

The Journal of Business and Retail Management Research

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Mission Statement
Academy of Business and Retail Management (ABRM)

The Academy of Business and Retail Management (ABRM) is committed to advancing research, education, theory and practice in the field of management. It publishes one major journal which broadly contributes to its objective by emphasising on its scholarly aspect. The Journal of Business and Retail Management Research (JBRMR) provides a forum to explicate theoretical insights and developments in the field of business and retail management. Articles published in this journal empirically examine theory-based knowledge. Additional details about this journal's scholarly domain are included in its mission statement.

Mission Statement
Journal of Business and Retail Management (JBRMR)
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The mission of this journal is to publish empirical research that tests, extends or builds business management theory and contributes to retail management practice. All empirical methods including qualitative, quantitative, field, laboratory and combination methods are welcome. In order to be published in JBRMR, a manuscript must make strong experiential and theoretical contributions and highlight the significance of those contributions to the management field. Thus, preference is given to submissions that test, extend or build strong theoretical frameworks while critically examining issues with high importance for business management theory and practice. The JBRMR is not tied to any particular discipline, level of analysis or national context.

Journal of Business & Retail Management Research

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Statement of Editorial Policy

The JBRMR is a scholarly and refereed journal that provides an authoritative source of information for scholars, academicians, and professionals in the fields of business and retail management. The journal promotes the advancement, understanding, and practice of business & retail management. Manuscripts offering theoretical, conceptual, and practical contributions are encouraged.

Objectives

The objectives of the JBRMR are to attract and publish theoretical, conceptual, and empirical manuscripts from academics and professionals from all disciplines regarding a wide range of contemporary issues in business and retail management. The aims of the journal are to disseminate knowledge; provide a learned reference in the field; and facilitate communication between academic and research experts, and executives.

Readership

The readership for this journal includes academics, researchers, professionals, and executives engaged in business and retailing.

Journal of Business and Retail Management Research (JBRMR) **Volume 7 Issue 1 October 2012**

Editorial Comments

The current edition, volume 7, issue 1, contains thirteen scholarly articles conforming to the principal objective of the journal - dissemination of knowledge- applied and theoretical. The first eleven papers are all retail related. The studies do show how varied the retail industry has become with a variety of dimensions to investigate upon including socially sensitive issues. A major area of research continues to be consumer behaviour though. The inputs and findings provided by the authors will be found thought provoking to academics and professionals alike for further research and also for strategy development. The last two papers are more development oriented but with retail implications.

The opening paper by **Murrell - Jones** and titled **"A spiritually based leadership approach in the retail environment to assist with the challenges of employee morale and retention"** introduces us to an issue that has been researched extensively over the years and that involves organisational effectiveness and excellence. Many theories and models have been developed since the time of Taylor and his contribution to scientific management and McGregor's Theory X when labour would be treated, somewhat dehumanisingly, merely as workers and no more to this day. That includes Theory Z, TQM, EQ, etc that all emphasise inclusiveness and worker participation in decision making to harness the power of motivation in enhancing an organisation's productivity and efficiency. At the heart of these theories/models must lie the answer to the question as to why some organisations show better performance and sustain themselves well than others from a future perspective. There is thus an element of predictive capability in them that justifies the research thus far. In the present article, the author reminds the readers that spirituality based leadership does not refer to any religion in particular or ".... the use of spiritual elements (being) practiced in the work place." Like several other models, this approach too emphasises people-centric leadership/management style upholding the importance of ethics being at the root of organisation performance. Quoting various other contributions in this area, the author reaffirms the importance of work environment within the organisation - where quality prevails without undermining the importance of quantity. This leads to value addition through several channels including employee morale, and therefore their retention. A total 98 retail employees selected randomly from Chicago form the basis of investigation, representing four retail organizations - two spiritually based (caring, listening and learning organisations) and two mainstream. A statistical co-relational analysis was employed in the investigation. The dependent variables focused on employee morale and employee perceptions of retention representing the motivational context. Against this, there were the independent variables-spiritually based and main stream retailers. The spiritually based organisations gave a better performance than the other two. The study has therefore important implications for managerial style and leadership practices at work

in a retail environment. Interestingly, the author, quoting other works, noted that the retail sector for investigation had an employee turnover rate (in the USA) of 54% as against 40% in most other nonretail industries.

In the next paper titled **“Moral harassment at work: the relationship with organisational culture”**, authors **Grazina** and **Magalhaes** have raised an issue that contains explosive elements in management culture. It is an anti-thesis to the enlightenment of organisational practices highlighted by Theory Z and others in that rank as mentioned above. It can be presumed that bullying and harassment at work in some measure have been present in work places of many organisations. The very fact that so much research has gone into organisation effectiveness is proof enough of that. It is just that the phenomenon is no longer limited to the working class members only but also has invaded the managerial cadre. The reporting of such events has assumed epidemic proportions and they have plagued the working life culture in the form of intimidating, offending, degrading or humiliating. The authors have tried to establish in their studies, based on questionnaires, as to how moral harassment is sustained in an organisation. The investigation was carried out on a sample of 150 bank workers and 150 in private practice, aged between 18 to 49 and with an average social class background. The theoretical support for the study was borrowed from Quinn’s Competing Values Model and Hirigoyen’s Theory of Moral Harassment. While analysing the results of the exercise, the authors note that the prevailing organisational cultures increases the chance of moral harassment and that its presence is also perceived by employees. The authors rightly point out there is a need for further work in order to better understand this phenomenon and then sensitising the society about it so as to promote a better quality of life in the work place.

The third article **“Determinants of supermarket shopping behaviour in an emerging market”** by **Rishi** and **Singh**, focuses on the extensively researched area of consumer behaviour but with particular reference to emerging markets. Much of the contributions in this area to date has been in the context of developed countries mainly because developing countries have appeared on the scene of late only. Economic resources are now shifting to these later group of countries and naturally consumers there, supported by their buying power, are receiving more attention. The BRICS economics, for example, represent a phenomenally high percentage of world population where the demographics suggest why there is so much talk about them. One such economy in the BRICS group, India, is the focus of this paper. The authors rightly point out that retailing has a very bright future in that country. All the fundamentals are present to support this view—a young population, the 300 million mark middle class, rising income level and the consequent changing life style. Super market shopping is now taking off and accordingly the question arises as to what are the factors that influence consumer preferences in the overall shopping behaviour. The authors view that factors including availability of local brands, discounts, display and visual appeal are all important. In the social factors – critical ones are ambience, salesman’s behaviour and influences of

children. In the temporal factors, criticality is attached to open space, timing, spending time and to some extent proximity. The management should therefore note “.....that physical factors are much more comprehensive than just quality advantages.” Further a retailer should make sure that “..... Store attributes meet the specific needs of well defined, homogeneous consumer group making up a specific market segment.” From a long term perspective, the retailers should also view shoppers’ “.....emotional and long term attitude.....” with seriousness.

The fourth paper titled “**A study of consumer purchase behaviour in organised retail outlets**” by **Sangvikar** and **Katole**, continues with the complexities of consumer behaviour and examines the critical factors that influence the shoppers’ purchase pattern in organised retail stores in India to help business in developing appropriate marketing strategies. The findings are derived from an examination of the behavioural pattern displayed by 150 respondents in sectors like garments, cosmetics, food and other eatables, electronic goods etc. Statistical tools and techniques including multiple regression, were employed to justify the validity of the findings. It was observed that in the sales process, the sales personnel were good enough in communication and courtesy, but were lacking in performance related to product knowledge, discipline and prompt services. Amongst the parameters that were found to be important as to why consumers were interested to visit particular retail stores, price discount topped the list followed by product variety, convenience to customers and product availability. Department stores were preferred to hyper markets and supermarkets and not surprisingly poor quality of products was negatively related to purchase behaviour. All this would seem to be significant inputs to make rational decisions by the retailers, although, the authors caution, more such studies would be needed for generalization purposes.

In the fifth paper titled “**Role of non-fuel retailing services: The Face of Petro-Retailing in India**”, authors **Patel** and **Kishore** talk about the comparatively less charted area of business in oil products with support from provision of non-oil products on the same premises. In a world of competition, it is but natural that customer retention is of crucial importance not that enlarging the new-customer base is not. In the area of petroleum retailing, this assumes significance because it is well known that customer loyalty here is rather thin. The retailers, though multinational in many cases, deal with homogeneous products and accordingly find it difficult to keep a grip on customers. In recent times, they, as a matter of strategy, have been trying to create a phenomenon of “differentiation” in their business by offering non-oil products on the same premises by joining hands with established retailers- Tesco, Sainsbury’s and others for example in the UK, although the retailers themselves will have small stores in most cases. This has been an evolving scenario in India as well where the industry faces the hurdle of administered pricing as opposed to the free interplay of demand – supply based market forces. The question, of course, is how, it is affecting competition amongst the oil majors in India and hence the pricing margin and customer loyalty on the other

side. To gauge the evolution of these practices and their impact, the authors conducted a survey with 100 customers while also reviewing the researches done by others. The questionnaires included inquires on customer preferences while visiting the petroleum retailing outlets. The results obtained were varied - location of outlets, infrastructure comprising space, cleanliness, ATM machines etc. were found to be of importance. In addition attempts are also taking place like tying up with Coca-Cola, McDonalds, Subway and others to be on their premises. However, the scenario is still in the evolution stage and the authors rightly suggest more research to gauge consumer attitudes and for developing strategies. Various initiatives that there are on the horizon to lure customers need to be strategically thought out because of the well known volatility of customer attitudes.

Consumer behaviour is conditioned by a variety of factors – economic and non-economic. The sixth article **“Colouring consumer’s psychology using different shades” by Patil**, focuses, as is obvious, on colour / colour combinations as the influencing factor in buying decisions. That way it falls in the realm of psychology in particular with interesting outcomes with economic underpinning so much so that marketing strategies should look at this phenomenon with great urgency. Advertising specialists should take note of this because colour communicates powerfully through logos, brand names, tag lines etc. ;, in other words colour has to be well factored in decision making process, with particular regard to the emotion-dependent impulse buying. Another very interesting dimension of all this lies in the use of colour as a “differentiating” factor to help product sales. The origin of this goes way back to the early 1930s when economic researchers- Edward Chamberlin and Joan Robinson – promoted monopolistic competition as a market structure that incorporated non-economic parameters giving advertising its permanence in marketing strategy. Supermarkets are perhaps a place to visualize the riot of colours and consumers, children included, deciding on which colour to go for. In the current study, the author collected data from 50 respondents shopping in departmental stores in Mumbai through administering unstructured questionnaires and analysed them quantitatively and qualitatively. The conclusions that were derived included – colours played an important role in purchase behaviour and more interestingly consumer related certain colours to social economic classes and accordingly decided to chose their shopping place. Other findings included recalling departmental store names on the basis of colour. As an exception, there were also some shoppers for whom colour had little role to play compared to other factors - music being played inside the store, appearance, quality of services etc. Obviously generalizations are difficult to make and more studies are required as suggested by the author.

It is universally agreed that organisations have to have a strategy in place that will help them gain competitive advantage over others in the same business and once gained, it must be retained over time through enhanced capability. This is the focus of the seventh article **“ An empirical analysis of the impact of information systems in logistics performance management of retail firms”**, by Tilokavichai et al. Translated in

economic terms, costs and revenues must work in the right direction to give a fillip to firm productivity and efficiency - cost minimisation and revenue maximisation in other words. It must be agreed that in trying to achieve revenue maximisation, firms will have little control as such - they can only influence the customers whereas in cost optimization, firms are very much in control. And in this, a major point to focus upon must be cutting down wastes as the input - process - output system works its way through. This brings in the great possibilities that exist in managing the logistics thereby establishing connectivity amongst suppliers, warehouses and customers rather than compartmentalizing them as silos. The process is pretty complex, needless to say, but with the onset of IT tools, the prospects are more promising as the authors point out in their literature review. IT on its own, cannot do much - it needs application in areas like accounting, operations e.g. stock control etc. and thus has the potential to reduce cost, often substantially in cases such as these. IT thus passes into the discipline of MIS that suggests that information managed properly can be of great benefit to management, particularly with regard to logistics functions. The authors explore the "relationships between Information Systems usage and logistics performance management measured by logistics performance indicators". Where performed properly, customer satisfaction will be heightened paving the way for revenue maximization through the process of value creation and cost reduction. The investigation was carried out in retail business in Thailand through a survey of 103 firms with positive results. The authors rightly suggest more research while emphasising its great relevance in the development of corporate strategies.

The 'newness' of new products does not last long in most cases. The technological complexities will determine how long it will take the competitors in the industry to launch substitutes. Once they are there, the market forces will determine what should their prices be once consumer reactions to them have settled. That is the rule of the game. Even the likes of IBM or XEROX had been given wake up calls when their substitutes arrived in show rooms. But what happens when competitors take the unusual route and produce a faked or forged product, however unethical that may be. And what kind of acceptability would these products receive from prospective customers? This is the focus of discussion in the eight paper "**Mapping drivers of consumer attitude formation and adoption of counterfeit products**" by Titus and Ethiraj. As the authors note "The purpose of this fraudulent activity is to deceive the consumer into purchasing the counterfeit under the mistaken belief that the product is a genuine article". Such a practice should be seen as a cause of concern for the parties involved - for the consumer, it is dissatisfaction; for the original firm, a loss of revenue and possible damage to reputation and for the imitator, a windfall of profit without much investment but possibly with a high legal risk, if challenged in court. But the trade has grown and grown so much that some estimates, as noted by the authors quoting the International Chamber of Commerce 2007, put it at around six hundred billion dollars representing some 5-7% of world trade. That this has grown to such a level is serious enough because the market i.e. consumers, must have accepted them - in the primary

market, consumers buying them assuming them to be genuine and in the secondary market – consumers buying them as good bargains. The markets, therefore, can be said to have given them recognition. The current paper, a study on India, makes an in-depth analysis of a small group of scholarly students and the authors suggest that this exploratory work revealed the acceptance of this phenomenon. Theoretical researches on this are yet at a level where generalizations are difficult to make but obviously there are searching questions as to whether this recognition will last as customers become more sophisticated and have more buying power over time. Nevertheless, the study undertaken by the authors should definitely be of interest to researchers.

The ninth article **“Customer participation in retail – focus on automated services”** by **Maki** and **Kokko**, introduces us to an area that should draw our attention on a much larger scale than previously – the question of rural retailing, automation and shopping experience thereof. Thanks to technology, automation plays a significant role in our life in general. The presumption is that consequent upon technological development the quality of life should be viewed more positively. This is a question which received much attention in the post second world war with the gradual emergence of retail supermarkets which today we accept as a part of our lifestyle. However the importance of a personal touch in the transaction process is raised even today. When a machine fails in its service – what does one do? This turns into a fundamentally important issue when the setting is rural – a small village – and retailing is done through vending machines. By virtue of the fact that supermarkets have to depend on volume sales, their profit objective would require them to locate near population centres that could support volume sales. In urban situations, even where supermarkets are not available closer to where one lives, small shops will be there to serve one’s immediate needs during odd hours. However, as the authors very rightly observe and other researches have shown, in rural setting the scene is very different because of the closure of shops with population dwindling. In other words, there are communities too small to support the sales that the shops would require to survive. Accordingly, the retailers are trying innovative solutions in such cases – providing service through vending machines for example. The authors examine the quality of such services based on the concept of self service technology in a village in western Finland with a total population of 300 people. Based on their study the authors conclude that “.....Automated vending machines have great relevance for customers and there is no foreseeable obstacle of growth in this area”. This would then represent a case of high involvement from a shopper. However, the question of personal contact cannot be ignored altogether – its importance, predictably, being felt more in the older age group. Accordingly, the question of this emotional aspect should be considered strategically by the management. The authors suggest more such studies should be carried out not only in rural setups but also in urban centres to develop a more comprehensive picture of consumer perception of retailing in these scenarios.

The tenth paper **“An application of Sweeney’s risk-price-quality-value framework through a consideration of store brand merchandise”** by **Beneke** focuses on the emergence of ‘own brands’ in retailing and the consequence thereof. The last few decades have witnessed a steady increase in the economic power of retailers particularly in the multi-brand sector. This has been a phenomenon witnessed in developed countries and now is being seen to have spread to the developing world. In the developed country context, the demise of numerous corner/small shops satisfying the shopping requirements of the customers is well documented. However painful the experience has been to the small time shop owners, the emerging retailers, oligopolists in market structure terms, grew in size through consolidation and acquisitions. This has had serious repercussions on the national manufacturers of products – the power passing on to the retailers from the manufacturers and with this came the rapid rise and invasion of “own brands” side by side with the national brands in almost all product categories. The author investigates here the variables in purchase decision of these brands, particularly directed to lower income consumers and the purchase of entry level store brands of household cleaning products in the South African market in particular. The author has consciously chosen this class of consumers because of substantial research already having been done for those in the upper and middle income classes. The chain of variables involving price and product value, product value and willingness to buy, all at perception level, have been found to have positive relationships whereas product quality and risk has had a negative relationship. The author has employed the framework developed by Sweeney, Soutar and Johnson. The findings also suggest that “own brand” incursion has been rather weak – the reason being, and quite understandably so, the risk aversion of consumers. The author, therefore, suggests several measures for the marketers to follow. Quality cues are absolutely crucial to have shelf space for these products along with attractive signage to cast them in a positive aura and using glossy magazine for publicity etc. Further, educating the consumers is essential to build the credibility and advantages of buying such brands. Needless to say, this must be supported by quality service along with improving the supply chain management involving these particular brands.

The issues taken up in the eleventh paper by **Jones et al.** relate to CSR issues and is titled **“Corporate social responsibility on the catwalk”** in the context of retailing. With globalization taking route across countries, corporates’ hunger for profit has come under increasing public scrutiny. For the large organisations, the rise of activist groups has become a thorn that contests the very pillar of capitalist economic system – the issue of profit maximisation – so much so that their activities have, in many cases, negatively impacted corporates’ reputation and image. Consequently the CEOs have become increasingly embroiled on the issue of corporate philanthropy as customers and other stakeholders feel that industry has an obligation to take more definitive lead to support social causes. The authors have taken up these issues in the context of a subsector of retail industry - fashion goods. The authors first provide a CSR sketch where they discussed the research contributions – in particular the theories – Stakeholder Theory,

Social Contracts Theory and the Legitimacy Theory – all upholding the issue to CSR. Side by side, they also discuss the view of the school that suggests that industry does not have to concern itself with ethical issues as such as long as it plays a fair game. They then examine ten leading firms in the fashion industry and draw our attention to three points. First, although these industry leaders recognise their CSR commitments in a highly competitive world, they need to balance them against their commercial imperatives. To satisfy the CSR commitments then becomes a challenge to the management. Secondly, these commitments may be “.....interpreted as being inspirational”. As stakeholders become more interested in CSR activities, reporting them and making them more public becomes important. However, in most cases, there is no independent verification of this happening which, in turn, may “.... call in to question thecredibility of the reporting process”. And thirdly while constructing CSR, “The emphasis is ...primarily on efficiency gains across a wide range of economic, social and environmental areas. Thus while many of that environmental initiative are designed to reduce energy and water use and waste generation, for example, they also serve to reduce costs”. These are all very interesting observations which should draw attention of other industries too regarding their CSR initiatives, if any.

A major concern for most developing countries is how to increase employment in a population that keeps on growing with advances in S&T and yet weak in industrialization. Does globalization help? This is the focus of discussion in this twelfth and penultimate article titled “**Globalization effect on employment: an evidence from Islamic countries**” by **Tajgardoon** et al. The adoption of capitalist economic principals in China since the 1970s, the fall of the Soviet Empire in the early 1990s and accepting that entitlement to get state benefits must not come free in Cuba – all go to show the waste that underlies socialist systems and the advantages that capitalism brings about along with its globalization dimension. Several countries have benefited from being comparatively more efficient through a rational allocation of resources that globalization supposedly can bring about. But there are many others – where the question looms large – does employment get a boost as a result of globalization – an icon of capitalism. Although considerable amount of research has taken place, results are patchy at best. And it is, perhaps, too early to gauge the employment benefits because a large percentage of these countries are still in early stages of industrialization – the index of development. Industrial policies conducive to growth and development are yet to take shape. Skill formation, so very essential to develop a competitive edge and win as trade takes root is yet to happen, not to talk of developing technology – a sine-qua-non for industrial development. FDI in many countries is still a hotly debated issue. In the present study, the authors have examined data over the years 1980-2009 covering nine Islamic countries, mostly from the ME. Taking employment as the dependent variable and GDP, FDI, openness of economies etc. as independents, the authors find a positive impact on employment. Islamic system of banking too shows a positive effect. However, as things stand, it is rather early to suggest the issue is settled. Applied research must go

on to cover this sensitive area - employment in industry subsectors vis-a-vis globalization.

The last paper in this edition “**Microfinance: A tool for poverty reduction in developing countries**” by **Addae-Korankye**, focuses on prospects of raising the living standards in less developed countries. It would be an understatement to suggest that these countries, in most cases, suffer from extreme forms of poverty. In actuality, vast sections of populations in these countries live in, what is referred to as the \$1 a day syndrome- mainly in South Asia and Sub-Saharan Africa. And this is so in spite of commendable economic growth in some of the countries in these regions. The so called ‘filtering through’ mechanism of the fruits of growth has not taken place in required measures with the result that inequality of income distribution has only worsened over the years in spite of excellent theoretical planning models. In several cases, fundamental assumptions have gone badly wrong. World bodies have tried but with little success in producing tangible results for modelling poverty reduction. However, reasonably well established success stories in the midst of this gloom come from the universally recognised model of microfinance developed by the Nobel Laureate Yunus of Bangladesh - Grameen Bank and ACCION examples. The author has presented and deliberated on the researches done in this area. The findings confirm that , by now, the examples have been tried in many countries worldwide, mostly with positive results. However, researchers in general are of the view that there must be a long term perspective to these programmes. They must not only bring people out of immediate desperation but also enable them to sustain themselves. These must include their overall economic and social development through skill building to enable them to grow entrepreneurially - a fundamental objective of MFI. Such measures will help generate employment outside the beneficiary families thereby producing the multiplier effects of MFI investment. There must also be emphasis on the synergy aspects of self-help groups and people living in desolated areas must come within the purview. Besides, microfinance projects must be well thought out to include a ‘package’ concept rather than just provision of credit. In other words, microcredit should be a subsystem within microfinance which must have a managerial perspective to generate streams of benefit for the future. This then could revolutionise the lives of the poor - a long felt need in many developing countries.

The Academy, the publisher, is thankful to the authors for their choosing this journal as the platform to publish their valuable work.

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A Spiritually based leadership approach in the retail environment to assist with the challenges of employee morale and retention

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Key Words

Employee morale, employee retention, retail industry, spiritually-based leadership

Abstract

This quantitative correlational research study was conducted to compare the degree to which spiritually-based and mainstream retailers' leadership practices do or do not affect employee morale and employee perceptions of retention. The sample consisted of 98 random retail employees from the Chicago, Illinois area. The employees represented four retail organizations, two spiritually- based and two mainstream organizations. Correlational analyses using data from the survey devise the research findings. The findings revealed that a small difference does exist in employee morale between spiritually-based and mainstream retail employees. Specifically, there exists a difference in the two groups between the relationship between retention and morale. The results also indicated a relationship between leadership practices and employee perceptions of retention in both groups.

Introduction

The retail industry is an environment of change, stress, and challenges which can lead to employee dissatisfaction and increased turnover (Smith, Sparks, Hart, & Tzokas, 2004). Retail jobs over the last few decades have become structured and more pressured (Fleschner, 2006; Smith, Sparks, Hart, & Tzokas, 2004). This pressure may be a result of the link between employee output and profitability for organizations (Fleschner; Smith, Sparks, Hart, & Tzokas, 2004). Most American industries have a turnover rate of 40% yet the retail industry's rate is 54% (Nobscot Corp., 2006, ¶ 4). Effective leadership may assist in improving retention and reducing turnover in the retail industry (Elmes & Smith, 2001; Marques, 2005).

It has been suggested that leaders use a spiritually-based management approach to assist with the challenges of turnover and employee dissatisfaction (Mitroff, 2003; Weston, 2002). Spiritually-based management does not refer specifically to any said religion or the use of spiritual elements practiced in the workplace. A spiritually-based management approach addresses not only meeting the needs of the organization but also the employees (Mitroff; Weston). The spiritually-based management approach to leading a team emphasizes key parts of the human experience that impact employee perception and productivity. These key aspects include caring, hope, kindness, love, optimism, personal aspirations, goals, values, and ethics (Mitroff; Weston). Spiritually-

based retailers distinguish themselves from mainstream retailers by placing more emphasis on encouraging employees to develop themselves, serve others, unite with others in the organization, and maintain equilibrium at work (Giacolone&Jurkiewicz, 2003; Milliman, Czaplewski, & Ferguson, 2003; Mitroff; Paloutzian, Emmons, &Keortge, 2003). The four criteria in spiritually based organizations that are different from mainstream include development becoming self, serving others, unity with others, and equilibrium (Marques, 2005, p. 29).

The development of becoming self refers to searching for the meaning of personal existence (Giacolone&Jurkiewicz, 2003). Spiritually-based organizations strive to create an environment where employees enjoy the work environment, are energized by job responsibilities and the work environment, and the work environment gives personal meaning and purpose (Milliman,Czaplewski, & Ferguson,2003). In contrast, mainstream organizational leadership is deeply impersonal and inherently collective (McLeod, 2001, p. 29). Mainstream organizations do not make similar demands for managers to self-develop or help and serve others (Garcia-Zomar, 2003; Marques, 2005; Steingard, 2005).

Background

The retail sector is the fastest growing industry in American business today (Plunkett Research, 2006, ¶ 1). The American business world has shifted toward the service industry. Currently, the retail industry employs the second highest number of employees in America (Plunkett Research, 2006, ¶ 1). In addition to increasing its market presence in American industry, retail has increased employee turnover and decreased motivation and morale (Plunkett Research, 2006; Shaw, Delaney, Jenkins, & Gupta, 1998).

Motivation affects workplace productivity and employee performance (Ballinger, 2007; Messmer, 2006; Redford, 2006). There are many factors that influence employee motivation, including, hours worked, vacation time, the working environment, personal opinions of the job, their supervisor and coworkers, monetary and nonmonetary incentives, delegated responsibilities, among others (Ballinger; Messmer; Redford). Motivation influences work behavior and how employees view the organization, management, the employee's role in the organization, as well as their productivity. An employee's behavior in the work setting is often an accurate reflection of their motivation (Ballinger; Messmer; Redford). Employees are responding to the environmental conditions they work in (Garcia-Zomar, 2003; Marques, 2005; Steingard, 2005). How employees feel about themselves and the organizational environment will affect the employee's role in the workplace (Ballinger; Messmer; Redford).

Motivation should be studied by leaders because it influences performance and productivity (Ballinger, 2007; Messmer, 2006; Redford, 2006). Motivation is "an inner drive or force that acts on humans to initiate or direct behavior and influences the intensity of that behavior" (Huddleston & Good, 1999, p. 385). Employees produce and

perform based on the employee's motivation (Ballinger, 2007; Messmer; Redford). It is important for managers and leaders to understand employee motivators and their role in influencing employee motivation and retention (Ballinger; Huddleson & Good; Messmer; Redford). An important aspect of this understanding is employee morale (Ballinger; Messmer; Redford).

Employee morale refers to how an employee feels about the environment where they work. Employee morale has an effect on the employee's productivity (McKnight, Harrison, Ahmad, & Schroeder, 2001). According to McKnight, Harrison, Ahmad, & Schroeder (2001) morale in the workplace is the degree to which an employee feels good about his or her work and work environment (p. 470). The environment in which employees work and spend much of his or her time can influence employee productivity or performance (Frank, Finnegan, & Taylor, 2004).

Employee turnover in the workplace represents the percentage of employees that leave organizations during a specified period (Frank, Finnegan, & Taylor, 2004). The retail sector has an increasing challenge with turnover. According to Nobscot Corp. (2006), annual turnover in the retail industry is as high as 54%; the average turnover in other American industries is 40% (¶11). Employee retention is the "effort by an employer to keep desirable workers in order to meet business objectives" (Frank, Finnegan, & Taylor, 2004, p. 6).

Purpose of the Study

This quantitative correlational research study compared whether or not spiritually-based and mainstream retailers' leadership practices do or do not affect employee morale and employee perceptions of retention for 100 retail employees in greater Chicago, IL. The greater Chicago area was chosen for several reasons. The retail industry represents one of Chicago's largest industries. According to the Illinois Department of Employment Security (2004), retail ranks as the sixth largest industry in Chicago. In addition, Chicago has developed a program to support the growth of retailers in the area. The program entitled the Retail Chicago Program (RCP) was designed to better inform developers of the retail market opportunities in Chicago as well as to strengthen and stabilize existing neighborhood retail centers (City of Chicago, 2007). Chicago is also home to a diverse population of people. According to the Chicago Convention and Tourism Bureau (2006), Chicago is a business center with a diverse powerhouse economy.

Research Method

A quantitative Likert-type survey served as the research method for this study. The survey questionnaire was distributed to retail employees at both spiritually-based and mainstream organizations. The dependent variables were employee morale and employee perceptions of retention. These variables, as part of the context of the study, represent the outcome of the use of motivational contexts in the retail environment. The

independent variables were spiritually-based and mainstream retailers. The research design used for the study was factorial. Factorial designs study two or more variables on two or more levels (Creswell, 2005). The independent variables examined in this study are spiritually-based and mainstream retailers. In addition, the design was correlational in nature. The design used in the study measured the relationship between the use (or lack of use) of spiritually-based leadership practices on employee morale and retention in retail. The design was appropriate as its correlational design enabled statistical tests to serve as a measure. The investigator used correlational testing to examine the relationship between leadership practices (spiritually-based and mainstream) and employees' perceptions of employee turnover and morale. There was no attempt to manipulate the variables (Creswell). This study investigated the difference between employee morale and employee perceptions of retention in spiritually-based and mainstream retailers.

Results

The demographic and employment variables studied were gender, age, retail organization, tenure with the retail organization, level within the organization, and years of experience in the retail industry. The two dependent variables were employee morale and employee perceptions of retention. The independent variables are the leadership practices of spiritually-based retailers and leadership practices of mainstream retailers. Inferential statistics rely on probability sampling to infer results about a population based on a sample. In addition, inferential statistics are used to test hypotheses (Neuman, 2003). This dissertation study sought to provide answers to 16 research questions.

Research Question 1

R₁: What is the difference in morale between employees of spiritually-based and mainstream retailers?

The results of a *t*-test indicate that there is a statistically significant difference between spiritually-based and mainstream retail employees' levels of morale using an independent ($t=-3.762$; $p<.05$). The null hypothesis was rejected in favor of the alternative hypothesis. The employees of the spiritually-based employers reported higher levels of morale (lower scores indicate higher agreement with questions related to employee morale) than employees of mainstream retailers.

Research Question 2

R₂: What is the difference in perception of retention between employees of spiritually-based and mainstream retailers?

The results of a *t*-test indicate a statistically significant difference in the perception of retention between employees of spiritually-based and mainstream retailers ($t=-5.443$; $p<.05$). Spiritually-based retail employees showed a lower score (willingness to stay) as opposed to mainstream employees in subscale 1. The tests also convey a significant difference in both groups to subscale 2 ($t=5.031$; $p<.05$). The

spiritually-based employees demonstrate a higher score (higher score indicates less willing to leave) as opposed to mainstream retail employees. The null hypothesis is rejected in favor of the alternative.

Research Question 3

R₃: What is the relationship between leadership practices and employee morale?

The results of the Pearson's *r*-test indicate that there is a very strong statistically significant, positive relationship between leadership practices and employee morale ($r=.916$; $p<.01$) for all respondents. The null hypothesis is rejected in favor of the alternative hypothesis. Approximately 83.9% of the variation in employee morale is accounted for by the variation in leadership practices.

Additional Pearson's *r*-tests indicate a difference between the two groups. A positive correlation exists between leadership and morale for both groups. The relationship between leadership and morale is stronger in the spiritually-based ($r=.973$) organizations than in mainstream organizations ($r=.708$).

Research Question 4

R₄: What is the relationship between leadership practices and employee perceptions of retention?

The results of the Pearson's *r*-tests indicate that there were statistically significant correlations between leadership practices and employee perceptions of retention between the two groups. There is a statistically significant positive strong relationship between retention subscale 1 and leadership in the spiritually-based organizations ($p=.926$). There is a small significant positive relationship between retention subscale 1 and leadership in the mainstream organizations ($p=.297$). Further, there is a moderately strong negative relationship between retention subscale 2 and leadership in both mainstream ($p=-.596$) and spiritually-based organizations ($p=-.633$).

Research Question 5

R₅: What is the relationship between employee perceptions of the work environment and employee morale?

The results of the Pearson's *r*-test indicates that there is a moderately statistically significant positive relationship between employee perceptions of the work environment and employee morale ($r=.919$; $p<.05$). The null hypothesis is rejected in favor of the alternative hypothesis. Approximately 81% of the variation in employee morale is accounted for in employee perceptions of their work environment. Additional Pearson's *r*-tests indicate a difference between the two groups. The spiritually-based employees demonstrated higher positive relationship (.985) than mainstream retail employees (.604).

Research Question 6

R₆: What is the relationship between employee perception of retention and employee morale.

The results of the Pearson's r -test indicate that there is a strong significant positive relationship between employee perceptions of retention and employee morale for retention subscale 1 for both spiritually-based ($p=.940$) and mainstream ($p=.508$) retail employees. The Pearson's r -test conveys a moderately strong negative correlation between morale and employee perceptions of retention for subscale 2 in both the spiritually-based ($p=-.587$) and mainstream employee ($p=-.495$) groups

Summary of Research Findings

The results indicate that a statistical difference in employee morale and employee perceptions of retention exists between spiritually-based and mainstream employees. A significant statistical difference exists between spiritually-based and mainstream retail employee perceptions of equilibrium in the workplace. Further, a significant statistical difference exists between spiritually-based and mainstream retail employee perceptions of developing and becoming self in the workplace. Table 27 represents the survey responses of spiritually-based and mainstream retailers to all research criteria (employee morale, employee perceptions of retention, equilibrium, and development of self).

Table 1

Spiritually-Based and Mainstream Retail Employee Responses

Retailer	Morale	Retention	Equilibrium	Self
Spiritually-Based	10.0816	11.7347	8.4898	8.2857
Mainstream	13.1837	12.3878	12.6939	13.2653

The results of the study indicate that a statistically significant positive relationship exists between leadership practices and employee morale. The spiritually-based employees conveyed a slightly stronger relationship than the mainstream group. The relationship between leadership and morale is slightly stronger in the spiritually-based ($r=.973$) organizations than in mainstream ($r=.708$).

There is a difference in the two groups between the employees' perception of retention. The spiritually-based employees exhibited a slightly higher willingness to stay (retention subscale 1). In addition, the mainstream employees conveyed a slightly higher willingness to leave the organization (retention subscale 2).

Finally, the results of the study indicate that a statistically significant positive relationship exists between leadership practices and employee perceptions of retention. The spiritually-based employees conveyed a stronger relationship than the mainstream group. The relationship between leadership and retention is stronger in the spiritually-based ($r=.926$) organizations than in mainstream ($r=.297$) in terms of the employees' willingness to stay at the organization. Further, a strong negative relationship exists in

both mainstream ($r=-.596$) and spiritually-based ($r=-.633$) employees' willingness to leave the organization in relationship to leadership.

Implications for Morale

The data produced in this study suggests that there is a strong positive relationship between leadership practices and employee morale in both groups (research question 3). Further, there is a strong positive relationship between employee perceptions of retention and employee morale. Finally, a strong positive relationship exists between the work environment and employee morale (research question 5).

The results of the study strengthen the claims that leadership plays a significant role in employee morale levels in the retail environment. It appears that leadership practices have a strong impact on employee morale (research question 3). In addition, the results support the notion that the work environment has a significant impact on employee morale in the retail environment (research question 5).

Implications for Retention

The research suggests that little difference exists in employee perceptions of retention between spiritually-based and mainstream retailers (research question 2). The research suggests that employee perceptions of retention in the retail environment are impacted by the leadership practices used (research question 4). Further research may be conducted in the retail environment to examine reasons for higher turnover rates in the retail industry.

There may be several reasons why differences exist in employee perceptions of retention as it relates to leadership practices. One reason may be that Maslow's hierarchy of needs is not being met in order for the employee to pursue higher levels. Maslow induced that a person could not recognize or pursue the next higher need in the hierarchy until his or her currently recognized need was substantially or completely satisfied (Gawel, 1997, ¶ 10). Organizations may be deficient in efforts to fulfill the needs of the employees; this may be reflected in perceptions of retention and turnover. Once employers are successful in meeting the basic needs of their employees, the employees can focus on more important goals such as productivity and profitability in the workplace (Giacolone&Jurkiewicz, 2003; Milliman, Czaplewski, & Ferguson, 2003; Mitroff, 2003; Paloutzian, Emmons, & Keortge, 2003).

Additional reasons for turnover in the American retail industry may include dissatisfaction with the job itself as well as poor relations with coworkers (workplace equilibrium). Pizam and Thornburg's (2000) study concluded that hourly employees were more inclined to resign from their jobs voluntarily. In addition, voluntary turnover was associated with poor relations between coworkers and dissatisfaction with the job (Pizam& Thornburg, 2000). A Milman 2002 study of retention of hourly employees in the attraction industry found that powerful predictors of retention existed. These

predictors included the sense of fulfillment with the hourly employees' current job, low inclination to move to another employer because of a different management style, clear responsibilities, and consistent working hours (Milman, 2002).

The Society for Human Resource Management and the *Wall Street Journal* Job Recovery Study in 2003 found that 83% of employees surveyed indicated that they would actively seek new employment when the economy improved (Frank, 2004). Milman and Ricci's (2004) study analyzing retention of hourly employees in the hotel industry also found common predictors of retention. The most powerful indicators of retention were low interest to find another job, a positive experience with the company's policies, satisfaction with the employee's current job, a higher importance for paid vacations, a positive experience with the company's humane approach to employees, and low importance for "having a fun and challenging job."

The survey questionnaire did not include questions that explored the relationship between employee perceptions of retention and the work environment, development of self, and work place equilibrium. Additional research should be conducted to explore the relationship between employee perceptions of retention as it relates to the work environment, development of self, and workplace equilibrium. Organizations may seek to use exit interviews as well as employee surveys to assess retention habits. There is a need for organizations to assess patterns of avoidable turnover in the overall profile of employee retention (Morrell, Loan-Clarke, & Wilkinson, 2004, p. 32).

Implications for Leadership Practices

Leaders have the challenging responsibility of understanding their employees as well as developing them to meet corporate expectations (Becton, Wysocki, & Kepner, 2006; Mendibil & Macbryde, 2005). Stanford Research Institute found that 12% of effective leadership pertains to the leader's knowledge and vision; the other 88% pertains to how they deal with people (Miller, 2001). There is additional support calling for management to introduce of spiritually-based leadership in organizations. In most organizations today, the individual is empowered to the extent that his or her values or sense of purpose influences those of the organization. Research argues that organizations need to recognize the interplay between the individual and the organization (Elmes & Smith, 2001). In addition, employees' current experience of organizational conditions, such as lack of trust and being treated as objects expendable in the process of maximizing profits, causes the current search for greater meaning in the workplace (Cash & Gray, 2000). Leadership has been identified as the most important influence on the presence of the spirit of corporate America. It is the role of the leader to link spirit with leadership to address the concerns of everyone in order to find meaning in both work and life (Moxley, 2000).

The results of this current study may contribute to the knowledge base of leadership studies that seek to improve employee morale and the work place

environment in the retail industry (research questions 3, 4, 5, and 6). The study sought to understand if differences in leadership practices used impact employee perceptions. The study results found that there is a relationship between leadership practices and employee morale as well as leadership practices and employee perceptions of retention (research questions 3 and 4). In addition a slight difference existed between this relationship with spiritually-based employees sharing a slightly stronger relationship between leadership practices and both morale and retention.

Conclusion

Researchers have identified reasons why a spiritually-based approach to business may be used today as one practice to increase retention rates in the retail industry. These include empowering the employee for organizational success, productivity, increasing trust of employees, and increasing the marketing potential of the organization (Camp, 2003; Milliman, Czaplewski & Ferguson, 2003; Mohamed, Wisnieski, Askar & Syed, 2004; Sheep, 2004; Thompson, 2003). This study supports the notion that leadership practices, workplace environment, and development of self, impact employee perceptions of retention and morale.

The results of this quantitative correlational study contributed to the area of knowledge of retail employee morale and turnover. Greater employee morale may lead to increased retention and fewer turnovers in the retail industry. Understanding the significance of morale may be an important consideration in the current disparity between turnover rates in the retail industry as compared to other American industries. The current chapter provided a summary of the study findings, literature-based suggestions for practice, implications of the research to the practice of the retail industry and to retail leadership practices, and recommendations for further research. The current correlational study identified similarities and differences between spiritually-based and mainstream retail employees. In addition, the current study identified the positive relationship between leadership practices and employee morale and perceptions of retention in the retail environment.

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Moral harassment at work: the relationship with organizational culture

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Key Words

Moral harassment; bullying; organizational culture.

Abstract

In labor organizations, moral harassment has been worsening in the last few years and it has called the attention of professionals of a wide range of areas, such as medicine, law and psychology, because this phenomenon involves repeated incidents or a pattern of behavior that intends to intimidate, offend, degrade or humiliate a particular person or group of people. The aim of this work is to evaluate how the organizational culture can enhance moral harassment at work. The sample was composed of a hundred and fifty bank workers and a hundred and fifty private practice workers, with ages between eighteen and forty-nine years old and an average social class. The instrument used consists on the application of a questionnaire to measure the incidence level of moral harassment at work in terms of auto perception. It was used the NAQ-R and to analyze the kind of organizational culture we used FOCUS-93. In order to evaluate the relationship existent between organizational culture and moral harassment we followed two lines of orientation, one based on the Quinn's competing values model and the other one based on the theory of moral harassment of Hirigoyen. The obtained results showed that the organizational culture enhances moral harassment and the goals' culture is the predominant one. According to Heinz Leymann (1996) this type of culture valorizes stability and control, as orientation to competitiveness in the organization. This culture has an explanative variation of 90% of the total of moral harassment in the organizations of our study. On the other hand it has been verified the dominance of vertical descendent harassment, that is performed by a hierarchic superior. We also concluded by the results that this phenomenon is understood by employees and only 11.7% in three hundred participants were not harassment victims.

Introduction

In the last 15 years moral harassment has been target of recognition all over the world, as a work and social problem, this phenomenon has been assumed in social terms, specially due to the divulgation by the media of criminal cases with characteristics of moral nature, resulting in exemplary court decisions in some more developed countries (England, Germany, Sweden). On the order hand it has become a working problem because workers are increasingly suffering moral harassment in the organizations as cited in the forth questionnaire of the European Quest under working conditions, conducted by the European Foundation, that includes interviews to thirty

thousand workers of thirty-one countries, and 5% in every twenty workers admitted to be victim of moral harassment. (Parent-Thirion et al, 2007)

The knowledge of this situation has evolved through uncountable investigation made in the range of social and organizational psychology, in order to explain and understand this phenomenon, since the publication of the first book of Leymann in 1986 and posteriorly with the model proposed by Einarsen, Hoel, Zapf and Cooper (2003) it has been defended that moral harassment appears from the combination of organizational culture, cultural and socioeconomic variables and personal factors.

Various conferences are being promoted abroad in order to promote and divulge the knowledge in this area, for example in 2006 held in Dublin, *The Fifth International Conference on Bullying and Harassment in the Workplace*. These conferences are having a great adhesion not only in what concerns the number of countries involved, but also in quantity and quality of the data presented, for example Seigne (1998) found that victims believed that the bully's difficult personality was ultimately responsible for them having been bullied and presented the paper to the first conference took place in Staffordshire in 1998. The eighth conference is scheduled to June 2012, in Copenhagen, Denmark.

Some factors present in the daily life of organizations result in a climate of rivalry between individuals, such as: hierarchy, age differences, ethnics, internal competition, work stress, gifts and awards, lack of communication, dismissals, among others. It is under these conditions that moral harassment appears and reduces the respect for the well-being and dignity of the human being. Based on these factors, the main goal of this investigation is to find out the relationship between the organizational culture and the occurrence, or not, of the moral harassment at work.

With this study, we hope to contribute to the scientific understanding of moral harassment, as well as to identify the kind of organizational culture that favors this phenomenon. It is our intention to understand it so that we can design intervention actions which may bring fair climates of work.

Moral harassment at work

Moral harassments exists since the first work relationships appeared, but only in the last few years it has been widely discussed, mainly due to the huge changes in the work ambiance, with the event of globalization, which created unemployment and competition. With this came the submission of employees to outrageous situations when faced with the difficulties of the working market and the reduced opportunities to find a job. For Rezende (2006) this fact is due to the contractual bond that the worker begins to develop and also due to be considered an individual with rights. To understand the concept of moral harassment it is needed to be aware that this phenomenon does not happen only at work, but also at school, at home and others. It is assumed that moral harassment is an action of one person towards another, which is a subordinate or

dependent, as it is defended by Hirigoyen in his book "Harassment, coercion and violence in daily life", published in 1999. .

It was in 1986 that the studies about moral harassment began, with the publication of a clinical trial of Heinz Leymann, in Switzerland. However, moral harassment had already been defined in 1976 by the American psychiatrist Carrol Brodsky:

Repeated and persistent attempts of a person to frustrate or break the resistance of another person, with the objective of obtaining a reaction. It is a way of treatment which applied with persistency can bother and intimidate the victim.(Brodsky, p.7, cit in Soares, 2008, p.27)

Leymann introduced the concept of bullying to describe the harassment happened at work. Since then uncountable investigations took place to define how the phenomenon manifests, which traces of personality and organizational factors are associated, as well as the consequences. (Leymann, 1996). As an example, the journalist Andrea Adams disclosed this phenomenon through the media, using two radio programs of BBC (British Broadcasting Corporation). After these programs, the journalist received countless letters of victims of moral harassment, what provided the realization of various studies, through an on-line questionnaire that led to the comprehension of the gravity and extension of this phenomenon in England (Lee, 2000). On the other hand, the psychiatrist, analyst and professor Christophe Dejours published in 1998 his book "Souffrance en France: la banalisation de l' injustice sociale", widening previous analysis about the universe of work and the effect of the organization at work and its effects on mental health of employees.

In this way, the concept of moral harassment at work is connected with the continued exposition to negative and aggressive behaviors, of psychological nature, describing situations in which hostile behaviors directed systematically to one or more colleagues or subordinates, conduce to stigmatization and victimization of the targets of these behaviors. (Einärsen, 2000)

This process is so broad and complex that each area of knowledge adopts a definition according to its own specialty. However, Marie-France Hirigoyen describes a very pertinent definition of this "moral violence":

Every abusive conduct that manifests specially in behaviors, words, acts, gestures, written words, that can affect the personality, dignity or physical or psychological integrity of a person, putting her job at risk or destroy the working ambiance.(Hirigoyen, 2002, p.15)

Despite the adopted definition it is important to reflect that what characterizes this phenomenon is systematization and repetition. Each isolated aggression is not truly serious, but the cumulative effect of damages suffered with each aggression is, but a continuum of aggressions during a minimum of six (Hirigoyen, 2002). To the author an

isolated act is not considered harassment. However, according to Tehrani (2005), there is an exception when this isolated act has a negative impact in time, which means, when the behavior is so serious, as physical violence or threat, that the victim acquires a permanent fear. This exception is not a consensus among the researchers of this theme.

However it is important to remember that this phenomenon is hard to prove. Elisabeth Grebot (2007), considers that it is a task of the administrators to manage the conflicts so that those do not evolve to harassment. They can do this by limiting the use of attack techniques in professional relationships, the manipulation of information and the paradoxical communication, that "poisons" the organizational climate.

Classification of moral harassment

Studies made by Leymann (1996), through the application of a 186 people questioner, noted that 58% of moral harassment cases come from the administration, 29% from the bosses, 12% from the colleagues and 1% from the employees.

Moral harassment, when practiced by a hierarchical superior, is named descendent vertical or bossing (from the word *boss*). This constitutes the most frequent type of moral harassment. When it is practiced by colleagues it is named horizontal harassment. In this case the persecutions are made by colleagues with the same hierarchical level and are motivated by factors like: competitiveness, feelings of envy and others. There is another type of moral harassment which is named mixed harassment, and occurs when horizontal harassment prolongs until become descendent vertical harassment, becoming the hierarchical superior an accomplice of the aggressor, by omission, once did nothing to solve the situation. At last, the less common type is the ascendant vertical, which happens from an employee towards a hierarchical superior. This type of harassment happens when a colleague is promoted without previous knowledge of the others, or when a person whose style and methods are unapproved is hired, making the colleagues believe that this person does not have enough capacities for the function which performs. (Pacheco, 2007).

According to Pacheco (2007), vertical descendent harassment is the most harmful for the health of the victim, once it makes the victim more vulnerable and weak, leading to isolation and to a difficulty in surpassing the situation.

The process of moral harassment not only has various types but also has different stages, which has a common and starting point the lack of communication. This way, according to Hirigoyen (1999), there are the following stages: i) refusal of direct communication; ii) disqualify; iii) disbelief; iv) isolation; v) humiliation, vi) sexual harassment.

For example, the research of Parent-Thirion, Macías, Hurley and Vermeylen (2007), done with European workers, concludes that young women are more susceptible

to moral harassment. The susceptibility decreases in both sexes between thirty and forty-nine years-old, and then significantly increases in both sexes after the fifty.

Organizational Culture

The concept of organizational culture was first marked by Pettigrew (1979), and had a great development during the eighties, due to the conscience of the researchers of the importance that culture factors have in management and the belief that organizational culture is a factor that distinguishes between well succeeded organizations and less well succeeded ones.

The culture consists in the real way of being and doing of the organization, which means, in its collective personality, that is made by the way people think and act in group, considering the organization as a whole. This way the organizational culture is nothing more than a system of shared meanings, a conjunct of the key characteristics that the organization values. (Robbins, 2004)

To Edgar Schein (2004) the culture is an abstraction, underlining that one of the more enigmatic aspects is that it points towards a phenomenon that happens under the surface, being powerful in its impact, but invisible and even unconscious. As Bilhim (2009, p. 83) affirms "The culture is to the organization as the personality is to the individual".

More recent studies consider the Organizational Culture indispensable for the good working of an organization and for the determination of its efficacy. (Yilmaz & Ergun, 2008). Culture theoreticians have repeatedly noted the paradoxical nature of organizational functioning and relevant cultural orientations (e.g., Cameron, 1986; Denison, 1990; Quinn, 1988).

Denison (2000) contends that the four major cultural traits of involvement, consistency, adaptability, and mission highlight major tensions or contradictions faced by modern organizations to perform effectively—most specifically, the trade-offs between stability and flexibility and between internal focus and external focus.

We chose the Quinn's competing values model(1985) as a guide of orientation to the investigation of organizational culture, because it has a rich typology in terms of theoretical and methodological references and because this model centers in the tensions and conflicts that exist inside the organization in organization and human levels, between the dimensions that oppose each other, deserving the designation of contrasting.

The competing values model

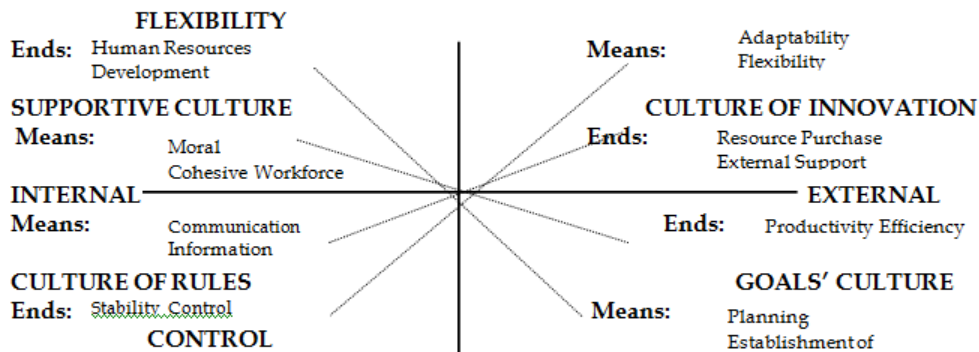
This model was first proposed by Quinn and McGrath in 1985 to the organizational culture and pretends to be an innovator way of approaching the culture dynamics evolution problem.

According to Quinn (1996), does not exist one single culture, instead each organization fits in various cultural vectors, which means, there may be emphasized one certain culture in a certain moment and then privilege another cultural framework, or in a certain moment, facing different situations, use simultaneously different cultures.

In figure 1, there are represented the four culture models in which the organizational may act, according to this author. This model is based on the analysis of three axis: i) Vertical axis - focuses on the flexibility or control, predominates an orientation for stability or change; ii) Horizontal axis - focuses on people' development or organizational competitiveness; iii) Diagonal axis - there is a directional tendency to the means (planning) and to the ends (productivity), the orientation consists on the processes or the results. From the combination of these three axis result four quadrants, which represent four management orientations.

According to the competing values model each type of culture has its opposite with who contrasts and its parallels with those that share characteristics. Because of this, the support culture that emphasizes flexibility and intern orientation contrasts with goal's culture whose importance is the control and external orientation; share similarities with innovation culture because both share the emphasis given to flexibility and has also similarities with culture of rules because both emphasize the internal. Innovation culture's opposite is culture of rules. While the first gives importance to flexibility and the external, the second values the control and the internal. Innovation culture shares characteristics (flexibility) with supportive culture and (external) with goals' culture.

Figure 1: Model of Organizational Culture



Source: Adapted from Quinn & McGrath (1985)

Method

Objectives

The objectives result from the revision of the literature already presented. As previously noted, violence at work, particularly moral harassment is a serious problem in social, professional and human terms, which demands an answer. It is fundamental to evaluate the relationship between organizational culture and the appearance of this phenomenon, and this constitutes the general objective of this work. The study that is now presented intends to achieve the following objectives: i) evaluate the perception of employees of the existence of moral harassment; ii) analyze the type of organizational culture that potentiates the appearance of this phenomenon.

Variables in study

In this study we can define three types of variables: demographic, organizational culture and moral harassment.

Demographic variables include the elements of personal (age, sex, social class, among others) and professional characters. Organizational culture is an independent variable, defined according the model of contrasting values of Robert Quinn, and it consists on the values, beliefs, attitudes and assumptions whose meaning is shared by the members of an organization. As a dependent variable we have moral harassment at work, defined according the concept of harassment of Hirigoyen (2002), with the goal of measuring the frequency of the behaviors referred by the author.

“Every abusive conduct manifested especially by behaviours, words, acts, gestures, writes, that may affect the personality, dignity or physical and psycholocal integrity of a person, can put in danger the job of the victim or degrade the climate at work.” (Hirigoyen, 2002, p.15)

Participants

In this investigation participated 300 (three hundred) subjects, 150 (one hundred and fifty) private practice health workers, in the area of Dental Medicine, and 150 (one hundred and fifty) bank workers of Caixa Geral de Depósitos (CGD) agencies.

After obtain the authorization of all the organization, it was determined a probabilistic sample (Pestana & Velosa, 2002) through the random stratified selection proportional to the population in each organization, with the help of human resources which gave us a database with the existent functions, so that we could act equally to the staging in terms of professional category, where we opt for a classic staging in six levels: General direction, intermediate direction, superior technique, professional technique, administrative and auxiliary people, according to Table 1.

Table 1 - Hierarchic level of the sample.

Professional category	CDG		Dental Medicine		Total	
	n	%	n	%	n	%
Auxiliary people	25	8.3	87	29,0	112	37.3
Administrative people	50	16.7	14	4.6	64	21.3
Professional technique	35	11.7	11	3.7	46	15.4
Superior technique	16	5.3	32	10.7	48	16.0
Intermediate direction	14	4.7	4	1.3	18	6.0
General direction	10	3.3	2	0.5	12	4.0

The results obtained in Table 5 show that the majority of participants of our sample has a low hierarchic level. We have 37.3% auxiliary people, 21.3% administrative people, 15.4% professional techniques, 16% superior techniques, 6% in intermediate direction and only 4% in general direction.

The characterization of our sample about gender, age and social class can be visualized in Table 2. In terms of gender 54% of the sample is composed of men (n=162) and 46% by women (n=192).

Table 2 - Demographic and social characteristics of the sample.

Variables	CDG		Dental Medicine		Total	
	n	%	n	%	n	%
Gender						
Men	86	28.7	76	25.3	162	54.0
Women	64	21.3	74	24.7	138	46.0
Age						
18 - 25	0	0.0	1	0.3	1	0.3
26 - 33	14	4.7	17	5.7	31	10.4
34 - 41	117	39.0	111	37.0	228	76.0
42 - 49	19	6.3	21	7.0	40	13.3
Social class - current						
High	10	3.3	2	0.7	12	4.0
Medium high	42	14.0	19	6.3	61	20.3
Medium	28	9.3	32	10.7	60	20.0
Medium low	50	16.7	64	21.3	114	38.0
Low	15	5.0	30	10.0	45	15.0
No response	5	0,0	3	0,0	8	2,7

Participants' age is between eighteen and forty-nine years-old with a bigger incidence between thirty-four and forty-one years-old.

In what concerns to social class, the majority of our sample belongs to a medium class.

Instruments

It has been used a questionnaire composed by thirteen pages, initiated by a characterization plug. Then, in order to evaluate the type of organizational culture we used the Focus-93 questionnaire (*First Organizational Climate and Culture Unified Survey*) of De Witte and Van Muijen, 1994, once it is already validated to Portuguese population by Neves e Jesuíno em 1994. It consists on a questionnaire that operates perceptions of working climate through the variables: Support, Rules, Objectives and Innovation, structured in a scale *Likert*-like with six options of response. At last, to evaluate the occurrence of moral harassment at work, we chose an already validated scale, previously used by other authors in this investigation area, the questionnaire (NAQ-R - *Negative Acts Questionnaire Revised*) of Einarsen and Hoel, 2001. We used a version validated by Ana Verdasca (2010) that consists on a version constituted by nineteen items with five options of answer, structured in a *Likert* scale, each one corresponding to a certain degree of occurrence of expressive behaviors in the content of the items, according to the respondent. After that the participants were asked to answer a variety of questions related to this phenomenon, such as, gender of the aggressor, duration of the aggression, number of aggressors, among others.

Procedures

In order to obtain the necessary information to this study, it was previously scheduled a date by telephone with the administrations of each organization where it was given an explanation about the theme and its objective, clarifying the confidentiality of information, it was then signed the written informed consent. It was scheduled another day to the fulfillment of the questionnaire by the respective workers of each organization.

In the date and local previously agreed we went to the organizations in order to fulfill the questionnaire (adapted from the questionnaire used by Doctor Ana Verdasca, after receiving e-mail authorization) in group after explaining the objective of the study. Each participant was given a presentation form, with new reassurance of confidentiality, promoting the full honesty of the answers. The informed consent was orally and simultaneously made to all participants before the delivery of the questionnaires and after clarifying some doubtful aspects. The duration was flexible to the individual needs of participants.

All this bureaucratic process involving meetings with the administration of each company, the clarifying session and the fulfillment of the respective questionnaire happened between January and April 2011.

After data collection, we proceeded to the investigation evaluation, according to the proposed objectives. The results were target of statistic procedures PASW (Predictive Analytics Software), version 18 (eighteen) for Windows. We used parametric statistic when the distribution normality and the variance homogeneity were respected

and we resorted to statistical, nonparametric when these parameters were not respected. For example, the sample had been characterized by means of descriptive statistics, analysis of distributions and frequencies. In what concerns to the questions under investigation, those were studied through a variety of procedures and statistical analysis according to the questions in study. The variables were tested taking into account a previous study of parametric characteristics, in other words, verify if they had interval nature, if followed a normal distribution and if there was homogeneity of variance in the distribution of the independent variable related to the dependent one.

Results

The first objective of this study consists on the evaluation of employers' perception of the existence of moral harassment at work in the last 12 months. Of the 300 (three hundred) participants of this study, only 11.7% (n=35), never suffered moral harassment in the last 12 (twelve) months, as demonstrated on table 3.

Table 3 - Distribution of answers about having suffered moral harassment at work in the last 12 months.

	Frequency n	Percentage %
Yes, at least once a day	34	11.3
Yes, at least once a week	42	14.0
Yes, at least once a month	106	35.3
Rarely	83	27.7
Never	35	11.7
Total	300	100.0

After that, in order to evaluate the type of harassment existent in these organizations, we analyzed aggressors' hierarchic positions, and we understand that harassed employers are more persecuted by hierarchic superiors (66.9%), than by colleagues (21.4%). About the question of persecution carried out by a subordinate worker, none of our respondents answered affirmatively (0%), as we can see from the analysis of table 4.

According to the data in table 4, we found out that the most usual type of harassment in our sample is the descendent vertical, that is practiced by hierarchic superiors. We have 66.9% of harassment victims, in which harassment was practiced by the boss.

Table 4 - Hierarchy position and aggressor gender

Aggressor	Hierarchy Position						Totals			
	Superior		Colleague		Subordinator		NA		(N=300)	
Sex	Freq*	%**	Freq*	%**	Freq*	%**	Freq*	%**	Freq*	%**
Feminine	58	19.3	30	10.0	0	0.0	0	0.0	88	29.3
Masculine	112	37.3	26	8.7	0	0.0	0	0.0	138	46.0
Both sexes	31	10.3	8	2.7	0	0.0	0	0.0	39	13.0
Not	0	0.0	0	0.0	0	0.0	35	11.7	35	11.7
Total	201	66.9	64	21.4	0	0.0	35	11.7	300	100.0

*) Freq- Frequency; (**) %- Percentage; NA - Not Applicable

The second objective of this study consists in analyzing which type of organizational culture potentiates this phenomenon. First of all, our respondents were asked to identify the kind of culture they consider to predominate in the company they work for. To perform this analysis, we proceeded to the introduction of four new variables, which consisted in the calculation of the mean of all constituent variables of each dimension (Support, Innovation, Rules and Goals), in respected of its contents (The Competing Values Model of Quinn & McGrath, 1985). Then we compared the obtained results. It was noticed that there is a predominance of "Goals" factors. As listed in table 5, the average frequency of this is not far from the factor "rules", on the other hand the difference between this factor and "Support" is statistically significant.

Table 5 - Comparison of the types of cultures.

FACTORS	CULTURE	
	Media	Standard Deviation
Support	2.30	0.57
Innovation	3.21	0.50
Rules	3.71	0.62
Goals	3.85	0.46

According to the results in table 5, the respondents described the corporate culture as a goals' culture ($\mu=3.85$), on the other hand the lowest values were achieved by supportive culture ($\mu=2.30$).

After that, as the main objective of this study is to determine whether the organization culture potentiates moral harassment at work, we first proceeded to the study of the relationship between moral harassment and organizational culture, through the Spearman's correlation test.

Table 6 - Relationship between organizational culture and moral harassment.

SPEARMAN'S RHO	Moral Harassment		Organizational Culture	
	r	p-value	r	p-value
Moral Harassment	1		0.546	0.0134
Organizational Culture	0.546	0.0134	1	

Level of significance 1%

The results of table 6 show that the relationship between moral harassment and organizational culture is statistically significant ($p > 0.05$), on the other hand show us that organizational culture is positively correlated with moral harassment ($r = 0.546$), so we can consider a strong relationship ($r > 0.50$).

In order to improve the viability of the results we used a multiple regression analysis, with moral harassment as dependent variable and the subscales of organizational culture (support, innovation, rules and Goals) as independent variables. The results in table 7 indicate the existence of a strong relationship between the goals' culture and moral harassment ($r = 0.978$), as there also is a strong relationship between moral harassment and the culture of rules, which implies that when a state increases the other does too. Supportive culture has a weak relationship with moral harassment ($r = 0.266$). On the other hand, the coefficient of determination tells us that the goals' culture presents an explanatory variation of 90% from the total appearance of moral harassment and culture of rules presents an explanatory variation of 50.6%.

Table 7: Multiple regression analysis between moral harassment and the organizational culture subscales.

	Moral Harassment				
	R	R ²	β	t	P-value
Supportive Culture	0.236	0.189	0.220	4.126	0.723
Culture of Innovation	0.389	0.261	0.283	4.936	0.148
Culture of Rules	0.582	0.506	0.113	1.452	0.000
Goals' culture	0.978	0.903	0.029	0.354	0.000

Level of significance a 5%; R (correlation coefficient); R² (coefficient of determination); t (observed value).

Discussion and Conclusion

With the analysis of the obtained results, we can say that the organizational culture in these companies increases the chance of moral harassment. Obviously the results have meaningful explanation for cases where the predominant factors are the goals or/and the rules.

These data cannot be reported to the general population because this is a relatively small sample (n=300) and had only been made in the central region of the country.

By analyzing the results, we found out that moral harassment is perceived by employees. On the other hand, we found that the organizational culture encourages moral harassment, what is consistent with Leymann's theory (1996) that considers organizational factors related to organization and quality of leadership behaviors the principal causes for the occurrence of moral harassment and we can thus say that the results of our research match those obtained by Heinz Leymann in 1996, which pointed to the fact that the descendent vertical harassment has a greater predominance.

We can conclude from these data that, according to the Quinn's competing values model (1996), in these companies is given great importance to productivity, performance, attainable goals and achievement. From these two sources we also conclude that in a company does not prevail a single culture, but a set of rules that can be more directed to the internal or external "focus", depending on objectives.

In a global analysis of data we can understand that these companies emphasize mostly on control and external focus and give more importance to criteria such as effectiveness, planning and achievement of goals (as means) and productivity and efficiency (as ends), which confirms once again the Competing Values Model, which formed the basis of this research. Organizational culture of these companies is oriented to external competitiveness and to maximize results, classified as Goals' culture.

In these companies there is a predominance of the goals' culture, which enhances stability and control and orientates to the competitiveness.

This study focused on the evaluation of the level of respondents' perception about the existence of moral harassment in the organization where they work and observed the relationship with the organizational culture.

It constituted an important contribution to issues related with the research of moral harassment. This can be a situation of denouncing silent but very painful when it comes to victims. It was also important in order to realize the importance of mental organization of companies in what regards to how it is perceived and managed by the human resources.

According to the prevalence of bullying, these results suggest that organizations are being managed in an inappropriate way in what regards the aspects related to human factors and organizational tasks. It is indispensable a change that contemplates the whole of the organizations and that can be undertaken in a safe and efficient way.

The physiological pressure underlying moral harassment promotes stressing stimuli of negative effect with consequences that can be severe to the worker and the organization.

In spite of the sample of this study being too reduced and not being possible to generalize to the general population, it may have provided contribution to the reflection about organizational procedures, in a way to sensitize and aware that the recognition and prevention of this phenomenon can promote a better quality of life to workers, increasing their level of resilience and endow the organization with a collect insight that may potentiate the search of alternative daily ways.

Still in the context of the presented results, it is notable that this is an unfinished research with an emerging necessity of new studies in order to better understand moral harassment at work, and associating it to other components of organizational and/or individual behavior from both the aggressor and the victim.

It is also necessary to inform and aware the employees about all the aspects of moral harassment, including the ways it comes out, the involved responsibilities and the consequent risks to health, without forgetting about the importance of solidarity between colleagues in relation to the victim, as a result of our study.

We consider as an imminent need to preserve the psychological health of workers, which is one of the values inherent to human dignity itself. This way, the promotion of prevention and defense from moral harassment by means of information, prevention and multidisciplinary intervention is of crucial importance.

The completion of this study allowed us to understand that the perception of moral harassment is real but is still hidden by the fear of retaliation due to the inexistence of a platform of intervention, so we hope to have contributed to give emphasis to the study of this phenomenon in a continuous and global way.

We must not forget that we can be “the next victim” anytime. It is important to remind that fear reassures the power of the aggressor!

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Determinants of supermarket shopping behaviour in an emerging market

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Key Words

Supermarket, Shopping Behaviour, Physical Factors, Social Factors, Temporal Factors.

Abstract

The Indian retail market is one of the most promising in the world and it is growing. So is the Indian consumer, across all socioeconomic strata, regions, towns and classes. Rising incomes, multiple income households, exposure to international lifestyles and media, easier financial credit and an upbeat economy are enhancing aspirations and consumption patterns. The retailing industry in India, specifically organized retail, seems poised for a significant growth in the coming years owing to the presence of a vast market, growing consumer awareness about products and services, higher disposable income of the consumers and the desire to try out new products. Supermarkets will be one of the major centers for shopping. Thus to tap the opportunities in this sector, it is important to understand what factors that influence consumers and how is the current shopping behaviour pattern in India. Study finds out that, physical factors (discounts, quality, local brands, display and visual appeal) (2) social factors include (salesmen behaviour and choice of children) (3) temporal factors (open space) should be considered by the super marketers while designing marketing strategy for Indian consumers as these factors are having influence upon the number of visits and amount spent in the supermarket.

Introduction

At present, India's retail sector is highly unorganized, with an estimated 15 million tiny outlets catering to individual needs and employing the second largest number of people after agriculture. The retail giants are targeting the 300 million in the middle class and the additional 200 million in the rural areas, who form a consumer market worth more than \$ 100 billion India's retailing landscape, has more than 12 million mom-and-pop stores that are not likely to watch their businesses erode as foreign companies encroach on their territory. But gaining early mover advantage could make tackling all of these issues worthwhile.

According to the recent Federation of Indian Chambers of Commerce and Industry (FICCI report, 2007) report, the organized retail sector is likely to increase its share from the current 4% to over 20% by 2010. Organized retail sector is on high

growth trajectory, and is expected to grow at a compound growth rate (CAGR) of 40 percent, from \$20 billion in 2007 to \$107 billion by 2013 (A. T. Kearney Report, 2008). The organized retail sector has witnessed tremendous revenue growth over the last few years with existing players scaling up with new models, verticals, markets and larger store sizes. In order to cash in on the huge growth potential with these new retail models, large Indian conglomerate and International players are joining the bandwagon. Malls are also coming up not just in the metros but in Tier II, Tier III cities, introducing the Indian consumer to shopping experience like never before.

Retailing in India is gradually inching its way to becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping. Modern retail has entered India as seen in sprawling shopping centres, multi-storeyed malls and huge complexes offer shopping, entertainment and food all under one roof. Specifically organized retail seems poised for a significant growth in the coming years owing to the presence of a cast market, growing consumer awareness about products and services, higher disposable income of the consumers and the desire to try out new products. In such a scenario, there remains a need for studying the shoppers' behaviour. Further, the cyclical and structural changes in the Indian economy are important because these changes have impact on the consumption patterns. In relation to consumer behaviour cyclical trends include the amount of price responsive behaviour including search and price comparisons. Cyclical patterns of unemployment also affect consumer behaviour by changing the size of the consumer segment which is forced to buy in small quantities, on a frequent basis and at lowest possible prices. There are many changes which have taken place in the Indian economy and it affected the behaviour of the consumer. Given the rapid rate at which new retail formats have been introduced in the Indian market in recent times, many with limited success, it is imperative for Indian businesses to understand changing shopping behaviour among consumers, especially with regard to their preferred points of purchase. With growth in disposable incomes and improving infrastructure, consumers have a wide choice of stores where they can choose to shop.

Supermarkets will be one of the major centers for shopping. Thus to tap the opportunities in this sector, it is important to understand what factors the consumers are influenced by and how is the current shopping behaviour pattern for the supermarkets in India. In order to know the related work, which has already been done, a brief review of the literature is given as under.

Review of Literature

Kunkel and Berry (1968) believed that an image is acquired through experience and thus learnt, and found retail store image to be the total conceptualized or expected reinforcement that a person associates with shopping at a particular store. Crosby et. al (1990); Sharma (1997); Williams (1998) have mentioned that companies should focus on customer satisfaction, trust and commitment through implementation of customer

oriented selling, thus leading to a long term relationship. Consequently because salespeople are often communicating with customers, their behaviour and activities are crucial in maintaining relationships with customers and enhancing customer retention.

Zimmer and Golden (1988), however, took a different approach, focusing on consumers' unprompted descriptions of image, without directing them towards affective dimensions or specific attributes. Thus these researchers argued that their results captured more deeply consumers' evoked retail store image. Donthu and Gilliland (1996) carried out a study to profile the Infomercial shoppers and found that those who purchased using infomercial advertisements were more convenience seekers, brand and price conscious, variety seeking, impulsive, and innovators. Moschis (1976) studied the cosmetic buyers and found that besides being store loyal, shoppers were also loyal to the brands that they bought. These shoppers showed a problem solving approach to shopping.

Bettman (1979) highlighted that situational variables affect in store decision making in various ways. Store knowledge determines the extent to which product and brand search is guided by internal or external memory. Hutcheson and Mutinho (1998) found that shoppers used a combination of the quality of staff and "the occurrence of low prices and the frequency of promotions" in choosing a store. A study by Venugopal (2001) has investigated the retail business from the perspective of a retailer's expectations from the suppliers.

Dash et al. (1976) found that the level of pre-purchase information regarding the brand determined the type of store chosen. Shoppers who had higher levels of pre-purchase information generally shopped at the specialty store, whereas shoppers with low pre-purchase information bought at departmental stores. This is mainly attributed to customers adopting a risk reduction policy with regard to their impending purchase. A store is chosen based on the self-confidence that the customer has regarding the store; about the nature and quality of product and service he will receive.

Malhotra (1983) proposes a concept of preference threshold. It is suggested that shoppers tend to show a preference for a store depending on the threshold value allotted by the shopper. It is assumed that if the perceived value is less than the threshold, the shopper may not choose the store.

Sinha (2003) brought out the shopping orientation of the Indian shoppers. The analysis indicates that the Indian shoppers seek emotional value more than the functional value of shopping. Although there is an indication of shopping being considered as a task and should be finished as soon as possible, this orientation is overshadowed by the entertainment value derived by the shoppers. The study also indicates that though there are some similarities in the orientation of Indian shoppers and shoppers from developed countries, there are some significant differences too. The

Indian shoppers show an orientation that is based more on the entertainment value than on the functional value. Yavas (2003) assessed the relative strengths and weaknesses of 24 mall attributes as viewed by two shopper segments: those shoppers who prefer to shop there, versus those who favour a competitor mall. He found that there were significant differences for both importance and performance ratings across these two shopper segments. Jin and Kim (2003) segmented Korean shoppers according to their shopping motives in patronising discount stores into four segments labelled as leisurely motivated shoppers, socially-motivated shoppers, utilitarian shoppers and shopping-apathetic shoppers.

Martin and Turley (2004) studied the attitudes of the young segment (19-25 years old) towards malls, and factors motivating consumption. They found that they were more likely to be objectively rather than socially motivated to patronise. Ruiz et al. (2004) used the activities that shoppers perform in the mall as a basis of segmentation. They identified four segments, namely, recreational shoppers, full experience shoppers, traditional shoppers and mission shoppers.

Underhill (1999) observed that when you enter a shopping mall today, you are never sure if you are in a store or a theme park. The importance of creating a positive, vibrant, and interesting image has led innovative marketers to blur the line between shopping and theater. Both shopping malls and individual stores must create stimulating environments that simultaneously allow people to shop and be entertained.

Consumers generally desire to trade where store personnel, particularly salespeople, are perceived as helpful, friendly, and courteous (Loudon and Bitta 1993). Bloch et al. (1994) have identified seven dimensions of shopping malls that collectively explain consumers' motives for visiting malls. These dimensions are: aesthetics, escape, flow, exploration, role enactment, social and convenience. Wakefield and Baker (1998) discovered that gathering information by exploring new products or stores was a perceived benefit of the mall experience. They suggested that exploration taps consumers' desire for variety. For example, many people are interested in learning about new trends in fashion, styles, or technology. Kaufman (1996), many shoppers select shopping areas based on hours of operation and travel time. Retail location theory also posits that consumers prefer to shop as close to home as possible. Because many consumers spend relatively little time at home, a definition of convenience that uses the home as the focal point may be misleading.

Memery, Megicks & Williams (2006) identified seven core categories, containing seventy-one sub-categories. These interlink to form three main clusters: food quality and safety, human rights and ethical trading, and environmental (green) issues. Kim and Park (1997) found differences in customers classified by shopping trip regularity. Lichtenstein et al. (1997) concluded the effect of sales promotions on the shopping. Beatty and Ferrell (1998) has also been successful in differentiating customers in a

retailing context on the basis of individual differences. Sojka and Giese (2003) suggested that individuals with different traits report different shopping behaviours. A comparison between groups found that individuals with high cognition compared prices and brands; individuals with high affect made impulse purchases and showed a preference for brand names; and individuals with high cognition and high affect evaluated sales personnel. Dholakia et al. (1995) found that the more men report being responsible for a particular type of shopping, the more they enjoy the activity. Moreover, married men who are the primary grocery shoppers in their families tend to feel appreciated for their efforts.

Otnes and McGrath (2001) found out that understanding male shopping both as a consequence of gender transcendence and as a venue for achievement can explain the motivations for male shopping in a variety of retail settings. They concluded that men's presence in retail settings and their desire to use the marketplace as venue for achievement should become even more commonplace.

Westbrook and Black (1985), in a renowned study, differentiate the underlying motivational basis for shopping into the following seven motives: (1) anticipated utility: expectation of benefits which will be provided by the product to be purchased; (2) role enactment: fulfilling a culturally prescribed role by shopping; (3) negotiation: motivation to seek economic advantages through bargaining with seller; (4) choice optimization: motivation to purchase the optimal product (in order to attain a sense of achievement); (5) affiliation: social needs concerning affiliation with friends, other shoppers, retail merchants; (6) power and authority: desire to attain elevated social position, e.g., to be superior to the retail personnel; and (7) stimulation: seeking new and interesting experiences and stimuli from the retail environment.

Groppel-Klein et al. (1999), based on Westbrook and Black (1985), applied factor analysis to derive four factors of shopping motives for furniture shopping: price orientation, stimulation seeking, actual buying intention ('have a close look at products', 'intention to buy', 'search for something special') and desire for advice.

Dawson et al. (1990) investigated and showed a relationship between shopping motives and the emotions which consumers experience during a visit to a retail store. This in turn, would most likely also result in the formation of different attitudes among those consumers, probably leading to different results for likeability. Woodside and Trappey (1992) identify an automatic cognitive processing of store attributes by means of which consumers decide which will be their primary store. The study found that customers could quickly name a store when asked what store comes to mind for specific attributes such as "lowest overall prices", "most convenient", and so forth. These top-of-mind responses are associated strongly with customers' affiliation with the main store in which they make most of their purchases.

Miranda et. al (2005) results of model estimation show that factors with a significant influence on store satisfaction have little in common with others that impel shoppers to remain loyal to one store. Indeed, there was no evidence in this study that shoppers' overall satisfaction was by itself a significant influence on continued patronage. Martinez and Montaner (2006) revealed three types of deal-proneness: instore promotion proneness, store flyers proneness and coupon proneness. The consumers who respond to in-store promotions are characterised by their price consciousness and attach less importance to the product quality. They enjoy planning and shopping; when they do their shopping they usually buy impulsively, they enjoy brand switching frequently and they feel attracted by new products. In addition, they consider they have enough storage space for their extra purchase.

Kaur & Singh (2007) found out that the Indian youth primarily shop from a hedonic perspective. They importantly serve as new product information seekers, and the retailing firms can directly frame and communicate the requisite product information to them. They also view shopping as a means of diversion to alleviate depression or break the monotony of daily routine. In addition to this, they also go shopping to have fun or just browse through the outlets. This age group is particularly found to be considerably involved in the role of information seeker from the market and disseminator of the same to the peer group or to the family.

Ahmed et. al (2007) Malaysian students were motivated to visit malls primarily by the interior design of the mall; products that interest them; opportunities for socializing with friends; and convenient one stop shopping. Further analysis showed that younger respondents have more favorable dispositions or shopping orientations towards malls than older respondents. The survey of related studies revealed that there has been very limited research in the understanding of shopping behaviour in general and in the Indian retailing in particular. The existing gap in research in the area of shopping behaviour justifies the rationale of the study at hand. The present study has been conducted so as to reduce the existing gap in research in this important area.

Objectives of the Study

- Various physical, temporal and social factors affecting the consumer shopping experience in supermarkets.
- The effect of above factors on number of trips to the supermarket, and amount spent.
- Physical factors include the variety of goods in the supermarket, discounts, display of products, facilities like shopping carts, credit/debit cards, etc. Temporal factors are the time related factors like the location of the supermarket, ample parking space, open space in the supermarket, etc. Social factors include ambience, salesman behaviour and influence of children in buying goods.

Once we identify the various critical factors, the next step is to find out the relation of the various factors that are critical in the shopping behaviour with the following two variables:

- Number of trips per month
- Amount spent per trip

Research Methodology

The present study is an empirical study basically based on the primary data but secondary data have also been collected from various sources (published and unpublished) including websites. The population of the study comprised of the retail shoppers. A convenient sampling has been applied to collect the data. Enough care has been taken to make the sample representative to the population. The sample was selected from the National Capital Region (NCR) as this region is among the first regions of India where large retail formats were introduced. Based on the results of the pilot study the final questionnaire was administered to 150 respondents. In the questionnaire respondents were also asked to provide their demographic characteristics such as age, gender, marital status, ethnic group, educational experience, organizational level and job tenure.

The other questions that followed asked them about the no. of trips they made to the supermarket every month, the amount spent etc. Finally the last part of the questionnaire was designed in such a way so as to elicit the various responses of consumers on various factors (social, temporal, physical etc) wherein they were supposed to give their ratings (1 to 5) on each question.

Data Analysis and Discussion

After the completion of the survey, a through check of the data has been made. The collected data has been analyzed with the help of SPSS (Statistical Package for Social Sciences).

Critical Factors Determining Buying Behaviour

One way Anova was used to determine and to distinguish the factors which are critically affect the number of trips per month and amount spent per trip, measures of consumer buying behaviour.

1. Physical Factors

Table 1: Physical Factors

Sr. No.	Factors	Mean	No. of Trips per Month (Sig. values of F)*	Amount Spent per Trip (Sig. values of F)*
1	Variety	2.57	0.826	0.075
2	Discounts	4.11	0.002	0.06
3	Quality	4.15	0.02	0.237
4	Local Brands	3.88	0.015	0.003

5	Facilities	3.01	0.093	0.602
6	Credit/debit card facility	3.88	0.734	0.041
7	Display	4.12	0.005	0.608
8	Visual Appeal	3.80	0.841	0.046

*Significance at 5% level

The factors highlighted, having value less than 0.05 shows a significant relationship with the two measure of consumer buying behaviour. Thus out of the physical factors, the critical one's affecting the buying behaviour are availability of local brands, and to some extent discounts,, quality display and visual appeal.

2. Social Factors

Table 2: Social Factors

Sr. No.	Factor	Mean	No. of Trips per Month (Sig. values of F)*	Amount Spent per Trip (Sig. values of F)*
1	Ambience	4.4	0.271	0.34
2	Salesman Behaviour	4.12	0.009	0.42
3	Choice of Children	4.40	0.329	0.005

*Significance at 5% level

The factors highlighted, having value less than 0.05 shows a significant relationship with the two measure of consumer buying behaviour. Thus out of the social factors, the critical one's affecting the buying behaviour are ambience, salesman behaviour and influence of children.

3. Temporal Factors

Table 3: Temporal Factors

Sr. No.	Factors	Mean	No. of Trips per Month (Sig. values of F)*	Amount Spent per Trip (Sig. values of F)*
1	Parking Space	2.80	0.802	0.481
2	Open Space	4.11	0.023	0.43
3	Proximity	3.81	0.602	0.114
4	Timings	4.06	0.267	0.212
5	Spending Time	4.22	0.11	0.071

*Significance at 5% level

The factors highlighted, having less than 0.05 shows a significant relationship with the two measure of consumer buying behaviour. Thus out of the only temporal factors, the critical one's affecting the buying behaviour is open space, timings, spending time and up to some extent proximity.

Findings and Recommendations

Study shows that various physical, social, temporal and demographical factors can be considered while analyzing a consumer supermarket buying behaviour, but only few of them are critical enough to affect the measures of consumer buying behaviour i.e. no. of trips per month and amount spent per trip.

The principal contribution of this study for any retail organization is at three levels. First, physical, social and temporal factors which are found out in this study play an important role in the success of any retail organization. The central dimensions of shopping factors include are (1) Physical Factors (Discounts, quality, local brands, display and visual appeal) (2) Social Factors include (salesmen behaviour and choice of children) (3) Temporal Factors (open space). Second for retailers, it is important to note that physical factors are much more comprehensive than just quality advantages of the assortment. So we can say that consumers' perceptions of shopping are simultaneously influenced by other aspects such as physical factors which include discounts, quality, local brands, display and visual appeal. Third, managerial implication is that a suitable retail marketing strategy has to consider the different configuration of shopping behaviour present in the market. So an effective marketing strategy can be designed by a marketer by considering these factors. Any retailer has to ensure that store attributes meet the specific needs of a well-defined, homogeneous consumer group making up a specific market segment. So these factors can play a major role in designing and delivering value to the customer. Our results emphasize the need for a customized approach to retail marketing. The different shopping orientations of customers have to be taken into consideration, not only concerning the functional store attributes but also with regard to the more emotional and long-term attitude elements.

Table 4: Critical Factors

PHYSICAL FACTORS	SOCIAL FACTORS	TEMPORAL FACTORS
Discounts	Salesmen Behaviour	Open Space
Quality	Choice of Children	
Local Brands		
Display		
Visual Appeal		

Directions for Further Research

It may imply that shopping motives in India have been changing over the last one or two decades, which is especially true for shoppers' following daily or weekly routines, which include different types of shopping for different purposes. Longitudinal research could be carried out to find (a) if the customer base of the supermarket has undergone a change over a period of time. (b) If the relative importance of the criteria employed in case of giving response about these factors have undergone a change with time. Future research should also consider a broader demographic profile representing multiple geographical locations in India such as the North, South, East and West India

regions as well as other countries in the Asia-pacific region given that consumers' shopping behaviour will differ in different sub cultures and cultures across the world and so also the factors affecting it. So this type of research will be helpful in providing comparisons and setting of standards by the retailers. As many Multinational corporations are planning to enter in India, so understanding of shopping behaviour in the international perspective is very important. Research should also be undertaken to understand the perceptions of supermarket managers about these factors so that gap between expectations of the consumers and offering by the supermarket should be reduced.

Conclusion

Retailing in India has been growing at a fast pace over the last decade. More importantly it witnessed major changes in terms of retail mix (organized Vs. Unorganized), quality and scale of retailing, varieties of retail formats and over above change in consumer preferences and shopping habits. Many Indian corporate houses such as Future group, Reliance, Bharti, Tata's, AV Birla group, Godrej and others has made their investment plans in this booming sector. Leading multinational retailers such as Wal - Mart, Carrefour and Tisco are waiting in line to enter in the Indian retail market. So this research is an attempt to understand the shopping behaviour in this emerging sector and thus we see that there are some specific factors that play the most pivotal role in determining the consumer's shopping behaviour and these should be carefully dealt with by the retail organization considering the large potential that lies ahead of them in the retail industry in India.

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A study of consumer purchase behavior in organized retail outlets.

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Key Words

Consumer behaviour, consumer purchase preference, spending pattern, store layout

Abstract

In this research paper researchers basically focused on behaviour of consumer mainly on purchasing pattern in various store formats and store preference on the basis of product availability, spending pattern, consumers preferred store, sales man services, and store layout. Researchers observed that the customers prefer retail outlets because of price discount, followed by variety of products in the store and convenience to the customer.. Researchers have also observed that departmental stores are most popular amongst consumers. Customers purchase behavior varies with price and availability of products and customers spending pattern shrinks due to poor quality of products.

Introduction

Consumer behavior is the study of how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, socio psychology, anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics, and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Belch and Belch (2007) define consumer behavior as the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires.

The study of consumer behavior helps firms and organizations improve their marketing strategies by understanding issues such as,

- The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products);
- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);

- The behavior of consumers while shopping or making other marketing decisions;
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;
- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

Literature Review:

The various studies related to consumer behaviors in India and abroad are being referred by the researcher. The general field is one which has been extensively studied, and the research is discussed and reviewed by Wahyuningsih and Chris Dubelaar (2004) in his paper 'Consumer Behavior and Satisfaction' of Monash University. *In their studies they have concluded that* To satisfy their customers, companies need to identify clearly each segment of consumers whether they are passive, rational-active, or relational-dependent consumers. This is because these three types of consumer perceive their levels of satisfaction differently. Since rational active and relational dependent consumers are very sensitive about their feelings and expectations, companies need to communicate and increase their performance continuously.

A study by (Christensen 1999) shows that out shopping is inversely related to the size of the town of residence. Some researchers have viewed shopping as a leisure activity (e.g. Jackson 1991, Newby 1993). Other relevant studies address the interaction between the physical infrastructure and consumers' choice of retail outlets.

Even though Fernie (1997) does not treat consumer preferences as a separate issue, his work seems likely to provide inspiration for the present study. Fernie looked at the retail changes in the United Kingdom and included a consideration of the logistical consequences of the developments there.

The Robert V Kozinets & John F Sherry studies (2002) have explained the flagship brand stores as an increasingly popular venue used by marketers to build relationships with consumers. They have stated that , as we move further into an experience economy in the new millennium, retailers are refining the flagship brand store into new forms such as the themed retail brand store. This new form not only promotes a more engaging experience of the brand's essence but also satisfies consumers looking for entertainment alongside their shopping.

Douglas D. Davis and Edward L. Millner (2004) studies have concluded that series of purchase decisions for chocolate bars given (a) "rebates" from the listed price, (b) "matching" quantities of chocolates for each bar purchased, and (c) simple price reductions, participants purchase significantly more chocolate bars under a "matching" sales format than under a comparable "rebate" format. In attention to the net

consequences of decisions, as well as some “rebate aversion”, explain the preference for matching discounts.

Carrie Heilman (2002) has examined the impact of in-store free samples on short- and long-term purchasing behavior. They suggest that the population of in-store samplers can be divided into three segments based on their motives for sampling: “Information Seekers”, “Party Goers,” and “Opportunists,” and propose that short- and long-term shopping behavior differs across these three segments post-sample. They had conduct an in-store experiment and find support for their theory and hypotheses

The researchers have tried to explain the consumer behavior and promotional strategies adopted by retailers. They have explained that consumer spending pattern varies with retail formats of the retailers. Also researchers have mentioned that consumers select the outlet on the basis of product offerings.

Objectives

This paper is related to the study of consumer behavior towards organized retail. The objectives set for the study are as follow.

- a) To study consumer purchase behavior and satisfaction in different store formats.
- b) To study shopping parameters adopted by consumers for selecting retail outlets.

Hypothesis:

1. Consumer purchase behavior varies with the individual salesman approach in services.
2. Consumer purchase behavior is based on availability, quality and price of the product.
3. There is a strong correlation between consumer purchase behavior and store layout.

Research Methodology:

For any research; deciding the sample size and sampling technique is an important part. There are various methods for deciding the sample size. For this study, the data collection was done by snowball sampling and convenience sampling. Based on the retail format, the researcher decided to conduct the survey of three types of retailer which include supermarkets, departmental Stores and hypermarket. Researchers used questionnaire and personal interview method for collecting data. The questions were framed keeping in mind the objectives of research. The questionnaire was given to the customers and the data was collected by personal interview in the form of written responses of the questionnaire. Total sample size for the customers is 150. For the analysis of the data, researchers used basic techniques of Statistics such as mean, standard deviation, variance, etc; Hypothesis testing is carried out through one way ANOVA, Chi-square test and certain non parametric tests.

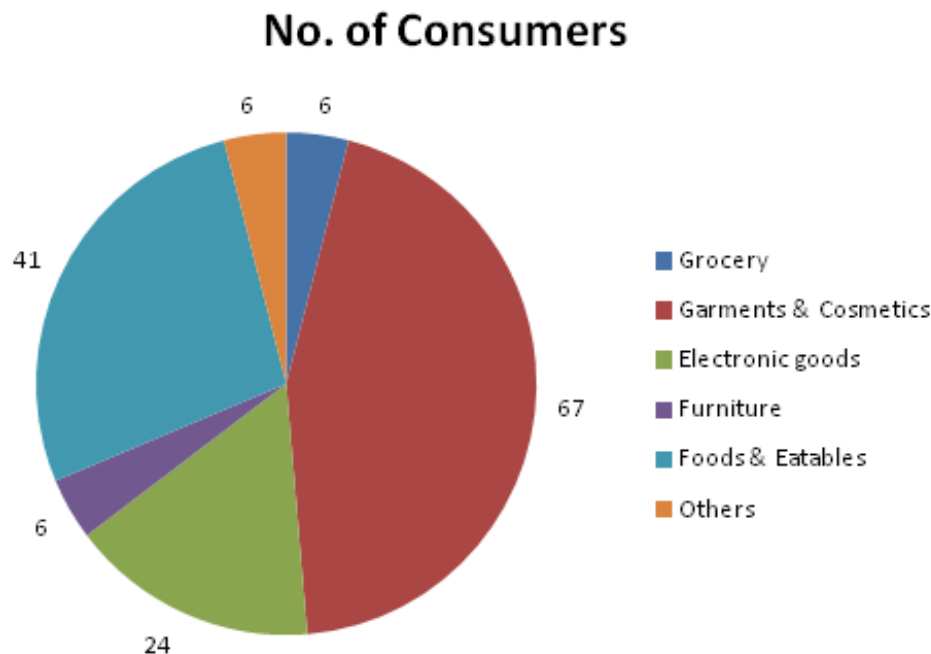
Discussions and Conclusions

Researchers mainly focus on the consumer behavior and purchase parameters and satisfaction which includes reason for visit the retail outlet, type of retail format for visit, and spending pattern as per different products. The detail explanation of each parameter is as follow,

A) Reason for visit the retail outlets: Related with this parameter, researcher ask question with some alternatives options to the customer which include price discount, offers, range, services, conveniences, and infrastructure. It was observed that The majority of customers prefer to visit particular retail outlets because of Price discount (38), followed by variety of products (34), and convenience (31).

B) Type of retail format for visit: Researchers observed that based on the parameters like price discount, variety of products kept in the store, customers' convenience, customer visited the retail formats are, department store (74), hypermarket (44) and supermarket (32).

C) Spending pattern as per various products: Consumer spending pattern is an important factor that affects the overall purchasing behavior of consumer. Shopping habits of Indian consumers are changing due to their growing disposable income, relative increase in the younger population, and the change in attitudes towards shopping. In the study researchers observed that customers spend more towards garments & cosmetics (67) followed by food & eatables (41) and electronic goods (24).



Data analysis and hypothesis testing:

Hypothesis 1: Consumer purchase behavior varies with the individual salesman approach in services.

H0: Consumer purchase behavior varies with the individual salesman approach in services.

H1: Consumer purchase behavior do not varies with the individual salesman approach in services.

Test Statistics Table No.1

	Product Knowledge	Discipline	Communication	Courtesy	Prompt Service
Chi-Square(a,b)	184.240	9.640	201.733	65.440	3.640
df	3	2	3	2	2
Asymp. Sig.	.000	.008	.000	.000	.162

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 37.5.
- b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.0.

From Chi square test, it was observed that the significance level of Product Knowledge, communication and courtesy lie within 5% . Hence researchers accept H0 for product knowledge, communication and courtesy. That is customer purchase behavior varies with salesman service which include product knowledge, communication and courtesy. While significance of discipline and prompt service is lie out of 5% level, which shows that customer purchase behavior do not vary with discipline and prompt service.

Sales persons performance parameters Table No. 2

		Product Knowledge	Discipline	Communication	Prompt Service	Courtesy
N	Valid	150	150	150	150	150
	Missing	0	0	0	0	0
Mean		3.90	4.09	4.23	4.01	4.41
Std. Deviation		.621	.745	.497	.773	.546
Variance		.386	.555	.247	.597	.298
Rank		3	4	1	5	2

It was observed that the performance of the salesperson was up to the mark in communication and courtesy while they lack in the performance as far as product knowledge, discipline and prompt services are concerned Hence retailer should provide

training for product knowledge, discipline and prompt service which actually increase customer satisfaction.

2) Hypothesis 2: Consumer purchase behavior is based on availability, quality and price of the product.

H0: Consumer purchase behavior is not based on availability, quality and price of the product.

H1: Consumer purchase behavior is based on availability, quality and price of the product.

Table No. 3. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-5.516	.605		-9.119	.000
Availability of product	.573	.162	.251	3.537	.001
Quality of product	-.501	.179	-.249	-2.800	.006
Price of product	1.895	.206	.783	9.193	.000

a. Dependent Variable: Spending per visit

Regression Equation

$$Y=0.5773X1-0.501X2+1.895X3-5.516$$

Spending pattern varies with availability of products and price of products, while spending per visit was reduced with poor quality of product.

From the regression analysis it was observed that spending pattern of customer mainly fluctuate because of price of product (1.89), availability of product (0.57) and quality of product (-0.50).

Finally researchers conclude that customer purchase behavior changes positively with price of the product and availability of products. Consumer purchase behavior changes negatively due to poor quality of products.

Hypothesis 3: There is a strong correlation between consumer purchase behavior and store layout.

H0: There is no strong correlation between consumer purchase behavior and store layout.

H1: There is strong correlation between consumer purchase behavior and store layout.

Table No. 4 Descriptive Statistics

	Mean	Std. Deviation	N
Visit per month	2.16	.844	150
Store Layout	4.15	.639	150

Table No. 5 Correlations

		Visit per month	Store Layout
Visit per month	Pearson Correlation	1	-.206*
	Sig. (2-tailed)		.012
	N	150	150
Store Layout	Pearson Correlation	-.206*	1
	Sig. (2-tailed)	.012	
	N	150	150

*. Correlation is significant at the 0.05 level (2-tailed).

The correlations table displays Pearson correlation coefficients, significance values, and the number of cases with non-missing values (N). The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative). The absolute value of the correlation coefficient indicates the strength, with larger absolute values indicating stronger relationships. The correlation coefficients on the main diagonal are always 1, because each variable has a perfect positive linear relationship with itself. Correlation coefficient between consumer behavior and store layout is -0.206. Accept H0 that is there is no strong correlation between consumer purchase behavior and store layout.

Findings:

Organized retail sector is growing rapidly and consumers are shifting to shopping in organized retail stores. Thus, understanding of shoppers' behavior is the key to success for the retailers. Marketers will have to understand the consumers' shopping behavioral dimensions that will help them to tap the consumer in a better way. Consumer purchase behavior is an important factor that affects the strategies adopted by the retailers. Shopping habits of Indian customers are changing due to their growing disposable income, relative increase in the younger population, and the change in attitudes towards shopping. In the study researchers have observed that customer

purchasing behavior towards garments & cosmetics (67) followed by food & eatables (41) and electronic goods (24). It was observed that the performance of the salesperson was up to the mark in communication and courtesy while they lack in the performance as far as product knowledge, discipline and prompt services are concerned Hence retailer should provide training for product knowledge, discipline and prompt service which actually increase customer satisfaction. Parameters considered for this study includes price discount, special offers, variety of products, retail services, convenience to customer, and store ambience. It was observed that The majority of customers prefer to visit particular retail outlets because of Price discount (38), followed by variety of products (34), and convenience to customer (31). Researcher also found that based on price discount, variety of products kept in the store and customers' convenience, the type of retail format visited by the customers are department store (74), hypermarket (44) and supermarket (32). Finally researchers conclude that customer purchase behavior changes positively with price of the product and availability of products. Consumer purchase behavior changes negatively due to poor quality of products.

Limitations and direction for further research

The literature survey and the findings of this study are indicative and are good enough to give an overview of the retail purchase consumer behavior in India. The time, efforts and manpower used for conducting this research was available limited and sample size was 150 consumer respondents. The objective of this paper is only giving an idea of retail consumer spending patterns and not overall consumer behavior. This research has traditional limitations associated with survey research such as selection errors, measurement errors and interviewers effect. Further research can be undertaken on similar kind of other different retail formats other than hypermarkets, departmental stores and supermarkets. Also researchers would like to suggest to undertake research on the impact of consumer behavior on other retail store environment etc.

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Role of non-fuel retailing services: the face of petro-retailing in India

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Key Words

Petro-retailing, Non-Fuel Retailing, Regulation and Business Environment

Abstract

The oil crises of the 1970s were the major driving factor which made the government to intervene in the oil & gas sector. Until the late 1990s, the country's fuel prices were controlled by the government through a policy called the Administered Pricing Mechanism (APM). Subsequent to the 1991 economic reforms in India, had given a new direction to the oil & gas sector.

The oil industry is divided into three streams like upstream, midstream and downstream. The upstream basically covers exploration and production of crude oil & gas, midstream covers movement of materials through pipelines and downstream covers marketing of petroleum products through retail outlets (ROs). In general term selling petroleum products through outlets is known as Petro-retailing business. Petro-retailing is the face of oil marketing companies and sells products/services directly to the customers. Petro-retailing in Indian market is facing many challenges like low margins, increasing cost of land in urban as well as in rural areas, since switching cost for customer is low and expecting high services leads to a very low loyalty for the outlets and increasing competition due to entry of private players like Reliance, Shell & Essar etc. To overcome all burning challenges oil marketing companies now thinking of offerings non-fuel services/allied services like convenience stores, ATMs, Fast food outlets etc. The basic objectives behind such offerings are not only to maximize the profit but increase the customer loyalty towards the company hence outlets.

The author has tried to understand the importance of allied services/Non-fuel retailing (NFR) offerings by oil marketing companies (OMCs) in India and its overall impact on the health of petro-retailing business. To support the investigation, author also has conducted a survey with 100 customers along with reviewing previous research done by research scholars, organization etc.

Introduction

The Indian Oil and gas market is characterized by the presence of large, diversified companies. They have highly vertically integrated operations throughout oil exploration, production, refinery, transportation and marketing. Leading Oil companies namely Oil and Natural Gas Corporation (ONGC), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Reliance Petroleum, Essar and Shell are typically large, highly vertically integrated companies. They have large scale of their production and distribution networks to reduce costs and enhance profitability.

As on 1st April-2010, IOCL/ Assam Oil Division(AOD) has maximum number of retail outlets i.e. 18643. However, HPCL and BPCL are far behind with just 9127 and 8692 respectively out of total 36492 outlets. In addition to that IOCL/AOD is also leading in Retail outlets by Superior Kerosene Oil (SKO)/Light Diesel Oil (LDO) Dealerships. IOCL/AOD has 3963 outlets; however HPCL and BPCL are just having 1638 and 1014 outlets respectively out of total 6615 dealer owned outlets (GoI 2010). World's third largest oil and gas group Royal Dutch/Shell has been operating successfully with more than 75 outlets in major cities of India as they have license to come up with 2000 outlets. Essar Oil is already doing well with around 1340 pumps and Reliance has seen a new dimension with deregulation after June 2010.

Methodology

After understanding the facts and information available in newspapers, magazines, research papers and various reports, authors has collected data through in-person face-to-face interviews. In-person data collection enhances the validity of data in many ways. First, it assures that a qualified respondent answers the questions. Second, it offers an opportunity to clear up ambiguities and finally it helps in keeping consistency across the respondents. The survey instrument was administered mainly in English and Hindi. Samples for the study consisted of the segment in all the age group. Convenient sampling drawn from branded retail outlets (ROs) mainly of Hindustan Petroleum Corporation Limited (HPCL), Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) in Gandhinagar and Ahmedabad, Gujarat. The data were collected using a structured questionnaire from respondents while they were at fuel station for refueling their vehicles. Questionnaire mainly consisted questions related to customer preferences while visiting to particular outlets, the feature which attracts more at the outlets, preferred timing of visit to outlets, mode of payment and views on branded fuel etc.

Result of the survey

It has been found that customers visited to the particular RO because it was convenient for them. It means strategic location of RO is important. Even 70% customers stated that assurance and quality are driving factor while 37% cited due to ATM, air and water availability. Almost 38% number of people also cited infrastructure of the outlets

including space, cleanliness, and fast services motivates them to visit at the outlets. Indian customers still believe in making payment through cash at least at the pump/outlet. It has been found that around 74% of customers believe in paying in cash. As far as peak time at the RO is concerned evening time is most preferred timing for them to visit at the pump. It has been found that 60% of ATM users get the fuel and only 30% are used to convenience stores. Around 40% of the customers visited at ATM buy nothing.

Regulations and emerging issues

Soni (2011), in the similar studies confirms that in 2009, 32% of India's primary commercial energy consumption was derived from petroleum (BP, 2010) and almost 79% of the domestic crude oil demand was met imports (TERI, 2010). According to current estimates, this percentage will increase to 91% by 2030/31 (TERI, 2009).

The Indian government controls prices by requiring downstream companies, commonly referred to as Oil Marketing Companies (OMCs), to sell petroleum products at below-market prices. This, of course, results in 'under-recoveries'- which the Rangarajan Committee (GOI, 2006) defines as "the difference between the cost price and the realized price'. Until the late 1990s, the country's fuel prices were controlled by the government through a policy called the Administered Pricing Mechanism (APM). Even after dismantling the APM, prices of Motor Spirit (MS), High Speed Diesel (HSD), and domestic Liquefied Petroleum Gas (LPG) kept under government control. However; government has decontrol the pricing of branded fuel in 2002. The financial losses to OMCs are generally paid in three ways. First, the government provides the budgetary subsidies on the sales of LPG and kerosene. Secondly, until 2008-09, the government provided off-budget assistance in the form of special bonds called 'Oil bonds' where maturity of bonds takes up to 20 years. In 2010-11 budget speech finance minister declared that no further oil bonds will be issued and that any subsidies allocated to the sector will from the now on be explicitly met from budgetary allocations (Soni, 2011).

Interestingly, almost 40% of the Centre's indirect tax revenue comes from the petroleum sector. Customs duty, levied by the central government, is 5% on crude oil and 7.5% on petrol & diesel. It also levies excise duty of Rs. 14.35 per litre on petrol comprising nearly what we pay. The excise duty on diesel is Rs. 4.60 a litre. The state government also imposes sales tax and VAT and it varies from 18% to 30% or more. Overall the tax revenue comes from fuels has been three to four times the subsidy which the government has paid on them in three of the last four years (Modi, 2011).

In a meeting held on Friday, June 25, 2010, based on the recommendations of Kirit Parikh report on a Viable and Sustainable System of Pricing of Petroleum Products the Empowered Group of Ministers (EGoM) took a major policy decision on the country's retail fuel pricing. After long deliberation for more than a year, the EGoM has

freed the price of petrol from the government's control, which was truly a path-breaking decision (GOI, 2010).

Petro-retailing issues and challenges

Sarkar (2009) has observed that petroleum retailing is different from other retailing (like apparels, white goods, food stuffs, etc.). Petroleum retailing is specific need drive while other retailing may treat by customers as 'leisure' activities. This divides the Indian petroleum shopper into four distinct segments. They are routine chore doer, time poor (the rabbit), trust seeker and prestige seeker. The main characteristics of routine chore doer customers are; looks for instant service at the retail outlet including vehicle repairs and maintenance services. The time poor customers characterized by his needs and convenience and other non-fuel related services. The trust seeker customers are unique to emerging market, is driven by a strong relationship with the retailer and 'quality-guarantee' is driver for purchase decision. The prestige seeker customers are brand conscious and potential target for premium fuel. To cater the need of the customer according to their characteristics is a real challenge. Petro-retailing challenges also includes high investment cost and delayed payment on return on investment (ROI), customer loyalty to the particular outlets are very less and switching cost for them is zero. These all burning issues and challenges have opened the door for Non-Fuel Retailing/allied services.

Company Profile

Indian Oil Corporation (IOC) is India's largest downstream oil company. The company is engaged in refining of petroleum, pipelines-crude oil and petroleum products, marketing of petroleum products, and research and development activities. The IOC group of companies owns and operates 10 of India's 20 refineries with a combined refining capacity of 64.7 million tonnes per annum (1.3 million barrels per day). The company's sales turnover (inclusive of excise duty) touched an all time high of INR 3, 28,744 crore while profit after tax touched INR 7, 445 crore. The company continued to retain its leadership position and registered sales growth of 4.3% over the last year to 72.92 million tonnes of products. The overall petro-market share went to 49.6%, though various specific petro-products continue to face a tough challenge (AGM, IOCL 2011).

Bharat Petroleum Corporation Limited (BPCL) is a petroleum company that focuses on refining, processing and distributing petroleum products. The company operates refineries at Mumbai and Kochi with a capacity to process about 12 million metric tons of crude oil per annum (MMTPA) and 7.5 MMTPA respectively. It also operates Numaligarh Refinery through its subsidiary Numaligarh Refinery Limited (NRL) which processes about 3 MMTPA. The company's operates through two business segments: downstream petroleum i.e. refining and marketing of petroleum products; and exploration and production of hydrocarbons (E and P segment). BPCL's products include: fuels, gases, lubricants, solvents and special products (Datamonitor 2010). On

the financial front , the net profit for the year at INR 1547 crores was in the line with profit achieved in the previous year when it stood at INR 1538 crores (AGM, BPCL 2011).

Hindustan Petroleum Corporation (HPCL) is one of the leading oil refining and marketing companies in India. The company's infrastructure includes refineries; and liquefied petroleum gas (LPG) bottling plants and storage facilities. HPCL accounts for about 20% of the market share and about 10% of the nation's refining capacity with two coastal refineries, one at Mumbai and the other in Vishakhapatnam along with a joint venture refinery at Mangalore. The Indian government has a controlling stake in the company. HPCL operates through two businesses: refining and marketing. HPCL also owns and operates the largest lube refinery in India, which produces lube base oils of International standards and accounts 40% of the India's total lube base oil production (Datamonitor 2010).

Reliance Industries (RIL) is a private sector company in India. The company operates through three major business segments: refining, petrochemicals, and oil and gas. It has presence in more than 100 countries around the world. Reliance operates the third largest refinery in the world at Jamnagar, Gujarat. The company exported 22.1 million tonnes of refined products in FY2008 (Datamonitor 2009). Indian refinery companies using modern technology including hydro cracker to process complex and sour crude oil in some of their refineries. This type of crude oil is \$4/bbl-\$5/bbl cheaper than Brent crude oil.

Essar Oil (EOL) is the first private company in India to enter into petro-retailing sector through franchisee model. It has around 1340 retail outlets in the country. EOL incorporated in 1989 in the field of Exploration and Production. EOL is fully integrated Oil Company and having a 10.5 MMTPA refinery in the west coast of India. Essar plans to increase its presence in retail outlets to 5000 outlets and expand refinery capacity up to 36 MMTPA in coming years. It has signed agreements with Aegis Logistics Limited for Auto LPG and with Sabarmati Gas for supply of CNG (Firstcall Research 2010).

Royal Dutch Shell is the largest and most diversified international investor in India's energy sector among all global integrated oil companies with nearly US\$1 billion invested already. It is the only global major to have a fuel retail license in India. Besides being a major private sector supplier of crude, products, chemicals and technology to public/private sector oil companies, Shell also has key interests in lubricants, bitumen while operating an LNG receiving and re-gasification terminal, as well as a significant Technology centre and a financial business services centre. India has been a focus country for investments from the global Shell Foundation, which has already spent over USD 10 million and impacting more than 2 million people (Shell 2011).

Non-Fuel Retailing Services

The phase-wise increased decontrol of fuels, growth in demand sector from rural, urban and highway customers, entry of private players in petro-retailing and diversity in consumer taste and preference has been the major drivers for Non-fuel services at the outlets. Sen (2005) has observed that petroleum retail outlet is moving from a mere “point of sales” to the “core of competitive differentiation”. The oil marketing companies in India has shifted its orientation from selling to marketing. Even PSUs increasingly becoming customer-centric in their outlook to protect their market share.

Sarkar (2009) has observed that petro-retailing in India are facing challenge for many reasons. One of the challenges for the RO is to retain their customer as switching cost for the customer is almost nothing. Since investment for opening an outlet is high and same time margin is also very low, OMCs are trying to get maximum margin from the space available at the outlets after offering Non-Fuel services through their strategic partners. The utilization of space is again a real challenge. The objective of NFR is to enhance the customer footfalls and to increase the sales of petroleum products and revenue. Cohen & Bradfield (2001) suggested that customer might prefer to refuel in a particular filling station simply because it has clean toilets available. Vora (2011) has observed that revenue have been growing from the NFR/allied services of the petrol-retailers. Indian oil has achieved NFR worth of INR 83 crore for the year 2010-11, up by around 15-20% over the previous year, while HPCL's revenues from non-fuel retail operations increased by 16% to INR 37 crores for the year 2010-11 against Rs 32 crores for 2009-10.

Along with NFR/value added services companies took initiative in brand building. The brand building initiatives by Oil Marketing Companies (OMCs) helps them to retain their existing customers. Anirvana & Ravi (2011) observed that Bharat Petroleum Corporation Limited (BPCL) was the first company to introduced branded fuel called 'SPEED'. HPCL and IOCL also joined with BPCL and introduced 'POWER' and XTRAPREMIUM in petrol and 'TURBO' and 'XTRAMILE' in diesel respectively. BPCL has introduced retail branding a 'PURE FOR SURE' while HPCL introduced a concept called 'CLUB HP' and IOCL with 'XTRACARE'. The overall objective of all three companies had been to focus on delivery quality products and services to their customers. Rathod & Patel (2005) has suggested that in order to generate petrol customers, it is very important to understand the consumers buying behavior. Consumer buying process are being affected by various factors like brand name, name of the petrol pump and services offered, perceived product and service quality, perception of brand, perception of petrol pump and perceived value. Even Onojaefe & Bytheway (2010) suggested that “ in emerging economies, where there are no establishes brands, aggressive branding strategies might be needed”.

Sen (2005) in his report has identified the need for Non-Fuel retail in value migration, creating differentiation and building/leveraging competencies. In US, NFR contributes almost 40% of sales, in Europe it contributes 35-40% and in India, it contributes less than 1% only. The NFR has to play a big role in building/leveraging competencies through developing alliance with the parties that understand NFR better. The reason is NFR is different ball game and winning the game is different from petro-retailing.

Non-Fuel Retailing models and initiatives

Generally, retail outlets in India and their offerings are divided into three categories namely Fuel, Non-fuel and services etc. The fuel selling is the core business of any retail outlet (RO). However, selection of retail outlets by the customers are highly influenced by strategic location of the outlets, the services offered by the outlets through their staffs, ambience of the outlets and performance of the fuel in terms of quality and quantity etc. The non-fuel retailing includes convenience stores. Typically services are divided into related services where car wash, auto finance, parking and repair facilities are provided where as unrelated services includes courier services, photo shop, travel agent, launderettes etc. The RO decides the offer from their outlets on the basis of demographic condition of the area and strategic locations of the outlets.

The needs and demands of the fuel customers at the RO are vary from rural to urban customers and highway customers. That is why all OMCs offers different types of products/services from their ROs after understanding the need of rural customer, urban customer as well as highway customer respectively.

The entry of private players in petro-retailing and deregulation of retail petrol prices in June last year has brought a level-playing field for public and private sector alike. Essar Oil Limited (EOL) has established partnership with more than 20 brands including Amul, Pepsi, Western Union Money Transfer and Bosch. EOL is also trying to have partnership with agro products, telecom and banking/finance sectors. Currently nearly 460 outlets out of 1381 retail outlets NFR capabilities (Mitra 2011 & Vora 2011).

Indian Oil Corporation Limited (IOCL), as NFR model developed several alliances have been forged with leading brands like Hindustan Unilever Ltd., Dabur, Ferns & Petals, MTR Foods, PVR Cinema, UAE Exchange, Reliance Capital, DHL Couriers, etc to name a few. Indian Oil's Xtra Rewards is the country's one and only on-line Rewards Program for cash customers and have already touched 1.25 lakhs customer base, the programme has a wide range of alliance partners like Domino's Pizza, JK Tyres, Rediff-Shopping, MTR Foods, Vishal Megamart, PVR, Onida and Gulf Car Care Products (IOCL's website).

Vora (2011) has observed that Hindustan Petroleum Corporation Limited (HPCL), in talk with Indian Railway Catering And Tourism Corporation (IRCTC) to set

up restaurant chains along the highway. The HPCL already has taken wonderful initiative through Club HP outlets. The Club HP outlets have been carefully selected to ensure that they can offer high quality 'vehicle care'. Each Club HP Mega and Max outlet is equipped with a service station. In addition, the outlet provides vehicle consumable and accessories, all under one roof. More and more outlets will progressively upgrade to "Authorized Service Stations" as part of their association with various vehicle manufacturers. The 'Quick Care Points' are being offered to consumers for free check up of vital elements such as engine oil, brake oil, battery water, coolant, fan belt, radiator hose etc. by the specially trained "Club HP" attendants. In addition, a quick inspection of the tyres is done and recommendations given in case any immediate action is required. The 'Digital Air Towers' the specially designed digital air pressure equipment not only ensures accurate air pressure in the shortest time but also adds to the comfort and safety of travel. HPCL has also taken the lead in providing ATM facilities at its outlets in association with leading banks and selected Club HP outlets have already been equipped with SBI ATMs. HPCL has also tied up with Skypak Financial Services which is providing "Drop boxes" at all "Club HP" outlets in a phased manner. Consumers can utilize these drop boxes to pay bills relating to a variety of service providers. All one has to do is drop the bill and payment instrument (Cheque / Demand Draft) for the designated service provider and Skypak will route the same to the correct destination at no extra cost (HPCL's website).

Each "Club HP" outlet extended basic amenities such as "safe drinking water" through water purifiers, hygienic rest room facilities, food counters, basic medicines and first aid facility. HPCL also tied up with Coca Cola India to provide beverages and bottled water as well as snacks at all "Club HP" outlets. To cater the need of the rural customers, HPCL is providing value added and innovative services at its retail outlets 'Hamara Pump' low cost outlets for the convenience of rural farmers. 'Hamara Pump' is a simple retail format with a small store in rural market where 'Godrej Aadhar' of Godrej Agrovet has joined hand with HPCL to provide all agriculture support to rural farmers (Corporate News 2006).

Bharat Petroleum is the oil marketing company in the country with over 8000 retail outlets spread across the length and breadth of the country. The petrol pumps displaying a prominent *Pure For Sure* signage have become landmark destinations as the movement has gained momentum across the retail network of BPCL. BPCL now offers a robust and automated network of retail outlets, which leverage technology to deliver the assurance of quality and quantity promise, ensure integration of payment with fuelling and improves the service efficiency. With the emergence of innovative retailing in the country and a growing demand from consumers for a superior shopping experience, Bharat Petroleum has launched its convenience retailing initiative under the "In & Out Convenience Store" brand. The "In & out Convenience Store" is a unique concept where a number of typical household task are aggregated under one roof for the benefit of the customers. Strategic alliances have been formed with major brand owners and retailers

in the country to provide a wide range of products and services. The major food partners of BPCL are McDonalds, Cafe Coffee Day, Subway, Coffee Day Express and Pizza Hut. As on date, the "In&Out Convenience Store" has a network strength of over 320 stores across more than 100 cities in the country, bringing in unmatched convenience at the petrol station. In addition to convenience store the 'V-Care' Centers provide customers with reliable, transparent and value for money services for the basic vehicle care needs. BPCL have tie ups with Hero Honda and General Motors for being their authorized After Sales Service Centers apart from the other brands of cars and two-wheelers (BPCL 's website).

On the highways, BPCL offers a home away from home to the truckers and the tourists in the form of the Generation Next OSTs/OSTTs (One Stop Truck cum Tourist Shop) branded as 'GHAR'. These includes a Food Court for Tourists and a Dhaba for truckers, a dormitory with beds, a Safe, Secured and Spacious parking for trucks and cars, a vehicle wash facility, Saloon, Laundry and Tailor shop, a Kirana shop, Bathing facilities, toilets for Truckers and Tourists, Children's Play area, Amphitheatre for entertainment, Health care centre, 'Smart fleet' Customer service centre etc (BPCL's website).

Das (2007) has observed that Reliance Industries Ltd (RIL), which has presence in petroleum retailing, is likely to enhance its non-fuel revenues. By extending non-fuel services relating to convenience shopping, fast food and other services. The company through 'A1 Plaza services' across various highways which provide all sorts of facilities to customers, such as restaurants, telephone facilities and refreshing rooms. Reliance has also set up over 120 automobile service centers (R-Care) to go with the A1 Plazas. They ensure easy access to reliable repairs. RIL had branded 150 of their retail outlets as 'Qwik Mart', a chain of quick service, quick transaction stores. They offer convenience through multiple offerings under one roof, speed of service and value-based pricing. They will be sub-branded as 'Commute' for those located within cities, 'Journey' for those on highways, and 'Neighborhood' for those in residential areas. Even all Reliance petrol pumps provide water from water coolers with Aqua guard purifier. They also provide air filling facilities, cleaning the front glass.

Conclusion

As some national economies deregulate and emerging economies takes shape, market and competitive forces change. It might be expected that the competitive strength of companies within those economies will depend greatly on their image, as created through marketing and other initiatives like Non-Fuel retailing. India is an emerging economy with increasing consumptions of goods and services due to increasing per capita income and high growth of GDP. The Oil Marketing Companies in India can see a great future in coming years for managing high profits and growth.

Setting-up of NFR activities at any retail outlet is easier than running it with profits. It requires a thorough research of the region and the location where the outlet is planned to be set-up. It has been observed that in many cases customer visit to the outlet, do the transaction from ATM, enjoy the services of available convenience store and restaurants and go away without taking fuel. In such cases the ultimate objective of NFR is not achieved. Consumer's attitudes change constantly and are influenced by such variables as age, income, lifestyle, and household composition. Knowing your customer is the key to success on NFR. Customer's needs and trends vary from region to region therefore these activities have to be specifically targeted to each RO and customized according to the demographics of the region.

To make NFR successful the representative of the companies need to have continuous communication with their existing dealers/franchisee to motivate them towards benefits of having other services at the outlets. Same time it is also important to maintain a balance between selling fuel and offering other services. NFR in any case should not be the priority of any dealer at the cost of compromising the sales of fuel irrespective of profits and margins. The value of NFR activities are directly affected by both the entrance of new competitors in the catchment area and the entrance of new products being offered by competitors. Hence, it is very important to know what your competitor is doing.

Limitations and Future Research

The known limitation of the research is smaller number of participants where only 100 participants for the survey could contact. Even all participants were identified from few outlets from Gandhinagar and Ahmedabad though such demanding research topic requires large number of respondents provided resources are available. Even availability of secondary data has its own limitation. The main reason might be that this field is still grey. As far as scope for future research is concern, authors find that research may be conducted at national level where rural, urban and highway customers can be contacted for getting valuable insight and reflections.

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Note: Readers may refer companies' website to know more about initiatives taken by Oil Marketing Companies (OMCs) in India towards NFR.

Company's websites:

Bharat Petroleum Corporation Ltd. (BPCL): www.bpcl.com

Essar Oil Limited (EOL): www.essar.com

Hindustan Petroleum Corporation Ltd. (HPCL): www.hpcl.com

Indian Oil Corporation Ltd. (IOCL): www.iocl.com

Reliance Industries Limited (RIL): www.ril.com

Shell India: www.shell.com

Coloring consumer`s psychology using different shades the role of perception of colors by consumers in consumer decision making process: a micro study of select departmental stores in Mumbai city, India

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Key Words

Colors, Perception, Consumer decision making, Departmental stores, Mumbai

Abstract

Color plays a significant role in triggering emotions in people. The current research studied the role of perception of colors in consumer decision making process. The study focuses on how the departmental stores by using different colors/color combinations in logo, the brand name, the tagline, and the slogan reach to their audiences. How are these colors interpreted by audiences and do they have a positive or negative effect on decision making? How do consumers perceive these messages and eventually decide to make purchases into a particular departmental store. Data collected from fifty respondents through an administered survey by unstructured questionnaire method is analysed both quantitatively and qualitatively. The sampling technique used is convenient sampling. The data collected is mostly primary in nature. Major conclusions of the study were that colors do play an important role in triggering emotions of the consumers. Consumers relate certain colors to socio economic class and accordingly decide to choose their shopping place. They were also able to recall departmental store names on the basis of color/color combinations. However few respondents agreed that color does not play any important role in their decision making; it is in fact the appearance, music played in the store, services offered by the store that help in decision making.

Introduction

Color is considered as one of the effective tools in advertising. A study of phone directory ads by Derrick Daye (2007) concluded that ads in color are read up to 42% more than black and white ads. Market researchers argue that color affects purchasing habits. Impulse buyers respond best to red-orange, black and royal blue. Shoppers, who plan and stick to budgets respond best to pink, light blue and navy. Traditionalists respond to pastels - pink, rose, sky blue. But to check accurate color effects and perception of consumers is difficult as there are many parameters such as culture, gender, age, socio economic class, and religion etc. Importantly, cultures differ in their artistic expressions as colors represent different meanings and aesthetic appeals in different cultures. The following colors are associated with certain qualities or emotions:

- i. Red --excitement, strength, sex, passion, speed, danger.
- ii. Blue -- (listed as the most popular color) trust, reliability, belonging, coolness.
- iii. Yellow --warmth, sunshine, cheer, happiness
- iv. Orange -- playfulness, warmth, vibrant
- v. Green -- nature, fresh, cool, growth, abundance
- vi. Purple --royal, spirituality, dignity
- vii. Pink -- soft, sweet, nurture, security
- viii. White --pure, virginal, clean, youthful, mild.
- ix. Black --sophistication, elegant, seductive, mystery
- x. Gold -- prestige, expensive
- xi. Silver -- prestige, cold, scientific

Na Ree Lee (2002) states that color as a sign offers possibilities of many interpretations rather than only one way of looking at any issue. Humans experience message in color as it triggers their sensations and thus influence can be seen on buying decisions.

This topic has not been studied from Indian consumers' perspective so far. The paper will help marketing research, especially concerning to experimental design and the use of colors to extract information on consumer behaviour. Experiments can be designed using label/logo/advertisement colors and/or words in different marketing fields. The study can also develop a better understanding amongst marketers and management regarding usage of color/s and words in any communication to its customers and help them create better brand and corporate images, thus changing consumers' behaviour.

Review of Literature

1 What are colors?

The first circular diagram of colors was developed in 1666 by Sir Isaac Newton. Since then many studies have been conducted on numerous variations of this concept by scientists and artists and have debated on the validity of one format over another. But any "color circle or color wheel" representing a systematically arranged series of shades has value. (Color Matters)



Chapter 2. Fig 1. Primary Colors

Red, Yellow and Blue



Chapter 2. Fig 2. Secondary Colors

Green, Orange and Purple

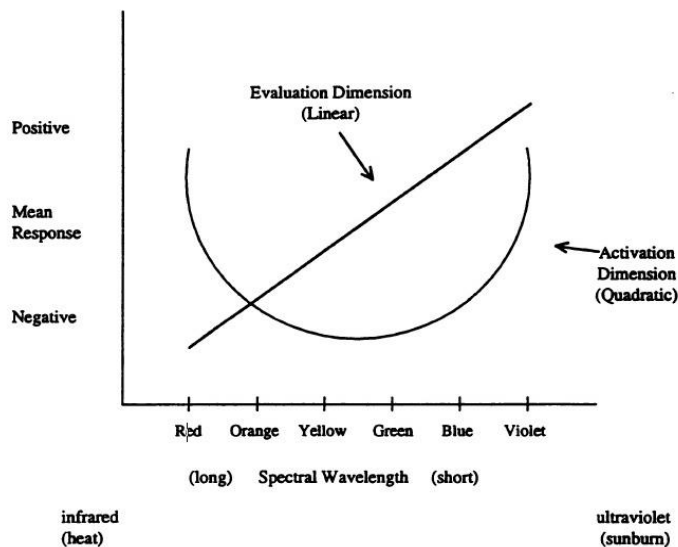


Chapter 2. Fig 3. Tertiary Colors

Yellow-Orange, Red-Orange, Red-Purple, Blue-Purple, Blue-Green, Yellow-Green

2 How colors affect human beings?

Ayn E Crowley (1993) mentioned that certain colors are more activating, they stimulate brain wave activity, skin conductance, etc. and while others are more deactivating. Colors can be placed in order of long to short wavelengths as follows: red, orange, yellow, green, blue, and violet (see figure 4) which is just a small part of the total spectrum of wavelengths. Wilson (1966) states that slightly longer wavelengths than visible red are called “infrared or heat-producing wavelengths”. Further Pavey (1980) mentions that the “opposite end of the spectrum, beyond the blue/violet visible wavelengths are ultraviolet or sunburn-producing wavelengths”. The color spectrum is viewed as ratio scale when wavelength and the visible spectrum are used to map colors (Stevens, 1946). Many researchers have agreed that color represents a “nominal variable with no natural ordering” (e.g. Jacobs and Suess, 1975; Bjerstedt, 1960; Sallis and Buckalew, 1984) and used in statistics texts as a nominal variable (Armore, 1973).



Chapter 2. Fig 4. 'Two dimensions' hypothesis regarding consumer response to color

Based on “skin conductance measures and conductance change (galvanic skin response) data” Wilson (1966) determined that red is more arousing than green. Kroeber-Riel (1979) confirmed that processing of advertising depends on arousal. This arousal is specifically useful in increasing long- term memory as compared to short-term memory. (cf. Singh and Churchill, 1987)

Sharpe (1979) categorized colors into a warm group e.g. red, orange, and yellow and a cool group e.g. green, blue, and violet. Cool colors especially blue are consistently preferred over warm colors (cf., Silver and McCulley, 1988), although some cross-cultural differences have been found (Wiegersma and Van Der Elst, 1988). Likewise, Mehrabian and Russell (1974) found that green to blue region of the visible spectrum give maximal pleasure linked with colors.

3 What are departmental stores?

Marketing primarily focuses on making and selling consumer wants. The departmental stores were established to please the customers by giving him/her the choice of selecting his needs. Any business needs to understand the consumer and provide him/her with his/her wants. Businessman needs to make efforts to induce consumers for purchasing products in a particular shop. (A.Sukumar, 2008)

4 Consumer Behaviour and Marketing

The process by which individuals plan and purchase economic goods and services and decide whether what, when, where, how and from whom to purchase is known as consumer behaviour. Charles G Martina on buyer behaviour states, “instead of trying to market what is easier for us to make, we must find out much more about what the consumer is willing to buy – we must apply our creativeness more intelligently to people, and their wants and needs rather than to product”.

Major characteristics of buyer behaviour are:

- a) Physical activities such as walking through the market to look at the products and mental activities such as attitude formation and knowing preference of a particular brand.
- b) Internal factors such as wants, purpose, perception and attitudes in addition to external factors related to environmental influences such as the family, social groups, cultural, economic and business. (A.Sukumar, 2008)

5 What is Perception?

“Perception is the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world”. Information inputs are the sensations received through sight, taste, hearing, smell and touch. Persons at the same motivated stage may act in a quite different manner if they perceive the situation differently. (www.udel.edu, n.d.)

6 Indian Retail Industry

In spite of approx 12 million retail stores in India which are more than rest of the world put together, retailing in India still remains in the unorganized sector. The first decade of modern retail was a shift from traditional channels of buying and selling to more new formats such as department stores, supermarkets and specialty stores. Retailing is forecasted to increase from 2 % to about 15-20 % by the next decade. Therefore, the retailers will have to support the large retail infrastructure in terms of malls and superstores that are being created. The biggest challenge that today's leading retailers will face is creating demand than diverting demand. Mahesh (2011) signifies following factors of retail prospects in India:

- At 271 million, one of the largest consuming bases in the world, forming 27% of the total population.
- High spending community below 45 years comprises 81 % of the population.
- A young population with 54% population below 25 years
- Increased literacy rate and number of working women.

Indian Retail Report (2007) states that organized retail is growing rapidly and the emergence of large organized retail chains like Shopper's Stop, Lifestyle, Pyramid, Globus, Westside etc. are examples of the same. The report further adds that "Indian retail industry is the largest industry in India, with an employment of around 8% and contributing to over 10% of the country's GDP and is expected to rise 25% yearly. It's being driven by strong income growth, changing lifestyles, and favourable demographic patterns and by 2016 it will be worth US\$ 175- 200 billion. It's also one of the fastest growing industries as in 2007 it was worth US\$ 320 billion and is increasing at the rate of 5% yearly. A further increase of 7-8% is expected by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption."

BRAND	RETAIL PRESENCE				RETAIL OUTLETS				
	end-'04/ 2004-2005	end-'05/ 2005-2006	end-'06/ 2006-07 (projections)	Projections for 2010	end-'03/ 2003-2004	end-'04/ 2004-2005	end-'05/ 2005-2006	end-'06/ 2006-07 (projections)	Projections for 2010
Globus	5	8	14		7	7	12	20	120
Westside	10	11	14		11	16	16	23	
Shoppers' Stop	9	10	12	20	13	16	20	26	49
Pyramid	3	6	8	14	3	3	7	11	30
Lifestyle	5	5	9	16	5	7	10	19	41
Ebony	5		7			9	8	7	
Pantaloons	9	15		30		12	21		80

RETAIL SPACE ('000 SQ.FT.)					RETAIL SALES (INR CRORE)				
end-'03/ 2003-2004	end-'04/ 2004-2005	end-'05/ 2005-06	end-'06/ 2005-07 (projections)	Projections for 2010	end-'03/ 2003-2004	end-'04/ 2004-2005	end-'05/ 2005-06	end-'06/ 2006-07 (projections)	EXPANSION PLANS
	140	195	290	1240	80	82	109	180	30 outlets by 2007
210	220	320	550			166	228	358	
525	753	951	1507	3627		507	678		34 outlets by 2007
124	180	420	660	1800					15 outlets by 2007
	268	342	746	1934	230	306	340	525	27 outlets by 2007
	167		140			85			11 outlets by 2008
	288	485		2000					42 outlets by 2007

Source: Indian Retail Report, 2007

7 Departmental Stores in Mumbai

Departmental stores offer wide range of products under a single roof along with other amenities. Due to huge population, good earning consumer society, industrialization and modernization in Mumbai, it provides a huge amount of customers to be served. The retail consulting and research agency KSA-Technopak in their Nov2008 report had predicted that by 2010 annual retail sales by chain stores will reach 21.5 billion in Indian Metros. Government Policies are also favourable to Indian Retail sector in regard to FDI. Examples of some renowned Departmental Stores in Mumbai are Shoppers stop, Westside, Pantaloons, Big Bazaar, Spencers, Reliance Fresh, Lifestyle, Central, Wal Mart etc. (Arpit Mankar, n.d.)

8 Color & Brand Identity

Brand identity is done to imprint brand's name and image in the minds of people and color plays a significant role in creating it. When checking a visual system shapes and colors play an important role. For better brand recall and perception these colors and shapes within the product category must be different. For instance, burgundy and forest green are perceived to be upscale while an orange label or package indicates an inexpensive item. Many researchers have also concluded that colors do impact on a person's state of mind and cognitive ability. For instance, pink has been shown to increase a person's appetite and calm prison inmates. (Consumer Report retrieved from www.scribd.com, 2010)

9 Impact of color on consumer purchase behaviour

"Color is vital in marketing. Some products have been re-energized and companies have been reinvented because of color. New products adopt certain color/s as part of their identity, and the simplest icons can take on a persona. Brands get identified with color that can be recognized even though brand name is not visible. Effective use of color is obvious in the food and beverage industry. Color affects the adrenal glands, tempting the taste buds," says Leatrice Eiseman, Director, Pantone Institute.

Munich Personal RePEc Archive in their report on product characteristics and quality perception emphasized that colors have meanings and are a fundamental tool in corporate marketing strategies. These meanings are used for the purpose of product and brand differentiation (Schmitt & Pan, 1994) and also on the basis of consumer perceptions (Grossman & Wisenblit, 1999).

Consumer notice colors first on a package (Danger; 1987, Garber et al; 2000 & Schoormans & Robben; 1997) and these preferences regarding colors and patterns impact their brand choices (Kojina et al. 1986). Colors also communicate the quality of the brand (Gordon et al. 1994) and impact brand evaluations of consumers.

Colors are associated with objects on different dimensions. The sequence of colors follows the hue dimension on an activity scale of preferences. Hot colors (e.g. red and yellow) lean towards activity, black and white are neutral and cold colors (e.g. green and blue) are on passive end (Osgood et al. 1957). More saturated colors make object appear more effective. It appears that “the evaluative effect of color interacts with the nature of an object, whereas the effects of color upon judged activity and the potency of objects with which they are associated are systematic and consistent with the hue and saturation dimensions, respectively” (Madden *et al.*, 2000).

Red and Orange are highly stimulating shades. Red appeals more particularly in printed text and are linked with fire and heat and therefore used by companies when offering a hot or free deal. Orange is a friendlier color than Red and is mostly liked by children aged 3-6 and adolescents. Pink is perceived as sweet and appealing whereas Yellow is referred to as a comforting color and interpreted as delicious, creamy, tangy and tart (when associated with citrus). Green is considered refreshing, healthy and is connected with nature and vegetables. It does not appeal when associated to a non-vegetable food. Sky indicates peacefulness and trust and sea suggests loyalty. Therefore, Blue color infuses same feelings in products and ads. Many banks use blue as it indicates dependability. Blue is pure and cool and is a perfect color for products like bottled water. It has little appeal in the context of food especially for adults as they find it strange, but kids love it as it gives a different look.

Although consumer preferences change with trends in design and fashion but their perceptions of and responses to the basic color families rarely change. In fact, different colors induce different emotional states. Memory retention studies conclude that a word or phrase printed in color than in black and white is 78% more likely to be remembered by consumers. Printed word activates the left brain whereas color activates the right brain and therefore when both are combined then it impacts consumers with better recall, recognition and attention. Choice of right colors can attract consumers and also influence decision making especially at point of purchase where they merely spend .03 of a second glancing at each product.

Na Ree Lee (2002) states that colors improve efficiency of the message and make them appear real as they form a visual concord of the elements projected in the ad. They can also lead to primary source of subconscious persuasion, but wrong colors may keep the customers away from considering product for purchasing.

Research Design

1 Research Questions

RQ 1: How different colors used by the departmental stores in their logos are interpreted by consumers?

RQ 2: Do colors help consumers in creating/ increasing brand recall?

RQ 3: How do consumers perceive these colors and eventually decide to make purchases into a particular departmental store?

2 Methodology

Administered survey by unstructured questionnaire method was used. A preliminary survey was conducted and respondents were asked to give three departmental store names they recollect. Out of these mentioned store names top ten stores were chosen for the purpose of this study. The names of these stores are: Westside, Shoppers Stop, Pantaloons, Big Bazaar, The Loot, Spencers, Reliance Fresh, More, Central and Lifestyle. The logo colors of the selected stores were downloaded from their corporate websites and the questionnaire was designed accordingly.

Respondents included both male and female from the five age groups namely 20 & below, 21- 30 years, 31-40 years, 41-50 years and above 51 years. Convenient sampling method is used 50 samples were studied. The sample was collected during the period starting from 1st Dec 2010 to 31st Dec 2010.

The collected data was analyzed using percentage analysis and diagrams using SPSS software. The questionnaire was majorly designed to know consumer's preferred shopping location, their recall value of sample store logos, reasons for preferring a particular store over another. Consumers were asked to state their feelings when they see the logo color of the displayed in the questionnaire. This association was checked at two dimensions i.e. Activation and Evaluation.

3 Discussion and Conclusions

Color is used strategically to create a brand/ corporate image by using it in all communication materials such as on packages, logos etc. When it comes to features of corporate or product packaging, logos become one of the most important features. If there is recall of logo then there is a recall of brand too.

Out of the total respondents 67% agreed that they prefer departmental stores as their shopping place over general stores, grocery stores, online shopping, TV shopping, buying from sales representative etc. and confirmed that they prefer it because it is time saving, ambience is beautiful, sales representatives are there to assist them in shopping decisions, stores have trial rooms, free alteration facility, parking space, home delivery and goods are of better quality. 12% consumers agreed to that shopping in stores is of prestige rather than shopping in *kirana* (local shops) stores as crowd there comes from a better class. But when it comes to cost almost 82% of the respondents stated that it is very expensive to shop in stores and prefer shopping when store offers discounts and promotion schemes.

4 Customer profile of stores

83% females and 65% males stated that they prefer stores over other places. Respondents from the age group of 20 and below, 21-30 and 31-40 years preferred stores as compared to the ones from 41-50 and above 51 years age groups. Of the total ten mentioned stores, females preferred Pantaloons, Big Bazaar, Spencers, Reliance Fresh, More and Life style whereas males preferred Westside, Shopper's stop, Central, The Loot and Big Bazaar. Age wise breakup of store visitors is:

- Below 20 years preferred Central, Lifestyle, and The Loot and
- 21-30 years preferred Pantaloons, Lifestyle, Big Bazaar, Westside, Central, Spencers, and Reliance Fresh.
- 31-40 years preferred Shopper's stop, Westside, More, Pantaloons, Big Bazaar, Reliance Fresh, and Lifestyle.
- 41-50 years preferred Shoppers Stop, More and Big Bazaar.
- Above 51 years preferred Shopper's Stop and Big Bazaar.

5 Demography and Color Recall

The study confirmed that color is an important part of brand communication. Below are the details of the color shades that were given to the respondents to recall:

a) **Shoppers stop: Black color**



b) **Westside: Blue and Green colors**



c) **Pantaloons: Green color**



d) **The Loot: Red and Grey colors**



e) **Big Bazaar: Orange and Blue colors**



f) **Spencers: Orange color**



g) **Reliance Fresh: Red and Green colors**



h) **Lifestyle: Black, Pink & Orange color**



i) **Central : Red color**



j) **More: Orange color**



62% of all the respondents associated colors with store names meaning they were shown colors and were asked to recall the store name. 58% associated store names with colors meaning they were given store names and were asked to recall colors used in the logos. Out of those who recalled color and store names, 80% females as compared to 32% males were able to recollect colors. Respondents from the age group of 21 & below, 21-30 and 31-40 years had more color recall over other respondents from the age groups of 41-50 and above 51 years.

3 Activation and Evaluation Dimension of colors

Out of the ten logo colors used in the study, Red and Blue are categorised as primary colors whereas Orange and Green are secondary colors. Black and Grey are neutral colors and remaining all colors are tertiary colors.

Red and Orange are considered as hot colors and Blue, Pink and Green as cold colors. Cold color shades such as blue, pink and green had passive impact on respondents whereas hot color shades such as Red and Orange had active impact.

Women stated Lifestyle as a feminine store and agreed that they were able to relate to it. One of the colors in Lifestyle logo is Pink, which is perceived as a feminine and sweet color. Hence, the connection can be seen. Orange is perceived as a friendlier & inexpensive color which is used in the logos of More, Spencer's and Big Bazaar. Customers of these stores stated that they prefer it because it's comparatively cheaper. Green is often associated with nature and vegetables and something which is healthy for you. Those who shop in Reliance Fresh stated that they feel refreshing when they visit the store. 54% of the respondents associated Green as the color of Reliance Fresh. On the contrary, only 24% of the respondents were able to recall Green as a Pantaloons color and 12% as Westside color. The reason being Pantaloons and Westside are apparel stores and thus this disconnection was observed. But when asked about Blue color, respondents did recall Westside (54%) but only 34% related Blue as Big Bazaar color. In fact, Orange was more related to Big Bazaar. 87% of the respondents related Black as a Shoppers Stop color, reason being very few departmental stores have black in their logo color hence there is no clutter in the minds of the consumers.

When it comes to readability Black on White or vice-versa scores higher, closely followed by Red on White and vice-versa. This readability factor did help in recalling store names. Both Central and Shoppers Stop scored higher on recall value. When asked about Red, 72% of the respondents recalled Central and only 36% were able to recall The Loot. Both stores have consumer inflow of 30 and below years. These stores can be called as youth stores. But Central succeeded in projecting and recalling red as their logo color. The reason could be The Loot uses Red and Grey as its logo color. Black, Grey and White are considered as neutral colors and do not have register value, they scored less on recall value both at activation and evaluation dimension. Since, Loot uses both colors, customers tend to ignore it and in spite of using Red, their recall is less. Central uses Red

on White which scores second highest on readability score closely after White on Black and vice-versa.

Many respondents reacted positively on the activation and evaluation dimension of black color in spite of it being a neutral color. They considered it as dynamic, modern, mysterious, motivating, stimulating, and attractive color.

Hard colors (red, orange and yellow) are more visible and tend to make objects look larger and closer. They are easier to focus upon. They create excitement and cause people to over-estimate time. Soft colors (violet, blue and green) are less visible and tend to make objects look smaller and further away. They aren't as easy to focus upon. They have a calming effect, increase concentration, and cause people to under-estimate time. Central, More, Spencer's and Big Bazaar used hard colors and also scored high on color recall. Though blue and green are soft colors but it did scored high on recall especially with Westside and Reliance respectively.

The colors can either enhance or weaken the perception of the departmental store. A consistent color and store combination is visible in the cases where either the store is often visited by the respondent or the color chosen is amongst the favourite colors of the respondent.

Crowley confirms that an activated consumer tends to indulge more in impulse buying. From the study it is clear that respondents found Red at more positive side of activation and had maximum color recall. Merchandise in a red environment was perceived as "up-to-date", this indicates that activation is more important than evaluation in driving perceptions of merchandise style. The results suggest use of red for retail environments where impulse buying of stylish merchandise is the goal.

Thus, from the above arguments significant conclusions can be drawn as stated below:

- More youngsters prefer to shop at departmental stores.
- Female prefer stores more over males.
- Big Bazaar is most preferred store amongst all age groups and also amongst males and females.
- Shopper's Stop is mostly preferred by older age groups.
- Central. The Loot and Lifestyle are mostly preferred by young customers.
- Lifestyle most preferred by females.
- More females were able to recollect color over males.
- Young respondents recollected more colors.
- Respondent's personal favourite colors affect his/her choice of store.
- Central and Shoppers scored higher on color recall.
- Green color must not be used in apparel stores.
- More, Spencer's and Big Bazaar are perceived as inexpensive stores.
- Hard colors as compared to soft colors scores high on color recall.
- 'Hot' colors and 'Neutral' colors are positively related to activation & evaluation dimension.

- 'Cold' colors are negatively related to activation & evaluation dimension.
- Combining cold colors with hot colors should be avoided.

Logo colors influences consumer's choice. Inappropriate choice of logo color may lead to strategic marketing failure. Furthermore, color is the least expensive way of changing a product. Thus marketers have to gain a lot from gaining more precise knowledge about the meaning/s consumers give to colors and perceive the corporate in turn.

5. Limitations and Scope for further research

Lack of an actual experiment hinders any conclusion and generalization of the research. The answers given by respondents are assumed to be true and the conclusions are drawn based on this assumption. Degree of sample error cannot be measured due to convenient sampling technique. Researcher has stated color names in the questionnaire and therefore the shade respondents might have in their mind is not judged by the researcher and the conclusions do not include this aspect. Thus, there might be varying views on the same. The sample may not be representative of the entire population. The study is limited to Mumbai only. Each geographical location gives a different scope for marketing studies and therefore change in geographical location might give different results and perceptions. Color alone cannot judge consumer perception regarding the store; there are other factors such as shape etc. also. Future study can be conducted to examine the meaning of color and words on sales and consumer inflow of departmental stores, effect of shapes and the color combinations, or it can be extended to products and brand evaluations.

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An empirical analysis of the impact of information systems in logistics performance management of retail firms

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Key Words

Information System, Logistics Performance Management, Performance Measurement, Retail Firms

Abstract

The aim of this research is to analyze logistics performance management of retail firms in Thailand. We explore how the relationships between information systems usage and logistics performance management that are measured by logistics performance indicators. In addition, the study also examines correlation analysis to find what factors that have influence on logistics performance management. We conducted a survey of 103 retail firms in Thailand. The empirical results indicate that the information systems usage in logistics activities has a significant impact on the firm's logistics performance management. The implications and further exploration are discussed.

Introduction

Nowadays, logistics management is defined as a set of methods used to interconnect suppliers, warehouses and customers. Logistics management has been become the corporate strategy to generate cost reduction and create value for customers (BüYükÖZKAN et al., 2008). It will be trade-offs between total cost and service level that mean the firm achieves minimizing cost effective and maximizing customer's satisfaction level (Chow et al., 2005). Hence, it is concerned with achieving a more cost-effective satisfaction of end customer requirements through buyer-supplier integration by through the sharing of information (Murthy et al., 2004). Information technology (IT) applications can support logistics management in firms to improve logistics performance for better customer service levels (Ngai et al., 2008). Moreover, information systems (IS) have positively and significantly influences to performance of organizations (Bayraktar et al, 2009).

Therefore, we believe that LIS can provide a firm to manage logistics activities that a highly effectiveness and efficiency for gaining competitive advantage. Hence, it is necessary to identify the factors that affect logistics performance management. Online survey of local retail firms was conducted. The propose of this research is to explore the factors affect logistics performance management and also point out logistics performance indicators in retail firms for usage to improve their performance.

The remaining sections of this paper are organized as follows. Section 2 provides some influential prior works to this study. Section 3 describes the objectives and research methodology. Data analysis and findings are elucidated in Section 4. Section 5 displays result and discussion. Section 6 describes conclusion and future work.

Literature review

1 Logistics management

An effective logistics management will be provide the right product in the right place at the right time with minimize cost but maximize customer satisfaction (Çelebi et al., 2010). A thorough study from relevant literatures, the boundary of logistics activities in firms consist of customer service, order processing, demand forecasting, transportation, warehouse management, purchasing and procurement, packaging and reverse logistics (Lai et al., 2010; Wu and Huang, 2007; Aptel and Pourjalali, 2001; Ngai et al., 2008). Moreover, many researches (Ngai et al., 2008, Tilokavichai and Sophatsathit, 2011, Loukis et al., 2009) have indicated that Information Technology (IT) applications support logistics activities to obtain competitive advantage. Logistics information system (LIS) is defined as a management IS that provides the management of a firm with relevant and timely information related to its logistics functions. Today LIS play an important role in logistics management (Ngai et al., 2008). Operating managers need comprehensive information to manage the organization's operations and set strategy (Kaplan and Norton, 1996). Hence, there is an important necessary for the development of LIS that can provide quality logistics information to achieve better position in market from logistics management (Lai et al., 2010).

2 Logistics performance indicators

Normally logistics performances are evaluated under four perspectives which are cost, quality, service and flexibility such as delivery times, stock levels, costs, quality ,packaging, scrap management and environmental concerns through logistic activities integration by the sharing of information (Lai et al., 2010; Murthy et al., 2004; Kurata and Lui, 2007). For example, the integration model of inventory and transportation have objectives are minimum unsatisfied demands products, minimize vehicles costs, products flow costs, carrying costs and transfer costs (Ozdamr et al., 2004; Haghani and Oh, 1996). The associated flow of information in logistics activities is necessary elements for firms to manage the logistics workflow for customer responsiveness (Lee et al., 2011). Indicators are important to measuring logistics performance for benchmarking with best practice firm to find opportunities for improvement (Garcia et al., 2011). The logistics performance measurement related to the firm's logistics management that includes a

wide range of planning and control measurements (Andersson et al., 1989). Table 1 shows logistics performance indicators.

Table 1: Logistics performance indicators

Example of Logistics performance indicators	Related literatures
Inventory turnover	Andersson et al., 1989; Laitinen, 2002; Murthy et al., 2004; Kurata and Lui, 2007; Quezada et al., 2009; Lai et al., 2010; Garcia et al., 2011
Customer service cost per sales	
Customer satisfaction Index	
No. of new customers	
% of product returned	
Average waiting time	
Number of complaints	
Lead times	
On time delivery	
Forecast accuracy rate	
Stock days	
Order processing cycle time	
Transportation cost per sales	
Transportation per trip	
Warehouse cost per sales	
Rate of return goods	
Procurement cost per sales	
Value damage per sales	

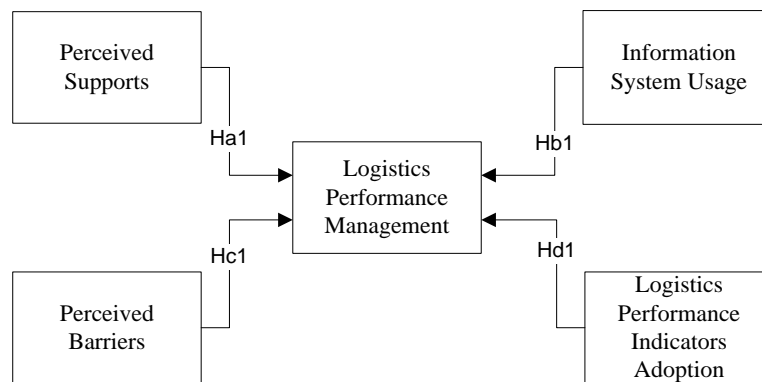


Figure 1: Research framework of the study.

Therefore, the following research framework and hypotheses as shown in Figure 1 established and elucidated in subsequent sections.

Ha1: The support factors have an effect on logistics performance management.

Hb2: IS adoption has an effect on logistics performance management.

Hc1: The barrier factors have an effect on logistics performance management.

Hd1: Adopting logistics performance indicators have an effect on logistics performance management.

Research objectives and methodology

We derive a survey questionnaire, consist of four topics, namely, (1) performance in logistics activities, (2) support factors that influent the logistics performance, (3) barriers in logistics management and (4) the analyze current of logistics information usage and logistics performance indicators. The questionnaire uses a 5-point Likert's scale with 1 being "Strongly disagree" and 5 being "Strongly agree" to logistics management in retail firms. The research methodology was based on empirical data collected through questionnaire surveys of retail firms in Thailand. To ensure content validity of the measure is systematically accounted for in this study, a thorough study from relevant literatures and consult academics, and pilot tested with logistics managers were carried out during the development of the questionnaire.

A preliminary study was conducted to test the viability of the questionnaire with subjects in companies. From the preliminary 300 questionnaires, 103 were returned and used in the analysis. The overall response feedback was 34%. Table 2 summarizes the respondents' company profile. The respondents included operation personnel, first-line managers, middle managers and top executives. The respondents clearly have considerable experience with logistics activities, thus they are well-qualified to response in this research. Table 3 shows IS adoption in logistics activities. Adopting logistics performance indicators as shown in Table 4.

Table 2: Profile of respondent firms (103 total).

	Freque cy	Percent
Operation (Yrs)		
1-3 Yrs	24	23.3
4-6 Yrs	30	29.1
> 10 Yrs	49	47.6
Number of Employee		
< 50	62	60.2
51 - 200	4	3.9
201 - 350	3	2.9
> 350	34	33
Revenue (Baht)		
< 30,000,000	57	55.3
30,000,001 - 50,000,000	10	9.7
50,000,001 - 100,000,000	6	5.8
100,000,001 - 200,000,000	4	3.9
> 200,000,001	26	25.2

Table 3: Information system adoption in logistics activities (103 totals).

Logistics Activities	IS adopt		IS not adopt	
	Frequency	Percentage	Frequency	Percentage
A	80	77.7	23	22.3
B	82	79.6	21	20.4
C	88	85.4	15	14.6
D	78	75.7	25	24.3
E	84	81.6	19	18.5
F	88	85.4	15	14.6
G	66	64.1	37	35.9
H	19	18.4	84	81.6
I	36	35	67	65

A: Customer Service, B:Order Processing, C:Purchasing & Procurement, D:Transportation, E:Warehouse Management, F:Inventory Management, G:Demand & Forecasting, H:Packaging, I:Reverse Logistics

Table 4 :Adopting logistics performance indicators (103 totals).

Logistic Activities	Logistic Performance Indicators	Adopt		Not Adopt	
		Frequency	Percentage	Frequency	Percentage
1.Customer Service	Customer service cost per sales	62	60.2	41	39.8
	Customer satisfaction Index	99	96.1	4	3.9
	Number of new customers	74	71.8	29	28.2
	Number of complaints	64	62.1	39	37.9
	Average waiting time	46	44.7	57	55.3
2.Order Processing	Average response time from sale order	66	64.1	37	35.9
3.Purchasing& Procurement	Procurement cost per sales	58	56.3	45	43.7
4. Transportation	Average delivery time	92	89.3	11	10.7
	On time delivery	86	83.5	17	16.5
	Transportation cost per trip	74	71.8	29	28.2
	Transportation cost per sales	58	56.3	45	43.7
5.Warehouse Management	Warehouse Management cost per sales	91	88.3	12	11.7
6.Inventory Management	Inventory carrying cost per sales	70	68.0	33	32
	Average stock days	94	91.3	9	8.7

7.Demand & Forecasting	Forecast accuracy rate	76	73.8	27	26.2
8.Packaging	Packaging cost per sales	66	64.1	37	35.9
9. Reverse Logistics	Goods return rate	77	74.8	26	25.2
	Damage value per sales	61	59.2	42	40.8

Data analysis and finding

In this research applied exploratory factor analysis (EFA) to examine the underlying dimension that reduced the items of the barriers, the supports and logistics information system usage. Principal component analysis (PCA) was used to extract the factors loading with varimax rotation method. The eigenvalue of any factor should be greater than one (Hair et al., 1998). The Kaiser-Meyer-Olkin (KMO) was used to detect whether or not the data were properly factored. The KMO measure the minimum acceptable value of 0.5 (Kaiser, 1974) satisfies the prerequisite of a good factor analysis. Factor validation is accomplished using convention advocated by Nunnally (1967) on items having factor loadings of exceeding 0.4. Data reliability and validity are carried out by Cronbach's alpha that measures the internal consistency of multi-item scales as low as 0.6 (Nunnally, 1967) for each construct. The results of EFA can be summarized as shown in Table 5. Correlation analysis was tested between barriers factors and logistics performance management of firms. Pearson correlation coefficient, found that all of support factors have associated with logistics performance management at the significant value of 0.05. In addition, we employed independent sample t-test for comparisons between two groups and statistical significance is tested by t-test statistic.

Table 5: Results of EFA for all items.

Subject	Factors
Support Cronbach's α =0.883, KMO=0.791, Cumulative of Variance = 79.634%	Internal Support: % variance = 62.747, Eigenvalue = 4.392 -Internal Cooperation -Vendor's Cooperation -Customer's Cooperation -IT system Application -Executive's Support -Staff's skill and knowledge
	External Support: % variance = 16.888, Eigenvalue = 1.182 -From Government
Barrier Cronbach's α =0.901, KMO=0.777 Cumulative of Variance =	Barrier: % variance = 68.263, Eigenvalue = 4.096 -Internal Communication

Subject	Factors
68.263%	-External Communication -IT System has not user friendly -Insufficient Knowledge
Logistics Performance Management Cronbach's $\alpha=0.510$, KMO=0.777 Cumulative of Variance = 73.484%	Forward logistics activity management: % variance = 50.341,Eigenvalue = 4.531 - Customer Service - Order Processing - Purchasing & Procurement - Transportation - Warehouse Management - Inventory Management - Demand & Forecasting - Packaging Backward logistics activity management: % variance = 23.143,Eigenvalue = 2.083 - Reverse Logistics

The associations among these factors in accordance with the model framework hypotheses established earlier are given in Table 6. It shows the significance of correlating factors among logistics management factors, support factors and barrier factor. Three implementation categories are compared since they exhibit significant interrelationship.

Table 6: Summary of association.

Association	Forward Management	Backward Management	Barrier
Internal Support	Associated(+0.464)	Associated(-0.302)	Associated(-0.813)
External Support	Associate(+498)	No Associated	No Associated
Barrier	Associated(-0.281)	Associate(+0.306)	

Table 7 shows comparative results of IS adoption and logistics performance management from all respondents and Table 8 shows comparative results of logistics performance management and adopting logistics performance indicators. This confirms that firms have adopted IS in logistics management has better logistics performance.

Table 7: Comparative results of IS adoption and logistics performance management.

Logistics Activities	Equal Variances	Sig. (2-tailed)/2	Mean Difference	Result
1. Customer Service	No	0.105	0.223	Not Diff
2. Order Processing	No	0.000	0.600	Diff
3. Purchasing & Procurement	Yes	0.437	0.027	Not Diff
4. Transportation	No	0.000	0.833	Diff
5. Warehouse Management	No	0.0005	0.627	Diff
6. Inventory Management	No	0.238	-0.113	Not Diff
7. Demand & Forecasting	No	0.008	0.269	Diff
8. Packaging	Yes	0.2035	0.407	Not Diff
9. Reverse Logistics	No	0.000	0.637	Diff

Table 8 : Comparative results of logistics performance management and adopting logistics performance indicators.

Logistic Activities	Logistic Performance Indicators	Equal Variances	Sig.(2-tailed)/2	Mean Diff	Result
1.Customer Service	Customer service cost per sales	No	0.000	-0.777	Diff
	Customer satisfaction Index	No	0.005	-0.182	Diff
	Number of new customers	No	0.000	0.867	Diff
	Number of complaints	No	0.404	-0.034	No Diff
	Average waiting time	Yes	0.000	-0.706	Diff
2.Order Processing	Average response time from sale order	No	0.000	-0.414	Diff
3.Purchasing & Procurement	Procurement cost per sales	No	0.002	-0.315	Diff
4. Transportation	Average delivery time	No	0.000	0.653	Diff
	On time delivery	No	0.054	0.302	No Diff
	Transportation cost per trip	Yes	0.046	0.288	Diff
	Transportation cost per sales	Yes	0.000	-0.514	Diff

5.Warehouse Management	Warehouse Management cost per sales	Yes	0.000	1.001	Diff
6.Inventory Management	Inventory carrying cost per sales	Yes	0.344	0.063	No Diff
	Average stock days	Yes	0.083	0.357	No Diff
7.Demand & Forecasting	Forecast accuracy rate	No	0.000	0.476	Diff
8.Packaging	Packaging cost per sales	No	0.000	0.876	Diff
9.Reverse Logistics	Goods return rate	No	0.000	-0.383	Diff
	Damage value per sales	No	0.008	0.225	Diff

Discussion

This paper has empirically tested a framework identifying the relationships among adopting IS, support factors, barrier factors and logistics performance management drawing on a sample of 103 retail firms in Thailand. Exploratory factor analysis was employed to identify the underlying dimensions of IS adoption and logistics performance management. Barriers factor, internal support factor and external support factor have an effect on forward logistics activity management factor. IS adoption has not an effect on performance management in customer service, purchasing and procurement and inventory management because it is standard functions in retail firm that they think it is not necessary to use IS. Adopting logistics performance indicators have an effect on logistics performance management except indicators in number of complaints, on time delivery, inventory carrying cost and average stock days that they are indicators in flexibility perspective. Hence, the retail firms can use other indicator for logistics performance measurement (Lai et al., 2010; Murthy et al., 2004; Kurata and Lui, 2007).

Conclusion and future work

The contribution of this paper is an empirical analysis An empirical analysis of the impact of information systems in logistics performance management of retail firms. We have investigated factors that influent logistics performance management with IS adoption, support factors, barrier factor and logistics performance indicator adoption. The results of association encompass support factors, barrier factor and logistics performance management factors. Moreover, recognition of barrier factor that effect logistics performance management.

This study sets the stage for future research on logistics performance management. However, this research was conducted in Thailand may limit the generalizability of the results. There are ample opportunities to extent to firm size segment. Moreover, it would be interesting to compare in the context of another country.

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Mapping drivers of consumer attitude formation & adoption of counterfeit products

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Key Words

Counterfeit, Consumer Attitude, Consumer Adoption, Social Identity

Abstract

Counterfeit products account between 5-7% of world trade, worth an estimated US\$600 billion in revenue a year (International Chamber of Commerce 2007). Theoretical and empirical research on counterfeit products is scarce, especially research from consumers' perspectives. This paper presents a pragmatic study that focuses on factors that influence Indian consumers' perceptions on attitudes about counterfeits. A descriptive study of eight respondents was conducted; their participation in the discussions was analyzed. Conclusions have been drawn based on consensus and views expressed. Research findings indicate that consumers are influenced by peer pressure, social acceptance and cost benefits as factors that motivate them to indulge in buying or using counterfeit products. Additionally, there are strong factors that bear an influence to use genuine products such as home conditioning, influence of role models and appreciated personalities.

Introduction

It has been well established that counterfeit brands are those bearing a trade mark that is identical to, or indistinguishable from, a trade mark registered to another party and infringes on the rights of the holder of the trade mark (Bamossey, 2008). In general terms, commercial counterfeiting can be described as the fraudulent practice of affixing a forged trademark to merchandise. The false trademark then appears apparently identical to its legitimate counterpart. The purpose of this fraudulent activity is to deceive the consumer into purchasing the counterfeit under the mistaken belief that the product is the genuine article. For the consumer who unknowingly purchases a counterfeit, the end result is typically dissatisfaction; for the firm whose goods are counterfeited there is a potential loss of revenue and goodwill; for the counterfeiter, quick profits are reaped with minimal financial investment, lower technological and intellectual spending and with minimal marketing effort. The only negative aspect is the high legal risk involved.

The legal definition of commercial counterfeiting establishes the basis for legal redress for injured parties. It also sets out some distinctions regarding other lesser forms of potentially deceptive product copying. "Commercial counterfeiting is the counterfeiting of brand name, trademarked merchandise . . . A counterfeit is a spurious

mark which is identical with or is substantially indistinguishable from a registered mark" (The Lanham Act, Section 1127).

Literature Review

Imitation products are available quite extensively, and with a number of forms of deception. For some counterfeit brands, consumers do not know that they are not genuine when they are purchased classified as *deceptive counterfeits*; while for others, consumers are fully aware that they are buying non-genuine brands universally termed *non-deceptive counterfeits* (Grossman, 1998). The quality of imitations varies. Some counterfeit products are so good that even the brand owners are not able to distinguish them from the products they manufacture without the help of laboratory tests, while others are very poor and dangerous. An extension to the above definition classifies the market for counterfeit and pirated products into two important sub-markets. In the primary market, consumers purchase counterfeit and pirated products believing they have purchased genuine articles. The products are often sub-standard and carry health and safety risks to a large extent that range from mild to life-threatening. In the secondary market, consumers looking for what they believe to be good bargains consciously buy counterfeit and pirated products (OECD, 2007). The degree to which consumers knowingly buy counterfeit or pirated products depends to a large extent on the characteristics of the product concerned. For example, consumers who would knowingly procure counterfeit apparel without faltering may have no interest in purchasing counterfeit pharmaceutical products.

Most owners of brand products do not really believe that the value, the satisfaction from and the status of genuine luxury brand names are decreased by the availability of counterfeits or that the availability of the counterfeits negatively affects purchase intentions of the original luxury brands. Popular fashion designer and brand owner Giorgio Armani quotes - "Actually I am very glad that people can buy Armani - even if it's a fake. I like the fact that I'm so popular around the world". Others draw different conclusions. It seems that counterfeits affect consumers' confidence in legitimate brands, destroy brand equity and companies' reputations, (Phau, 2009) impose a negative impact on the consumer's evaluation of genuine items, cause loss of revenues, (Wilke, 1993) increase costs associated with trying to contain infringement, impact on hundreds of thousands of jobs and threaten consumer health and safety. (Chakraborty, 1996) Counterfeiting has emerged as a major headache for global marketers for most product categories, with the possible exception of software, where it could support its 'shadow diffusion'. (Givon, 1995)

Counterfeiting is a thriving business in India for low cost products such as matchboxes, kitchen utensils, and stationery and edible foods. These are locally produced by small players who operate under the radar of the authorities by selling their ware in remote locations or from outlets that are not constantly audited by the authorities the annual loss of revenue to the Indian government is Rs 150 billion and the loss to the industry is Rs 300 billion (Simi, 2009). The high end apparel and accessories

market is filled with imitations from impostor international manufacturers; these goods are sold at exclusive outlets that are known to be selling counterfeit products. The counterfeit garments are identical or considerably indistinguishable from the genuine product (McCarthy 2004). Consumers who have a penchant to flaunt high-end produce but can't afford the genuine ware through these stores being conscious of them selling imitations of the original. Also, consumers generally go for purchasing counterfeit products for variety of reasons like value for price, opportunity to use relatively much cheaper products without worrying about it being damaged, a way to remain trendy, benefit from social status associated with brand, etc (Simi, 2009).

It is proposed that an understanding of the motivations underlying product attitudes and purchase decisions must account for the interrelation of a variety of factors that can influence attitude functions, including products, personalities, and situations (Shavitt, 1989). People are quick to form attitudes towards a variety of people, products, services and issues; the attitude formed is safeguarded with notable resolve. Smith et al. and Katz group environmental attitudes by way of purpose into (1) understanding of the world (object appraisal, utilitarian, and knowledge functions), (2) express our basic values (social-adjustment and value-expressive functions), and (3) enhance and maintain our self-esteem (externalization and ego-defensive functions) (Katz, 1960). There are several reasons for which consumers indulge in buying imitations – motivation to be someone else, personality traits that are innate, perceptions of social stigma that requires a shroud, learning that influences behavior and several other psychological factors that form a complete person.

Research Methodology

Subjects and Product Selection

The research was carried out in a two stage process. The first stage was to conduct a focus group to explore the rationale for consumers to choose counterfeit products. Second stage was to analyze the outcome of the discussion independently to identify and isolate emerging consumer attitudes that influence behavior toward counterfeit products (Fishbein, 1975).

A group of eight scholarly students with the ability to purchase articles and services independently have been the participants. The select group belonged to various demographic and geographic segments enriching the authenticity of the research report, in a theoretical paradigm, the student population is considered to be a highly homogeneous sample (Calder, Philips, and Tybout 1981).

The group was subjected to various questions on brands preferred and products bought frequently in order to understand the products and services used. The brands and products chosen were based on the commonality of these amongst the local population. A set of images of counterfeit and their corresponding original products were displayed to allow the group to switch context quickly when traversing across

various product groups and services during the symposium. The products chosen were bought or used at large by the group.

Procedure

Definition of a counterfeit product was well defined initially to all leading to a highly focused discussion on their attitude towards imitations. Rules of engagement to converse on the topic were laid out; assignment of a moderator was unanimously carried out. The focus group discussion was led in a structured manner with engagement, exploratory and exit questions. The taped discussion was decrypted into a manuscript.

The discussion manuscript was subjected to in-depth descriptive analysis to identify the emerging trends in the behavior of consumers towards the acquisition of imitation products of popular and unpopular brands.

Results and Analysis

The answers to the polar question whether they personally used counterfeit products had a negative response from all until they were reminded of the various instances they would have done so with the visual aids and detailed probing.

The popular belief has been that the products used by people reflect the personality of the person using the product. Opinions about the persons are formed based on the presentation by way of brands worn or used at the appropriate place and time. The brands worn are indicative of the brand ambassador and what they stand for. People associate the personality of the consumer with that of the brand ambassador and make a conclusion that the person has either the qualities of the brand ambassador or are aspiring to acquiring those qualities. The behavior of the group towards the research topic has been broadly classified into two trends, mapping the emotional quotients involved in the decision trends.

A. Towards Counterfeit consumption

Personality Characteristics

Demographics do play a large role in determining preference for counterfeit products. Table 1 below lays out the percentage of men and women who would indulge in counterfeit purchases as a percentage of the whole population. Women are ready to explore and use counterfeits more than men because they need to use an assortment of accessories and apparel on them, and are okay if some of them are imitations. The primary concern being that the product used should coordinate with the event, persona and peers. Also, the products used by women are difficult to distinguish by others between the original and an imitation.

Men have limited brands and are comfortable with the current brands they used and are waiting to make up the money to buy an expensive brand even if the wait is

long. The primary reason being that their mind is disturbed with the usage of imitations and they do want to buy the original again after a while to boost their personal levels of confidence. This finding is contradictory to several research findings conducted in China (Moores and Chang, 2006), Slovenia (Vida, 2007) and UK (Chapa, Minor and Moldano 2006; Amine and Shin, 2002) indicating that males had higher susceptibility into buying fake products.

Table1: Gender grouping with preference for buying imitation products.

Will Purchase imitation products	Males	Females
Yes	3	2
No	3	0
Percentage who will use Counterfeits	50%	100%

Situational Characteristics

Buying of low cost utility products makes the whole population comfortable with buying imitations. For products that are rarely used, not too personal and are not exposed to a social circle that can differentiate the genuine product from the imitation used (Albers-Miller 1999). This gives a sense of security to the consumer who does not have to be in constant fear of being discovered as an impostor. Some of the products falling into this category are matchboxes, lighters, water bottles, knives, cutlery, crockery and cosmetics. Consumers are not familiar with the authentic brands in this case (d'Astous and Gargouri, 2001). Refer Table2 for percentage distribution.

Table2: Utility product preference

Will buy imitation utility products	Count	Percentage
Yes	7	87.5%
No	1	12.5%
Grand Total	8	100%

Usage of imitation products is strongly influenced by the peer group and the pressure involved in being accepted by the group. Consumers are willing to compromise their ideals and values to fit into their friend's circle, social isolation due to the usage of inferior brands is rampant. Consumers are ready to vary their wardrobe to use imitation high end brands when mingling with peers who use high-end brands. They stick to their value systems of genuine authentic brand usage when meeting with peers who do not use high end, high cost brands.

After performing a due diligence on the worthiness of a product, consumers will indulge in low cost imitations if the margin between the genuine product and the fake one is large. This gives them a sense of achievement in outsmarting the others who have paid more for the same. This is observed in the case of watches whose mechanical movements will outlast the warranty period provided by a genuine dealer. An imitation

will also have the same life span as the original. Most consumers are comfortable with wearing an imitation Rolex but will not flaunt it as much as an original (Chapa, Minor, and Maldonado, 2003).

B. Towards Genuine consumption

The typical consumers of original products are more scrupulous status seekers. (Mason 1998) Sporting original products boosts the confidence of the consumer and mentally gives the satisfaction of a feel good factor. This translates to a genuine association with the brand and what it stands for.

Product Characteristics

A considerable number of consumers would buy a less expensive brand rather than a fake for certain expensive long running products such as washing machines or laptops. The perception formed with buying genuine products in this category is the confidence and security with an original product.

Imitations of food and beverages that are consumed internally are frowned upon due to the sense of security that is lost. This category appeals to the biogenic needs which bear a deep rooted need for security. Consumers will not eat at an imitation of KFC called KFQ because they believe that the imitator KFQ will dilute the quality when trying to impersonate KFCs products. However, the consumers are willing to eat at a lower cost outlet like Empire restaurant chain popular in Bangalore because they will be true to their own brand and quality standards will be maintained as they are bringing to the table their own recipe which will be developed with the usage of ingredients that are optimal at their operating costs.

Experience Characteristics

Perception of people is that the original product lasts longer than the imitation and they find that repeated investments need to be made in case of buying fakes, which will surpass the money spent on buying the original product (Yoo, 2005). This has been observed for highly priced electronic gadgets and their accessories like gaming devices, cameras, televisions and music players. The highly priced articles are considered a mark of excellent quality by the majority of consumers even though studies have revealed there is no definite association between the quality of a product and its price (Dawar and Parker 1994; Lichtenstein, Ridgway, and Netemeyer 1993).

Family values or associations with brands strongly influence the decision to not buy fakes of those. Popular brands within the family that have been bought for several generations have an automatic bearing on the next generation also buy genuine versions of these as there is a fear and loyalty towards these brands. Ex: Sony, Philips, Parachute hair oil, Lifebuoy soap. Refer Table3 for the family association with a brand and its impact. 75% of consumers whose families are not associated with a brand may indulge in counterfeits if other conditions suffice. (Aaker 1991; Keller 1993) Vis-a-vis, only 12.5% consumers will buy counterfeit of the products that they have grown up with.

Table3: Family association with product

Family Association with the brand	Will use imitation?		Percentage using imitation
	No	Yes	
No	2	6	75%
Yes	7	1	12.5%
Grand Total	8	8	28

Another family or social event that determines the need to use original is a wedding in India where the quality of the family is judged by the genuineness of the products used. Since most of the consumables like Kancheevaram saris, jewellery are high valued items that once discovered as fake will lead to a loss of face for the whole family that cannot be mended easily (Nia and Zaichkowsky 2000). The prestige associated with the use of genuine articles for such occasions is paramount when compared to the cost savings made using counterfeits for such events (Grossman and Shapiro, 1988).

Influence of Events

A product or service bought to commemorate a personal accomplishment has to be original alone. Otherwise, the consumer believes his accomplishment will be diluted. For example after graduation, a gift bought for oneself cannot be an imitation. Buying an imitation would dilute the achievement itself in the minds of the consumer.

A product or company that has been started or managed by a person who is a role model the consumer looks up to for instance Ratan Tata of Tata group, Steve Jobs of Apple, Richard Branson of Virgin group have induced a sense of pride and association. The deep association lies ingrained in the minds of the consumer that they cannot betray these people and the achievements they have made during the course of their professional and personal life. Therefore, consumers will only buy genuine wares and services that these people sell.

Conclusion

From the study, two emerging trends indicate the consumers' attitudes that develop towards counterfeiting. The first, that personality traits and situational characteristics drive consumers towards procurement of counterfeit objects. The second fact lies in the Social conditioning and product characteristics that create an attitude of shunning fake articles. Although there are no official statistics, it seems that it is playing a momentous role in world trade. Products manufactured particularly in South East Asia especially Taiwan, China, Singapore, and Thailand are surfacing in India with increasing frequency (Gentry et al., 2001). Given the structure of the word economy, it is naïve to say with certainty that counterfeiting is totally bad.

Counterfeiting is a sign of success for the counterfeited brand. Only well-established brands that are well recognised, liked and respected will be counterfeited.

This exploratory study revealed that consumers are torn between opting for genuine and counterfeit products. They indulge in purchase and usage of counterfeit products based on the factors such as price advantage and peer group acceptance.

There are numerous factors that encourage customers to use genuine products, this surfaced as a strong attitude when compared to usage of counterfeit products which is governed by superficial emotions.

This study should be reinforced further by conducting quantitative surveys for each of the observations made on consumer attitude towards counterfeit products. This should be made spanning geographies, cultures, demographics, social class, occupation and psychographics. All respondents should have purchased the products included in the survey, be it a counterfeit or genuine version to enhance the convictions formed.

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Customer participation in retail – focus on automated services

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Key Words

Retail, Self-service, Self-service technologies, Automated services, Customer participation

Abstract

Self-service technologies in retail have not been studied on a large scale despite their increasing importance. The major aim of this article is to increase our understanding of automated processes in retail by employing an in-depth analysis of one case. The object of study is a fully automated food shop in Western Finland, in a small village. After a brief review of customer participation and self-service technologies in general, the object of study is analyzed by means of a survey. A total of 82 persons (= 27.3 % of the village population) took part in the survey. The findings indicate that the automated concept has great relevance for the customers. Customers were committed to the service concept and the general perception of quality is rather high. Lack of personal service is not generally perceived as an issue, but according to this study, age seems to have a weak impact on the customers' perceived difficulty of use of the vending machines. Managerially it has become clear that traditional retail research does not provide sufficient information for automated stores. In terms of further research, a study on automated stores in urban surroundings and an in-depth analysis of the ways of communication between vending machines and customers are suggested.

Introduction

When you run out of milk or notice that the bag of flour is empty just when you have planned to bake a pie, you most likely take a walk or drive to the nearest grocery shop or supermarket to buy those items. That scenario is a reality if you live in a city. However, in most rural areas the scene is totally different as many shops are closing down because of the diminishing demand and shrinking customer base. It is simply not profitable to run a traditional store in those areas. The situation can be very problematic from the inhabitant's point of view and there is the danger of a vicious circle: less demand leads to less supply, which in turn leads into less demand and so on. Concentrating the shops to the population centres makes shopping trips very long for some people, which is a major problem especially for elderly citizens. In spite of this clearly negative and common development, relatively little attention has been paid to the managerial problems in retailing in communities that are too small or do not have any prospects for growth in order to attract large firms (Broekemier and Cooper, 1997).

Retailers in small communities face many challenges. One seemingly common issue for most rural retailers is simply survivability (Broekemier and Cooper, 1997). In order to cope and prosper in rural areas, retailers have to adjust their operations to fit the local market conditions. Retailers are increasingly considering innovative options for delivering service to their customers (Weijters et al., 2007; Falk and Schillewaert, 2007). One example of these innovative options is the use of self-service technologies (SSTs), allowing customers to create a service outcome independently of direct service employee involvement (Weijters et al., 2007; Forbes, 2006).

In this article, customer participation is analyzed in the self-service-oriented retail context, in a fully automated retail shop located in Kullaa, Western Finland. According to Broekemier and Cooper (1997), the term 'rural' may be defined in several ways. Rural areas may be 'extremely small, relatively isolated areas where population density is very low'. Alternatively, some authors consider rural retailers as 'simply small businesses which are limited in size of markets they attempt to serve, both in geographic and population terms'. The automated retail shop that has been analyzed in this study is located in a village with a total population of around 300 people and, therefore, faces all the challenges that arise from the fact that the location is truly rural.

Typically, vending machines are placed in offices, factories or public spaces and they are usually seen as an alternative shopping channel. Typically, self-service technology applications are used as an additional service in self-service check-out lines or as applications making self-scanning possible. Despite the increasing presence and penetration of vending machines, there is a clear lack of studies that shed light on consumers' experiences and consumption behaviour involving vending machines (Dong, 2003).

This article starts with a general discussion of customer participation in retail. Thereafter, SSTs in retail are discussed, and finally one self-service construct in retail is both analyzed and discussed. As the approach is rather practical, in addition to conclusions, some ideas for further studies and thoughts about managerial implications are presented. In sum, the overall aim of this article is to increase our knowledge and understanding of automated services in retail in rural areas by studying customer behaviour and overall response.

Customer participation in retail

Customers may participate in the retail service process in many ways. It is argued that customer participation in general could raise organizational productivity, improve service performance and efficiency. This productivity improvement could mean that customers act as a productive agent providing inputs to service production, which then assures that they receive the desired service (Lugosi, 2007). Customer participation can also be related to customer value through service quality (Dawson and Terashima, 2004). Chien-Heng (2009) concludes that customer participation is positively correlated with the strength of the customer relationship.

In the case of SSTs, the technology typically allows (or forces) the consumers to produce their own service encounters through a technological interaction rather than through a personal interaction (Lee and Allaway, 2002). However, even in the case of SSTs, some interaction among the customers may take place. This interaction is important; there is some evidence that for some customers product-related conversations with other customers replace or reinforce those with the sales assistants (Baron et al., 1996). One could assume that the same logic would apply for the SSTs as well. According to many authors, service company customers may be characterized as co-producers or partial employees of the company. The emerging "service-dominant" logic challenges the traditional view of buyers as passive consumers (Xie et al., 2008). In other words, customers do have an active role in the co-creation of value and that co-creation captures participation as an essential part of the service offering (Vargo and Lusch, 2008; Schneider and Bowen, 1995; Greenwood and Lachman, 1996; Ackroyd, 1996).

Customer participation, in general, may have a positive or negative effect on the service provider. Hsieh et al. (2004) point out that customer participation may constrain the potential efficiency of the service system, disrupt organisational routines and fail to comply with the company procedures. These elements are mainly related to human interaction, which is lacking in a vending shop environment. On the other hand, customer participation always includes an element of having an impact on the service process, which may include the possibility to formulate the process according to the individual customer's needs. According to Cunningham et al. (2009), the ongoing radical progression from traditional interpersonal human-to-human contact to human-to-machine interaction may be regarded as a fundamental shift in the nature of services (see also Parasuraman, 1996). Customer participation also has a strong productivity dimension. Several researchers have pointed out that customer participation in the service production process is strongly connected with service productivity (Ojasalo, 2003).

Since past research in services has been focused on the characteristics and dynamics of interpersonal interactions between customers and service representatives in the delivery of services, many academic researchers have questioned the relevance of this kind of research when managing SSTs (Cunningham et al., 2009). Other customer participation issues in retailing literature that have been studied are oral participation (Baron et al., 1996), retail theatre (Harris et al., 2001; Baron et al., 2001), customer voluntary performance (Bettencourt, 1997) and customers as partial employees (Keh and Teo, 2001).

SSTs have to some extent been connected to the discussion of customer participation. Dean (2008) pinpoints the new role of a customer as a co-producer in service production when using the SSTs. That role of a customer in the production of a service must be defined just as the organization defines the role of any employee. Lee and Allaway (2002) state that the replacement of human service by a technology usually

requires both the development of new knowledge and behaviour associated with the service. Furthermore, there is the need for a new kind of customer participation and readiness to perform a partial responsibility of the process. Cunningham et al. (2009) state that the nature of SSTs demands significantly more consumer participation than traditional services.

Retail represents an area where there is a long tradition of customer participation. This characteristic is due to the commonplace nature of retail as well as to the high number of frequent customers. Both service providers and customers are very much 'on stage' - to the extent that sometimes the term retail theater is used to imply that the service offer is individual, special and different (Harris et al., 2001). Breaking away from the traditional way of operating and replacing sales assistants with machines is a rather challenging task - but it is one dictated by environmental factors.

Self-service technologies in retail

As Czepiel (1990) notes, service encounters are foremost social encounters. When customers mainly interact with technology, the social dimension is reduced or eliminated. The appeal of SSTs is primarily derived from the elimination, or at least a significant reduction, in the involvement of a service representative (Cunningham et al., 2009).

Self-service as a retail concept is growing and self-service technologies have been applied to many areas of business. Self-service technologies can be divided into internet and non-internet SSTs (Forbes, 2008). Examples of non-internet SSTs include ATMs, pump gas station terminals, automated hotel check out or fully automated phone systems (Curran and Meuter, 2005). Internet SSTs include a wide variety of internet-based services. In retail, a typical self-service technology application is a self-service check-out line. In general, self-service technologies are attracting a great deal of attention from academics and practitioners because of their relative newness and strategic importance. However, despite the accelerating pace at which technology-based service systems are permeating retailing, academic research on the impact of such systems on customer experiences is still at a nascent stage (Verhoef et al., 2009).

Customer behaviour brings uncertainty in service production. Due to the diversity and unpredictability of customer demands as well as the customer's on-site participation, service companies experience a high degree of input uncertainty (Ojasalo, 2003). By introducing SSTs, retailers get the customers themselves to be productive resources involved in the service delivery processes, which in turn helps retailers to overcome two major problems resulting from human interaction in the traditional service encounter. Firstly, retailers can handle demand fluctuations more effectively, and secondly, a major part of the service process is standardized owing to the technological interface, which leads to a more consistent service atmosphere independent of an employee's personality and mood (Weiters et al., 2007; Hsieh et al., 2004). One important aspect in SST research in retail is the customer's willingness to

switch from using service personnel to using SSTs. This possible willingness is dependent upon the customer's ability to use SSTs, the risk involved with that use, the advantages associated with that use and the extent to which contact with the service personnel is preferred as of deemed necessary (see Cunnigham et al., 2009). On the other hand, researchers have found that some consumers may actually prefer using technology-based self-service over traditional service because they find it easy to use, or it helps them to avoid interaction with employees (Dabholkar and Bagozzi, 2002). Customer resistance to technology can reduce the level of user satisfaction. Even innovators and technologically savvy customers sometimes view technology with suspicion or aversion (Makarem et al., 2009).

The reasons behind satisfying and dissatisfying SST encounters are multiple. A satisfying SST encounter that solves an intensified need is usually perceived as better than a traditional interpersonal service encounter. Dissatisfying incidents usually include elements like technology failures, process failures, poor technology, bad service design and customer-driven failures (Makarem et al., 2009; Meuter et. al., 2000). Therefore, the reactions from the consumers tend to be mixed (Lee and Allaway, 2002; Dabholkar and Bagozzi, 2002). Partly because of the dissatisfaction, it is suggested that an increasingly relevant question related to offering development of technology-based self-service would be the determination of the self-service technology user's personality characteristics (Dabholkar and Bagozzi, 2002).

An automated retail store located in a rural area is definitely an innovative and new concept. When SST technologies have been analyzed in the retail context, the analyses have typically been related to self-service scanning technologies. These technologies and self-service kiosks are part of the traditional retail format. However, there are very few studies focusing on vending machines, and marketing textbooks pay only little attention to this area (Dong, 2003). According to Verhof et al. (2009), insights from extent research suggest that it is beneficial to offer a mix of employee-based and SST-based service options. The focus of the present study is on the retail concept that relies solely on a self-service vending format.

Involvement research suggests several approaches retailers may use in order to engage customers and also to make shopping fun (see Puccinelli et al., 2009). In other words, 'fun' may be seen as an attribute which can raise involvement to the next level in a retail setting. Weijters et al. (2007), discusses a more recent stream of research that has introduced the hedonic aspect of using self-service and focuses particularly on the enjoyment aspect of using technology. In general, there seems to be a research gap in involvement and purchase decision research; for example, how do retailers benefit from deeper consumer processing? Deeper consumer processing may be the result of a lack of retail competitors and the customers' willingness to have a retail outlet in the village. Kinard and Capella (2006), point out that consumer involvement could be influenced by physical characteristics related to the product as well as personal characteristics related

to the consumers and situational factors. The automated retail concept may be regarded as an involvement attribute relating to a physical characteristic.

Customer emotions have traditionally been an important area of interest in consumer research. According to Gelbrich (2009), emotions have been identified as the antecedent of customer satisfaction/dissatisfaction or as an influencer of customer behaviour responses. Therefore, one stream of research examines how emotions contribute to the explanation of different customer responses. Gelbrich focuses on emotional reactions in a retail context using a SST. The scope of the present study is, however, wider as emotions are perceived in a holistic manner in relation to the automated retail concept. In their STT-related study, Selnes and Hansen (2001) focus on the self-service setup and its impact on the development of social bonds between the customer and the company. They argue that one potential risk faced by firms introducing self-service systems is reduced customer loyalty through weakened social bonds. However, the impact of self-service on social bonding is moderated by the need for personal assistance. When the customer relationship is simple, due to the inherent simplicity of the customer's product needs deriving from expertise and prior experience, self-service will be the preferred mode of contact. Selnes and Hansen (2001) state that in simple relationships - like in the present case where personal assistance needed by the customers is limited - the effect of self-service on social bonds is expected to be negative.

Methodology

This descriptive study focuses on different customer-related aspects of an innovative retail concept. Due to the descriptive character of this study and the lack of previous research on the particular retail concept, the traditional hypothesis testing procedure has not been employed.

The empirical data for this study has been collected from *Ruokakomero* ('Pantry'), a retail outlet located in Kullaa in Western Finland. Kullaa is a small village with a population of around 300. Kullaa represents a typical rural village in Finland, and the total population of the county where it is located is around 1600. The closest town is Pori, 24 kilometres away, with 75.000 inhabitants. The population density in the area is very low with approximately six persons per square kilometre. *Ruokakomero* is a fully automated retail outlet, established in 2009. There are eight different vending machines and customers may choose among approximately 200 different grocery products. The outlet is open daily 6.00-22.00 and customers pay for their purchases either by credit card or cash.

A questionnaire was given to the customers when they entered the store. Customers filled out the questionnaire and gave it back to the research assistant or left it in a box located in the store. Customers who filled out the questionnaires became eligible for a lottery drawing of a food basket worth 50 euros as the prize. Altogether, 91 customers replied to the survey and 9 were incomplete, so the sample size was 82. With

regard to the total population of the village and the rural location, the sample size may be deemed sufficient for this study.

Consumer involvement is an important construct affecting consumers' shopping experiences. The involvement measures were based on Zaichkowsky's (1985) personal involvement inventory construct. The actual question format was derived from Dong's (2003) vending related survey where Zaichkowsky's original measurement format was somewhat shortened. The three dimensions used in order to capture customer involvement were: 'useless - useful', 'unimportant - important' and 'means a lot to me - means nothing to me.' A seven point semantic differential scale (1 to 7) was used to measure the participants' responses to the dimensions. The overall satisfaction with the shopping trip was captured in terms of cumulative satisfaction on a scale ranging from 0 (very dissatisfied) to 10 (very satisfied).

The customer purchasing experiences in the vending store were analyzed by measuring the customers' overall evaluation of the self-service technology, general technology readiness and user experiences of self-service technology. The questionnaire also included some questions about background information: age, gender and education level - as these may affect customer attitudes towards SSTs (Wejters, 2007). The questionnaire is attached in Appendix 1.

Findings

Buying

In general, the automated vending store seemed to satisfy the purchasing needs of its customers. A total of 48% of the respondents mentioned that they buy less than 10% of their groceries from *Ruokakomero* and a vast majority (72.8%) say that the total share is less than 20% of their total amount of daily grocery purchases. We can state that the store under study represents a place for supplementary purchases. However, there were also customers who bought a considerably larger part of their daily groceries from the outlet. A 17% share of the customers mentioned that they buy over half of their groceries from the outlet. Especially younger customers seemed to concentrate more of their purchases to the automated retail store. Younger customers are not typically responsible for the daily shopping activities of a household and they may not have a car, which affects their shopping behaviour, especially in rural areas where distances to competitive retail outlets are longer.

Comparing automated and conventional retail concepts

According to Lee (2003), consumers are likely to be able to make an overall comparative evaluation between a traditional retail store visit and buying from vending machines. This argument seems to apply to the present study as well. The respondents were asked how they compare their shopping experience in general with a traditional retail store. The responses were measured on a five point scale of 'much worse' (1) to 'much better' (5). According to our analysis, the general experience of an automated retail store visit seems to be a better one than visiting a traditional retail outlet. As

shown in Table 1, 46.9% of the respondents consider the general experience 'much' or 'somewhat' better than visiting a traditional retail store and only 1.2% mention that the experience is much worse.

How would you rate in general your purchasing experience in Ruokakomero compared to a traditional retail store?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Much worse	1	1,2	1,2	1,2
	Somewhat worse	9	11,0	11,1	12,3
	About the same	33	40,2	40,7	53,1
	Somewhat better	25	30,5	30,9	84,0
	Much better	13	15,9	16,0	100,0
	Total	81	98,8	100,0	
Missing	Values	1	1,2		
Total		82	100,0		

Table 1. Perception of shopping experience in automated vs. traditional retail shop

This result is interesting and somewhat contrary with previous studies. In Lee's study (2009), 10.9% of the respondents rated their general feeling of the shopping experience much or somewhat better when using a vending machine than visiting a traditional retail outlet, compared to 46.9% in the present study. The *Ruokakomero* status as the only retail store in the rural village may have positively affected the shopping experience results of the present study. In this particular case we can state that the shopping experience can be excellent even without personal interaction.

Personal service

The automated vending store concept naturally lacks one retail-related attribute - personal service. Personal service is usually considered to be one important variable in the retail context. According to Gunningham et al. (2009), one of the areas in which the researchers of SSTs express concern, is the extent to which contact with service personnel is preferred as a necessity. In the present study, personal service was not regarded as a very important retail variable. On a five point scale (1= not at all important, 5= very important) the importance of personal service was typically rated under three. Especially the age group 26-35 years does not regard personal service as an important aspect in the retail context, as shown in Figure 1.

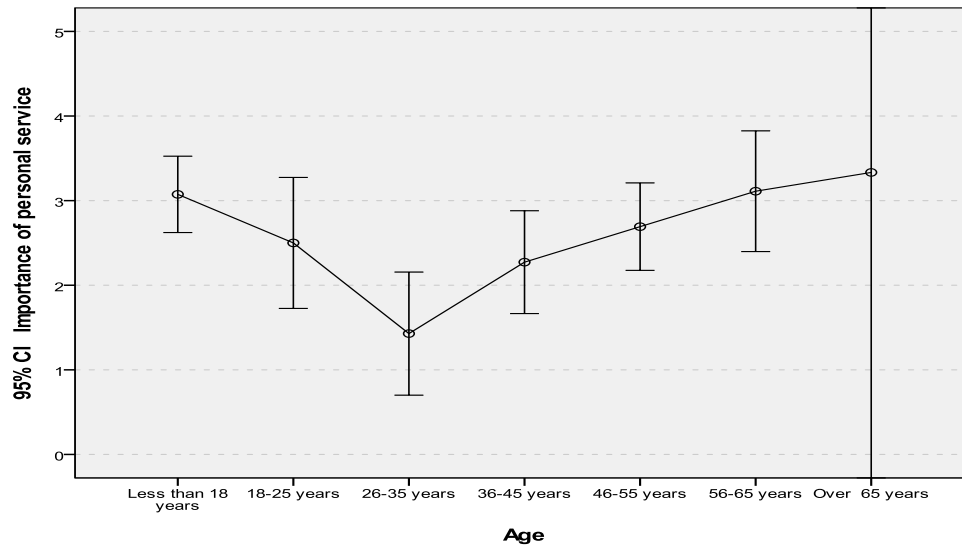


Figure 1. The importance of personal service in retail by age group

Needs, involvement and emotional issues

The automated retail format seemed to be much needed and appreciated in the village. On a seven-point scale (7=very meaningful,..,1= not meaningful at all), the respondents rated the *Ruokakomero* 5.5 on average, and concerning the question of how much they need (7= very much needed,.., 1= not needed at all) such a shop, the response average was 6,1. We can argue that the personal relevance of the *Ruokakomero* retail outlet is high and customers seem to be highly involved with the concept.

Age

Customer age seemed to have an impact on the customers' shopping habits. Customer age also seemed to affect their opinions about the use of vending machines in a retail outlet. Older customers perceive the use of vending machines as a little more difficult - the correlation between age and ease of use of vending machines -is 0.354 ($p=0.002$). The relationship is non-linear because customers over 45 years of age face an accelerated level of difficulty in use. Interestingly, age does not seem to correlate with the emotions towards vending machines.

Managerial implications, limitations and suggestions for future research

Despite the rather small sample size, it still represents almost one third of the total village population. Therefore, the findings related to the concept are valid, but further generalizations have to be made with caution. Based on the general findings of this study, we may conclude that automated vending shops have great relevance for customers and there is no foreseeable obstacle for growth in this area. Customers are committed to the automated retail format and the concept can easily be defined as high involvement. Some authors consider this view of involvement as rather unrealistic (Swoboda et al., 2008), but this study indicates the contrary. It has also become clear that some technological development work is needed in order to make the shops as customer-friendly and 'human' as possible. Customer acceptance of the self-service

setup is high and the potential risks faced by the firms introducing self-service systems were not emphasized in the present study. The social bonds to a retail outlet with no personal contact seemed to be on high level.

The fact that the empirical data has been collected from a village within a rural area is essential in this study. The rural location is an influencing factor; in urban surroundings the findings would have probably been somewhat different. However, that discussion is beyond the scope of this study, but it certainly would be interesting to investigate fully or partly automated retail shops in urban surroundings. Another potential area of future research could be an in-depth analysis of the possibilities of 'communication' between vending machines and customers. Maybe there are possibilities for incorporating the 'fun factor' and use as an emotional aspect in an automated retail store. Furthermore, the communication among customers is interesting as other customers may partly take over some of the traditional salesperson roles.

To conclude, more research about automated services is definitely needed. Most findings in the area of retail cannot directly be applied to automated stores (see for instance Malhotra, 1983). Therefore, there is a clear need for a systematic conceptual analysis of all the different attributes having an impact on customers in an automated store. Traditional models are simply not sufficient any longer in this new and rapidly growing area in retail.

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An application of sweeney's risk-price-quality-value framework through a consideration of store brand merchandise

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Key Words

Customer Relationship, Brands Value, Retail Settings, Service Quality.

Abstract

This study endeavoured to examine the antecedents of customers' willingness to buy store branded household cleaning products. The study examined this phenomenon in a retail setting by considering the key constituents of perceived value, as proposed by Sweeney, Soutar & Johnson (1999). Respondents were recruited through an in-store survey and the data analysed using PLS path modelling. The results verify those identified by Sweeney et al. Strong relationships between perceived relative price and perceived product value, as well as between perceived product value and willingness-to-buy, were found to exist. A powerful negative relationship was observed between perceived product quality and perceived risk. The results indicate that establishing a value perception is critical in the buying process. Tangible cues exhibiting high quality (e.g. packaging, shelf space, media placement, etc) need profound attention. Furthermore, it is suggested that risk, which plays an important part in the consumer decision process, is minimised through optimal retail service quality and customer reassurances.

Introduction

Store brands, also commonly referred to as 'own brands' or 'private label brands', consist of merchandise produced and then sold by a specific retailer or chain of retail stores (Kumar and Steenkamp, 2007). These brands are often thought of as being of inferior quality to mainstream (i.e. national) brands, however research by Verhoef, Nijssen and Sloot (2002) suggests that opinions are changing and that store brands are becoming acceptable to many consumers. The growth of store brands has also been accentuated by the rise in power of retailers who are increasingly pushing this agenda (Nirmalya, 2007). In due course, retailers are being empowered to extract higher profit margins, develop customer loyalty and to increase bargaining power over manufacturers (Batra & Sinha, 2000).

Nonetheless, adoption of store brands in South Africa remains weak. This is due to a multitude of factors including risk aversion and the modest development of these brands (Beneke, 2010). Richardson, Jain and Dick (1996) found that customer inclination towards purchasing a store brand depends on, inter alia, notions of perceived quality,

perceived risk and perceived value. This article investigates the influence of such factors on willingness to buy store brands.

Research Statement

Based on the conceptualisation of Sweeney, Soutar & Johnson (1999), the objective of this study was to determine the influence of perceived product quality, perceived relative price and perceived risk, respectively, on customer perceived product value and ultimately their willingness to buy store brands. As considerable research has already been directed towards middle to upper income consumers, this study assumed the position of investigating lower income consumers who purchased entry level store brand household cleaning products.

Conceptual Overview

Evidence has been produced to reveal that customer perceived product value is a multidimensional and highly subjective evaluation of factors, thus gaining an understanding of the various dimensions of customer perceived value becomes crucial for developing effective positioning strategies (Peterson & Yang, 2004; Ulaga & Chacour, 2001; Zeithaml, 1988). This is because customer perceived product value not only dictates how the organisation is seen in the mind of its customers, but also suggests the types of communication channels that a company might use in order to maximise the probability that messages are interpreted as intended (Sweeney & Soutar, 2001). Retailing texts include perceived value antecedents as “quality related”, “price related” and “risk related”. (Peterson & Yang, 2004; Sweeney, Soutar & Johnson, 1999).

Perceived product quality may be defined as the way in which a customer views a product's brand equity and overall superiority compared to the available alternatives (Richardson, 1997; Aaker, 1991). According to Agarwal and Teas (2004), customers will use product performance, as well as the degree to which the product conforms to manufacturing standards and product-specific attributes, to judge product quality. Multiple studies have found a correlation between perceived product quality and perceived value (Snoj, Korda & Mumel, 2004; Cronin, Brady & Hult, 2000; Rangaswamy, Burke & Olivia, 1993; Dodds, Monroe & Grewal, 1991).

Wangenheim & Bayon (2007) and Ralston (2003) assert that the perception of price is significant as it represents an extrinsic cue and offers one of the most important forms of information available to customers when making a purchasing decision. Whilst there is general agreement that a higher price alludes to a higher quality of product (Etgar and Malhotra, 1981 and Gerstner, 1985), Zeithaml (1988) indicates that sacrifice in terms of price is most relevant to respondents' perceptions of value. Therefore, it has been found that a significant negative relationship exists between perceived price and perceived value (Kashyap & Bojanic, 2000; Desarbo, Jedidi & Shina, 2001) in that a high price erodes purchasing power.

The issue of perceived risk also merits attention. Mitchell (1998) contends that perceived risk is actually a 'multidimensional phenomena' which can be segmented into various different risk components. The more common components of perceived risk include functional/performance, physical, financial, social and psychological risk (Laforet, 2007; Schiffman & Kanuk, 2004; Murphy & Enis, 1986; Shimp & Bearden (1982); Peter & Tarpey (1975) and Jacoby & Kaplan (1972). Customers are certainly conscious of the losses that may arise due to product failure (Sweeney, Soutar & Johnson, 1999), hence a product with a relatively high perceived likelihood of malfunction will lower its perceived value (Narasimhan & Wilcox, 1998; Livesey & Lennon, 1993).

There is strong support from the literature that customers depend on perceptions of quality to form perceptions about risks (Batra & Sinha, 2000; Settle & Alreck, 1989). Prior research has emphasised that the higher the level of perceived quality, the lower the risk in a particular product category (Batra & Sinha, 2000; Narasimhan & Wilcox, 1998; Hoch & Banerji, 1993).

Two mediatory functions were also uncovered. Research by Monroe (1979) describes the positive relationship that price has with perceived product value, through its influence on perceived quality. This highlights the possible mediating nature of perceived product quality with regards to perceived relative price among customers purchasing store branded products that will be tested in this study. Furthermore, it has also been put forward that perceived risk is a mediator between perceived product value and perceived product quality (Snoj, Korda & Mumel, 2004; Argawal & Teas, 2001). This, too, will be catered for in the study.

Based on the above synopsis of the literature, and following in the footsteps of the work by Sweeney, Soutar & Johnson (1999), we arrive at the following hypotheses:

Hypothesis 1: Perceived product value influences a customer's willingness to buy store brand household cleaning products

Hypothesis 2a: Perceived product value is a mediator of perceived product quality and a customer's willingness to buy store brand household cleaning products.

Hypothesis 2b: Perceived product value is a mediator of perceived relative price and a customer's willingness to buy store brand household cleaning products.

Hypothesis 2c: Perceived product value is a mediator of perceived risk and a customer's willingness to buy store brand household cleaning products.

Hypothesis 3: Perceived relative price influences the customer perceived product value of store brand household cleaning products.

Hypothesis 4: Perceived product quality influences the customer perceived product value of store brand household cleaning products.

Hypothesis 5: Perceived relative price influences the customer perceived product quality of store brand household cleaning products.

Hypothesis 6: Perceived product quality is a mediator of customer perceived relative price and perceived product value.

Hypothesis 7: Perceived risk influences the customer perceived product value of store brand household cleaning products.

Hypothesis 8: Perceived product quality influences the customer perceived risk of store brand household cleaning products.

Hypothesis 9: Perceived risk is a mediator of customer perceived product quality and perceived product value of store brand household cleaning products

Conceptual Model

Figure 1 represents a visual summation of the relationships hypothesised in this study.

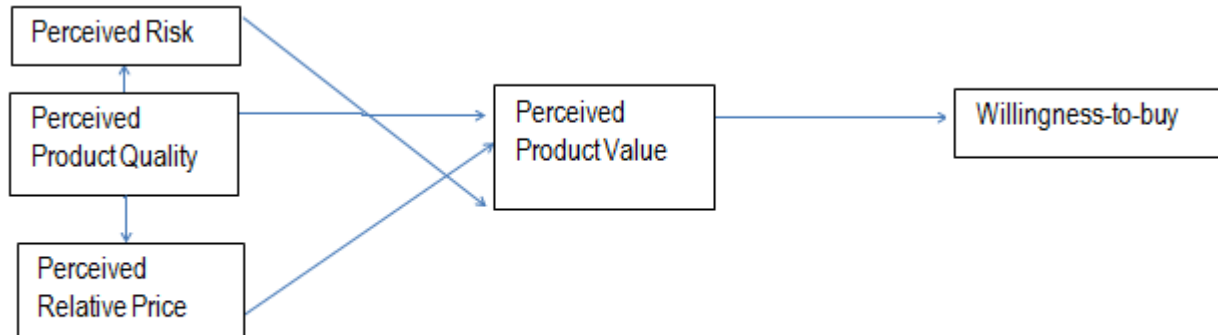


Figure 1: Conceptual model of hypothesised relationships

Adapted from Sweeney, Soutar & Johnson (1999)

Methodology

The methodology of this study was based on, and adapted from, that of the Sweeney, Soutar & Johnson (1999). A non-probability convenience sampling technique was employed, with the target population consisting of supermarket shoppers between 21 and 65 years of age (excluding full-time students) who had actively purchased the chosen store brand household cleaning product within the last six months, or intended to do so in the short term.

Upon the completion of field work, 165 questionnaires had been distributed in total, of which 157 were deemed valid and used for the computation of results. The data was transferred into SmartPLS 2.0 and path modelling was executed. The researchers elected to use Partial Least Squares (PLS) analysis, as this is a predictive statistical technique that enables exploring the significance and strength of relationships in the conceptual model (Henseler, Ringle & Sinkovics, 2010).

Results

Scale Purification

Confirmatory factor analysis was conducted in order to assess the validity of the constructs in the model. As the items of every construct loaded successfully onto a single factor, all constructs were considered valid. Internal consistency and reliability of the model was measured by conducting an Item Total Reliability analysis of the constructs. The Cronbach Alpha's of each construct ranged between 0.78 and 0.93, exceeding the critical value of 0.7 (Field, 2005).

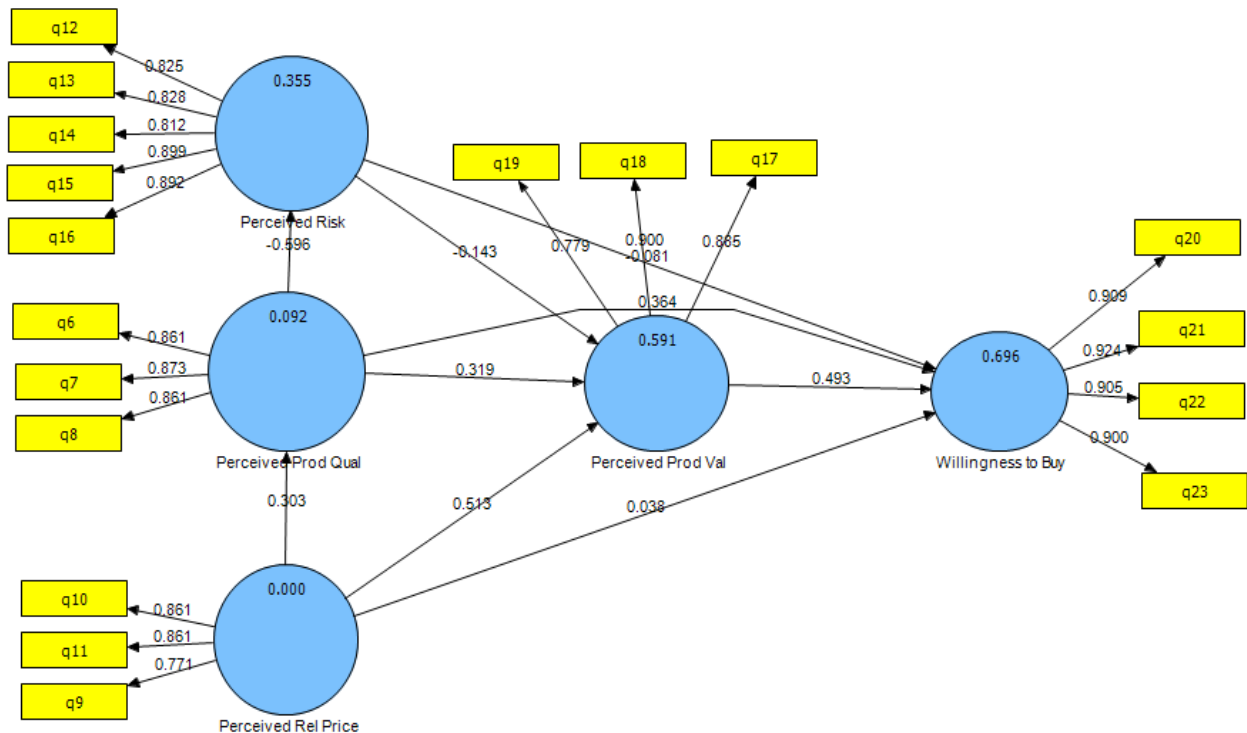
Measurement Model

Structural equation modelling, using Partial Least Squares (PLS) analysis, was conducted in order to test the conceptual model depicted in figure 1. In order to test the convergent validity of the model, Average Variance Extracted (AVE) values were considered. These ranged from 0.69 to 0.83. AVE measures the amount of variance explained by an unobserved construct in relation to the variance due to random measurement error. The adequate cut-off for this measurement is considered to be 0.5 (Vasilecas, 2005). Discriminant Validity was assessed through the Fornell Larcker criteria. This will hold if the loading of a construct on its allocated construct is higher than its cross loadings on all other constructs. The loading of a construct on its allocated construct is calculated by taking the square root of the AVE pertaining to that construct. In all cases, that was deemed to be true.

Structural Model

Figure 2 reveals the path coefficients related to each hypothesized relationship in the model. Path coefficients determine the strength and directional nature of the relationships in the model.

Figure 2: PLS Model (Path Coefficients)



Within figure 2 it can be seen that the coefficient between perceived product value and willingness-to-buy is 0.493. This indicates a moderately strong positive relationship between the two constructs. A moderately strong (0.515) positive relationship also exists between perceived relative price and perceived product value.

However, a weak (0.319) positive relationship occurs between perceived product quality and perceived product value, and a weak (-0.143) negative relationship connects perceived risk and perceived product value.

An R^2 value of 0.696 (in the case of willingness-to-buy) indicates that 69.6% of the variation in the model is explained by the antecedents identified.

Assessment of Hypotheses

Hypothesis 1: *Perceived product value influences a customer's willingness to buy store brand household cleaning products.*

The above PLS output indicates a significant relationship between perceived product value and willingness-to-buy, with a t-value of 6.001. In addition, this influence is a positive one due to the path coefficient of 0.493, meaning that a positive perceived product value might lead to an increase in customers' willingness to buy such products. Therefore, H_1 can be accepted at the 1% significance level and concluded that perceived product value influences a customer's willingness to buy store brand household cleaning products.

Hypothesis 2a: *Perceived product value is a mediator of perceived product quality and a customer's willingness to buy store brand household cleaning products.*

The relationships between perceived product quality and perceived product value, between perceived product value and willingness-to-buy, as well as between perceived product quality and willingness-to-buy, have t-values of 4.030, 6.001 and 4.666 respectively. Therefore, H_{2a} can be accepted and concluded that perceived product value is a partial mediator of perceived product quality and a customer's willingness to buy store brand household cleaning products.

Hypothesis 2b: *Perceived product value is a mediator of perceived relative price and a customer's willingness to buy store brand household cleaning products.*

The relationships between perceived relative price and perceived product value, between perceived product value and willingness-to-buy, as well as between perceived relative price and willingness-to-buy have t-values of 7.014, 6.001 and 0.558 respectively. Therefore, H_{2b} can be accepted and concluded that perceived product value is a full mediator of perceived product quality and a customer's willingness to buy store brand household cleaning products.

Hypothesis 2c: *Perceived product value is a mediator of perceived risk and a customer's willingness to buy store brand household cleaning products.*

The relationships between perceived risk and perceived product value, between perceived product value and willingness-to-buy, as well as between perceived risk and willingness-to-buy have t-values of 1.964, 6.001 and 1.108 respectively. Therefore, H_{2c}

can be accepted and concluded that perceived product value is a full mediator of perceived product quality and a customer's willingness to buy store brand household cleaning products.

Hypothesis 3: *Perceived relative price influences the perceived product value of store brand household cleaning products.*

The PLS output indicates a significant relationship between perceived product value and perceived relative price, with a t-value of 7.014. In addition, this influence is a positive one due to the path coefficient of 0.513. Therefore, H₁ can be accepted at the 1% significance level and it can be concluded that perceived relative price influences the customer perceived product value of store brand household cleaning products.

Hypothesis 4: *Perceived product quality influences the customer perceived product value of store brand household cleaning products.*

The PLS model output indicates a significant relationship between perceived product quality and perceived product value due to the t-value of 4.030. This relationship is a positive one, based on the path coefficient of 0.319. Therefore, H₄ can be accepted at the 1% significance level and concluded that perceived product quality influences the customer perceived product value of store brand household cleaning products

Hypothesis 5: *Perceived relative price influences the perceived product quality of store brand household cleaning products.*

The PLS model indicates a significant relationship between perceived relative price and perceived product quality, based on the t-value of 4.030. The path coefficient is 0.303, which indicates a negative relationship. Therefore H₅ can be accepted at the 1% significance level and concluded that perceived relative price influences the customer perceived product quality of store brand household cleaning products.

Hypothesis 6: *Perceived product quality is a mediator of perceived relative price and a customer's perceived product value of store brand household cleaning products.*

The relationships between perceived product quality and perceived product value, between perceived product quality and perceived relative price, as well as between perceived relative price and perceived product value have t-values of 4.030, 4.030 7.014 and respectively. Therefore H₆ can be accepted and concluded that perceived product quality is a partial mediator of perceived relative price and a customer's perceived product value of store brand household cleaning products.

Hypothesis 7: *Perceived risk influences the customer perceived product value of store brand household cleaning products.*

The PLS output indicates a significant relationship between perceived risk perceived product value due to the 1.964 t-value. This relationship is a negative one, based on the path coefficient of -0.143. Therefore, H₇ can be accepted at the 5% significance level and it can be concluded perceived risk influences the customer perceived product value of store brand household cleaning products.

Hypothesis 8: *Perceived product quality influences the customer perceived risk of store brand household cleaning products.*

The relationship between perceived product quality and perceived risk is significant, based on the t-value of 10.840. The path coefficient is -0.596, which implies a negative relationship. Therefore, H₈ can be accepted at the 1% significance level and concluded that perceived product quality influences the customer perceived risk of store brand household cleaning products.

Hypothesis 9: *Perceived risk is a mediator of perceived product quality and a customer's perceived product value of store brand household cleaning products.*

The relationships between perceived risk and perceived product value, between perceived product quality and perceived risk accepted, as well as between perceived product quality and perceived product value have t-values of 1.964, 10.840 and 4.030 respectively. Therefore H₉ can be accepted and concluded that perceived risk is a partial mediator of perceived product quality and a customer's perceived product value of store brand household cleaning products.

Discussion & Managerial Implications

This study found that perceived product value has a significantly positive influence on a customer's willingness to buy store brands. Perceived product quality and perceived relative price have significant positive relationships with perceived product value, while perceived risk has a significant negative relationship with perceived product value.

The study also identified further relationships between the constructs which define perceived product value. Perceived relative price is positively related to the perceived product quality, while perceived product quality is negatively related to the perceived risk of store brand household cleaning products. In addition, it was found that perceived product quality influences a customer's willingness-to-buy through the mediation of perceived product value, perceived relative price was found to influence a customers perceived product value through the mediation of perceived product quality of the product, while perceived product quality was found to influence a customers perceived product value through perceived risk of the product.

Hence, it was determined that our results correspond to those documented by Sweeney, Soutar and Johnson (1999).

This study highlights that customer perceived product value is paramount in the decision process. Pricing, as a key variable, therefore requires considerable attention. Although low pricing erodes an image of quality, it creates the perception that the merchandise is of superior value. Relative pricing between national and store brands needs to be significant in order for the savings to justify the risk in opting for a 'lesser' brand (Peterson and Yang, 2004). However, marketers should remain aware of 'stuck in the middle' pricing whereby the price is not low enough to generate a sale, yet sends a signal of inferior quality, relative to the category leaders (Zielke & Dobbelstein, 2007). Further research is required in the case of individual product categories.

Lower socio-economic groups appear to be particularly susceptible to perceived risk. For example, it has been found in South Africa that lower income consumers, particularly those dwelling in the townships, are not always in a position to assume the risk of brand failure. Hence, they invariably opt for safer, tried-and-trusted, national brands which are invariably more expensive than their store brand counterparts (Beneke, 2010). This conundrum is evident in the relationship between perceived risk and perceived product value.

In order to alleviate these negative signals being sent to consumers, emphasis needs to be placed on providing noticeable affordability (i.e. allowing for a significant differential in pricing) whilst at the same time minimizing consumer risk. The latter may be achieved through superior returns policies, in-store taste tests, the progression of customer reassurances, etc. This should operate in tandem with efforts to increase product quality (e.g. insisting on high manufacturing standards) whilst reaching compromise with suppliers, so as not to unnecessarily drive up costs.

Quality cues are absolutely crucial. This may include shelf space development (e.g. attractive signage at the point of sale and appropriate lighting to showcase the products) and promoting the products in a media context which casts them in a positive aura. Marketers may therefore opt to steer away from high-volume, low print quality publications such as mass market newspapers and may choose to promote such products in niche publications, such as glossy magazines, instead. This may infuse a sense a quality into the perception of the merchandise. Anecdotal evidence suggests that this has yet to be achieved.

Consumer education to the merits of store brands may also establish a sense of quality. Education campaigns punting a 'as good as the leading brands' message is likely to build credibility and highlight the advantages of buying such brands. It is suggested that social media channels, particularly those that encourage electronic word-of-mouth, represent a low cost, high impact platform for disseminating the message and growing brand affinity (Brown, Broderick & Lee, 2007).

Operational factors and supply chain management maintain their crucial importance in this setting. Ensuring that retail service quality (e.g. minimizing stock

outages, ensuring friendly staff, appealing atmospherics and cleanliness, as well as optimized store layout and design, etc) is upheld is likely to create a positive halo effect for the store brand (Vahie & Paswan, 2006). Sadly, it would appear that such issues are neglected in lower-end mass market supermarket stores, which may serve to tarnish the image of the store brand range.

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Corporate social responsibility on the catwalk

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Fashion goods retailers, corporate social responsibility

Abstract

This paper offers an exploratory review of the Corporate Social Responsibility (CSR) issues currently being publicly addressed by the world's leading fashion goods retailers. The paper begins with a short discussion of the origins and characteristics of CSR and a thumbnail sketch of the fashion goods industry. The empirical information for the paper is drawn from the CSR information posted on the Internet by the world's top ten fashion goods retailers. The findings reveal that while all the top ten fashion goods retailers publicly provide information on the impacts their businesses have in the marketplace, on the environment, on their workforce and on the communities in which they operate there was considerable variation in the extent of that information. More generally the paper offers some reflections on the CSR agendas being pursued by the world's leading fashion goods retailers.

Introduction

While retailers of Fast Moving Consumer Goods are the dominant sector of the global retail economy, fashion goods retailers are more global in their reach and they have enjoy industry leading net profit margins (Deloitte 2012). At the same time as public interest in corporate citizenship has grown so many of fashion good retailers have seen their supply chains subjected to critical political and media scrutiny and in some ways they have increasingly become the public face of retailing. Forum for the Future (2011), for example, has argued that while *'the fashion industry brings many benefits to everyday lives across the globe'* and that it *'goes beyond simple clothing to express identity, create well being, embrace creativity and connect global communities'* it also has *'a negative side, characterised at its worst by factories exploiting workers, generating throwaway fashion, wasting resources and encouraging unsustainable consumption.'* In a similar vein de Brito et. al (2008) suggests the fashion retail supply chain *'is particularly sensitive to sustainability'* in that *'the production process makes intensive use of chemical products and natural resources, generating a high environmental impact.'* With that in mind this case study offers an exploratory review of the Corporate Social Responsibility (CSR) issues currently being publicly addressed by the world's leading fashion goods retailers and it includes a brief introduction to CSR, a brief thumbnail sketch of the fashion goods industry, details of the method of enquiry, a description of the CSR issues currently being publicly addressed by the top ten retailers and offers some critical reflections on the CSR agendas being pursued by these retailers.

Corporate Social Responsibility

In simple terms CSR is concerned with the relationship between corporations and the societies with which they interact. While Piercy and Lane (2009) suggest that *'precise definition of corporate social responsibility is problematic'* a range of definitions have been offered. Werner and Chandler (2011), for example, define CSR as *'a view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization and a responsibility among a firm's stakeholders to hold the firm accountable for its actions.'* Godfrey and Hatch (2007) suggest that CSR is rooted in the idea that *'corporations have obligations to society that extend beyond mere profit-making activities'* while for Brown and Dacin (1997) *'Corporate social responsibility associations reflect the organisation's status and activities with respect to its perceived societal obligations.'* Although CSR has undoubtedly gained increasing momentum across the business community during the past decade it is important to recognize that the underlying concept has a long history. Hopkins and Crowe (2003), for example, suggest that there has always been a tension between business and social goals and they cite the power of the craft guilds in the Middle Ages, the slave trade and the struggles to improve living and working conditions in Britain's rapidly growing towns and cities during the nineteenth century, as graphic examples of these tensions. Sadler (2004) has argued that *'the definition of the functions of the corporation with relation to wider social and moral obligations began to take place in the centres of capitalist development in the 19th century.'*

A variety of factors are cited as being important in building the current momentum behind CSR. Porter and Kramer (2006), for example, argue that there are *'four prevailing justifications for CSR'* namely *'moral obligation, sustainability, license to operate and reputation.'* The moral argument is that companies have a duty to be good citizens while the notion of license to operate recognizes the fact that companies require explicit or at least tacit approval from various stakeholders in order to operate. A focus on reputation is rooted in the conviction that CSR commitments and achievements will help to improve a company's image and strengthen its brand(s) while sustainability looks to emphasise environmental and community stewardship. Marketing is also providing a strong impetus for the increasing interest in CSR. Girod and Michael (2003), for example, have argued that CSR is *'a key tool to create, develop and sustain differential brand names'*, Middlemiss (2003) has suggested that *'CSR is taking centre stage to provide more sustainable, long term brand value'* and Piercy and Lane (2009) has argued that *'CSR is increasingly recognised as a source of competitive advantage.'*

The three dominant theories that have been used to analyse and explain CSR have been succinctly summarised by Moir (2001). Stakeholder theory suggests that it makes sound business sense for companies to understand the needs and aspirations of all their stakeholders be they investors, governments, employees, communities, customers or suppliers and that these needs and aspirations should be reflected in corporate strategy. Social Contracts theory asserts that companies may pursue CSR not because it is in their commercial interests but because it is how society expects

companies to operate. Legitimacy theory stresses that society grants power to businesses and it expects them to use such power in a responsible manner.

The business case for CSR is seen to focus on a wide range of potential benefits. These include improved financial performance and profitability; reduced operating costs; long-term sustainability for companies and their employees; increased staff commitment and involvement; enhanced capacity to innovate; good relations with governments and communities; better risk and crisis management; enhanced reputation and brand value; and the development of closer links with customers and greater awareness of their needs and expectations. At the same time there are those who would champion the case against companies integrating CSR into their core business. Such arguments might follow Friedmann (1982) in affirming that *'there is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say engages in open and free competition without deception or fraud.'* Henderson (2001) has argued that growing business commitment to CSR is *'deeply flawed'* in that *'it rests on a mistaken view of issues and events and its general adoption by business would reduce welfare and undermine the market economy.'* More generally Kitchin (2003) argues that CSR is *'too narrow to engage management attention, too broad and unquantifiable to be taken seriously by the financial community and just woolly enough to be exploited by charlatans and opportunists.'*

The Fashion Industry

The fashion industry is one of the most important sectors of the world economy. The global apparel and luxury goods market generated an estimated \$1, 334 billion in 2008 (Datamonitor 2009) but in many ways fashion goes beyond offering clothing and footwear to protect the wearer from the elements, it is also, and perhaps more importantly, a means of social expression and a way individuals form and communicate their identity. While clothes retailing often seems to be the public face of fashion the industry is much broader and includes clothing, footwear and accessories and embraces the natural materials and synthetic fibres from which they are produced as well as and manufacturing, distribution and marketing.

The fashion industry is fiercely competitive and fast moving and is driven by innovative designs, the high power/aggressive promotion of designer brands and media coverage of fashion models and celebrity lifestyles and consumers demands for access to seemingly constantly changing new styles. Fashion goods thus often have a short 'shelf life' and much of the industry is characterised by the need for designers, manufacturers and retailers to met tight production and distribution schedules. The fashion industry is both complex and diverse but it can perhaps be conveniently broken down into five segments namely haute couture; the luxury market; affordable luxury market; the mass market; and discount brands. Haute couture is the most expensive and exclusive end of the market and while the luxury segment is perhaps most easily defined as being a step down in both quality and prices it targets wealthy customers. The affordable luxury market looks to target aspirational customers who wish to

purchase products that copy fashionable styles but are offered at more competitive prices, while mass market customers are prepared to sacrifice exclusivity for price while the discount sector caters for price sensitive customers. Although the overwhelmingly majority of fashion goods are still purchased in traditional shops and stores the volume of retail sales via electronic commerce and mobile retailing is growing rapidly and marketing and social networking is playing an increasing role in marketing and promotion.

While haute couture segment is still focussed on the traditional fashion such as Paris, Milan, New York and London, the geography of the fashion industry has changed dramatically within recent decades in that there has been a massive decline in production in Europe and North America with the major centres of production now being in Asia, particularly in China, Hong Kong, Malaysia, Thailand, Pakistan and India. At the same time the most rapidly growing markets for clothes have been in Europe and North America though market size is increasingly in a number of Asian and South East Asian countries most notably China. In many ways this shift has been buyer driven in that specialist retailers such as Gap and Limited Brands more general retailers such as J.C Penney and Walmart whose cost reduction strategies have led them to maintain their design and marketing functions in house but to outsource production to low wage economies in the developing world.

The fashion goods industry faces a number of challenges including concerns about working conditions and social and economic problems within the supply chain, concerns about a range of environmental issues associated with the production process and growing worries about so called fashionable body forms which have been blamed for a range of weight and eating disorders. A wide of environmental issues can be identified including energy consumption in the manufacturing, transportation and retailing of clothing; the use of pesticides, particularly in cotton production; water consumption in the growing of cotton and in the bleaching and washing of fabrics; the release of chemicals into water systems following the dyeing and finishing of fabrics and clothes; animal rights; and the disposal of waste during the manufacturing process and the disposal of the clothes themselves at the end of their perceived lifespan. ' Fleiss et al. (2007), for example, suggest that *'some of the raw materials for the textile industry , like cotton, flax or hemp, are amongst the most environmentally damaging crops, often receiving multiple treatments of fertilizer and pesticide'* and that *'textile industries also use large amounts of chemicals in the dyeing, printing and washing processes.'*

There are also concerns about a wide range of social and economic problems in developing countries where production is concentrated, including low wages; excessive working hours and poor working conditions; discrimination; human rights; health and safety issues; bonded labour; and child labour. At the same time there are growing worries in many developed societies about what Crewe (2009) describes as *'unachievable body ideals perpetuated by marketers, advertisers and celebrities'* where *'hyper-thin has become the new industry standard in fashion.'* Ultimately it is the retailers who *'usually hold the*

power and are the interface between production and the public' (Forum for the Future 2007) who very much the public face of the fashion goods industry.

Method of Enquiry

In order to obtain an exploratory picture of the extent to which the world's fashion goods retailers were reporting on CSR within the public realm, the top ten fashion goods retailers (Table 1), ranked by the value of sales, from the report '*Global Powers of Retailing 2012*' (Deloitte 2012) were selected for study. During recent years '*the importance of online communications as part of an integrated CSR communications strategy has grown significantly*' (CSR Europe 2009) and with that in mind the authors undertook an internet search for material on CSR on each of the selected fashion goods retailers' corporate websites. The precise patterns of navigation varied from one retailer to another and the search revealed considerable variation in the character, volume and the detail of the information on sustainability that the selected retailers had posted on their corporate websites. Two companies, TJX and J.C. Penney had posted dedicated CSR reports, one company Inditex had included a major CSR section its most recent Annual Report and the remaining seven retailers had posted a variety of CSR information on their corporate websites.

These reports and information provided the empirical information for this paper and the specific examples and selected quotations from the retailers' sustainability reports /information cited below are used for illustrative rather than comparative purposes. The principal focus of this study is an exploratory examination of the current CSR issues being publicly addressed by world's leading fashion goods retailers rather than a systematic and comparative evaluation of the CSR policies and achievements of these retailers. In discussing the reliability and validity of information obtained from the Internet Saunders et.al. (2007) emphasise the importance of the authority and reputation of the source and the citation of a specific contact individual who can be approached for additional information. In surveying the selected retailers as described above the authors were satisfied that these two conditions were met. More specifically all ten retailers presented their CSR information in a variety of ways and under a variety of headings but in this paper the authors follow Jones et. al. (2006) in employing a fourfold classification namely, marketplace; environment: workplace: and community, as a basic framework to capture and review CSR commitments and achievements.

Findings

The term marketplace is generally seen to embrace both the sourcing of goods and services and their sale to customers but the former has attracted most attention on the selected retailers' websites. Gap, for example, claims that its CSR programme '*seeks to ensure that people working at various stages along our supply chain are treated with fairness dignity and respect*' and the company provides information on working with a wide range of stakeholders to bring improvements to workers lives, its support for freedom of association and collective bargaining, addressing child labour, handwork protection and human trafficking. Inditex reports on working with its suppliers in a six phase

programme designed to achieve improvements in working conditions. The phases include awareness raising, self assessment of suppliers, social audit, supplier rating, corrective action plans and follow-up audits. The company illustrates its corrective action with examples of initiatives designed to introduce effective collective bargaining systems, to increase the availability of purified drinking water in the workplace and to ensure that suppliers comply with the company's code of conduct on the payment of wages. TJX formally reports that its *'Vendor Code of Conduct'* covers a wide range of issues including health and safety, forced labour, wages and benefits, working hours, harassment or abuse, discrimination and freedom of association which are all seen as important elements in the company's *'ethical sourcing program.'*

A number of the selected retailers also explicitly identify the provision of value, quality and choice to customers are important CSR responsibilities. TJX report *'continuously looking for ways to make the shopping experience for our entire customer base positive and pleasant.'* H&M stress the importance of *'product safety and quality'* as part of its commitment to *'provide fashion for conscious customers.'* The company claims, for example, *'to offer the safest children's garments in the market'* and stresses that *'child safety is a vital factor throughout all stages of production.'* The commitment to consumer choice is perhaps most pointedly expressed by Macy's, for example, which stress that *'in a society as eclectic and ethnically varied as ours, customers expect and demand a range of choices that meet their individual needs and fashion preferences.'* More specifically the company argues that *'varied and conflicting viewpoints of the workings of a free economy are inappropriate determinants of retail offerings'* and *'while we respect the views of individual who chose not to buy or wear fur, we also respect the wishes of many others who are our customers and who want to make such choices for themselves.'*

Environmental issues loom large within the CSR material posted on the Internet by the top ten fashion goods retailers. These issues include climate change; energy consumption; waste management, recycling and re-use; water consumption; distribution: emissions; biodiversity; environmental conservation and building relationships with environmental agencies. Limited Brands, for example, stresses its commitment to *'conducting our business in an environmentally responsible way'* and to this end the company claims to be *'always looking for ways to reduce our environmental impact'* and to be *'working to shrink our footprint through better natural resource management.'* More specifically the company reports on *'rolling out numerous energy efficient projects which have significant energy savings and pollution reduction associated with them.'* These projects include the introduction of low wattage light bulbs and more tightly temperature controlled air conditioning within existing stores, equipping new stores with more efficient lighting technology, the replacement installation of more efficient lighting fixtures in distribution centres and working with *freight carriers to maximise the use of ocean vessels and minimise the use of air shipment.'*

H&M recognises that *'our business depends on natural resources'* and stresses that stresses *'increasing scarcity of resources like water highlights how important it is for all of us to use natural resources responsibly'* and emphasises that it is *'committed to conserving water,*

soil, air and species.' The company reports, for example, on its involvement in the *'Better Cotton Initiative'* which seeks to develop and promote sound farming practices which enable more cotton to be grown while at the same time reducing water use and chemical applications as well as protecting working conditions and biodiversity. The company further reports on its increasing use of organic cotton, which is grown without the use of chemical fertilisers and on its efforts to improve water management throughout the product life cycles. J. C Penney emphasises its commitment to waste management and reports on its recycling of plastics, paper, light bulbs and fluorescent tubes and a number of metals including steel, lead, copper and aluminium, light bulbs, on the reuse of plastic hangers and on the elimination of unnecessary packaging, on the introduction of recyclable shopping bags and on limiting overall paper consumption.

A number of the selected fashion goods retailers report on their workplace commitment to their employees. Here the basic argument is that caring for staff is essential to their continuing success and growth as illustrated by one of Isetan's CSR *'priority challenges'* namely its focus on *'employment and human resources'* which centres on *'initiatives to create comfortable working conditions and maximize the potential of human resources.'* The selected retailers' commitment to their workforces is evidenced in a number of ways. Such evidence covers a range of themes including remuneration and reward, working conditions, career progression, well being, diversity, equal opportunities, flexible working arrangements, and training and development. Gap, for example, stress their commitment to focussing *'carer development on the individual with a big emphasis on providing a variety of experiences over time'* and it reports on apprenticeship programme and leadership programmes and on retail academy. Macy's claims that *'diversity is at the core'* of its *'approach to doing business'* and that *'it touches all areas of our company.'* Thus Macy's believe that *'different perspectives are important to our company and we benefit greatly from the individual strengths of each associate'* and that to *'serve our diverse customers we have to have a diverse company.'* At the same time the company reports that *'multicultural marketing'* is *'a crucial part of our diversity strategy'*, that it uses *'powerful and evocative images, symbols and words to communicate our brand messages, our special events and our merchandise selections to our diverse customers'* and that it works with *'minority-owned and women-owned agencies to ensure our concept development and ad placements are in sync with our multicultural customer.'*

Some of the selected clothing retailers provide information on their impact on, or their contribution to, the communities in which they operate and on their charitable donations. TJX, for example, argues that *'supporting the people and organizations in our neighbourhoods and fostering a sense of community is integral to how we operate as a company.'* The TJX Foundation concentrates charitable donations on programmes that provide basic needs in communities where the company does business. The emphasis is on programmes that teach disadvantaged individuals independent living skills, on the prevention of domestic violence, on the provision of academic and vocational education opportunities for disadvantaged young people, on programmes designed to strengthen family units within disadvantaged communities. In a similar vein Gap focuses its community investment on *'creating opportunities for underserved youth in the developed*

world and women in the developing world.' The company suggest ha tit has much more to offer than cash in that it can call on its stores, marketing expertise, globally recognised brands, vendor relationships and its employees *'to make a deeper impact than we could if we solely wrote a check to support a cause.'*

Discussion

All of the world's top ten fashion good retailers publicly recognise and report or provide information, albeit in varying measure, on some of the impacts their business have in the marketplace, on the environment, on their workforce and on the communities in which they operate {and} but a number of more general issues merit discussion. Firstly while the leading fashion goods retailers generally publicly claim a strong a commitment to CSR it is important to recognize that in practice within what is a rapidly changing and fiercely competitive trading environment these retailers need to balance these CSR commitments against their commercial imperatives. Although the leading retailers in this sector may wish to integrate CSR more fully into their businesses this may not always be reflected at either the strategic or the operational levels. While many of the leading fashion goods retailers claim to be delivering value to their customers, intense price competition for example, may witness them renegotiating lower prices which their suppliers which may in turn reduce the wages and working conditions of large numbers of people employed by suppliers in the less developed world. At the store level managers who are working to meet what may be ever more demanding operational and financial targets and /or to achieve performance related bonuses may, for example, when facing problems in staff scheduling, put employees under pressure to work outside the hours that suit their work/life balance or refuse to release employees for training and retail education programmes. It certainly would be foolish to suggest that senior executives within the leading fashion retailers do not recognise these pressures and the operational and commercial imperatives that give rise to them and if CSR agendas begin to have damaging commercial consequences for the leading fashion goods retailers at either the corporate or the operational level then these agendas may be severely tested. Such tensions seem likely to form a persistent and ongoing challenge for those charged with managing and delivering on CSR commitments.

Secondly in some ways the many of the leading fashion retailers' CSR commitments can be interpreted as being aspirational. However as investors, customers, government, the media and regulatory bodies become increasingly interested in, and concerned with, CSR issues so the leading fashion goods retailers may increasingly need to report on, and evidence, their CSR commitments and achievements much more publicly and vigorously in an attempt to protect and enhance their reputation within the retail marketplace. Some of the leading fashion goods retailers provide summarised and selective information on their web sites about their CSR commitments and achievements and on a number of occasions simple case studies are used to illustrate these commitments. Such an approach might be perceived to be user friendly and to offer some recognisable details to illustrate what might be perceived to be otherwise a dry

statement of achievements but it does not provide a comprehensive statement nor any systematic measure of these achievements. While a number of the selected retailers provide some quantitative measures of their achievements and future targets they generally make, at best, limited reference to Key Performance Indicators or to participating in more systematic external conventions designed to measure and benchmark their CSR performance. Arguably more importantly there is little or no evidence of the leading fashion goods retailers commissioning and then publishing independent external assurance of their CSR reporting and in many ways this can be seen to call into question the reliability and credibility of the reporting process.

However it is important to note that the world's leading fashion goods retailers are large, complex and dynamic organisations. Capturing and storing information and data across a diverse range of business activities throughout the supply chain in a variety of geographical locations and then providing access to allow external assurance is a challenging and a potentially costly venture and one which the world's leading fashion goods retailers currently seemingly choose not to pursue. Thus while a retailer's carbon emissions may be systematically collected, collated and audited as part of the company's environmental CSR commitments, information on their contribution to local communities and levels of staff satisfaction may be more difficult to define, measure and assure. TJX, for example, recognises the difficulties and complexities associated with achieving all its ethical goals and suggest that *'improving working conditions in factories in underdeveloped countries is an ongoing effort'* but that's its goal, *'when possible and reasonable, is the continuous improvement of conditions at factories'* in the belief that *'this is preferable to pulling out of factories, and gives us the ability to influence positive change.'*

Thirdly there is also a set of issues about the way in which CSR is constructed. In many ways the leading fashion goods retailers have constructed CSR agendas built around business efficiency and the search for competitive advantage and they are driven as much by business imperatives as by a concern for CSR. The emphasis is thus primarily on efficiency gains across a wide range of economic, social and environmental areas. Thus while many of the environmental initiatives are designed to reduce energy and water use and waste generation, for example, they also serve to reduce costs. In a similar vein workplace initiatives focused on training and development, succession planning and employee wellbeing all help in recruiting and retaining members of staff, in motivating them, and in providing a fulfilling workplace experience. This is reflected, for example, in Gap's argument argues that its *'efforts to improve the lives of people who work on behalf of our company help us to run a more successful business. People who work a reasonable number of hours in a safe and healthy environment not only have a better quality of life, but they also tend to be more productive and deliver higher quality product than those work in poor conditions.'* More generally there are arguments that CSR is effectively smokescreen, which helps to mask damaging impacts by providing selective illustrative examples of ways in which companies are having positive impacts within the marketplace, the environment, the workplace and within communities.

That said the fashion goods retailers' construction of CSR, which emphasises efficiency, could be interpreted as being consistent with some national and supranational governments visions for CSR. The UK Government's vision for CSR (Department of Trade and Industry 2004), for example, looks to '*promote business activities that bring simultaneous economic, social and environmental benefits*' while achieving *high and stable levels of economic growth.*' In a similar vein the European Commission (2011) argues that '*CSR is increasingly important for the competitiveness of enterprises*' and that it can '*help to create an environment in which enterprises can innovate and grow.*' This in turn begs questions about complexity and ambiguity in defining CSR, referred to earlier, and about the nature of the relationship between the state and retail capital and the locus of power within that relationship. French (2002), for example, argues that many states within advanced capitalist societies have sought to '*implement sustainability through a restricted public sphere paradigm which places greater emphasis on the corporate imperative*' namely that the state must not jeopardise '*the competitiveness of domiciled corporate interests in the wider globalized economy*'. With this in mind he views the role of the state in the promotion of CSR as a controversial one and he argues that '*there is a balance to be drawn somewhere between overly prescriptive regulation, on the one hand, and the withdrawal of the state from the debate altogether, on the other*'. Here the argument is that without political direction the market cannot be relied upon to promote CSR while at the same time the state cannot deliver CSR goals by regulation and legislation alone.

Conclusion

During recent years industry as the balance of power within the fashion good supply chain has shifted from the manufacturers to the retailers so the leading retailers within this supply chain have come under increasing media and public scrutiny and there has been growing criticism of the economic, social and environmental conditions under which clothes are produced. In response to such criticism the leading fashion goods retailers have looked to recognise some of the social, economic and environmental impacts of their operations, to develop CSR policies and agendas and to publicly address their CSR commitments and achievements. However it might be argued the authors argue that the leading fashion goods retailers' commitments to CSR can be interpreted as being driven as much by business imperatives as by commitments to social responsibility. More specifically the accent is upon efficiency gains across a wide range of economic, environmental and social issues designed to maintain and enhance their market position in a competitive trading environment. Moreover the leading fashion goods retailers' seeming reluctance to commission and then publish independent external assurance as an integral element of their CSR reporting can be reduce the reliability and credibility of the reporting process.

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THE WORLD'S TOP TEN FASHION GOODS RETAILERS' WEB SITE ADDRESSES

Macy's <http://www.macys.com/>

TJX <http://www.tjx.com/>

Kohl's <http://www.kohlscorporation.com/AboutKohls/AboutKohls01.htm>

J.C. Penney <http://www.jcpenney.com/jcp/default.aspx>

Inditex <http://www.inditex.com/en>

LVMH <http://www.lvmh.com/>

H&M <http://www.hm.com/gb/>

Gap <http://www.gap.com/>

Isetan <http://www.imhds.co.jp/english/index.html>

Limited Brands <http://www.limitedbrands.com/>

Globalization effect on employment: an evidence form islamic countries

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Key Words

Globalization; Employment; Islamic Countries; Panel

Abstract

The main aim of this paper is studying of globalization effects on job level. The data set used cover 10 countries over the period 1980-2009. Before proceeding to estimate panel data, we carry out unit root tests to examine whether the variables are stationary. Empirical studies show that the globalization has both increased and decreased the employment. Decrease or increase of employment and its relationship with globalization is studies in this paper. In the present study, using the method of estimating the function of labor demand and the dynamic theory of labor market through four main criteria of globalization namely trade liberalization, employment, FDI, financial market effect (Islamic banking) and the theoretical foundations of the relationship between globalization and market of labor has been studied. The employment with respect to the gross domestic product, the degree of economy openness and Islamic banking is positive but the employment with respect to the government size is negative. The foreign direct investment has had a slight positive effect on the employment growth.

Introduction

The globalization has defined in the different way. O'Rourke and Williamson (2000) have defined globalization to mean "the integration of international commodity markets". Because the globalization have a relationship with the commodity and production could also affect on employment, but the existences theories on trade don't clearly determent globalization impact on employment. Determination of relationship between globalization and employment is difficult in case of definition and measurement (Ghose 2000). Because the globalization is a phenomenon with multi aspects and may be each aspect has the different impact on employment (economic, social, political, cultural and ...). Therefore, we can not deduce a whole relationship between globalization and employment in the globalization acceptor countries. Thus the aim of this article is the survey of globalization effect on employment in the Islamic selected countries.

International trade extend over the 6 recent decades has result economic efficiency promotion, but the concept of income distribution and situation of workers is a discussion yet. This study is important because the studied countries could apply the better policies for protection of labor force and employment with the better perception of problem. Since in macroeconomics, inflation and unemployment are the countries essential issues. Of course, it must consider that there are the problems about of survey of globalization influence on employment: labor forces in home and host countries constantly are about to move, in the other hand, a high percent of the payment to the labors in host countries is settled in the account of workers who spend their money in the home country.

Globalization in the economic aspect affect on employment in two ways: first through increasing in the trade of final goods and services, second increasing in the trade of inputs such as labor, capital and technology.

There are the empirical studies in this case: Kletzer (2001), with a sample for the period 1979-1999 have shown that increasing in import competition results the employment. Baldwin (1995), have surveyed trade liberalization effect on employment in the OECD countries. He has presented that trade variations don't have significant effect on production and employment. Rama (1994), revealed that 1% decreasing in the trade protection rate decrease 0.4% employment and Ravege (1994), have shown that in Mexico decreasing in tariffs don't have any impact on employment.

Globalization influence on labor force

As we said above globalization affect employment in two ways: transformation of commodity and transformation of labor and capital. Although globalization is multi aspects and the countries conditions is different, and therefore final effect on employment isn't clear but we survey globalization effect in these two sections.

Trade effects on employment

Trade effect usually is more attractive than foreign direct investment. Globalization effect on employment is indirect; it means trade first augments economic growth then increasing in the economic growth results increasing in employment. With globalization economic structure of countries lead to comparative advantage; namely the countries according to natural and human resources, technology capabilities and their infrastructures find a place in international competition (ILO 1996).

Aniceto C. Orbeta J.r (2002) believe that globalization means decline government control and intervention in economic activates and means development of private sectors. It expect that globalization motivate private economic activities that means an increasing in international trade and even in short long employment increase.

Gerefli and Kaplinsky (2001), believe that global outsourcing have received to an important and new set of economic structure in the world that we name it the global value chain. Extension of global value chain has received to a new level of the fluidity in international economics that have an effect on quality and quantity of the labor in the world. (Alfred Chandler 1977).

Globalization in the developing countries results increasing of efficiency and export in the industries which protect with the high tariffs. Thus, international trade contributions in national income increase. On the other hand, income increasing causes increasing in employment. In the most of developing countries, globalization decreases capital output ratio. Because the wage in the developing countries is low, foreign firms constitute a labor intensive structure therefore employment level increase.

The opposite of above, Aniceto .C Orbeta(2002), discuss that globalization could decrease employment: trade liberalization usually involve macroeconomics stabilization with external and internal balances for deliverance from inflationary pressure and creation of sustainable growth. Stabilization measure results decreasing in aggregate demand and have a recession effect on employment. On the other hand, with competition pressure the firms must increase their productivities, but if the firms could not augment their productivities may be dismiss the labor forces.

Foreign direct investment effects on employment

Here, we study the composition of foreign direct investment. Nowadays, in economy sale and production is global. The firms of home countries for reduction of cost production, set aside of right work, search of capabilities and search of countries' human and natural resources transfer production to the elsewhere. For industrial economy such as U.S.A, Europe and Japan border sites reduce the production cost. While, border assemblage first have done with the multi national firms subsidies but nowadays, firm capabilities have depended developing countries to these firms (Hamilton et all 2004).

Economic discussions show that FDI have a negative and positive effect on employment. Foreign direct investment complete domestic investments and involve the creation of new plants (the type of Greenfield) thus this case create new employment. If FDI focus on labor intensive industries, employment increasing will be highlight. FDI with creation of backward and forward linkages also can increase employment in local firms. With long run investment, employment creation will be stable.

We also can consider the negative effect of FDI on employment: foreign firms in which are under home country pressures transfer high standard labor force in the host country with themselves. In this case, employment, in the host countries, doesn't increase very much. This investment may be displacing local firms. In the other hand, if foreign investment focus on capital intensive industries employment will don't be very significant. And if investor can transfer their capital, thus employment isn't very stable. The host country may be don't the labor force for attracting FDI.

Methodology

For studying the effects of globalization on employment, we use panel data. This model considers globalization variable effect on employment for Islamic countries with the time dimension. In order to avoid from spurious regression, we apply the unite root tests and with Hausman test we choose the type of model: fixed effect, random effect.

Unit Root test

Before estimation of the model, we should be ensured of the stationarity of variables. Dickey-Fuller, Augmented Dickey and Phillips-Perron tests are used to measure the stationarity of time-series variables, however, for panel data which have higher power compared with time-series, other tests are applied. These tests are: Im, Pesaran and Shin (1997, 2002), Levin, Lin and Chu (1992). Among different unit root tests in econometrics literature, the LLC and IPS are more famous than others. Both of these tests have been made based on ADF.

Assuming that data are homogeneous, LLC test has been made for dynamics of autoregressive coefficients for all panel parts. However, IPS more generally considers heterogeneity of this dynamics.

The benchmark model of autoregressive is as follows:

$$Y_{it} = \rho_i Y_{it-1} + \delta_i X_{it} + \varepsilon_{it} \quad (1)$$

where shows $i = 1, 2, \dots, N$ of the countries from the times of $t=1, 2, \dots, T$. X_{it} are exogenous variables in the model. ρ_i is the autoregressive coefficient and ε_{it} is the static process. If $\rho_i < 1$, Y_i is weakly stationary and if $\rho_i = 1$, then Y_i has a unit root. In this paper, IPS test was used for the unit root, because the economic structures of the respective countries are different.

Table 1

Unit root test and Panel data

Δ GDP	Δ G	Δ OPE	Δ IBF	Δ FDI	Δ W
-2.24*	-1.35**	-2.17*	-7.12*	-4.55**	-2.66*

(*, **) denotes rejection of null hypothesis: Panel series has a unit root at the (5%, 10%) level of significance, respectively.

As defined in Table 1, all the variables were significant in 5% and 10% level in the first different. It means the variables are stationary in first different, and so, spurious regression is avoided. The Husman test shows that we must apply random effect.

Data and Methods

The main variables for study of globalization effect on employment in this study include foreign direct investment, GDP per capita, openness, employment, real wage, Islamic banking, size of government.

This paper applies the panel data model for estimation of the parameters for Islamic countries. The basic specification for the model is

$$E_{it} = \beta_0 + \beta_1 OPN_{it} + \beta_2 GDP_{it} + \beta_3 G_{it} + \beta_4 IBF_{it} + \beta_5 FDI_{it} + \beta_6 W_{it} + \varepsilon_{it}$$

where GDP is the real GDP per capita growth of country *i*, OPN is openness and IBF is credits of Islamic bank in the host economy (we apply this variable following Aniceto C. Orbeta Jr (2004)). FDI is the foreign direct investment and G is the size of government in economy. E is employment and W is real wage.

The data set used covers 9 countries over the period 1980-2009. The sources of variables are UNdata, the World Bank Group, UNCTAD and Growth Data Resources. Data source for IBF is Bankscope database compiled by IFIS (Islamic Finance Information Service) dataset. The countries are: Bahrain, Iran, Malaysia, United Arab Emirates, Pakistan, Kuwait, Saudi Arabia, Qatar, and Turkey.

Results

Table 2

Panel analysis, country random-effects, 1980-2009

Dependent variable: Employment

Independent variables	(1)	(2)	(3)
Constant	2.13** (2.11)	-1.16 (-1.24)	1.23 (0.06)
FDI	0.01** (2.21)	0.05* (1.90)	0.04** (2.22)
GDP	0.013* (1.98)	0.052* (1.95)	0.035 (1.32)
OPE	0.012** (2.22)	0.021** (2.14)	-0.034* (-1.93)
IBF		0.02* (1.86)	0.04* (1.93)
W		0.03* (1.99)	0.001* (1.91)
G			-0.01* (-1.92)

Note: t-statistics are provided in parentheses. *, ** and*** represent significance at the 10%, 5% and 1% respectively.

In the table 2 we present the results for the benchmark model specification. The results in first column show that foreign direct investment, gross domestic production and globalization (openness) have a positive impact on employment. These results correspond to the results for Aniceto C. Orbeta Jr (2004). They reveal that these variables are also a positive effect on employment. Evidence from country studies in Ghose (2000) suggests that “trade increases the employment elasticity of manufacturing” after liberalization. Fitzgerald and Perosino (1995) note, once skills, quality, product differentiation are introduced, the employment consequences of liberalization become very confused. But Baldwin (1995) has presented that trade variations don't have significant effect on production and employment. Rama (1994), revealed that 1% decreasing in the trade protection rate decrease 0.4% employment.

In the second column we add the proxy of Islamic banking (credits of Islamic bank in the host economy). This model shows that the variables also are positive. When the credits augment investment increase then the output and employment increase therefore Islamic banking has a positive effect on employment. Aniceto C. Orbeta Jr (2004) show also that this effect is positive.

The wage level has a positive effect on employment but the most of studies reveal that this effect is negative. Finally government expenditures have a negative effect on employment. This results isn't very smart because with government expenditures economic capacity increase thus employment must augment.

Discussion

The aim of this article is survey of globalization effect on employment. After applying unit root test we have estimated our model in random effect.

The results above show that the globalization is positive effect on employment. Here import and export are proxy for globalization effect. Globalization in the developing countries results increasing of efficiency and export in the industries which protect with the high tariffs. Thus, international trade contributions in national income increase. On the other hand, income increasing causes increasing in employment. Other variable for globalization is foreign direct investment. This variable also has positive effect on employment because when investment augment the capacity of economy will increase then output and employment increase.

The other variable in our model is Islamic banking. In these countries Islamic banking is current therefore we have chosen the credits of Islamic banks as a proxy for Islamic banking. When the banks pay credits investment and economic capacity will increase then output augment and because employment is a function of production, thus employment will increase.

When the wage level increase the labor force has the motivation for working but entrepreneur isn't motivation for recruitment because of production costs. In our model the result is positive perhaps production costs were covered with increasing in output.

The government expenditures in Islamic countries have a negative effect on employment. But we expect a positive effect for this variable.

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Microfinance: a tool for poverty reduction in developing countries

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Key Words

Microfinance, Microcredit, Poverty reduction, Poverty, Economic hardship, Developing countries.

Abstract

Microfinance has proved to be one of the effective tools for poverty reduction in developing countries. Following the success stories of the Grameen Bank in Bangladesh, the microfinance revolution has stormed the developing countries today. This paper looked at whether or not microfinance is an effective strategy for poverty reduction in developing countries.

It was found out from the related literature that microfinance has a positive impact on poverty reduction and so, it is an effective tool for poverty reduction in many countries including Bangladesh, Bolivia etc. However there are doubts about its large scale impact. It also became clear from the literature that the impact of microfinance on poverty alleviation is a keenly debated issue and it is generally accepted that it is not a silver bullet, it has not lived up in general to its expectation. However, when implemented and managed carefully, and when services are designed to meet the needs of clients, microfinance has had positive impacts, not just on clients, but on their families and on the wider community.

It was recommended among others that more efforts needs to be geared towards institution building including the strengthening of groups especially Self Help Groups(SHG). There is also the need for the development of more effective management information system to promote the consolidation of sustainable financial service delivery through well performing Self Help Groups (SHGs).

Introduction

Most developing countries especially those in Africa are faced with severe economic hardships and deteriorating levels of economic performance.

Poverty therefore is one of the major problems confronting developing countries today and is at the centre of development policy (Chirwa, 2002). It is no surprise that the World Bank (2001) chose the theme of *Attacking Poverty* in its development report. According to the report about 2.8 billion out of the 6 billion people in the world live on less than US\$2 a day and 1.2 billion on less than US\$1 a day in the 21st Century. Of the 1.2 billion who live on less than a dollar a day, 43.5 percent are in South Asia, 24.3 percent are in Sub-Saharan Africa and 23.2 percent are in East Asia and the Pacific. The World Bank (2001) also observes that poverty in developing countries is shifting toward

South Asia and Sub-Saharan Africa. It is widely accepted that one major cause of poverty in developing countries is lack of access to productive capital, with formal financial institutions mostly excluding the poor in their lending activities (Chirwa, 2002). One strategy in many developing countries has been to implement Microfinance programmes to offer credit to the poor. Through a number of impact analyses it has been proved at the international level that Microfinance programmes contribute to the achievement of several aspects of the Millennium Development Goals (MDGs) including poverty reduction; and from the success stories of countries like Bangladesh and Bolivia many developing countries including Ghana have formally introduced microfinance as one of the interventions to reduce poverty.

In Ghana, even though Microfinance has existed in some form for many years various governments formally and consciously started implementing the strategy of microfinance to deal with the problem of poverty in the 1990s.

Concepts

Microfinance

Researchers and practitioners have not precisely agreed on the definition of microfinance. However, one thing is clear; to most researchers, practitioners and experts microfinance has evolved as an economic development approach intended to benefit low-income women and men (UNDP Microstart Guide 1997). According to Ledgerwood (1999), the term Microfinance refers to the provision of financial services to low-income clients, including the self-employed. Financial services according to Ledgerwood (1999), generally include savings and credit, insurance and payment services. Microfinance, according to Otero (1999, p.8) is "the provision of financial services to low-income poor and very poor self-employed people". Schreiner and Colombet (2001, p.339) define microfinance as "the attempt to improve access to small deposits and small loans for poor households neglected by banks." Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings who are unable to obtain such services from the formal financial sector.

However, the Consultative group to assist the poorest (CGAP) stresses that to most people microfinance means providing very poor families with very small loans (microcredit) to help them engage in productive activities or grow their tiny businesses. Over time, microfinance has come to include a broader range of services (credit, savings, insurance etc.) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products (www.cgap.org). Notwithstanding the above, the Ceylinco Grameen Credit Company Ltd in Sri Lanka defines microfinance as "extending small loans to large number of poor entrepreneurs who cannot qualify themselves to obtain traditional bank loan" (<http://www.ceylincogrameen.lk/micro.htm>).

Furthermore the World Bank considers microfinance as “small scale financial services primarily credit and savings provided to people who farm or fish or herd; who operate small enterprises or micro-enterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and other individuals and groups at the local levels of developing countries, both rural and urban (THE WORLD BANK- Perspectives on Development-WINTER 2001/2002 pg 90). The UNDP Microstart Guide also sees microfinance as the provision of credit, and other financial services like savings, and insurance to micro, small and medium scale enterprises (Microstart Guide, UNDP, CITICORP FOUNDATION, 1997).

It is clear from the above that there are several definitions for the “microfinance concept”. The most simple one is; microfinance is providing small loans (microcredit) to poor families so that they will get an opportunity to start their own business even if it is small.

Microcredit

Micro-credit is just the provision of small loans to microenterprises, whilst Microfinance goes beyond that as has been explained above. Microcredit emphasizes the provision of credit services to low income clients, usually in the form of small loans for micro enterprise and income generating activities. The use of the term 'microcredit' is often associated with an inadequate amount of the value of savings for the poor. In most cases, the provision of savings services in 'microcredit' schemes simply involves the collection of compulsory deposit amounts that are designed only to collateralize those loans. Additional voluntary savings may be collected but the clients have restricted access to their enforced savings. These savings become the main source of capital in the financial institutions (Bakhtiari , 2006). In the literature, the terms microcredit and microfinance are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused. Sinha (1998, p.2) states “microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs¹ supplement the loans with other financial services (savings, insurance, etc)”. Therefore microcredit is a component of microfinance in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services (Okiocredit, 2005).

Poverty

Social definition of poverty

Some people describe poverty as a lack of essential items – such as food, clothing, water, and shelter – needed for proper living. At the *UN's* World Summit on Social Development, the ‘Copenhagen Declaration’ described poverty as “...a condition characterised by severe deprivation of basic human needs, including *food, safe drinking water, sanitation facilities, health, shelter, education* and information.” When people are unable to eat, go to school, or have any access to health care, then they can be considered

to be in poverty, regardless of their income. To measure poverty in any statistical way, however, more rigid definitions must be used.

Statistical definition of poverty

While there are various numerically defined methods to measure and quantify poverty, two are simple enough that they are often used to define poverty (other methods are examined in the Measuring Poverty I and Measuring Poverty II), relative poverty measurement and absolute poverty measurement. Both are based on income or consumption values making gathering information to compile statistics on poverty much easier.

Relative Poverty

Relative poverty measures are the simplest ways to determine the extent of poverty in individual countries. Using this method, the entire population is ranked in order of income per capita. The bottom 10% (or whatever percentage the government chooses to use) is then considered 'poor' or 'impoverished.' This can be fine for country-wide measurements, but it has some major drawbacks in global use. If, say, a 10% relative poverty measurement was applied in a global setting, it would appear that both an industrialized country, such as the U.S., and a sub-Saharan African country had the same 10% poverty rate, even though the conditions of the poor in sub-Saharan Africa are much worse than conditions in the U.S. For this reason, absolute poverty measures are more often used to define poverty on a global scale.

Absolute Poverty

Absolute poverty measures set a 'poverty line' at a certain income amount or consumption amount per year, based on the estimated value of a 'basket of goods' (food, shelter, water, etc.) necessary for proper living. For example, if \$5 a day is determined to be the income poverty line in a country, then anyone with an income of less than \$1860 would be considered impoverished. If instead a poverty line based on consumption was used, anyone consuming goods with a monetary value of less than \$1860 would be in poverty.

The most commonly used definition of global poverty is the absolute poverty line set by the World Bank. Poverty is set at an income of \$2 a day or less, and extreme poverty is set at \$1 a day or less. This line was first created in 1990 when the World Bank published its World Development Report and found that most developing countries set their poverty lines at \$1 a day. The \$2 mark was created for developing nations with slightly better income levels than their \$1 a day counterparts. More developed countries are permitted to set their poverty lines elsewhere (it would be silly to assume a statistically significant group of people in the U.S. made less than \$1 a day, though there are obviously many impoverished people living there). For highly industrialized countries, such as Britain, Japan, and the U.S., the absolute poverty line is usually set higher (for example, the line has been set at \$14.40 in the past). The 2005 poverty line for single individuals in the United States is set at \$26.19 a day.

As of 2001, 1.1 billion people, or 21% of the 2001 world population, had incomes less than the World Bank's '\$1 a day' line for extreme poverty. 2.7 billion people had incomes less than the World Bank's '\$2 a day' line for poverty. While this is a decline from past years (in 1981, there were 1.5 billion people in extreme poverty), it still means that almost one-half of the world's population lives in poverty, mainly in sub-Saharan African and South Asia.

Models of Microfinance

Among the proliferation of microfinance institutions (MFIs) in developing countries and even some industrialized countries, a number of distinguishable models of microfinance have emerged. These include the Grameen model, Solidarity Group Lending model, Village Bank model and many others.

Grameen Model

The Grameen model targets clients from rural or urban (densely populated) areas and are usually (although not exclusively) women from low-income groups. The selection of the clients is done through **means tests** which are applied to ensure outreach to the very poor who are pursuing income-generating activities-microenterprises Ledgerwood (1997).

This model, according to Berenbach and Guzman, (1994) is based on group peer pressure whereby loans are made to individuals in groups of four to seven members who collectively guarantee loan repayment, and access to subsequent loans is dependent on successful repayment by all group members. Payments are usually made weekly Ledgerwood (1999).

Village Banking

Village Banks are community-managed credit and savings associations established to provide access to financial services in rural areas, build a community self-help group, and help members accumulate savings (Otero and Rhyne, 1994). This model was developed in the mid-1980s by the Foundation for International Community Assistance (FINCA). Membership in a village bank usually ranges from 30 to 50 people, most of whom are women. Membership is based on self-selection. The bank is financed by internal mobilisation of members' funds as well as loans provided by the Microfinance Institution (MFI).

Latin America Solidarity Group

The Solidarity Group Lending model makes loans to individual members in groups of four to seven. The members cross-guarantee each other's loans to replace traditional collateral. Clients are commonly female market vendors who receive very small, short-term working capital loans. This model was developed by ACCION International in Latin America and has been adapted by many MFIs.

Credit Union (<http://www.grameen-info.org/mcredit/cmodel.html>)

A credit union is a unique member-driven, self-help financial institution. It is organized by and comprised of a particular group or organizations, who agree to save their money together and to make loans to each other at reasonable rates of interest.

The members are people of some common bond: working for the same employer; belonging to the same church; labour union; social fraternity; living/working in the same community. A credit union's membership is open to all who belong to the group, regardless of race, religion, colour or creed. A credit union is not-for-profit, democratic financial union which is owned and governed by its members, with members having a vote in the election of directors and committee representatives.

Susu Groups

Susu Groups (SGs), which are by far the most important informal financial institution for savings mobilisation in Ghana, are under an umbrella organization called the Ghana Co-operative Susu Collectors' Association (GCSCA). The Ghana Co-operative Susu Collectors' Association was established in 1994 as an umbrella organization for all Regional Susu Collectors Societies in Ghana.

Community Banking

The Community Banking model essentially treats the whole community as one unit, and establishes semi-formal or formal institutions through which microfinance is dispensed. Such institutions are usually formed by extensive help from NGOs and other organizations, who also train the community members in various financial activities of the community bank. These institutions may have savings components and other income-generating projects included in their structure.

In many cases, community banks are also part of larger community development programmes which use finance as an inducement for action.

Rotating Savings and Credit Associations (ROSCAs)

These are formed when a group of people come together to make regular cyclical contributions to a common fund, which is then given as a lump sum to one member of the group in each cycle (Grameen Bank, 2000a) cited in Wrenn(2005). According to Harper (2002), this model is a very common form of savings and credit. He states that the members of the group are usually neighbours and friends, and the group provides an opportunity for social interaction and are very popular with women. They are also called merry-gorounds or Self-Help Groups (Fisher and Sriram, 2002) cited in Wrenn(2005).

Related Literature

The issue of whether or not Microfinance is an effective tool for poverty reduction compared to other alternative strategies has engaged the attention of development economists and the world at large. Is microfinance a tool for poverty reduction?

In an attempt to address this question, Adams and Pischke (1992) compared modern (1990 era) MFIs to the failed rural credit agencies and Agricultural development banks established by governments of developing countries in the 1960s and 1970s that not only did nothing to advance poverty alleviation but also wasted millions of dollars of public funding and concluded that the modern MFI industry is destined for failure because of the similarities between the two. Buckley (1997) after analyzing field summary data from Kenya, Malawi, and Ghana concluded that fundamental structural changes in socioeconomic conditions and a deeper understanding of the informal sector behaviour are needed for microfinance to prove effective.

In contrast, Woller et al. (1999), after assessing the current microfinance companies believe that the movement is very different from the failed rural credit agencies of the 1960s and 1970s, thereby making direct comparisons between the two not perfectly valid. In partial support of the above, Woller and Woodworth (2001) argue that to date, top-down macroeconomic poverty alleviation and development policies also have likewise experienced significant failures. According to Schreiner (1999), Sanders (2002), and Bhatt (1999) microfinance may not be an effective poverty alleviation policy in the US. Schreiner analyzes US microenterprise programmes and finds that although some programmes can move some people from welfare to self-employment, it only works one percent of the time. Furthermore Schreiner shows that those who are successful in the transition have above average assets, education, experiences, and skills. Sanders tests the impact of microenterprise development programmes and calls into question their effectiveness as an anti-poverty strategy.

Meanwhile Bhatt (1999) finds that the evidence for the impact of U.S. microenterprise programmes is mixed -- some programmes have worked while others have failed. Schreiner and Woller (2003) compare evidence about the effectiveness of microenterprise programmes in developing countries and the US. They conclude that microenterprise development is much more difficult in the US than in developing countries, and they suggest some ways to address the challenges of US microenterprise development. Other studies reach more ambiguous conclusions about the effectiveness of microfinance as a policy tool. Analyzing MFIs in Nepal, Bhatta (2001) asserts that due to the topology and extreme poverty levels in Nepal, it will be difficult for MFIs to have any meaningful impact on poverty. Nonetheless, he goes on to suggest that MFIs should expand into the hill and mountainous areas and target women so as to increase the probability of success. As to whether Microfinance is an effective poverty alleviation tool or not the study by Snow and Buss (2001) in sub-Saharan Africa conclude that a comprehensive and a better goal-oriented assessment is needed to determine if microfinance is an effective policy for poverty alleviation.

According to Morduch and Haley (2001), there is extensive evidence that microfinance has a positive impact on the first Millennium Goal: that the number of

people living in extreme poverty (defined as those living on less than \$1 per day) will be reduced by half between 1990 and 2015. For instance: Hossain (1988) asserts that "Grameen Bank members had incomes about 43% higher than the target group in the control villages, and about 28% higher than the target group nonparticipants in the project villages".

A study conducted by World Bank in collaboration with the Bangladesh Institute of Development Studies, and cited by Hashemi and Morshed (1997) showed that the Grameen Bank not only "reduced poverty and improved welfare of participating households but also enhanced the household's capacity to sustain their gains over time."

Furthermore Kamal (1996) "noted higher rates of per capita income among Micro Credit programme borrowers compared to those who did not borrow.

Again a research conducted by Chowdhury et al. (1991) showed that women (and men) participating in BRAC sponsored activities have more income (both in terms of amount and source), own more assets and are more often gainfully-employed than non-participants". Mustafa et al. (1996) confirmed this (above for BRAC) and noted that "members have better coping capacities in lean seasons and that these increased with length of membership and amount of credit received. According to the study those who had been members of Microfinance programmes for 48 months or more experienced an increase in assets of 112%.

Recommendations from impact studies

- A review of key existing microfinance programmes, using recognized poverty assessment/wealth ranking tools, should be organized to determine the current poverty levels of Microfinance clients.
- A percentage of development partners' new and renewing microfinance programmes funding should be allocated directly to programmes that target the poorest. This percentage should be continuously increase until the poorest receive a percentage that is proportional to their representation in the population. Targeting should be done through the use of recognized poverty assessment/wealth ranking tools.
- Funding for new and renewing microfinance programmes and projects should include resources for summary evaluations to be carried out regularly throughout implementation to provide information about the intake poverty level of clients as well as for the basic financial and social impact assessments.
- More efforts need to be geared towards institution building including the strengthening of group functioning in existing Self Help Groups (SHGs) as well as the promotion of the structures of SHGs.
- There is a need for the development of more effective management information systems to promote the consolidation of sustainable financial service delivery through well performing SHGs. The future strategy should also focus more on training and capacity building of SHG members as it would improve the productivity of financial service delivery.

- For reducing apparent regional imbalances in Linkage Banking more emphasis should be put in future strategies on widening the outreach of Microfinance programmes. To increase the effectiveness such outreach strategies may have to include different delivery models. SHGs' role in development could be further enhanced through an increased involvement in development programmes in the area.
- Microfinance clients or beneficiaries should be constantly trained in Record/Book-keeping, Financial management, Marketing and Customer service, Basic planning and Decision making, etc. This will help expand their businesses, and hence reduce poverty.
- Interest rates charged by MFIs should be reasonably affordable so as to help grow the businesses of their clients instead of collapsing them.

Discussions and Conclusions

It can be inferred from the study that Microfinance can positively impact on poverty if the above recommendations are effectively implemented. This supports a research conducted by Morduch and Barley (2001) for CIDA that there is ample evidence to support the positive impact of microfinance on poverty reduction as it relates to fully six out of seven of the Millennium Goals. In particular, there is overwhelming evidence substantiating a beneficial effect on income smoothing and increases to income.

However, there is less evidence to support a positive impact on health, nutritional status and increases to primary schooling attendance. Nevertheless, the evidence that does exist is largely positive. The impact of microfinance on poverty alleviation is a keenly debated issue as we have seen and it is generally accepted that it is not a silver bullet, it has not lived up in general to its expectation (Hulme and Mosley, 1996). However, when implemented and managed carefully, and when services are designed to meet the needs of clients, microfinance has had positive impacts, not just on clients, but on their families and on the wider community. There is however a need for greater assessment of these wider impacts if the true value of microfinance to development is to be understood (Zohir and Matin,2004) cited in Wrenn(2005). One such tool for measuring wider impact is a livelihood security analysis based on a livelihoods framework which analyses how a project impacts on the livelihoods of beneficiaries.

Empirical evidence dictates that the poorest can benefit from microfinance from both an economic and social well-being point-of-view, and that this can be done without jeopardizing the financial sustainability of the MFI. While there are many biases presented in the literature against extending microfinance to the poorest, there is little empirical evidence to support this position. However, if microfinance is to be used, specific targeting of the poorest will be necessary. Without this, MFIs are unlikely to create programmes suitable for and focused on that group.

Most international discourse on the subject also perceives micro-finance “as an approach with significant further potential for poverty alleviation and economic empowerment”. International literature further asserts that “micro-finance began alleviating poverty several decades ago when organizations in Latin America, Bangladesh, and other developing nations began testing the notion of lending small amounts to impoverished people (mostly women). By the 1980s, the success of institutions such as ACCION and Grameen prompted many NGOs and International Organizations to provide micro-finance services.

As more micro-finance institutions (MFIs) proved that the poor were reliable borrowers, entrepreneurial, and willing to work hard to escape poverty, the micro-finance industry grew to a remarkable 8,000 MFIs by 1999. Thus, according to (Hussein and Hussein, 2003) the growth in the MFI sector was sufficient proof that microfinance was a panacea for poverty.

However, there are doubts as to whether microfinance can have large scale impact. The long term, widespread impact does seem limited. Due to the petty nature of its investments Hulme and Mosley (1996) cited in Santen(2010) believe that in order to achieve structural economic growth and pull people out of poverty, more is needed than credit. The types of enterprises that are inspired by microfinance are mostly executed within a household and borrowers usually do not hire employees. Therefore the wider impact on a larger economic scale and on the lives of non-borrowers is questionable (Hulme and Mosley 1996).

When analysing the impact of microfinance, the outreach towards the extreme poor and the chronic poor indicate questionable results as well. As discussed by Kimenyi (2007) and Yunus (1999) and cited by Santen (2010), skills to produce and market goods are important, but also human capital plays a major role in the achievements of MFIs in reaching the poor. Since many programmes handle group or village lending structures, social capital is necessary for one to be able to join a programme. Especially the chronically poor are often located in desolated areas (CPRC 2009). Isolated poor or individuals amongst the bottom poor that lack human and social capital tend not to become members of MFIs (Khandker, 1998). Microfinance can therefore never achieve a large enough outreach.

Khandker (1998) agrees with Hulme and Mosley and Kimenyi that the petty nature of the businesses and the low skilled levels of performance and knowledge of the borrowers are harming the sustainability of the growth that is achieved. In order for the poverty alleviation to be sustainable, an increase should be seen in productivity and income rather than in consumption. Khandker (1998) argues for more activities with high growth potential to initiate long- term poverty reduction. In order to do this, an increase in loan size will be necessary.

Finally, it is argued (though highly debatable) that the commercialization of MFIs hamper the growth of Micro and Small scale enterprises; in fact some of them even collapse due to the high interest rates charge by the MFIs. Examples of these Micro and Small scale enterprises can be found in Ghana, and other developing countries. In the same countries there are some micro and small scale enterprises that have expanded due to the assistance of the MFIs. That is why I say it is highly debatable.

Suggestions for further research/study

- Factors accounting for the growth and collapse of micro and small scale enterprises (Clients of MFIs) in developing countries.
- Sustainability of Microfinance Institutions (MFIs) in developing countries.

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