Shareholder Value Creation Through Unique Intangibles: Evidence From Selected Firm Listed in Bombay Stock Exchange

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ABSTRACT

Value based management is one of the important aspect of modern management, especially for shareholders value creation. In current knowledge economy, brands, patents, franchises, software's, research programmes, ideas, human resources, their knowledge, expertise & skills, experience, methods and process, service networks, internal structure are Intangible creates value for the business, which are having unique nature among the different industries known as unique intangibles. The main purpose of this paper is to identify unique intangibles in which corporate's are investing huge fund and which are also responsible for their enhancement of productivity and value creation. And also find out amortization and reporting & disclosure practices.

This study is a macro nature case study, based on the secondary source of data. A comprehensive survey made by the researcher among the top 60 BSE companies, data collection is based on secondary source (based on Content analysis followed by Descriptive research design) from last 10 financial years from 2003-04 to 2012-13. Indian industries are having certain unique or key intangible which are providing them key position among the corporates. According to utility and their effectiveness, different amortization practices were followed by the different industries, which directly affect earnings of the corporates. It is also evidence that value creation is more or less depends upon these unique intangible in contemporary economy.

Introduction

The new mantra in Indian management environment today is shareholders value creation. Shareholders value creation means creation of appropriate profits to the shareholders through better management e.g. adoption of strategic cost management techniques, Brand image, efficient utilization of resources, sound internal structure etc. Normally, shareholders value creation means difference of current year shareholders value minus previous year shareholder value. A company can create value for shareholders when the shareholders return exceeds the required return to equity. The creation of shareholders value can explain as follows:

Created shareholders value =Equity Market value* (shareholders return –ke)

Shareholders value creation is not a one-time phenomenon but the corporates should strive to create, sustain and enhance value to their shareholders on a constant and continuous basis

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as a conscious governing objective (Chakraborty, P.K. 2006). To measure shareholders value creation has been the issue of discussion all around the world. It has become crucial since the companies were increasingly committing to creating shareholder value. Traditional measures were criticised for having low correlation with shareholder value creation (Beatrice Nyiramahoro & Natalia Shooshina, 2001).

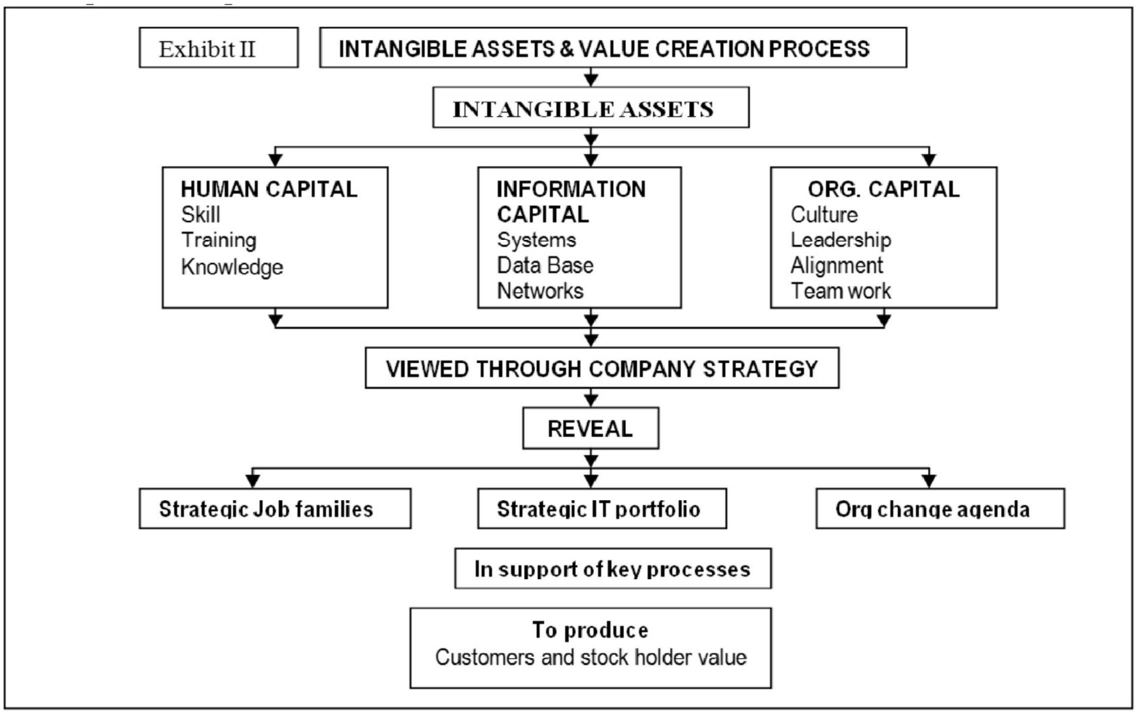
Another aspect is at present shareholders are not only interested in dividend; they are equally interested in total value creation by the firm. They believe that value creation is more important than dividend. In a long run value creation depends upon intangibles such employees' skills, IT systems, and organizational cultures are worth far more to many companies than their tangible assets. Unlike financial and physical ones, intangible assets are hard for competitors to imitate, which makes them a powerful source of sustainable competitive advantage (Kaplan and Norton, 2004). Exhibit I indicates common success factors in a knowledge economy which are directly affected value creation process provides competitive advantage over others. In this process variables such as tangible and intangible factors and financial and non financial factors are affected value creation in different ways.

The values of intellectual capital or intangibles are commonly expressed as the difference between the market value of the company and its book value of equity, alternatively book value is also known as net tangible asset value. Stockholders are recognizing the growing deviation occurring in the market place between the book value and the market capital of various corporations. This divergence indicates that there is something not accounted for on the balance sheet (S. Zambon, 2002). There are many other clarifications for the gap between market value and book value. One of the important claims that it is enhancement of knowledge and skills, while another feature it to the brand value of the corporate and the ownership of a corporate group.

Exhibit I: Classification of Common Success Factors

Tangibles	**SUCCESS FACTORS**	
SUCCESS FACTORS	**Financial**	**Non Financial**
	Economic growth Liquidity Product/ Service costs Profitability	Delivery time Quality of product Production volume Productivity Stock turn time Service volume
	Brand value Goodwill Value of immaterial properties	Competencies Customers satisfaction Customers retention· Innovations Motivations Personnel satisfaction

Source: Antti lönnqvist (2002): Frontiers of e-business research, measurement of intangible assets –an analysis of key concepts pp 7.



Source: Mikhail Davydov, Anna Devyatova, Alexander Shalamov, Ksenia Shneyveys: "Strategy and Management Accounting for Intangible Assets"

In terms of financial reporting by business this is bringing about a situation in which an increasingly large portion of elements which create value for a business, such as knowledge, technology and clients, are excluded from the balance sheet pursuant to prevailing reporting practices. The growing disparity between market value (MV) and book value (BV) is largely based on the intangibles of the business providing the foundation for future growth. The largest gap arises in high-tech and knowledge-intensive industries, where investment is heavily increases in intangible assets such as R&D and brands etc.

II. Value creation and intangibles

In recent years, the growth of service sector and information technology related business, along with the dramatic increase in the number and size of international mergers and acquisitions, has made accounting for Intangible Assets (IA) very significant (Lev, B. 2001). Exhibit II indicates how intangibles are creating value for the organization. Intangibles play a vital role in determining the true value of a company in knowledge economy. The investors attach greater significance to such assets in evaluating their investment in different companies. It is evident that many companies in India have huge intangibles, but corporate's unable to manage these intangibles. Indian corporates are aware that intangibles are the major drivers of growth of business in knowledge economy. In today's knowledge-based, fast-changing and technology-intensive economy, the source of economic value and wealth is no longer just the production of material goods, but the creation and monitoring of intangibles on which the success and future of the corporate is depends.

III. Significance of Intangibles

Intangible assets are closely related to value creation process of the corporate, because the fundamental difference between the 20th century economy and current economy is shifting of focus from industrial base activities to service & knowledge base activities. In industrial economy basic infrastructure such as land and building, plant and machinery, furniture, equipments are needed (tangible asset) for smooth operations, however in knowledge economy human resources, their knowledge, expertise & skills, experience, brand value methods, service network, internal structure are the assets (Intangibles) creates value for the business which are unique in nature in different industries.

In the current competitive era a firm can competitive with intangibles which will enhance value creation , inform of brand value, organizational structure internal as well as external structure etc. but these values are not reported and incorporated in the financial statement. Values which are reported in financial statements are tangible values which are arises based on the transactions (Money measurement concept).

Exhibit III: Traded Market Value and Components

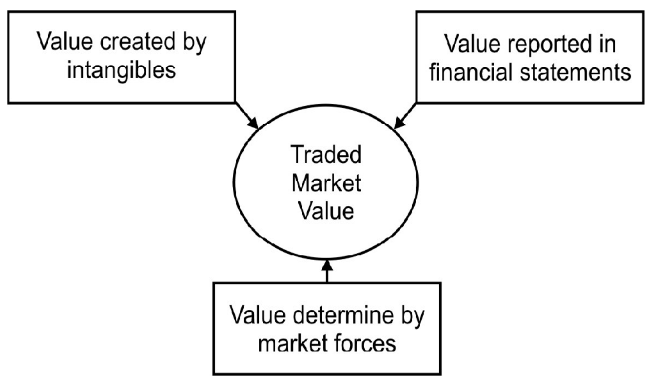


Exhibit III indicates traded market value and various components. It is clear from the exhibit that in current environment intangibles are equally important in value creation process. There are certain market forces which also created value for the company such as demand and supply of shares in stock exchange, earning expectation for the companies and govt. policy related to the industry or segment of product.

The objective of financial reporting is to provide insight and useful information to users to appreciate the financial position and performance of the firm and make economic decisions with respect to it (Shyamal Banerjee, 2012). In the case of publicly listed companies in India, intangibles are on an average 2/3 of the total value of the enterprises according to the study conducted by MTI consultant. In the light of this information many companies are going to restructure their capital structure to incorporate the value of intangibles in their financial statement to raise more funds from the market. For example in July 2009 SBI accepted Kingfisher airlines brand as a separate from their Beer and wines brands and they had raised a loan of $400m. In recent past LT foods, a New Delhi based company used its *Daawat* brand of packed rice as collateral to raise debt for $50m acquisition of US based rice company Kusha.

Unique Intangibles: Unique intangible assets are those intangibles which are not common in nature or different status for value creation process and specific advantages offer to a corporate. According to the nature of different industries and corporate's different types of information, internal structures, agreements are exist which are main source of wealth creation, such as; Britannia may not be the most admired company but its strong brand continuously earns more money for it. The most valuable intangible assets for HUL are its brand and channel partners (both from the external structure).The market value of Dr. Reddy's is a factor of the quality of their knowledge base, the investment in R& D, the quality of their leadership (internal structure and employees knowledge). Some key features of unique intangibles are as follows:

- Major contribution in the value creation process of the corporate in knowledge economy.
- Not similar in (Unique nature) other industries and some types of corporate's.
- Responsible for enhancement of market share and creation of monopolistic competition.
- Offer specific business opportunities to the corporate's.
- Elimination/minimization of competition within the industry.
- Provides an opportunity to develop low cost sustainable product.

Unique intangible-Indian corporate's:

A major change in the provisions of Indian Income Tax Act in the year 1998, depreciation/ amortization was allowed on intangible assets by tax authorities @ 25% on WDV, which is a signal of legal recognition of intangibles. For accounting and reporting of intangible assets AS-26 will be applicable in India. Both the rules and regulations are promoting intangibles for true and fair reporting point of view. However, more than one decade is over, discloser and reporting for intangible assets are not uniform in intra industry as well as inter industry, because of voluntary nature of reporting and disclosure for intangibles. Due to lack of harmonization in the reporting for depreciation on intangible assets, profitability and shareholders' value creation will also different for the different companies, even they are engaged in similar business/ products. In this scenario it's important to identify some unique intangible assets (which are not common in other industries) according to nature of industry. The main purpose of identification of unique intangible assets to highlights the key responsible intangibles in which corporate's are investing huge amount and which are also responsible for their productivity and earning capacity in the competitive era.

Keeping these views in a mind an effort is made by researcher identify some unique intangibles (which are not common in other industries) according to nature of industry. A comprehensive survey made in this regards related to top BSE companies to know the method of recognition of intangibles, amortization/depreciation during the last one decade. It affects earnings of company as well as value creation in long run.

IV. Review Of Literature

There are sufficient evidences in different studies that better discloser practices as regard to intangibles improve the market valuations. A lot of national and international literature is available in the area of intangible assets. Some of the researches are very useful and significant in this regards**. *Lev and Zambon,(2003)*** state that the rise of Intangibles shows the limits of the traditional external accounting approach that is based on transactions, and of the corresponding measurement tools which are largely rooted in what could be termed as a "black box" view of the firm. Further, they conclude that intangible assets are the major drivers of company growth…and will continue to be vital to companies and the challenge of how to manage, measure and visualize them has to be addressed in theoretical and practical terms. ***Baruch Lev(2001)*** examined the relationship of knowledge assets and shareholders' value creation. He found that investors recognize the primacy of knowledge assets as value-creators, but don't count on capital markets to value properly in real time those assets. He concluded that, these companies which most urgently need to adopt new technologies, change organizational designs and invest in research and human resources. These companies encounter great difficulties doing so because of the high uncertainty associated with most knowledge assets, and investors' preference for quick gratification in the form of high corporate earnings. ***Jhonny Di Giampaolo*** explains that intangibles play an important role as levers of value creation in many industries. Consequently, investors are strongly interested in obtaining information about the intangible asset. Intangible assets are very relevant, particularly in highly innovative industries and, in general, in knowledge-intensive firms. He analyzes the intangibles disclosure quality (IDQ) of pharmaceutical and biotechnology listed companies by applying the content analysis method to their annual reports. **Pablo Fernandez(2002)** explained various aspects of shareholders' value creation with the help of the case study of 'General Electric' between 1991-1999. He calculated shareholders' value for 142 American companies during the eight year period 1992-99 and popularize the concept of shareholders' value creation.

Goishy, Gurudatt N.(2008) pointed out needs and valuation of intangibles because; now a day's knowledge and intangibles are supreme as compared to other tangible assets. He had focused on the enterprise assets and contribution of intangibles in the total value of business of Infosys, Dabur, HUL, Glaxo, and Ranbaxy. These are the companies in which contribution of intangibles are between 90% to 70% of the total value of enterprise. ***Chakraborty, P.K(2005)*** focused on the different aspect of intangible value and their impact on corporation's value creation. He explains economic value added, total shareholders returns, Brand value of pharmaceuticals company on creation of intangible assets. He stressed that intangibles accounting and reporting is very important for shareholders value creation. ***Jhunjhunwala, Shital(2005)*** stated that in the age of information and knowledge intangible assets have become the key value drivers. He provides a simple model to help management, stakeholders, investors and other analyst of the financial reports to value intangibles. He also discussed case studies to show that the market is unable to value intangibles appropriately, leading to the firm being either overvalued or undervalued. This model is also used as a tool to identify investment opportunities. ***Subhas,C.& Vishakha M.(2011),*** stated that external capital is most disclosed as compare to internal intangibles. Their study indicates that reporting of intangibles are unorganized and unsystematic. There is lack of appropriate framework for disclosing intangibles information in the annual reports. ***Bhasin Madan(2007)*** focused on intellectual capital reporting by Indian firms. He observed that intellectual capital reporting has been receiving increasing attention from accountants' in recent years. Since this concept is a new, it is yet to be fully incorporated in financial accounting reports. He observed that if IC information's are not provided, it may adversely influence the decision making process of shareholders. Therefore, now a day's urgent need for standardization and harmonization in the field of intangible reporting. He suggested some internal and external IC measurement methods, and maps, the current state of IC related disclosure in the Indian corporate scenario. ***Chandna Tilak(2008)*** stated that reporting of intellectual capital in India is very important due to non mandatory status. Only few companies are reporting it as voluntary basis. Some companies providing information according to the provisions of director's report under section 217 of The Companies Act and information of amortization in their annual reports as per AS-26. He observed that those who are reporting for intellectual capital, it is different from company to company, due to absence of common glossary, no third party verification and high transaction cost. He also highlighted the current position and reporting trends worldwide for intellectual capital reporting. ***Sarker Siddhartha(2006)*** made an attempt to precise concept and define intellectual capital and using it to understanding value creation as well as, how it relates to the long term sustainability of knowledge intensive enterprise. He also highlighted classification of intellectual capital, motive behind the measuring of intellectual capital and models of intellectual capital. ***Singh, Pradeep Kumar(2011)*** focused on applicability of deprication on intangibles. He observed that until 1998, depreciation was allowed only on tangible assets (L/B, P/M, furniture, etc.) not for intangible assets. After 1-4-1998, Intangibles are eligible for depreciation allowance with effect from the Assessment Year 1999-2000. However, although more than one decade has been passed, discloser and reporting for depreciation on intangibles are not uniform in intra industry as well as inter industry in India. He concluded that due to lack of harmonization in the reporting for depreciation on intangible assets, profitability and shareholders' value creation is also different for the different corporates, even if they are doing similar business.

After the evaluation of all these study it is clear that large number of studies were focused on intangibles and their valuation etc, no one focused on unique intangibles as per the nature of industry and how it created value for the respective industry and what are the amortization practices related to unique intangibles and how it will affects the value creation etc.

Research Questions :

After the analysis of the nature and significance of shareholders' value creation in the contemporary knowledge environment; it is important to examine the role of intangibles for the creation of shareholders' value. It is equally important to examine the amortization and disclosure practices related to unique intangibles by Indian corporates. Based on this information the researcher tried to find out answers of the following questions:

- How Indian companies are treating concept of unique intangible?
- How unique intangibles lead to value creation process?
- How a different amortization practices affects the profitability and value creation for the corporate?

V. Research Methodology and Design

This research study is a macro nature case study, based on the secondary source of data related to leading Indian industries such as Information Technology industry, Pharmaceutical industry, FMCG industry, Automobiles industry, Telecommunication industry, Infrastructure industry, Banking industry, and Capital Goods industry. Most of the data related to unique intangibles and shareholders' value creation had been collected from their published annual reports (based on content analysis and Descriptive research design) and official websites of the sample companies. These data's are related to last 10 financial years (From 2003-04 to 2012-13) because these years are very important for the growth and development Indian corporates.

To analyze the reporting and discloser for amortization of Unique intangibles a comprehensive survey made by the researcher among the top 60 BSE listed companies to know the method of identification of intangibles, amortization/depreciation during the last one decade. Theoretical literature related to impact of intangibles on value creation is collected from various secondary sources e.g. leading journal, magazines, news papers and information available in official websites of the sample companies.

Objectives of the Study

- To understand the concept of unique intangibles.
- To explore industry wise unique intangibles and their impact on value creation.
- To evaluate amortization of unique intangibles and their reporting & disclosure practices followed by the Indian corporates.

Limitations of the study: The following are the main limitations of the present study:

- This study is a macro nature case study, limited to 10 years (2003-04 to 2012-13) performance of the BSE listed companies.
- The data used in this study have been taken from published annual reports only (secondary source).

IV. Results and Discussion

To analyze the reporting and discloser for amortization of intangibles a comprehensive survey made by the researcher among the top 60 BSE listed companies to know the method of identification of intangible assets, amortization/depreciation during the last one decade. Some specific Intangibles according to nature of industry such as in Information Technology Companies (Acquired contract rights, Technical know-how), Pharma Industries (Drug Patent, Non-compete fee), FMCG sector (Trademarks Business and Commercial Rights), Automobile Industry (Industrial designs, Models fees), Capital Goods Industry (Technical know-how, Computer software), Infrastructure Industry (Mining rights, Manufacturing and Technology rights, Water Drawing Rights), Telecommunication Industry (Bandwidth Licenses, Entry/license fees, Indefeasible Rights of Use (IRUs)) and Banking industry (Application software). Exhibit IV indicates certain unique intangibles in different industries as per nature and activities in which they investing a large amount and are key intangibles in operational area

Exhibit IV : Indian Industries &Unique Intangible Assets.

S.N.	Industries	Unique Intangible Assets
01	Information Technology industry	Acquired contract rights, Technical know-how.
02	Pharmaceutical industry	Drug patent, Non-compete fee.
03	FMCG industry	Trademarks, Business and Commercial Rights.
04	Automobile industry	Industrial designs, Models fees.
05	Capital Goods industry	Technical know-how, Computer software.
06	Infrastructure industry	Mining rights, Manufacturing and Technology rights, Water drawing rights.
07	Telecommunication industry	Bandwidth, Licenses, Entry/license fees, Indefeasible Rights of Use (IRUs).
08	Banking industry	Application software, Human resources.

Source: Authors own compilation and collection from annual reports of sample companies from 2003-04 to 2012-13.

These are the assets which enhance market share of corporate's in India as well as global market. It provides cost effectiveness to the corporate, offers specific business opportunities to the business group, eliminate competition among same corporate group etc. with the help of these unique intangible assets corporate's will be able to provide low cost sustainable and affordable product and services to the lower income consumers (bottom line of the pyramid as suggested by C.K.Prahalad, 2000) to enhance revenue and utilize business opportunities.

Unique intangibles and Amortization practices: Identification of unique intangibles and amortization is a difficult task for Indian corporate's due to lack of effective monitoring system and maintains of intangibles. One of the strong argument against the reporting of intangibles is such information's can be used against the reporting companies by the competitors which will minimize their cost effectiveness and maximize the level of competition. To identify the practices of Indian corporate's an attempt is made by the researcher to know specific treatment adopted by the Indian corporate's related to unique intangibles regarding amortization and maintenance. Exhibit V indicates the amortization practices adopted by different industries related to unique intangible assets. Some important findings are as follows:

In the age of knowledge and information technology **Computer and application software's** they are unique intangible, different from corporate to corporate. According to the requirement of corporate, are developing application software to provide better services and information within time. Among the unique intangible assets Computer & Application Software's are popular intangible assets which are amortized by almost all the industries within 3-5 years.

Model fees is the unique intangible in automobile industry, which is important for popularize their different product models. There are certain industries developing models for various automobiles as per the fashion, trend, requirement and suitability of different customers. They are amortizing model fees within 3-5 years in general but in some cases with 10 years from the acquisition.

Patent is another unique intangible assets which is significant in Pharma and FMCG industries. Patent is key intangible especially in Pharma sector with the help of this corporate's developing and marketing various drugs in Indian as well as global market. Indian corporate's is almost amortizing it within 3-10 years of the acquisition as per their policy.

Technical Know-How is important intangible assets in many industries because in the current competitive era without sustainable innovations industry cannot survive in the market. Technical Know-How is common in IT sector, Pharma, Automobile, Capital Goods and Infrastructure Industry, which leads sustainable and affordable innovations resulted higher value creation for shareholders. They are amortizing it within 5 to 10 years as per their accounting policies.

Non-Compete Fees is another unique intangible asset which is popular in Pharma and FMCG industry, is paid to minimize commercial competition in one particular area of segment of market. With the help of this type of agreement, companies are creating higher market shareand higher profitability in particular areas of market or region. They are amortizing it either as per non-compete fee agreement or maximum within 10 years of arises of it.

Trademarks and Designs are most popular unique intangibles in FMCG industry. They are attracting and retaining a large numbers of customers with their unique trademarks and as well as design of the product, helpful for recognition of product among the various competitors products. Trademarks and designs are also attracting more and more customers toward product which leads higher earnings for the corporate's. Indian corporate's is amortizing it within 10 years from acquisition.

Mining rights are the unique intangibles in Capital Goods and Infrastructure industry with this right only they are ensuring prompt supply of raw material for a long time. They are amortizing it on the basis of lease on SLM method or as per the life of mines.

Water Drawing Rights is unique intangibles in infrastructure industry (especially in cement companies and steel companies), which ensures sufficient and smooth supply of raw water for cooling and other purpose of industry. They are amortizing water drawing rights within 10 to 30 years of the period.

Bandwidth license is unique intangible assets in Telecommunication industry; based on this license, frequency is allotted to the telecommunication operators. They are amortizing it over the period of agreement or maximum within with in a period18 years.

Indefeasible Rights of Use (IRUs) are unique intangible assets in Telecommunication industry; an IRU gives the purchaser the right to use some capacity on a telecommunications cable system, including the right to lease that capacity to someone else. Since IRU's are technically rights to a physical part of an underground cable, they can be considered as an asset. Indian corporates is amortizing it over the period of agreement or maximum within 15-20 years.

Exhibit V : Unique Intangible Assets and Amortization Practices by Various Industries in India

Companies	Comp. Software	Model fees	Patent	Techl know-how	Non-Compete Fee	Mining Right	Water Drawing Right	Bandwidth	Indefeasible Rights of Use (IRUs)	Trademark and designs
Information Tech Ind.	Amortize within 3- 5 years	N/A	N/A	Amortize within 5 years	N/A	N/A	N/A	N/A	N/A	N/A
Pharm Industry	Amortize within 5- 6 years	N/A	Amortize within 3-10 years	Amortize within 10 years	Non-com agreement. Or within 10 year	N/A	N/A	N/A	N/A	N/A
FMCG	Amortize **industries** 5 years	N/A within	Amortize 10 years	N/A within	Amortize 10 years	N/A within	N/A	N/A	N/A	Amortize within 10 years
Auto industry	Amortize within 3- 5 years	Amortize within 3-5 years (in some cases 10 years)	N/A	Amortize within 6 years	N/A	N/A	N/A	N/A	N/A	N/A
Capital Goods industry	Amortize within 3- 5 years	N/A	N/A	Amortize within 6 years or use ful life		Amortize over the period of lease on SLM	N/A	N/A	N/A	N/A
Infra. industries	Amortize within 3- 5 years	N/A	N/A	Amortize within 6 years		depreciated over the life of the mines	Amortize within 10 to 30 years	N/A	N/A	N/A
Telecomm	Amortize within 3- 5 years	N/A	N/A	N/A	N/A	N/A	N/A	Amortize over the agreement periodor 10 to 18 years	Amortized over the agreement period or 15to 20 years	N/A
Banking industry	Amortize within 3- 5 years	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Compiled from the annual reports of sample companies from 2003-04 to 2012-13.

Findings, Suggestion and Agenda for Action

After the analysis of above key/ unique intangibles, some important findings are as follows:

- It indicates that Indian industries are having certain unique or key intangible which are providing them key position among the corporates.
- According to utility and their effectiveness, different amortization practices are followed by the different industries, which directly affects earnings of the corporates and finally value creation is more or less depends upon these unique intangible.
- Specific nature of intangibles is responsible for specific treatment and amortization, resulted different value creation by the different industry.
- In service sector and knowledge economy era brands, patents, franchises, software's, research programme, ideas, human resources, their knowledge, expertise & skills, experience, methods and process, service network, internal structure are the assets (Intangibles) creates value for business which are unique in nature among the different industries and corporate's.

Suggestions:

- To develop suitable criterion/variables for the recognition of unique intangibles and criterion/variables will be differ as per the nature of industry and contribution in revenue generation.
- It is suggested to develop effective monitoring system in different industry to monitor and maintain unique intangible assets.
- We have to develop effective reporting and disclosure method, without the loosing of specific advantages and secrecy of such intangible assets.

Agenda for action:

- More focus on the role of intangibles in the value creation process.
- Constant, independent evaluation of specific intangibles.
- Changes in accounting methodology which permits to incorporate unique intangibles in financial statement.

VII. Summary and Conclusion:

Shareholders value creation is important in current economic environment and intangibles are playing a key role in this process. Unique intangibles are the new concept in the area of monitoring and reporting which is largely contributes in the value creation process of the corporate. But at the same time examination of inter industry and intra industry data related to amortization of intangibles and reporting practices, a lot differences were exist due to the different/specific nature of intangibles according to the industry and different utility. At present in the era of knowledge economy brands, patents, franchises, software's, research programme, ideas, human resources, their knowledge, expertise & skills, experience, methods and process, service network, internal structure are the assets (Intangibles) creates value for business which are unique in nature among the different industries and corporate's. Its right time to develop certain specific indicators and effective monitoring system to manage these unique intangibles to offers affordable and sustainable product and service to the common consumers, which will enhance earning capacity and value creation for the corporate's in the competitive era.

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