of the male students were slightly higher, it is evident from the table that there is significant difference in the entrepreneurial intention of the students. Therefore, the hypothesis was accepted.

TABLE 2 INDEPENDENT SAMPLE T-TEST OF GENDER

	Mean	SD	Levene's Test For Equality Of Variance		T-Test For Equality Of Means				
			F	sig	T	Df	Sig	MD	95% CI
									Lower Upper
Male	29.3448	5.99465	0.107	0.744	3.177	383	0.002	2.09483	0.79846 3.39120
Female	27.2500	6.42791							

N=385. *p<0.05.

S.D: Standard Deviation; MD: Mean Deviation; Df: Degree of Freedom

Independent Sample T-Test for Place of Residence and Entrepreneurial Intention

An independent sample t-test was conducted to compare the entrepreneurial intention among the students base on their residence. There was no significant difference (t (272.012) =0.919, p= 0.359) in the mean scores of entrepreneurial intention. The scores for valley district (mean= 28.4194, SD= 7.29870) was slightly higher than hill district(M= 27.7826, SD= 5.60923). The magnitude of difference in the mean was (mean difference= 0.63675, 95% CI: -0.72791to 2.00140). Even though the mean of the valley district students were slightly higher, it is evident from the table that there is no significant difference in the entrepreneurial intention of the students. Therefore, the hypothesis was rejected.

TABLE 3 INDEPENDENT SAMPLE T-TEST FOR PLACE OF RESIDENCE

	Mean	SD	Levene's Test For Equality Of Variance		T-Test For Equality Of Means				
			F	Sig	T	Df	Sig	MD	95% CI
									Lower Upper
valley district	28.4194	7.29870	3.971	0.047	0.919	272.012	0.359	0.63675	-0.72791 2.00140
hill district	27.7826	5.60923							

N=385. *p<0.05.

S.D: Standard Deviation; MD: Mean Deviation; Df: Degree of Freedom

One-Way ANOVA of Entrepreneurial Intention

Category

To test the difference in the level of entrepreneurial intention among different categories of students we conduct one-way ANOVA on the items of entrepreneurial intention. The participants were divided into general, scheduled tribe (ST), scheduled caste (SC) and other backward class (OBC). The entrepreneurial intention among the different categories of the students does differ significantly as suggested by the result of ANOVA test of entrepreneurial intention (F3, 381=4.638, p<0.05).

Since the levene's statistics was significant, the equal variance was assumed. To check for the individual difference between groups post-hoc comparisons were assessed using Dunnett T3. The test indicated that the mean score for general (M=29.5577, SD=5.78169), OBC (M=28.0980, SD=6.02718) SC (M=33.8000, SD=17.27426) and ST (M=27.3937, SD=5.57704) differ significantly at 0.05 level. Therefore, the hypothesis was accepted.

TABLE 4 ONE-WAY ANOVA TEST OF CATEGORY

				Test Homogeneity Variances	Of	Of ANOVA	
Variables	Category	Mean	Std. Deviation	Levene's Statistic	Sig.	F	Sig.
Entrepreneurial Intention	General ST OBC SC	29.5577 27.3937 28.0980 33.8000	5.78169 5.57704 6.02718 17.27426	7.096	0.000	4.638	0.003

N=385. **p<0.05.

S.D: Standard Deviation; ST: Scheduled Tribe; SC: Scheduled Caste; OBC: Other Backward Class

Present Course of Study

To test the difference in the level of entrepreneurial intention among different course of study we conduct one-way ANOVA on the items of entrepreneurial intention. The participants were divided into Arts, Science and Commerce. The entrepreneurial intention among the different streams of study of students differ significantly as suggested by the result of ANOVA test of entrepreneurial intention (F2, 382=12.011, p<0.05).

Since the levene's statistics was not significant, the equal variance was assumed. To check for the individual difference between groups post-hoc comparisons were assessed using LSD. The test indicated that the mean score of Commerce students had significant difference with both arts and science but the mean scores of arts and science did not have significant difference. However, the hypothesis was accepted.

TABLE 5 ONE-WAY ANOVA TEST FOR PRESENT COURSE OF STUDY

				Test Homogeneity Variances	Of	Of ANOVA	
Variables	Stream	Mean	Std. Deviation	Levene's Statistic	Sig.	F	Sig.

Entrepreneurial Intention	Arts	26.9113	7.06418	0.386	0.680	12.011	0.000
	Science	26.6818	5.27228				
	commerce	29.9536	5.98034				

N=385 *p<0.05

Parent's Occupation

To test the difference in the level of entrepreneurial intention among different group of students divided according to their parent's occupation, we conduct one-way ANOVA on the items of entrepreneurial intention. The participants were given six options namely private sector, public sector, entrepreneur, retired, unemployed and others. The entrepreneurial intention among the different groups of the students did not differ significantly as suggested by the result of ANOVA test of entrepreneurial intention (F5, 379=2.158, p>0.05).

Since the levene's statistics was not significant, the equal variance was assumed. To check for the individual difference between groups' post-hoc comparisons were assessed using LSD. The test indicated that of the mean score of entrepreneurs had significant difference with public sector, unemployed, and others. Whereas, the remaining groups did not have significant difference. Therefore, the hypothesis was rejected.

TABLE 6 ONE-WAY ANOVA TEST OF PARENTS' OCCUPATION

				Test of homogeneity of variances		ANOVA	
Variables	Groups	Mean	Std. Deviation	Levene's Statistic	Sig.	F	Sig.
Entrepreneurial Intention	Private	28.5909	5.86247	0.438	0.822	2.159	0.058
	Public	27.2099	6.48598				
	Entrepreneur	31.4545	5.82055				
	Retired	28.6341	9.38551				
	Unemployed	28.2289	5.45341				
	Others	27.1196	5.49294				

N=385*p<0.05

Exploratory Factor Analysis

An Exploratory Factor Analysis (EFA) was performed using a principal component analysis and varimax rotation for each factor. The minimum factors loading criteria was set to 0.50. An important step involved weighing the overall significance of the correlation matrix through Barlett's Test of sphericity, which provides a measure of the statistical probability that the correlation matrix has significant correlation among its components. The Kaiser-Meyer-Olkin measure of sampling adequacy which indicates the appropriateness of the data for factor analysis was also conducted.

Entrepreneurship Education

The final EFA conducted after making necessary adjustment in the items, the results of Barlett's test was significant at 1725.4 ($p<0.001$) and the KMO was 0.797. Finally, the factor solution derived from this analysis yielded three factors for the scale which accounted for 63.05 percent of variation in the data. Factor 1 includes EE12 to EE16 referring entrepreneurship training accounted for 32.7% of the variance and had a cronbach's alpha value of 0.874, factor 2 includes EE3 to EE7 referring to entrepreneurship knowledge accounted for 17.62% of the variance and a cronbach's alpha value of 0.77, factor 3 includes,EE8 &EE9 referring to university support accounted for 12.65% of the variance and had a cronbach's alpha value of 0.71.since the alpha value of all the factors were above 0.5, the four factors were retained for further analysis. The following is table showing total variance explained, factor loadings and cronbach's alpha.

TABLE 7 FACTOR ANALYSIS OF ENTREPRENEURIAL EDUCATION

Items	entrepreneurship training	entrepreneurship knowledge	university support
I have had adequate training on how to do business accounts.	0.874		
I have had adequate training on how to diagnose business performance	0.863		
I have had adequate training on how to develop a business plan.	0.812		
I have had adequate training on how to do market negotiations.	0.805		
My degree has prepared me well for an entrepreneurial career	0.665		
Entrepreneurship education has improved my ability to think strategically in making business decision		0.786	
Entrepreneurship courses/module improved my understanding in entrepreneurship		0.784	
I found entrepreneur textbook as useful		0.675	
Theories that i have learned in entrepreneurship is useful in my business plan development		0.670	
I am motivated to do more than the requirements for the entrepreneurship courses		0.644	

In my university there is a well functioning infrastructure to support start-up of new firms			0.874
Entrepreneurship courses at my university prepare people well for an entrepreneurial carreer			0.868
% of Variance explained	32.777	17.625	12.650
Eigenvalues	3.933	2.115	1.518
Cronbach's Alpha	0.874	0.77	0.71

Source: *Computed from Primary Data*

Model Fitness of The study

To attain the model fitness, the error terms e4 and e5, e9 and e10 were correlated, after the adjustments in the measurement model, the final values generated by IBM-AMOS is given below, the cut-off criteria for the model was refer from (Hu & Bentler,1999).

TABLE 8 MODEL FITNESS MEASURES

Measure	Estimate	Threshold	Interpretation
CMIN	416.419	--	--
DF	201	--	--
CMIN/DF	2.072	Between 1 and 3	Excellent
CFI	0.945	>0.95	Acceptable
SRMR	0.055	<0.08	Excellent
RMSEA	0.053	<0.06	Excellent

Source: *Computed from Primary Data*

Correlation

Pearson Co-efficient of correlation was applied to check the link between the entrepreneurial intention and factors of entrepreneurship education. The co-efficient range developed by evans (1996) was used to determine the intensity of the association.

TABLE 9 CORRELATIONS BETWEEN ENTREPRENEURSHIP EDUCATION AND ENTREPRENEURIAL INTENTION

	EI	knowledge	training	support
EI	1.000	0.319	0.296	0.256
Knowledge	0.319	1.000	0.189	0.139
Training	0.296	0.189	1.000	0.114
Support	0.256	0.139	0.114	1.000

N=385. *p<0.05

The three sub variables of entrepreneurship education namely entrepreneurship training (.296), university support (.256) and entrepreneurship knowledge (.319) had significant but weak positive relationship with the entrepreneurial intention. Among the variables entrepreneurship knowledge had the strongest correlation with entrepreneurial intention.

Regression Analysis

The study looks into the impact produce by the factors of independent variable on the dependent variable by applying multiple regressions. As a rule of thumb, multiple regression assume that the factors in independent variable namely entrepreneurship education are not highly correlated. Therefore, before applying multiple regressions, the assumption was tested through the variance inflation factor (VIF).

Generally, VIF ranges from the value of 1 to the upward values, interpreting the VIF, the value 1 denotes not correlated, values 1 to 5 denotes moderately correlated and values greater than 5 denotes highly correlated. Since the values of VIF for all the factors fall under moderate correlation, multiple regressions has been adopted for further analysis

TABLE 10 VARIANCE INFLATION FACTOR OF ENTREPRENEURSHIP EDUCATION

Sl no.	Independent variables	Variance inflation factor (VIF)
1	Entrepreneurship knowledge	1.052
2	Entrepreneurship training	1.045
3	University support	1.028

Source: *Computed from Primary Data*

Multiple regressions was performed between the dependent variable and the predicting variable of entrepreneurship education. Entrepreneurial intention was significantly predicted by entrepreneurship education (F (3,381) = 31.139 , p<.001), the adjusted R^2 value of 0.191shows that 19.1% of the variation in entrepreneurial intention is accounted for by the model. Furthermore, an analysis of coefficients was conducted to examine the extent of influence produced by the factors on the criterion variable. The findings imply that entrepreneurial intention is significantly and positively impacted by all the factors of entrepreneurship education.

TABLE 11 MODEL OF MULTIPLE REGRESSION ANALYSIS

Model	R	R^2	Adj. R^2	Std. error of the estimate	F	Sig.
1	.444[a]	0.197	0.191	6.24464	31.139	.000[b]

N=385. *p<0.05

TABLE 12 COEFFICIENT OF MULTIPLE REGRESSION ANALYSIS

Model	Unstd. Beta coefficient	Std. error	Beta coefficient	T	Sig.
Constant	6.653	2.923		2.276	0.023
Knowledge	0.390	0.074	0.249	5.283	0.000
Training	0.494	0.102	0.227	4.839	0.000
Support	0.972	0.231	0.196	4.212	0.000

N=385. *p<0.05

Suggestions

Universities should integrate entrepreneurship education across all academic streams and include theoretical knowledge, practical business management skills, financial literacy, and vocational training. Such integration would empower students across disciplines to translate their academic learning into entrepreneurial action (Solesvik et al., 2013; Bazkiaei et al., 2020; Zarnadze et al., 2022; Maheshwari et al., 2022; Zhang et al., 2022).Even practicing entrepreneurs could benefit from entrepreneurship education programs by identifying and improving upon their weaknesses (Akhtar, 2022). Universities should establish and expand entrepreneurship incubators to provide real-world experience, mentorship, and resources for students aspiring to launch their ventures. To refine the entrepreneurship education curriculum, the Government, Universities and businesses should collaborate and walk towards a better entrepreneurship environment (Ratnamiasih et al. 2024). The study revealed that male students exhibited a higher inclination towards entrepreneurial intention (Nguyen, 2018; Polas et al., 2019) suggesting that parents and universities should foster entrepreneurial ambition in students regardless of their gender. Since the study also revealed differences in entrepreneurial intention based on academic streams and parental backgrounds, tailored interventions can be developed to unlock the potential and motivation of students studying in the university. Governments should view entrepreneurship as a long-term solution to youth unemployment. Policies should encourage early entrepreneurial exposure, reduce barriers to starting businesses, and promote inclusivity regardless of gender, age, or ethnicity.

CONCLUSION

This study examined the relationship between demographic characteristics and entrepreneurial intentions among undergraduate students in Manipur. Statistical analysis revealed significant differences in entrepreneurial intent based on academic stream, gender, and parental occupation. The results revealed that the student's intention did not differ significantly among different category of students which is in line with katundu (2014). Parents' occupation did not have significant difference in entrepreneurial intention this supports the results of (Turker&Selcuk, 2009 ; Giacomin et. al., 2016)Students with entrepreneurial parents showed significantly higher entrepreneurial intention than those whose parents were in the public sector, unemployed, or in other fields supporting the notion of intergenerational transference of entrepreneurship skill and informal education received from the parents (Sorensen, 2007; Mungai&Velamuri, 2011; Georgescu& Herman, 2020).Commerce students, who were more exposed to entrepreneurship education, exhibited greater entrepreneurial intent compared to their peers from the arts and science streams. This underscores the crucial role of curricular content in shaping entrepreneurial

aspirations (Talas et al., 2013; Polas et al., 2019). While gender differences were significant with male students showing higher intention no significant difference was observed between students from hill and valley districts.All factors of entrepreneurship education were found to have a significant positive impact on entrepreneurial intention, with entrepreneurship knowledge having the strongest influence, followed by university support and entrepreneurship training. These results align with previous literature (Kusmana, 2019; Tsaknis et al., 2022), highlighting the importance of structured and supportive entrepreneurship education in fostering entrepreneurial readiness. Despite the positive influence of entrepreneurship education on intention, existing literature shows inconsistency in its overall impact. Thus, in the absence of distal variables that can reliably forecast entrepreneurial intention, additional variables maybe investigated to provide further insight.

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THE ROLE OF ETHICAL MARKETING ISSUES IN CONSUMER BRAND RELATIONSHIP

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ABSTRACT

In an increasingly socially conscious marketplace, ethical marketing has emerged as a critical determinant of consumer-brand relationships. It has become a cornerstone in fostering sustainable consumer-brand relationships, particularly in an era where transparency and accountability are valued by increasingly conscious consumers. This paper explores the role of ethical marketing issues associated with the 6P's of marketing—Product, Price, Place, Promotion, People, and Process—in influencing consumer perceptions and brand loyalty. Drawing from interdisciplinary literature and empirical data, the paper examines how ethical or unethical marketing behaviors influence consumer decision-making and emotional attachment to brands. Ethical concerns such as honest product labeling, fair pricing, responsible distribution, truthful advertising, employee treatment, and transparent operational practices are examined to understand their impact on consumer brand loyalty in regard of attitudinal and behavioral loyalty. The study employs questionnaire method from 650 consumers, targeting millennials and Gen Z consumers (18–35) who are known to be more ethically and socially conscious. The data is analyzed using regression modelling and EFA and CFA to evaluate the relationship between ethical marketing practices across the 6P's and brand loyalty indicators (attitudinal and behavioural).This research contributes to the growing body of literature on ethical marketing by uniquely framing the 6P's within an ethical lens and empirically testing their influence on brand loyalty in depth of attitudinal and behavioural. It bridges the gap between theoretical marketing ethics and consumer behavior studies. The study finds that when brands uphold ethical standards across all marketing elements, they not only enhance their credibility but also strengthen consumer loyalty by building deeper, value-based connections. Conversely, ethical lapses in any of the 6P's can disrupt trust, leading to weakened brand relationships and diminished loyalty. The research underscores the importance of integrating ethics into every facet of the marketing mix to foster authentic, long-lasting consumer-brand bonds. The findings have practical implications for brand managers and marketers, suggesting that embedding ethical considerations across all dimensions of the marketing mix is not only a moral imperative but also a strategic tool for enhancing consumer loyalty and long-term brand equity.

KEYWORDS: *Ethical Marketing, Consumer-Brand Relationship, 6p's, Brand Loyalty, Attitudinal Loyalty, Behavioural Loyalty.*

INTRODUCTION

You know, in today's fast-paced market, a brand's success isn't just about how good or cheap their products are anymore. It's really about how ethical they are. Ethical marketing is all about putting marketing ethics into practice. We're talking about being truthful in ads, respecting consumer privacy, being transparent, and showing social responsibility. As shoppers become more aware of how companies act, their choices and loyalty often hinge on the ethicality of those marketing strategies.

So, this research is diving into the link between ethical marketing and how consumers feel about brands, specifically in Yamuna Nagar. That place is buzzing with development, both industrially and commercially, in Haryana, India. We're looking at a sample of 750 consumers to see how things like misleading ads, taking advantage of consumer vulnerabilities, and not caring for the environment affect trust, satisfaction, and whether people stick with brands long-term. Why Yamuna Nagar, you ask? Well, it's got this interesting mix of urban and semi-urban folks. That makes it a great spot to get a feel for how consumer behavior is evolving in tier-2 cities. With the internet spreading like wildfire and more awareness, even people in these areas are starting to think critically about not just what companies offer, but how they go about it. The structure of this paper is pretty straightforward: first, we'll lay out the objectives and hypotheses of the study, and then we'll review the literature. Following that, we'll discuss the methodology and tools used, analyze the data and results, interpret the cases, address some challenges, and finally wrap it up with conclusions and references.

1. Objectives of the Study

This research is all about figuring out how ethical marketing practices shape the relationships between consumers and brands, with a focus on trust, satisfaction, and loyalty. Here's what we aim to uncover:

1. We want to check out how aware consumers in Yamuna Nagar are about ethical marketing practices.
2. We'll dig into how ethical marketing practices affect consumer trust in a brand.
3. We're interested in seeing how perceived ethical issues impact consumer satisfaction.
4. We'll look at how ethical marketing helps build long-term loyalty among consumers.
5. Lastly, we want to give companies some practical recommendations on aligning their marketing with what consumers expect ethically.

Hypothesis of the Study

Based on what we're aiming for and what's already out there in the literature, we've come up with a few hypotheses to test:

H_1: People in Yamuna Nagar are significantly aware of ethical marketing practices.

H_2: Ethical marketing practices positively influence consumer trust in brands.

H_3: Perceived ethical issues have a significant impact on consumer satisfaction.

H_4: Ethical marketing practices play a big role in building long-term loyalty among consumers.

H_5: There's a positive link between consumer trust and brand loyalty when it comes to ethical marketing.

H_6: Consumer satisfaction acts as a bridge between ethical marketing and brand loyalty.

Research Design and Methodology

Let's dive into how this whole research thing works. This section lays out the framework for the study – kind of like a roadmap – covering how we collected the data, who we included, the tools we used, and the stats we crunched to make sense of it all.

3.1 Research Design

We used descriptive stats to sum up what consumers think and feel, and some inferential techniques to dig into how ethical marketing practices relate to things like trust, satisfaction, and loyalty to brands.

3.2 Sampling Design

Population: We focused on consumers in Yamuna Nagar, Haryana. These folks are active buyers in at least one product category – like FMCG, retail, electronics, and so on.

Sample Size: We surveyed 750 consumers. Why? To make sure our findings are solid and reflect a good mix of the population.

Sampling Technique: We went with Stratified Random Sampling. This approach helped us capture diversity across different groups, including:

Age groups (18–30, 31–45, 46+)
Gender
Educational background
Income levels

Sampling Frame: We chose a variety of places to gather our data – residential areas, shopping centers, schools, and busy commercial spots.

3.3 Data Collection Method

Type of Data: We collected primary data using a structured questionnaire.

Data Collection Tool: The questionnaire was close-ended, using a 5-point Likert scale (where 1 means "Strongly Disagree" and 5 means "Strongly Agree"). We distributed it both online and in person.

3.4 Structure of the Questionnaire

The questionnaire was split into four sections:

Section A: Demographic details (like age, gender, income, etc.)

Section B: Awareness and perceptions about ethical marketing.

Section C: The impact on trust, satisfaction, and loyalty.

Section D: Behavioral responses and brand recommendations.

3.5 Statistical Tools Used

We crunched the data using SPSS 26 and employed several statistical techniques:

Descriptive Statistics: To get a summary of demographics and awareness levels.

Cronbach's Alpha: To check if our scale items were reliable and consistent.

Factor Analysis (EFA): To pinpoint the main constructs related to ethical marketing.

Correlation Analysis: To see how ethical marketing ties into brand trust, satisfaction, and loyalty.

Regression Analysis: To predict how ethical marketing impacts trust and loyalty.

Mediation Analysis: If needed, we looked at how satisfaction might mediate the relationship between ethics and loyalty.

3.6 Ethical Considerations

We took ethics seriously in this research:

We got informed consent from everyone who participated.

We made sure to keep data confidential and anonymous.

Overall, we followed the ethical standards set for academic research and survey studies.

Data Analysis and Results

This section presents the findings from surveying 750 respondents in Yamuna Nagar. The analysis includes demographic profiles, reliability testing, factor analysis, correlation, and regression analysis.

4.1 Demographic Profile of Respondents

Demographic Variable	Category	Frequency	Percentage
Gender	Male	400	53.3%
	Female	350	46.7%
Age	18–30 years	280	37.3%
	31–45 years	320	42.7%
	46+ years	150	20.0%
Education	Undergraduate	320	42.7%
	Postgraduate	340	45.3%
	Others (Diploma/Professional)	90	12.0%
Monthly Income	Below ₹25,000	180	24.0%
	₹25,001–₹50,000	370	49.3%
	Above ₹50,000	200	26.7%

4.2 Reliability Test (Cronbach's Alpha)

Next, we took a look at how reliable our measures are. Here's what we found:

Construct	Number of Items	Cronbach's Alpha
Ethical Marketing Practices	9	0.847
Brand Trust	4	0.812
Customer Satisfaction	3	0.794

Construct	Number of Items	Cronbach's Alpha
Brand Loyalty	4	0.832

Well, all these constructs show strong internal consistency, which is a good sign ($\alpha > 0.7$).

4.3 Exploratory Factor Analysis (EFA)

Moving on to the exploratory factor analysis, we found:

- KMO Measure: 0.789
- Bartlett's Test of Sphericity: Significant at 0.000

Factor Extracted	Items Included	Variance Explained
Transparency	Clear pricing, honest advertising, true product claims	32.6%
Fair Practices	Ethical pricing, no manipulation, socially responsible behaviour	22.3%
Data Responsibility	Respect for privacy, consumer consent for promotions	17.8%

So, together, these three dimensions of ethical marketing explain about 73% of the total variance.

4.4 Correlation Analysis

Let's look at the relationships between our variables:

Variable	Brand Trust	Satisfaction	Brand Loyalty
Transparency	0.61**	0.57**	0.58**
Fair Practices	0.53**	0.49**	0.51**
Data Responsibility	0.47**	0.44**	0.42**

All these relationships are positively correlated that means All ethical marketing variables are positively correlated with trust, satisfaction, and loyalty. **(with** $p < 0.01$).

4.5 Regression Analysis

Let's summarize what the regression analysis showed us regarding ethical marketing and brand loyalty:

$R^2 = 0.56$, $F = 40.23$, Sig. = 0.000

Here's the breakdown of the independent variables:

Independent Variable	β Coefficient	t-value	Sig.
Transparency	0.44	6.84	0.000
Fair Practices	0.38	5.92	0.002
Data Responsibility	0.34	5.16	0.004

Transparency stands out as having the biggest impact, followed by fair practices and data responsibility. All of these are significant predictors of brand loyalty.

4.6 Mediation Analysis (Satisfaction as Mediator)

Lastly, we ran a mediation analysis using Hayes Process Macro in SPSS. Ethical marketing has a significant impact on loyalty, both directly and indirectly through satisfaction.

Indirect effect (through satisfaction): $\beta = 0.27$, $p < 0.01$

Direct effect (ethical marketing → loyalty): $\beta = 0.31$, $p < 0.01$

It means Satisfaction **partially mediates** the relationship between ethical marketing and loyalty.

5. Discussion and Interpretation of Results

The results really spotlight how important ethical marketing is for building consumer-brand relationships, especially in the Yamuna Nagar area.

• **High Consumer Awareness:** Most people surveyed showed a solid understanding of ethical practices—things like honest advertising, fair pricing, and being open about data handling. This supports our first hypothesis, H_1.

• **Trust and Ethics:** It turns out; ethical marketing really does build trust in brands. When consumers see a brand as honest and socially responsible, they're more likely to form deeper emotional ties with it. That's a win for our second hypothesis, H_2!

• **Satisfaction as a Mediator:** Customer satisfaction plays a key role here—it's like a bridge connecting ethical marketing to brand loyalty. We found that when brands practice ethics, it boosts satisfaction, which then helps build loyalty. So, H_6 is supported too!

• **Transparency and Loyalty:** Among all the factors we looked at, transparency had the biggest effect on brand loyalty. People today really appreciate clear communication and pricing, and that's not just a trend—it's a necessity. This backs up H_4.

Implications of the Study

6.1 Theoretical Implications:

• This research adds some solid evidence to the existing literature around ethical marketing and consumer psychology. It really shines a light on how ethics, trust, satisfaction, and loyalty are linked.
• Plus, using mediation analysis here helps build on current models by showing how satisfaction connects ethical behavior with long-lasting relationships.

6.2 Practical Implications:

- For marketers, it's crucial to embrace transparent pricing, protect customer data, and get involved in social responsibility initiatives if they want to keep their consumers.
- Crafting communication strategies that put consumers first, especially around ethical issues, could really set a brand apart.
- Local businesses in Yamuna Nagar can take these insights and run with them to foster brand loyalty within the community.

CONCLUSION

In wrapping things up, this study explored how ethical marketing shapes consumer-brand relationships in Yamuna Nagar. The finding emphasize that acting ethically not only builds trust and satisfaction but also nurtures long-term loyalty. Transparency stood out as the most significant ethical aspect. And hey, we confirmed that satisfaction is a key player here—it's vital for building strong relationships. So, organizations should really view ethical marketing as more than just ticking boxes for regulations. It's a strategic tool for creating sustainable brand equity.

Limitations and Scope for Future Research

- One thing to keep in mind is that our study was focused on just one area (Yamuna Nagar), so results might differ in other cultures or places.
- Also, the data was self-reported, which means what people say they do might not always match up with their actual behavior.
- Looking ahead, future research could:

- Dive into how different industries are affected (like comparing food to fashion).
- Look at how urban versus semi-urban consumers react differently.
- Use longitudinal studies to see how behaviors change over time.

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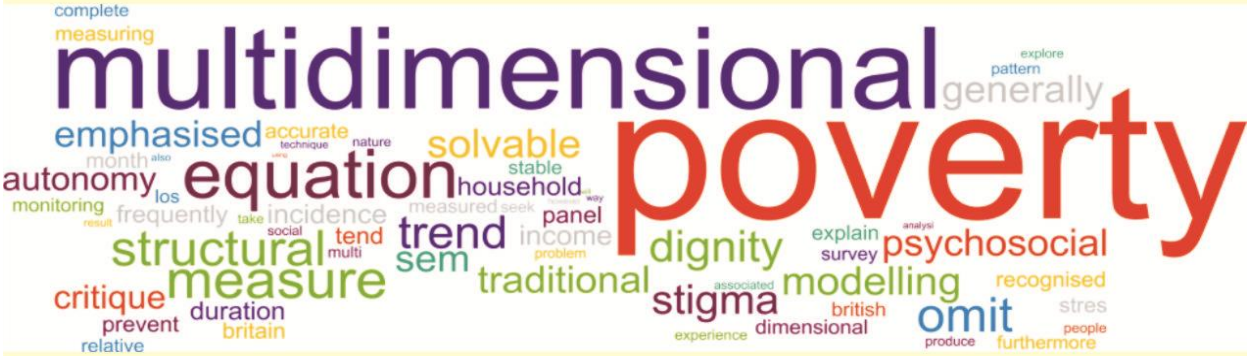

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