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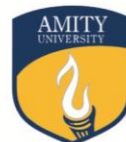
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## FROM THE DESK OF THE EDITOR

Warm welcome to the Volume V, Issue 2 of “Amity Journal of Management (AJM)”.

Entrepreneurs build brands and brands manifest consumer behavior. In this chain Employees act as a bridge and translate ethos of its firms to the citizen of the country. Nevertheless business external environment lays opportunities and challenge both in front of corporate entrepreneurs. It requires human skills and technical acumen to harness opportunities and dilute challenges to bring unexpectedly fresh brand in the market. Our first article therefore concludes that manufacturing companies should be pro- active in responding to opportunities that may abound as a result of changes that may be brought by dynamism and other factors in the external environment.

While second article of our journal tackles with the consumer behavior displayed across family life cycle. The third paper is regarding online shopping behavior in India. This study is other way round stating factors behind not using online shopping option by the customers. Study aims to conduct a psychological evaluation of a small sample of Indian consumers through in-depth interviews for the purpose of generation of an exhaustive list of psychological barriers, which further was

followed by grounded theory for generation and identification of classification themes.

Personal factors, Shopping site related issues, Product related issues and security are identified factors of the study.

Fourth Article state the importance of organizational attractiveness and employer branding in building citizenship behavior.

The final article is a study on Human Resource Accounting Disclosures practices followed by companies in India.

All articles are unique and have ability to bring attention of readers on the issues discussed in the journal.

Prof. (Dr.) Anil Vashisht  
Chief Editor - AJM

# RELATIONSHIP BETWEEN FACTORS IN THE EXTERNAL ENVIRONMENT AND CORPORATE ENTREPRENEURSHIP: EVIDENCE FROM NIGERIAN MANUFACTURING INDUSTRY

Umar Gunu<sup>1</sup> Emmanuel Tsado<sup>2</sup>

## ABSTRACT

Corporate Entrepreneurship (CE) has been recognised as an effective strategy that can help business organisations to cope with the uncertainties of the modern day business environments, a number of factors in external environment have been identified as antecedent to CE. Unfortunately, the relationship between those factors and CE has not been adequately investigated. Therefore, this study examined the relationship between factors in the external environment and CE in Nigerian manufacturing industry. The study adopted a survey research design; it used primary data which were collected using questionnaire. Data were analysed using correlation analysis. Three factors (hostility, socio-cultural and legal-political) have significant relationship with CE. The study concluded that the external business environment in Nigeria, though in reality seems to be harsh, it presents good opportunities that can facilitate corporate entrepreneurial activities. The study also recommended that manufacturing companies should be pro-active in responding to opportunities that may abound as a result of changes that may be brought by dynamism and other factors in the external environment.

**Key words:** Dynamism, Employees, Hostility, Nigeria, Organisations.

## INTRODUCTION

One of the vital tools recognized as an effective strategy to cope with the uncertainties of the modern day business environments is Corporate Entrepreneurship (CE). This represents a new shift in focus from the traditional way of decision making with respect to innovations, and lays emphasis on the involvement of employees as an important tool in organisational entrepreneurship.

Both past and recent researches on CE have highlighted several importance of CE to both the organizations and an entire nation (see for example Tsado & Gunu, 2016; Erasmus & Scheepers, 2009; Antoncic & Zorn, 2004). According to Sathe in Tsado and Gunu (2016), one of the greatest importance of CE lies in its potentials to contribute to a nation's overall economy by making available different varieties of goods and services for both domestic consumption and export

purpose and creating employment opportunities.

However, based on the existing literature further still, a number of factors in the external environment trigger CE. These factors include dynamism, heterogeneity, hostility, social and political factors as the case may be (Tsado, 2016; Sathe, 2003; Antoncic & Hisrich, 2001). According to Okhomina (2006), these factors are seen as supportive environment which play an important role in the development and nurturing of entrepreneurship and entrepreneurial activities within an existing organisation.

While extensive research efforts have been made in the develop countries (see the work of Zahra, Dharwadkar & George, 2000) and some developing countries, South Africa for example (see also Scheepers, 2007) on the relationship that exist between these factors in the external environment and CE, it is sad to mention that there is no much of such research efforts in Nigeria. However, findings of the research efforts from developed nations would be limited in application in Nigeria due to the differences

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in the environment in terms of culture and political advancement.

Furthermore, the current economic challenge in Nigeria has called for diversification of her economy from oil sector to other sectors such as manufacturing sector and to move away from import dependency to a productive economy. And for manufacturing companies to fill this gap, they have to imbibe the spirit of continuous innovations which can be achieved through CE.

However, giving the peculiar nature of Nigerian such as high prevalence of corruption, policy failure, absence of patriotism and many more, the question that could come to an individual's mind is 'what is the nature of the relationship between factors in the external environment and CE in Nigerian manufacturing industry?'

### **1.1 Research Objective(s)**

The broad objective of this paper was to examine the relationship between factors in the external environment and CE in Nigerian manufacturing industry. Specific objectives include to:

- i. determine the relationship between dynamism and CE
- ii. examine the relationship between hostility and CE
- iii. assess the relationship between socio - cultural factors and CE
- iv. examine the relationship between political - legal factors and CE

## **LITERATURE REVIEW**

### **2.1 Corporate Entrepreneurship**

The term Corporate Entrepreneurship also referred to as intrapreneurship has been defined in diverse ways. For example, Vesper in Adonisi (2003) and Zain and Hassan (2007), defines Corporate Entrepreneurship as a process which involves 'employee' initiative from below in the organization to undertake something new. i.e an innovation that is created by subordinates without being asked, expected, or perhaps even given permission by higher management to do so.

Similarly, Burgelman (1983) on his part posit that Corporate Entrepreneurship refers to the process whereby the firms engage in diversification through internal development, which requires new 'resource' combinations to extend the firm's activities in areas unrelated, or marginally related, to its current domain of competence and corresponding opportunity set. In the same vein, Chung and Gibbons (1997) define corporate entrepreneurship as an organisational process for transforming individual initiatives and ideas into actions through the management of 'uncertainties'.

From the definitions given above, it can be observed that three terms are commonly used in defining CE, these include: Employees, Resources and Uncertainty. Thus, present study suggests that CE should be defined to include these key terms. Therefore, in the context of this study, CE is defined as an idea of exploring innovative tendencies of employees in order to manage uncertainties within the constraints and capabilities of a firm's environments.

### **2.2 External Factors**

External factors, also known as exogenous factors comprise those factors in the external environment that can foster or impede CE in an organisation. These factors constitute everything beyond organisational boundary that is capable of affecting organisational performance either directly or indirectly. Zain and Hassan (2007) describe these factors as environmental hostility. External factors have been described as those forces that are external to the organisation such as dynamism (Adonisi, 2003; Schepers, 2007) industry growth, customer demands, heterogeneity (Adonisi, 2003; Schepers, 2007) and external technological development that influence corporate entrepreneurship behaviours and activities.

### **2.3 Relationship between External Factors and CE**

Theoretically, external factors influence Corporate Entrepreneurial activities (Schepers, 2007). External business environment (dynamism, heterogeneity and hostility) has the potentials to create both



traits and opportunities for business organizations. Turró, (2012) is of the opinion that among all the drivers of CE, external factors appear as the major and important factors. For example, increase in demand for new products in an industry leads to increased consumer demand, which compels enterprises to act entrepreneurially, thus leading to higher levels of CE activities (Scheepers, 2007). Similarly, the culture, altitude and social life styles in a particular environment can constitute a threat to the survival of the organization. Once organisations perceive this threat, they will be forced to develop innovative strategies in response to the threat which will lead to an increase in CE activities.

According to Alarape (2006), continuous change in the business environment as a result of dynamism may be source of abundant opportunities for industrial growth, new technology, and demand for new products. The author maintains that business organisations may unconsciously take advantage and develop innovative strategies and be more pro-active to risk taking in response to environmental traits.

Scheepers (2007) posit that in a threatening and hostile environment, business organisations are expected to develop creative strategies in respond to the perceived threat which should thus, increase CE activities. Furthermore, research has shown that hostility always has an unfavourable effect on pro-activeness-performance relationship (Lumpkin & Dess, 2001). According to Lumpkin and Dess (2001), intensity of competition exerts more pressure on the firm in any hostile environment. Pro-activeness entails employing measures to create an environment that will give a person a competitive age over others (Lumpkin & Dess, 2001). Lumpkin and Dess (2001) argue that reaction to competitive conditions would only be achieved if the environment is certain and stable.

However, it is important to states that the debate on the influence of external factors on CE has continued to generate controversial

findings by the scholars. More so, little is known on the extent to which external factors can influence CE activities (Scheepers, 2007; Morris, 1998).

### **Theoretical Framework**

This study considered Technology-Organisation-Environment (TOE) Framework as its theoretical foundation. TOE was developed by Tornatzky and Fleischer in 1990 (Awa, Ukoha & Emecheta, 2012; Oliveira & Martins, 2011). TOE framework was developed to elucidate organisational components that determine the adoption of decisions regarding innovations in a firm (Arpaci, Yardimci, Ozkan & Turetken, 2012; Lippert & Govindarajulu, 2006). This theory was found to be relevant to the present study.

The theory is based on three variables: technology, environment and organisation context. The technological context includes the internal and external technologies that are relevant to the firm (Lippert & Govindarajulu, 2006). This may include both equipment as well as processes. The organisational context refers to the characteristics and resources of the firm, including the firm's size, top management support, degree of centralisation, degree of formalisation, managerial structure, human resources, amount of slack resources, linkages among employees and communication processes (Arpaci et al., 2012; Oliveira & Martins, 2011). The environmental context includes 'the size and structure of the industry, the firm's competitors, the macroeconomic context, and the regulatory environment' (Lippert & Govindarajulu, 2006).

According to Tornatzky and Fleisher in Lippert and Govindarajulu (2006), the process by which a firm adopts and implements technological innovations is influenced by these three variables i.e 'technological context, the organisational context, and the environmental context'. Thus, these three elements influence the way a firm sees the need for, searches for, and adopts new technology.

However, present study was concerned majorly with the environmental variable of this theory. That is the extent to which changes in the macro economy will influence corporate entrepreneurship in Nigerian manufacturing industry, as well as the relationship between competitive forces, government regulations and policies with corporate entrepreneurship especially in the face of current economic recession in Nigeria.

## METHODOLOGY

A survey research design was used for this study; as such, primary data were used. Therefore, the population of this study was 1,826 manufacturing companies registered with Manufacturers Association of Nigeria (MAN) as at August, 2014.

The sample size was arrived at using Guilford and Fluchter (1973) formula for estimating sample size, and was calculated to be 328 companies. Companies were selected across the various sectors using simple random sampling technique.

The study used questionnaire as instrument of data collection. The study adapted a questionnaire developed by (Scheepers, 2007) to measure factors in the external environment. External factors used by Scheepers (2007) were measured through the following constructs: dynamism, hostility and heterogeneity. However, these constructs were redefined and improved upon through the literature review in order to fit Nigerian environment. Thus, only two dynamism and hostility were adapted in the present study. Other construct used to measure factors in the external environment include: socio-cultural and political-regulatory factors. These were measured through self-developed questions from the existing literatures.

Similarly, in measuring Corporate Entrepreneurship, the study adapted some questions from the work of Kuratko et al. (2005) and Scheepers (2007). In this case, respondents were asked to rate the number of new ideas they have suggested in the last two years as significant or not compared to last five years. Furthermore, all the variables

in the questionnaire were measured on a 7 point likert's scale.

Questions in the questionnaire were adapted from the work by Scheepers (2007), but were modified in order to suite the environment of the present study. The internal consistency of the items used is given in the table below.

**Table 3.1: Internal Consistency Factors in the External Environment**

Constructs	Cronbach Alpha Values
	Field Survey, (2015) (n =623)
Dynamism	0.562
Socio-Culture	0.667
Hostility	0.515
Political-Regulatory	0.544

**Source: Field Survey, 2015**

Table 3.1 shows that acceptable levels of internal consistency were obtained with Cronbach alpha coefficient values exceeding 0.5. In addition, the questions were vetted by two Professors in the field of entrepreneurship. Furthermore, a pilot test was conducted on a sample of fifty manufacturing companies selected randomly in the South - West Nigeria.

The unit of analysis in this study was firm, however two questionnaires were given to each company through their public relations officer which were filled by functional managers such as branch's customer care manger, head of productions/ operations, marketing manager, store manager, accounts and finance manager. Thus, a total of 628 questionnaires were distributed. Data were analysed using correlation analysis.

## RESULTS AND DISCUSSION

Relationship between factors in the external environment and CE is given in Table 4.1 above. It reveals that only three factors in the external environment have significant positive relationship with CE in Nigerian manufacturing companies. The result indicates that Environmental Hostility correlates positively with CE, correlation value  $r = 0.430$  being significant  $p$  value (.000

< .05). Socio - Cultural Effect correlates positively with CE, with correlation value,  $r = 0.210$  being significant  $p$  value ( $.000 < .05$ ). Similarly, political-regulatory effect has positive but weak relationship with CE, with correlation value,  $r = 0.195$  being significant  $p$  value ( $.000 < .05$ ). However, the result shows that market dynamism has no significant relationship with CE, correlation value,  $r = 0.058$ , and  $p$  value ( $0.170 > .05$ ). The results further reveal that environmental hostility showed the strongest relationship with CE followed by socio-cultural effects.

**Table 4.1: Relationship between External Factors and CE**

		Correlation	Sig.
Pair 1	Market Dynamism & Corporate Entrepreneurship	.058	.170
Pair 2	Environmental Hostility & Corporate Entrepreneurship	.430	.000
Pair 3	Socio - Cultural Effect & Corporate Entrepreneurship	.210	.000
Pair 4	Political - Regulatory Effect & Corporate Entrepreneurship	.195	.000

**Source: Authors' Computation, 2016**

#### 4.1 Discussion of Findings

This study was carried out to examine the nature of relationship that exists between the factors in the external environment and CE in Nigerian manufacturing industry. On the objective one, the study reported that there was no significant relationship between dynamism and CE. This finding contradicts the position of existing literature (see for example, Alarape, 2006) on how continuous change in the business environment as a result of dynamism may be a source of abundant opportunities for industrial growth, new technology, and demand for new products which will trigger CE. However, some reasons for this finding may be as a result of the economic recession in Nigeria at present which has led to low demand for goods. In addition, other factors

such as inability of managers of business organizations to perceive such opportunities and their level of entrepreneurial orientation may be responsible for this finding. On the objective two, the finding showed that hostility has a moderate positive significant relationship with CE. This finding supports the position of existing literature (see also, Scheepers, 2007).

Similarly on objective three, the result indicated a positive significant relationship between socio - cultural variables and CE. This finding is not surprising as most Nigerians have negative attitude toward locally made products, as a result, most manufacturing companies that cannot compete favourably would have to write 'Made in China' in their products (see Tsado, 2016). As a result, this will force most manufacturing companies to be creative in response to such social attitude. On objective four, the result showed a positive significant relationship between political/ regulatory variables and CE. The reason for this finding may be as a result of level of political development of Nigeria, and high level of corruption in the system. For example, there is always inconsistency in government policies, most especially with the change in government. More so, most policies are introduced to favour specific interests. This may trigger other companies to develop innovative strategies in response to any unfavourable government policy.

#### CONCLUSION

The findings reported in this study have shown that the conditions in the Nigerian external business environment present the need for CE. This is glaring with the current economic recession the country is passing through. However, what may be lacking among the manufacturing companies in Nigeria is the boldness to take entrepreneurial risk. But, it is also important to note that, aside factors in the external environment, there are other factors that drive CE. The paper concluded that the external business environment in Nigeria, though in reality seems to be harsh, it

presents good opportunities that can facilitate corporate entrepreneurial activities.

### 5.1 Recommendations and Suggestion for Further Research

Based on the findings, the study recommended that manufacturing companies in Nigeria should take advantage of the current economic challenge and develop CE strategies so as to remain profitable. Manufacturing companies should be pro- active in responding to opportunities that may abound as a result of changes that may be brought by dynamism other factors in the external environment. However, the study was limited by examining just the relationship between the factors and CE using correlation analysis, the study therefore, recommended that further research should examine the effect of these factors in the external environment on CE using other statistical techniques, and develop a model that can be used to predict CE giving the factors in the external environment.

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# CONSUMER BEHAVIOUR ACROSS VARIOUS FAMILY LIFE CYCLE STAGES – A CASE STUDY OF HOME APPLIANCE MARKET

Prof. (Dr.) B.B.S. Parihar<sup>1</sup>

## ABSTRACT

*As we know that it's very important for a marketer to understand the buying behavior of the consumers and their consumption patterns. The understanding of consumer behavior and consumption patterns enables a marketer to design and formulate better product, marketing strategies & marketing programs and thereby delivering superior customer value.*

*Now-a-days, it has become indispensable for the marketers to study and analyze consumer behavior from different angles. This is all due to the ever changing needs, wants, tastes and preferences of consumer; and also due to the numerous determinants of consumer behavior. Family Life Cycle stages are one of the most important determinants of consumer behavior and consumption patterns especially in case of home appliance consumers.*

*The present study focuses on understanding and analyzing the consumer behavior across the various stages of Family Life Cycle (FLC) viz. Bachelorhood, Honeymooners, Parenthood, Post-parenthood and Dissolution. Alternatively, we can say that the present study attempts to understand study and analyze the influence of various FLC stages on the consumption patterns and buying behavior of consumers. In order to carry out the present study, a survey of 200 consumers belonging to different FLC stages have been conducted and the influence of the above FLC stages on their buying behavior with regard to home appliances has been studied and analyzed.*

*Finally, the study reveals that the FLC stages influence the consumption patterns and consumer buying behavior in a significant manner. Moreover, the chi-square analysis of the collected data also verifies the above conclusion statistically.*

**Key Words:** Consumer Behaviour, Consumption Patterns, Family Life Cycle, Home Appliances.

## INTRODUCTION

Some well-known writers like Gail Sheehy and Roger Gould have identified certain psychological life cycle stages, that is, adults experience certain passages or transformation as they go through life. This means that changing consumption interests can also be associated with these adult passages.

Thus marketers very often try to identify their target markets in terms of family life cycle stages and develop appropriate products and marketing plans. Further, they also have to pay attention to the changing consumption interests that might be associated with these adult passages and develop marketing programs accordingly.

Even though it is the family unit, which purchases home appliances, it can not be implied that all the families are in the market at the same time or for that matter at any time. This means that along with family decision making, the family life cycle also plays a role in influencing consumer behaviour and also helps in gaining insight into the consumption related behaviour.

One can easily say that the buyer's decisions are also influenced by personal outward characteristics notably- buyer's age and family life cycle stage.

People's consumption pattern of the goods and services they buy and consume, changes over their lifetime. As babies they consume baby food in the early years, most food items in their growing and mature years and certain specific diets in the later years. Individual's taste and preference related to home appliances, clothes, automobiles, idea of recreation etc., is also

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related to the stage of the family life cycle and age.

People go through several phases in their lives. Family Life Cycle (FLC) refers to the series of life stages through which individuals proceed over a period of time. In other words, FLC describes the process of family formation and dissolution.

In a FLC, each life cycle stage differs from previous stages in terms of (a) Structure, (b) Financial Position (c) Consumption Pattern and (d) Product Need and Preferences.

Sociologists and consumer researchers have long been attracted to the concept of the family life cycle (FLC) as a means of depicting what was once a rather steady and predictable series of stages that most families progressed through. However, with the advent of many diverse family and lifestyle arrangements, what was the rule has been on the decline. This decline in the percentage of families that progress through a traditional FLC seems to be caused by a host of societal factors, including an increasing divorce rate, the explosive no. of out-of-wedlock births, and the 30 year (1950s to 1970s) decline in the no. of extended families that transpired as many young families moved to advance their job and career opportunities.

Despite the decline in its predictive precision, FLC analysis enables marketers to segment families in terms of a series of stages spanning the life course of a family unit. The FLC is a composite variable created by systematically combining such commonly used demographic variables as marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household. The ages of the parents and the relative amount of disposable income usually are inferred from the stage in the family life cycle.

Although different researchers have expressed various preferences in terms of the no. of FLC stages, the traditional FLC models proposed over the years can be synthesized into just five basic stages which

are as follows –

- Stage-I : **Bachelorhood** – Young single adult living away from parents.
- Stage-II: **Honeymooners** – Young married couple.
- Stage-III : **Parenthood** – Married couple with at least one child living at home.
- Stage-IV : **Post-parenthood** – An older married couple with no children living at home.
- Stage-V: **Dissolution** – One surviving spouse.

## **OBJECTIVES OF THE STUDY & HYPOTHESIS**

The main objective of the present study is to study and analyze the consumer behavior across various family life cycle stages with special reference to the marketing of home appliances. Alternatively, we can say that the main objective of the present study is to understand, study and analyze the influence of various FLC stages on the consumption patterns and buying behavior of home appliance consumers.

Moreover, the Null Hypothesis for the present study is –

**H<sub>0</sub>:** FLC Stage of Consumers and their Interest towards Buying a Home Appliance are independent of each other.

## **RESEARCH METHODOLOGY**

The present study is an analytical kind of research study. It is related to the analysis of the influence of various Family Life Cycle Stages (i.e. Bachelorhood, Honeymooners, Parenthood, Post-parenthood and Dissolution) on consumer behavior and consumption patterns. In order to conduct this study we have surveyed 200 potential home appliance consumers of Agra region and the instrument used for data collection has been a questionnaire.

### **(i) Sources of Data :-**

All the data required for this purpose have been obtained mainly from the primary sources but at the times of requirement we

have also referred to the secondary sources of data.

**(ii) Data Collection Methods:-**

The data collection method used to obtain the desired information from primary sources has been the direct interview and questionnaire has been used as an instrument.

**(iii) Sampling Plan:-**

Target population: Potential Consumers of Home Appliances

Sampling Unit: An individual Potential Home Appliance Consumer

Sampling Method: Judgement Sampling.

Sample Size: 200

Area of Survey: Various localities of Agra region

**(iv) Statistical Tools and Techniques:-**

For measuring various phenomena and analyzing the collected data effectively and efficiently so that sound conclusions may be drawn, we have used a no. of statistical tools & techniques including chi-square test.

**RESULTS & DISCUSSION**

**a) Consumption Patterns & FLC Stages**

The FLC stage is one of the variables which determine the consumption patterns of the consumers. Broadly speaking, there are five stages in FLC, namely, Bachelorhood, Honeymooners, Parenthood, Post-parenthood and Dissolution. Each of these stages plays a vital role in determining consumption patterns. The role of various stages is described below -

**(i) Stage I : Bachelorhood**

This FLC stage consists of young single men and women who have established households away from their parents. Although most members of this FLC stage are fully employed, many are college or university students who have left their parents' homes. Young single adults are apt to spend their incomes on rent, basic home furnishings, the purchase and maintenance

of automobiles, travel & tourism, entertainment, cloth in g and accessories. Members of bachelorhood stage have sufficient disposable income. Marketers target singles for a wide variety of products and services. In most large cities there are travel agents, health clubs, sports clubs and other service and product marketers that find this FLC stage a lucrative target niche. Moreover, this FLC stage is not that much lucrative for home appliance marketers.

**(ii) Stage II : Honeymooners**

The honeymoon stage starts immediately after the marriage vows are taken and generally continues until the arrival of the couple's first child. This FLC stage serves as a period of adjustment to married life. Because many young husbands and wives both work, these couples have available a combined income that often permits a lifestyle that provides them with the opportunities of more indulgent purchasing of possessions or allows them to save or invest their extra income. Honeymooners have considerable start-up expenses when establishing a new home (major and minor home appliances, bed room and living room furniture, carpeting, drapes, dishes and a host of utensils and accessory items). This stage is one of the lucrative FLC stages for home appliance marketers.

**(iii) Stage III : Parenthood**

When a couple has its first child the honeymoon is considered to be over. The parenthood stage (sometimes called the full-nest stage) usually extends over more than a 20-year period. Because of its long duration, this stage can be divided into shorter phases. During this stage the interrelationships of family members and the structure of the family gradually change. Furthermore, the financial resources of the family change significantly, as one (or both) parents progress in a career and as child rearing and educational responsibilities gradually increase and finally decrease as children become self-supporting. They also are an important market for many investment and



insurance services. It is again a lucrative FLC stage for home appliance marketers.

**(iv) Stage IV : Post-parenthood**

Because parenthood extends over many years, it is only natural to find that post-parenthood, when all the children have left home; it is traumatic for some parents and liberating for others. This so-called empty-nest stage signifies for many parents almost a “rebirth”, a time for doing all the things they could not do while the children were at home and they had to worry about soaring educational expenses. For the mother, it is a time to further here education, to enter or re-enter the job market, to seek new interests. For the father, it is a time to indulge in new hobbies. For both it is the time to travel to entertain, perhaps to refurbish their home or to sell it in favour of a new home. It is during this stage that married couples tend to be most comfortable financially. Today's empty nesters have more leisure time. They travel more frequently, take extended vacations, and are likely to purchase a second home in a different climate. They have higher disposable incomes because of savings and investments, and they have fewer expenses. For this reason families in the post-parenthood stage are an important market

**(v) Stage V : Dissolution**

Dissolution of the basic family unit occurs with the death of one spouse. When the surviving spouse is in good health, is working or has adequate savings, and has a supportive family and friends, the adjustment is easier. The surviving spouse (usually, the wife) often tends to follow a more economical lifestyle. Many surviving spouses see each other out for companionship; others enter into second (or third or even fourth) marriages. In this stage people generally, buy more medicinal products and other products like the retired people, seek more attention, affection and are more security conscious. This stage is not lucrative at all for home appliance marketers.

**b) Consumer Behaviour & FLC Stages**

During the consumers' survey we found that out of 200 consumers 27 were in Bachelorhood stage, 71 belonged to Honeymooners stage, 75 belonged to Parenthood stage, 23 belonged to Post-parenthood stage and rest 4 consumers were in Dissolution stage. Again, out of 200 consumers surveyed, only 54 were planning to purchase a home appliance in near future. Of these 54, 2 were in Bachelorhood stage, 19 were in

**Table 1: FLC Stages and Consumers’ Interest towards Buying a Home Appliance (Descriptive Statistics)**

FLC Stage	No. of Consumers		Total
	Interested in Buying a Home Appliance	Not Interested in Buying a Home Appliance	
Bachelorhood	02 (7.41%)	25 (92.59%)	27 (100%)
Honeymooners	19 (26.76%)	52 (73.24%)	71 (100%)
Parenthood	23 (30.67%)	52 (69.33%)	75 (100%)
Post-parenthood	10 (43.48%)	13 (56.52%)	23 (100%)
Dissolution	00 (0%)	04 (100%)	04 (100%)
<b>Total</b>	54	146	200

Source - Self Compilation

for luxury goods, new automobiles, expensive furniture, and vacations to far-away places. This stage is also quite lucrative from the point of view of home appliance marketers.

Honeymooners stage, 23 were in Parenthood stage, 10 were in Post-parenthood stage and no one was in the dissolution stage.

Note: Figures in brackets are the percentages.

Again, it is quite evident from Table-1 that 10 out of 23 (i.e. 43.38 %) Post-parenthood stage consumers surveyed, showed their interest towards the purchase of a new home appliance. Similarly, 23 out of 75 (i.e. 30.67 %) Parenthood stage consumers and 19 out of 71 (i.e. 26.76 %) Honeymooner stage consumers showed their interest towards the purchase of a new home appliance. On the other hand, Table-1 also exhibits that only 2 out of 27 (i.e. 7.41 %) Bachelorhood stage consumers and no one out of 4 (i.e. 0 %) Dissolution stage consumers, showed interest towards the purchase of a new home appliance.

The above discussion implies that Post-parenthood, Parenthood and Honeymooners are the most lucrative FLC stages for the home appliance marketers.

Again, in the present case our null hypothesis is –

Null Hypothesis,

**H<sub>0</sub>:** FLC Stage of Consumers and their Interest towards Buying a Home Appliance are independent of each other.

frequencies have also been calculated and presented in Table-2.

Now, as far as the independence between the FLC stage of consumers and their interest towards the buying of a new home appliance is concerned, the calculated value of chi-square =  $\sum(O-E)^2/E = 10.42$

Now, at 5% level of significance for 4 degree of freedom the tabulated value of chi-square = 9.49.

Since, the calculated value of chi-square is greater than the tabulated value of chi-square at 5% level of significance, so we reject the null hypothesis and conclude that there is a significant association between the FLC stage of the consumers and their interest towards the buying of a home appliance i.e. FLC stage influences the buying behaviour of consumers significantly.

## CONCLUSION

The present study is an honest endeavour to understand study and analyze the influence various Family Life Cycle stages (i.e. Bachelorhood, Honeymooners, Parenthood, Post-parenthood and Dissolution) on the consumption patterns and buying behavior of consumers in home appliance market.

**Table 2: FLC Stages and Consumers' Interest towards Buying a Home Appliance (Independence/ Association)**

FLC Stage	No. of Consumers		Total
	Interested in Buying a Home Appliance	Not Interested in Buying a Home Appliance	
Bachelorhood	02 (7.29)	25 (19.71)	27
Honeymooners	19 (19.17)	52 (51.83)	71
Parenthood	23 (20.25)	52 (54.75)	75
Post-parenthood	10 (6.21)	13 (16.79)	23
Dissolution	00 (1.08)	04 (2.92)	04
<b>Total</b>	54	146	200

Note: Figures in brackets are the expected frequencies.

Source - Self Compilation

The FLC stage-wise classification of home appliance consumers who showed interest towards the purchase of a new home appliance and who did not show any interest towards the purchase of the same has been presented in Table-2. Apart from the actual frequencies the corresponding expected

For the above purpose, 200 potential home appliance consumers belonging to different FLC stages were surveyed. The data collected through this survey establishes the fact that Post-parenthood, Parenthood and Honeymooners are the most lucrative FLC stages for the marketers of home appliances; and Dissolution and Bachelorhood are the

least lucrative FLC stages for the same (Table-1).

Moreover, the study also proves that the FLC stages have a significant influence on the consumption patterns and buying behavior of consumers. The results of chi-square analysis clearly reveal that there is a significant association between the FLC stages (i.e. Bachelorhood, Honeymooners, Parenthood, Post-parenthood and Dissolution) and the buying behavior of home appliance consumers; alternatively, consumer behavior is significantly influenced by the FLC stages (Table-2).

Finally, we can fairly claim that the present research study adds to our knowledge about consumer behavior in general and the influence of FLC stages on the buying behavior of home appliance consumers in particular.

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## A PSYCHOLOGICAL EVALUATION OF WHY SOME CONSUMERS DON'T SHOP ONLINE IN INDIA?

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### ABSTRACT

*The sheer demographics of India are good enough to offer a promising opportunity for any new channel to reach the mass of consumers that India has to offer. Despite such promises, online shopping penetration is currently low in India. The diffusion may take some time to reach to every consumer and may further take some more time for adoption by new consumers. Many studies were conducted in past to understand the consumer perspective on online shopping across the globe, but there are very few which aims to explore the psychological barriers at the micro level, which may be behind the reason for non-adoption or slow adoption of online shopping in India. The current study aims to conduct a psychological evaluation of a small sample of Indian consumers through in-depth interviews for the purpose of generation of an exhaustive list of psychological barriers, which further was followed by grounded theory for generation and identification of classification themes. The analysis resulted in a list of 25 psychological barriers toward online shopping, which was further classified under five emergent themes for further exploration.*

**Keywords:** Online Shopping, Online adoption, Online shoppers, Digital Purchase

### Introduction

The worldwide proliferation of the internet has brought an irreversible change in businesses and human lives. India being a developing country with a second largest population of the world and one of the world's fastest-growing economies could certainly not be assumed to be immune to these global changes. This digital platform has added an additional dimension in human life and transformed the way of human interaction with their external environment. Among various uses of the Internet, one which widely attracts the interest of academicians and researchers in the area of business and business management is online marketplaces. According to ASSOCHAM- Resurgent India study (2017), about 69 million consumers shopped online in India in 2016, the same report projected 100 million consumers to shop online in 2017. The Digital Retail Report 2020 by Google and AT Kearney (2016) claims that E-tailing will drive 25 percent of the total organized retail sales of \$240 billion

in India by 2020 and will reach \$60 billion in gross merchandising value. The same report estimates the number of online shoppers in India to grow to 175 million by 2020 (Gupta, et al., 2016).

Though online shopping was invented way back in 1979, it took a long time to revolutionize business that we call e-commerce today. Nevertheless, the introduction of E-Commerce dates back to 1991, online shopping in India started in 2007 with the launch of a deep discount model of Flipkart (Dudhewala, 2014). India constitutes second largest market after China in Asia in terms of online shopping opportunities. With the steady growth of internet users and smartphone users with 3G/4G data connectivity, online shopping in India is finding faster penetration to tier two and tier three markets which accounts for 41% of online shoppers (Nair, 2018). As per Morgan Stanley report, the e-commerce will help grow market penetration to 12% in the next nine years, versus 2% today (India's Digital Leap - The MultiTrillion Dollar Opportunity, 2017).

Some recent economic reforms in India like demonetization have accelerated the need for Indians to resort to online shopping (Khan &

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Kumar, 2016). However, most online consumers use information gathered online to make purchases offline. The future of online retail appears promising in India, but still, vast majorities are yet to adopt this new mode of the technology-enabled platform as an alternative to their traditional in-store shopping. As of today, there could be many reasons for low penetration of online shopping as well as slow initial adoption, even after the presence of online shopping for more than a decade in India, but one of the core reasons could be psychological barriers. The Internet has opened a new interactive marketplace for everyone to shop at the choice of their own time and location. But despite numerous advantages of buying online, there are still a large number of consumers who are skeptical mainly because of psychological barriers and personal inhibitions, which stops consumer to buy online. Many types of research have been conducted in past mainly based on quantitative surveys to explore trust factors and security issues as inhibitors but none of the research went deep into the psychological evaluation of why some consumers don't buy online? All available wealth of literature suggests factors or inhibitors explaining 'what' stops consumers to shop online, but it does not answer 'why' part or the deep psychological/ social/ psychosocial barriers or inhibitors which explains the reasons for not trusting to shop online.

The current study doesn't aim to describe the general behavior, rather it's an attempt to go back and re-explore the psychological barriers at the individual level which leads to inhibition towards online shopping. The current study is a qualitative study where there is more focus on individual's lived experiences regarding online shopping in India. The approach used in the study is highly focused at the individual level, and lead to redefining the very basic variables, which may act as a very foundation for the development of an exclusive scale to measure perceived risks of online shopping or perceived barriers or inhibitors to online

shopping in the Indian context. The aim of this research is to develop an exhaustive list of psychological barriers for further qualitative and quantitative evaluation.

## Literature Review

Though the current study is not the first of its kind, some similar studies were conducted in past which covered the concept of psychological risks and barriers (Jacobs, 1997; Jacoby & Kaplan, 1972; Benassi, 1999; Maignan & Lukas, 1997) but in a different context and for different purposes. Some of the studies were found worthwhile for the current study, as they provide the conceptual background and also clearly indicates the gaps to be filled through a fresh perspective with special emphasis on Indian online shoppers and their fears and apprehensions, which inhibits their online shopping intentions.

Humans are prone to respond ineffectively to their environment and may fall victim to decision-making trap due to cognitive limitations. These limitations may lead to cognitive and perceptual biases which may inhibit their emotions and behavior towards new and unfamiliar products, technology or methods (Roberto, 2009). The consumer resistance to adopting new technology could be attributed to functional and psychological barriers. Functional barriers are where consumers assess the outcome of adoption in terms of usage, value, and risk, while psychological barriers ordinarily arise due to conflicts with consumer's prior beliefs (tradition and image) (Porter & Donthu, 2006).

According to a study by Swinyard & Smith (2003) who conducted a descriptive research which was first of its kind to provide a lifestyle perspective of who is using the Internet to shop, who does not shop, and why.

It is hypothesized and shown that, compared with online non-shoppers, online shoppers are younger, wealthier, better educated, have higher computer literacy, spend more time on their computer, spend more time on the

Internet, find online shopping to be easier and more entertaining, and are more fearful of financial loss from online shopping. The study further hypothesizes that online shoppers, and online non-shoppers, are heterogeneous groups comprised of particular market segments having unique Internet-related lifestyles. (p. 567)

Few early types of research conducted in different parts of the globe tried to capture the enablers and barriers to online shopping both among online shoppers and online non-shoppers. Here online non-shoppers refer to those shoppers who have never tried online shopping even for once due to strong psychological barriers. One of the earliest effort to capture the perceived risks of online shopping was attempted by Forsythe & Shi (2003), where out of six perceived risks financial, product performance, social, psychological, physical, and time/convenience loss, four perceived risks financial, product performance, psychological, and time/ convenience loss were associated with online shopping and its impact on online shopping behavior was studied extensively.

Later a study in Switzerland by Rudolph et al. (2004) studied the underlying motivation factors that inhibit online shopping and identified four distinct barriers to online shopping, the above study employed exploratory factor analysis which reduced a total of 16 items into four factors the procedure was employed for both online shoppers, as well as online non-shoppers and the four distinct factors labeled as digital, security, online channel and experience/access, were found for both the groups which acts as barrier and inhibits online shopping. The only distinct variable which was found significant in online non-shoppers was non-availability of a credit card. Laukkanen et. al (2008) identified four distinct categories of barriers toward online shopping and labelled them as usage, value, risk and traditional barriers, later on, Lian & Yen (2014) used the same framework to capture online shopping barriers among older consumers and found value, risk and traditional barriers as

significant among older consumers. One particular study on the online retail of food products conducted in Germany by Grant et al. (2014) studied the enablers and barriers to online shopping of food products in particular and identified the cost of fulfillment and service quality as major barriers. Another study conducted in Iran by Doaei & Hassanzadeh (2013) accessed barriers and other factors which affect minds of Iranian shoppers toward online shopping, the study concluded that safety concerns are the main reason which restrains Iranian consumers to share their personal information online. Other factors include non-availability of credit cards as it is not easy to get credit cards in Iran and lack of trust on online stores in Iran. One qualitative study by Pinto (2013) in India suggest three major themes under which barriers to online shopping could be classified in India, they are, touch and feel related factors, value or price-related/financial considerations and service-related factors. Another qualitative study in India by Jadhav & Khanna (2016) identified an exhaustive list of 11 influencing factors for online shopping like availability, low price, promotions, comparison, convenience, customer service, perceived ease of use, attitude, time consciousness, trust, and variety seeking. But the same paper does not list any barrier or inhibitor factors for online shopping.

Quinn (2003) in his research suggests that emotions, attitudes and environmental factors like stress play a crucial role in determining whether an online buyer will be successful in searching for the products or services online. This study focuses on the important relationship between emotion and cognition, how they affect each other and what the implications are for the online searcher. His research investigates how to affect and mood influence key cognitive functions and can pose psychological hurdles related to motivation, arousal, attention, concentration, self-confidence, and self-efficacy all of which can be significant factors in determining the effectiveness of the online search. An important finding in his study

revealed that having a proper mindset can make an important difference in assessing whether a searcher is successful.

Clowyn (2014) in a study called infographic on consumer buying psychology presented a very insightful perspective on the reasons that explain why some online shoppers abandon their shopping cart before completing the online purchase process. Though the research was commercial and mostly descriptive it subtly indicates some psychological barriers affecting to online shoppers which may affect their purchase decisions. The study found 67.4% of average checkout abandon rate and the major reasons discovered are hidden charges during checkout (41%); having to register before buying (29%); lengthy checkouts process (10%); unclear delivery details (11%); phone number not provided on website (8%) and others (1%). The same study also identified males as major defaulters as compared to females and age group of 25-44 Years as worst offenders when it comes to giving up on online purchase.

### Research Method

A qualitative framework involving the use of in-depth interviews and grounded theory

were used for the current research. Saturation was considered as the main criterion for selection of a number of respondents and their respective profiles (Morse, 1995). A smaller sample size of 10 participants was considered sufficient to cover the heterogeneity in terms of online shoppers and non-shoppers in India (Charmz, 2006; Mason, 2010). Out of ten respondents, five respondents were having no prior online shopping experience and remaining five were having some past experience of online shopping. The general rule on sample size for interviews is that when the same stories, themes, issues, and topics are emerging from the interviewees, then a sufficient sample size has been reached. Qualitative research methods generally involve harvesting an in-depth understanding of any social/ psychological phenomenon. Qualitative researches are focused on evaluating meaning and heterogeneities in meaning, which predominantly focused on the how and why of a specific concern, method, condition, subculture, situation or set of social exchanges. In-depth interviews are usually not concerned with generalizations to a larger population of interest and do not

**Table 1: Profile of Research Participants**

Respon- dent No.	Gender	Age	Education	Profession	Monthly Family Income	City	Online Shopping Experience
1	F	40 Years	PhD	Asst. Professor	Rs. 2,30,000	Ghaziabad	No
2	M	67 Years	Post Graduate	Retired	Rs. 2,00,000	Guwahati	No
3	M	28 Years	High school	Shopkeeper	Rs. 50,000	Nasik	No
4	M	55 Years	Primary School	Farmer	Rs. 80,000	Kota	No
5	F	32 Years	Graduate	Housewife	Rs. 1,20,000	Noida	No
6	M	22 Years	Graduate	Student	Rs. 45,000	Gwalior	Yes
7	M	42 Years	Post Graduate	HR Manager	Rs. 1,00,000	Mumbai	Yes
8	F	62 Years	Graduate	Housewife	Rs. 1,00,000	Haridwar	Yes
9	M	36 Years	Post Graduate	Government Employee	Rs. 65,000	Aligarh	Yes
10	F	21 Years	Graduate	Student	Rs. 70,000	Shimla	Yes

involve hypothesis testing but somewhat is more inductive and emergent in its approach. Intrinsically, the goal of grounded theory and in-depth interviews is to generate categories from the data and further to examine associations between categories. The combined approach is intended to focus on how the lived experience of research respondents can be understood. The current research involves systematic generation of conceptual categories leading to theory building based on the mixed approach described above.

The researchers took the consent and assistance of the Research Committee at Amity Business School, Amity University, Noida, UP, India, to conduct depth interviews of the volunteers which involved faculty members, students and outside volunteers of varied age groups and professions who visited Amity University Campus during July 2017 to November 2017. All the interviews were conducted face-to-face under close observation and were recorded for further review. The respondents were assured of their anonymity and were encouraged for open participation. The interviews were conducted in Hindi and English language based on comfort level, educational qualification, age and socio-cultural background of individual participants. Due diligence was observed in maintaining heterogeneity in profiles of respondents. All the volunteer participants were asked to fill and sign the informed consent form before the interview. Interviews were scheduled based on the availability of respondents and convenience of researchers, one interview lasted between 1 to 2 Hr. duration. As per the predefined

protocol, a total of 5 open-ended questions were asked of Online Shoppers (4 respondents) and Online Non-Shoppers (4 respondents).

The above questions were supplemented with probing questions given below:

Would you give me an example?

Can you elaborate on that idea?

Would you explain that further?

I'm not sure I understand what you're saying.

Is there anything else?

To encourage and to elicit more information, such probing questions were asked intermittently during the interview without interrupting the natural flow of communication of respondents (Patton, 2002).

Data Collection through in-depth interviews was followed by making notes about the data collection for both the categories of online shoppers and online non-shoppers. Data was noted and coded immediately after the collection. Open coding procedure was involved leading to categories which involved deep investigation of comments through asking questions, making a comparison and looking for similarities between comments. Open coding process leads to a reduction of data to a small set of themes to describe the psychological barriers at the individual level which act as a barrier to online shopping among consumers. Theoretical hypothesis arising through the coding process was noted and the memos were finally used to construct theory proposed in the next section of analysis and

**Table 2: Questions Asked in Depth Interviews**

Q. No	Online Shoppers	Online Non-Shoppers
1	What problems did you face in shopping online?	Why haven't you tried online shopping till now?
2	What are your fears or apprehensions during Shopping online?	What are your fears or apprehensions which stops you to shop online?
3	What are the risks of shopping online?	
4	Why wouldn't you advise someone to shop online?	
5	As per your opinion, what is the anticipated future of online shopping in India?	



findings.

## Findings

The psychological evaluation and analysis of the depth interviews focused on the firsthand experience of online shoppers and non-shoppers helped in the identification of 25 major barriers grouped under five themes as listed below:

### Theme 1: Personal Factors

- 1) Self-inefficacy: non-familiarity with technology and lack of internet literacy.
- 2) Fear of impulse purchases: Shoppers may fear that they might buy some product accidentally by clicking on some link or they may get carried by their impulsive purchases which they may regret later.
- 3) Purchase anxiety: Shoppers shopping process and experience may make few shoppers feel anxious and worried, the reason may be pure psychological than real.
- 4) No scope for bargaining: Indian shoppers love to bargain on price and it gives them lot of satisfaction when they get exclusive privilege of getting a unique bargained price for the product. Online shopping sites offer no scope for price negotiations before final purchase.
- 5) Nonapproval of family/friends: Shoppers being the social creatures may fear that their friends/family may disapprove their online purchases.

### Theme 2: Product Related Issues

- 6) No product delivery/Late delivery: all of us, especially after making an advance payment, worry that I may not get the product or the product won't reach to me on time which may add a lot of stress to already stressful life of ours.
- 7) Product attribute mismatch: There are instances when you may get complaints like, "I ordered a Teddy Bear, but I was shipped a stuffed Elephant". What we see on the website may not turn out the same in reality.

- 8) Product quality: there may be doubt about the quality of product and brand, which one shops online.
- 9) Second hands/used the product: The worst thing that could happen to someone is when someone receives a soiled, crumpled or the product that one may doubt that it's not the fresh/first hand.
- 10) Originality Issue: Counterfeit products find their easiest way to enter consumer shopping list is through online mode of purchases. There are many shoppers who seriously doubt that the low price brands they are buying online could be fake or counterfeit.
- 11) Old/outdated product: some fashion oriented shoppers believe that they find the latest design and variety of shops only and online shopping may not offer the latest in trend.

### Theme 3: Shopping Site Related Issues

- 12) Complicated Process: sometimes on some shopping websites the experience of placing an order and going through the entire process of making a simple purchase turns so complicated and cumbersome that many of us decide to leave our shopping basket in the middle of buying.
- 13) Difficulty in finding the suitable website: no doubt, the cyber world offers us a myriad of choice, but sometimes it just adds to our confusion and we can't find the right shopping site to make purchases.
- 14) Time-consuming: It takes too long for reaching to the desired product and lot of time is wasted while searching online because there are many websites and the huge variation in the product prices. One particular issue with India is slow speed of Internet mostly in rural or semi-urban areas.
- 15) Language issues: because of linguistic diversity in India, not all the shoppers feel comfortable with product

information on a website designed mostly in the English language. The urban, educated Indian does not find trouble with the English language, but Indian majority in not only urban and English medium educated.

- 16) Return/ refund/ replacement: Though many shopping sites promise genuine return/refund policy, in some instances, the customers may have to go through a long cycle of communication chains to get return/refund/replacement of the product. Sometimes the shoppers fear that they may not get return/refund/replacement at all.
- 17) Guarantee/ warranty may not be honored: Some shopper feels that they can always grab hold of the shopkeeper to get help in getting guarantee/warranty which the product or brand promises. But they fear that the online retailer may not provide them support to claim guarantee/warranty on the product.

#### Theme 4: Security Concerns

- 18) Personal information misuse: Media is feeding numerous cases of stolen identity or fraudulent misuse of personal information. Many consumers despite all the security and encryptions offered by the online sellers hold the strong fear of personal information misuse.
- 19) The risk posed by a delivery boy: There has been instance reported in various parts of India, where some criminals entered in the houses with the intention of robbery/ other mischiefs, under the guise of delivery man from online shopping sites/courier companies.
- 20) Fear of unfamiliar sites: Most of the online shoppers usually like to purchase from the known sites. The temptation to purchase a bargain deal from any unfamiliar/unknown site may induce approach-avoidance conflict within shopper.

- 21) Money loss: Shopper may fear for the possibility of money lost because of advance money transactions through credit/debit card. There is fear of broken internet connectivity during online payments leading to non-recovery of money.

#### Theme 5: Virtualization

- 22) Can't try/sample product: There are many product categories which consumer want to sample, touch, feel and try before making a final purchase. Though visuals used by shopping sites may be appealing still, it does not replace the need for touch and feels the experience in total.
- 23) Extra shipping charges/ hidden costs: shoppers never like the idea of bearing additional cost of purchase and they look for an all-inclusive deal. Shipping and handling charges which appear just before final click to pay always perceived to be in 'bad taste' by the shopper. Some shoppers have the perception that they may be overcharged for the convenience offered by online shopping sites.
- 24) Waiting to receive the product: in the world of instant gratification, waiting for the product to reach home looks impractical to few consumers. Shoppers hate to make follow up calls/communication with the site in case of delayed deliveries. Especially when the shopper wants to make a purchase for an occasion and the delivery time for the product is critical.
- 25) Human involvement/feel: There are shoppers who see shopping as an overall social experience. They may feel the lack of social involvement and face to face interaction in the online shopping process. Some shoppers see shopping as an excuse to go out of the home and explore/enjoy, whit online shopping they may miss all that stimulation.

An analysis of differences in responses of online non-shoppers with online shoppers revealed that online non-shoppers as expected displayed more emotional intensity in their responses to justify their fears and apprehensions towards online shopping some of the emotionally charged statements were:

‘This virtual world can’t be trusted at all.’ - Respondent #5

‘How could one make purchases by doing transactions through the machine? I don’t trust machines at all when it comes to spending my hard earned money.’ - Respondent #3

‘I am an old-fashioned lady who believes in paying cash in return for the product, it’s the only quick and easy way to buy.’ - Respondent #1

‘I can’t bear the anxiety of making an advance payment and then waiting with a belief that it will be delivered home and would meet my expectations.’ - Respondent #2

‘I don’t understand online shopping at all, I don’t know how to use a computer and I don’t want to pay money through the internet to buy.’ - Respondent #4

It was interesting to note that all the non-shoppers interviewed in the study expressed a desire to try online shopping and expressed their intentions to use it in future. Despite the cited risks and apprehensions narrated by both online shoppers, it was also interesting to note that they all see a very promising future for online shopping in India. All the participants in the study believe that with the “Digital India” campaign initiated by Government of India and the ease of availability and growth of internet access mostly through the combination of a cell phone equipped with 4g data through the mobile network will boost the online shopping further in India. The respondents both with some online shopping experience and those who never tried online shopping

expressed their willingness to recommend online shopping to others.

## **Conclusion**

The study not only explores and identifies an exhaustive list of 25 psychological barriers to online shopping. It also identifies the presence of 5 logical themes under which those psychological barriers could be categorized viz. personal factors, product related issues, shopping-site related issues, security concerns, and virtualization. The study also substantiated that the emotional intensity of those who have never ever shopped online is relatively stronger to justify their choice of not shopping online than those respondents with some online shopping experience. Despite the strong justification for not opting to shop online the respondents expressed a clear desire to try online shopping in future. The respondents in the study were also found expressive and enthusiastic toward the future growth of online shopping in India. The same respondents both with some online shopping experience as well as no shopping experience were open to recommending online shopping to others. This emphasized that though there are still many psychological barriers/ apprehensions which restrict online shopping among users in India despite the fact, even the non-shoppers have a latent desire to try online shopping in future as well as they have a positive outlook and are open to recommending online shopping to others. The current study could be used as a basis to pick up items to revalidate or to construct the scales to measure risk perception or barriers or apprehensions towards online shopping. The current study was qualitative in nature hence it further recommends quantitative studies of descriptive nature by future researchers.

The study primarily relies upon an in-depth interview of specific respondents who willingly and voluntarily participated in the study. Like any other qualitative research, the purpose of the study was purely explorative in nature and to have an understanding of the problem, not the

description. There are some limitations in the study due to its inherent design where large probability samples could not be used due to which the results could not be generalized to a wider population. In-depth interviews used in the current study, however, provided valuable information for attaining the core objective to generate an exhaustive list of psychological barriers to online shopping and it also identified the major themes.

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## ROLE OF EMPLOYER BRANDING AND ORGANIZATION ATTRACTIVENESS INFLUENCING CITIZENSHIP BEHAVIOR: A REVIEW

Yashaswini Mishra<sup>1</sup> Rabi Narayan Subudhi<sup>2</sup>

### ABSTRACT

*The aim of this paper is to give an integrated review of employer branding and its related existing literature on different emerging fields with an objective to explore knowledge from different disciplines of HRM, OB, marketing management and business management. In order to make success of organization, it must come to grips with the problems of attraction and retention of talents for stimulating growth. So employer branding as a fundamental notion act as a parameter of competitive advantage in emerging scenario of today. Organization have started to give more impart on investment of employee branding as actual product branding because employee is recruited for the purpose of alignment in organizational values with individual values for building vibrant image of organization. So for delivering organization interest in a novel way and enhancing brand identity, employees are required to be treated as part and parcel of organization. So the organizations need to develop different attractiveness factors for indulgement of employee involvement with responsibility, which should be reflected in work behavior. So this can be achieved through organization attractiveness and employer branding strategies which is guided by citizenship behavior.*

*The original aspect of this review is that it is reflecting new insights of different linked literature fields of employer branding with a combined effect of organization attractiveness and organization citizenship behavior dimension in a unique manner. This paper aimed at studying and understanding the fundamental concept of Employer Branding, organization attractiveness, organization citizenship behavior and literature review in the above areas with a focus to identify further areas of research and to integrate its existing literature which can help practitioners to analyze implications of its relevant concepts and research from a diversified academic fields. It will also attract talents which help them to climb the ladder of success in a new visionary style.*

**Key words:** employee branding, organization citizenship behavior, organization attractiveness, job satisfaction, employee engagement.

### INTRODUCTION

*“A brand is not built by accident but is the product of carefully accomplishing—either explicitly or implicitly—a series of logically linked steps with consumers” (Keller 2011)*

In the current globalized competitive world, scarcity of talent is prevalent across different industries. It has been analyzed by Bureau of labor statistics that scarcity of labor would continue until sometime, and that the shortage of right kind of personnel is around 10-16 million (fewer employees than there

are jobs), (Herman Miller, 2006). This has prompted organizations to invest more on recruitment and selection strategy for allocation of human resource in efficient manner. Thus it is now an emerging responsibility for organization to develop necessary plans to capture the attentions of best pool of available resources. So, to groom and retain existing employees is critical now. As Rucci (1998) has observed, organization should treat their employees as first customer. In order to communicate effectively with potential job seeker (customer), attraction of them and to meet the demand of rapidly changing employment environment, a new innovative model “living the brand” must be established by the organization managers for strengthening brand value position in the competitive

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market place through retention of expertise talent. In this regards research must capture dimension of organization attractiveness and development of concept citizenship behavior through employer branding. As with favorable attitude and behavior the organization brand can be performed, so to achieve this great place to work, the sense of perception is essential for employees. To accomplish self satisfaction and development of brand image, citizenship behavior is the key to success (Burman & Zeplin, 2005). So, it needs more investigation in recruitment strategy and employer attractiveness dimensions with role of factors of citizenship behavior for bridging the gap between input and output effectively.

## REVIEW METHOD

It is pivotal to integrate extant theoretical and empirical approaches and develop a clear picture of composition of employer branding and its related fields with a combined study of organization attractiveness and organization citizenship behavior for organization effectiveness and to strengthen future development of the field. This article addresses the need and contributes to the literature in four important ways. First, in section one it demonstrates and clarifies existing research on employer branding, organization attractiveness and organization citizenship behavior constructs with its measurement. Second section of this article comprehensively systematizes employer branding research by identifying, summarizing, and discussing the disciplines and sub-fields through analyzing its findings related fields (OA & OCB) of employer branding. In third section development of an integrative value chain model for practitioners has been done with combination of insights brought from OA, OCB and employer branding literature survey findings. In forth section emphasis has given to propose areas for future research to refine and extend employer branding evidence and theory.

## EMPLOYER BRAND AND EMPLOYER BRANDING PROCESS

It is important to differentiate two terms in employer branding research: employer branding and employer branding process. Ambler and Barrow (1996) described the employer branding as the “package of functional, economic and psychological benefits provided by employment, and identified with the employing company.” It is a concept which attracts, motivates and retains current and potential employees through the process of establishing unique employer identity and projecting employment offerings and experience (Backhaus and Tikoo 2004). Employer branding is the process which act as the basic of employer brand with two aspects like tangible components (salary, rewards and benefits) and intangible features (culture and values of organization, Technique and style of management and opportunities& strength of employee learning, recognition and organization development (Newell & Dopson, 1996; Hendry & Jenkins, 1997).

## EMPLOYER BRANDING DIMENSIONS AND MEASUREMENT

In this section of review, **brand equity** theory rooted in marketing research (Keller 1993) constitutes the core theoretical foundation. This perspective is consistent with Ambler and Barrow (1996), elaborated the employer branding concept from the angle of intersection between HRM and marketing (Gardner, 2011). Brand training and internal brand communication are treated as a source of brand knowledge for employees (King & Grace, 2008). **Brand knowledge** has the impact on organization turnover and positive brand positioning, level of employee satisfaction and favorable reputed brand which in return build brand image. Brand knowledge consists of three dimensions to deliver brand promise effectively i.e. brand meaning, knowledge of customers need and desire (Shaari & Hussin, 2012). **Employer brand management** encompasses the firm values, systems, behaviors with formulation

of employer identity for incorporation of employment experience to shape perceptions of current and potential employees. it should be measured through external and internal branding model (sanjana Gupta, 2012). **Employer brand associations** define the organizations attributes that differentiate one employer from other and it is the balancing of value what is the expectation of organization from employees are expected to contribute and the value they aspire in return from organization. In HR literature often regarded and measured by psychological contract (Collins & Stevens, 2002). **Employer value proposition** provide a source of hope and aspiration for current and future employees to work for an employer to reflect company's competitive advantage. To develop attractive employer brand the employer have to manage their EVP effectively to attract employee engagement and developed communication strategy. EVP can be measured through research model composed with interest values, social value, economic value, developmental value and application value. (Biswas & Suar, 2013). **Employee based brand equity (EBBE)** a composition of brand sources and applications attached to a brand that add and subtract from the value provided by a product or service to an organisation. It is the value which is provided to existing potential employees by employment (Aaker 2000). Jiang & Iles (2001) brand equity can be analyzed through three dimensions like brand popularity, perceived quality of brand and brand loyalty. **Employee branding** is the concepts of candidate's idea and feelings about the organization brand and knowledge which is evaluated by behaviors and elements of organization attributes. It is used in analyzing recruitment practices for decision regarding drawing applicant intentions through two variables like general attitudes company, perceived job attributes. Public relation, word of mouth and advertisement is drawn for employee attraction (Collins & Stevens, 2002).

## ORGANISATION ATTRACTIVENESS DIMENSIONS AND MEASUREMENT

Recruitment and organizational attractiveness research-The foundations of organization attractiveness and recruitment research is that which identified "links between recruitment activities, image and reputation, and job seeker outcomes" and increase attention of potential recruits on employer brand image and organization reputation. (Cable, 2012).

Thus Recruitment and organizational attractiveness research intersects with employer branding research with a broader perspective. (Gardner et al. 2011). Organizational attractiveness describes employees 'positive perception regarding organization as a great place to work "and a force which attracts new candidates attention to apply with an organization and current employees to stay in an organization. (Aiman-Smith et al. 2001). **Organization attractiveness or employer attractiveness** is defined as the benefits which are visualized by potential employees to treat that organization as a great place to work. (Berthon, 2005) posited that the notion of employer attractiveness is closely associated with the construct of employer branding. Organization attractiveness is predicted by job and organization features, type of work, perceived environment, recruiter behavior, fairness and work life balance, organization integrity and commitment to quality, renowned brand name, organization culture based on respect and recognition. (Chapman, 2005). Organization attractiveness is act as an antecedent of employer brand equity, the EBE will be stronger when employer is perceived as more attractive (Highhouse, 2003). Organization attractiveness has two dimensions like **internal attractiveness** (for existing employees), **external attractiveness** (external applicants). **Employer image** significantly gives impact to attributes expected by potential applicants because as closer the desire of applicants to value proposition offered by organization better would be employer attractiveness towards organization (Backhaus and Tikoo, 2004).



**Brand association** which is a byproduct of employer branding evokes the thoughts and ideas through brand name for increasing attractiveness of organization for potential employees (Walker, 2007). It shapes up the employer image which in return affects attractiveness factors of organization. **Brand loyalty** as another asset of employer branding which is impacted by identity and culture of organization, it affects employer brand and this brand loyalty contributes to increased employee productivity and attractiveness (Aaker, 1991). **Organization reputation** draws a significant focus towards research in the area of factors that influence attractiveness of organization for potential recruits. The greater a company's reputation, for a potential applicant more value will be for attractiveness of employer (Graham, 2000). Positive evaluation of reputation from organization point of view is measured by (employer branding programmes, socially responsible features, community and employee relations, environmental policies, quality of treatment to minority group) (Turban & Greening, 1996). **Organization identity** has considerable relevance in area of employer branding research. It is the enduring and distinctive character of an organization which is identifiable and recognized by collective employees to identify their workplace as an employing organization. (Albert & Whetten, 1985). **Organization identification** acts as a link between attraction and employer brand to encourage existing employees and potential employees (Edwards, 2010). It is the perception of oneness with or belongingness to the organization (Ashforth and Mael, 1989). The organization identification literature postulates that value congruence is an important element for measurement of organization identification. (Edwards, 2010).

#### **ORGANISATION CITIZENSHIP BEHAVIOR DIMENSIONS AND MEASUREMENT**

Internal brand behavior in academic literatures is rarely being discussed but understanding internal brand behavior i.e. employees brand behavior is especially

important as employees behavior and attitude play a pivotal role in organization and brand success (Burman & Zeplin, 2005). **Brand citizenship behavior** is relatively new construct which is explained and measured by seven dimensions like helping behavior, brand consideration, brand enthusiasm, sportsmanship, self development, brand endorsement and brand advancement. Brand citizenship behavior has taken its shape through the management thought which is originally proposed by Burmann and Zeplin (2005). The concept of brand citizenship behavior which is derived from **organization citizenship behavior** is defined as voluntary contribution of employee's to project a number of generic employee behaviors that increase brand identity and a measure of employee willingness to give extra effort which goes beyond basic functions of organization setting. It is the external targeted behaviors which strengthen satisfaction, loyalty and retention of employees.

In essence BCB is defined as a measure of employee's voluntary willing full effort to give extra effort beyond its basic functions to develop brand identity and organization performance. Originally it was derived from the theory of organization citizenship behavior (OCB). Organization citizenship behavior as an innovative concept has drawn significant scholarly attention for organization effectiveness. Organ (2007) defines Organization citizenship behavior as behavior that is discretionary, not directly or explicitly recognized by a formal reward system and that in aggregates promote the effective functioning of an organization. The dimensions of organization citizenship behavior which are termed as citizenship behavior includes altruism, virtue courtesy, consciousness and sportsmanship.

Organization citizenship behavior maximizes efficiency and productivity both at organization and subordinate level by spreading best practices in an organization. According to Begum (2005) OCB is focused intra-organizationally which is concerned with job related performance. Such behavior

with high brand citizenship spirit leads to accomplishment of self-satisfaction and organizational objectives through commitment and loyalty towards brand (Punjaisri & Wilson, 2007). This concept is measured by altruism, civic virtue, conscientiousness, courtesy and sportsmanship (Dennis organ, 1997). **Altruism** is the voluntary helping behavior for fellow employees with work related problems, assisting in professional events, help in use of new technology (Organ, 2007). **Civic virtue** improves efficiency of organization through involvement of employees in organization policy setting; attendance in optional meeting etc (Allison, 2001). **Conscientiousness** is discretionary behavior of an employee which beyond normal functioning works of an organization. Avoidance of unnecessary breaks, making constructive suggestions is examples of this dimension behavior for organization effectiveness. (Tayyab, 2005). **Courtesy** is considerate behavior which allows for efficient planning and coordination through acts like prevention of work related problems for others, informing co-workers of delay in work progress for achievement objective of organization (Werner, 2007). **Sportsmanship** is measured by tolerance power of an employee in inevitable inconveniencies and impositions which are inherent in workplace (Allison, 2001). **Brand commitment** are conceptualized as a key element in the overall identity brand management. It is a part of employees brand attitude dimension (Punjaisri 2009).along with theories of internal branding practices concepts of organizational commitment ,organization identification and social identity enhance employees commitment to achieve goal effectively (Foster, 2010). It is the extent of psychological attachment towards brand of employees which influences interest to meet brand goals (Burman & Zeplin, 2005). It would be best measured by three dimensions like brand compliance, brand identification and brand internalization (Nelson, 2005). **Job satisfaction** has been recognized as a crucial need for organizations excellence and success

in performance. (Baron, 2006) posit that only satisfied employees in job give extra effort to achieve organization goal. (Strobe, 2001) job satisfaction is an effective response towards job after comparison of actual outcomes with desired expectations. (Armstrong, 2003) job satisfaction is influenced and measured be both intrinsic and extrinsic motivational factors like worthy-work, recognition, responsibility, company-policy, supervision, salary and interpersonal relationship.

On the basis of literature analysis and research on emerging fields of marketing, organisation behavior the purpose of the paper is to review the different fields of employer branding literature which will help to identify knowledge in improving understanding of what effective employer branding constitutes and its effect on organization success. So the identified three broad themes for categorizing the employer branding literature includes areas of research organization attractiveness to potential new recruits , linked areas of organization citizenship behavior. Thus the distinguished three thematic sections are as follows-

## REVIEW OF EMPLOYER BRANDING CONCEPTS AND THEORIES:

This category includes articles that discuss the concepts of employer brand and the related branding process from a theoretical perspective. Literature that discusses employer branding theory and models combining elements like linkage with different constructs, employer branding strategies and activities. A consolidated summary of the findings follows.

### (a) Application areas and target group

Employer branding target group and application areas have taken three different perspectives like job market, HR, functional organization perspective from literature. It has been suggested that employer branding is useful in highly competitive job market. (Hughes and Rog 2008). Ewing (2002) posited that employer branding becomes more effective in knowledge based high value added service organization like

manufacturing, banking, aviation sector where professional knowledge is prerequisite. Second, from functional organizational perspective it has been postulated that employer branding act as a premise for developed career management programs, organization talent management strategy and tool for effective communication of company values through impression management (Backhaus and Tikoo 2004). Third, from an HR cycle perspective, for achieving a high level of retention and productivity from current and existing employee's employer branding is considered as an effective strategy.

#### **(b) Strategic model developed on employer branding**

An initiative can be generated for active dialogue between employer and its employees through a model aligned with external and internal branding. External branding can be projected through use of job sites, banners, corporate social responsibility and internal branding is demonstrated through stay interview, employee participation, and exit interview and policy information for current and potential employees (Sanjana Gupta, 2012). Author wanted to explore the contribution and impact of individual and organizational values on employer branding .study revealed some issues related to bank which must be addressed by creating identity models coined with different aspects like psychological contract, emotional intelligence, employee commitment and ethical competency (Semnani, 2014).The employer branding model based on individual values (employee commitment ,moral intelligence, emotional intelligence) &organization values (organization culture, corporate social responsibility, internal marketing) is become useful tool for achieving efficiency (Miles & Mangold, 2005). This model has many implications for future research in employer branding as researchers has to focus on many factors of individual and organization values for organization success. Leppla (2013) focused on effective internal branding as a beneficial tool for service organization.

Paramount importance must be given into the aspect of attitudinal outcomes of employees like perceived autonomy, payment and reward, recognition with brand loyalty and commitment to bring successful corporate marketing culture image.

#### **(c) Links with employee engagement and employer branding**

The relationship among employee engagement and employee expectation is explained by an effect of employer branding (Piyachat & Panisa, 2014). Best employer is differentiated by high level of employee engagement and there is a positive relationship between employer branding and employee engagement which is driven by development, application, employment, organizational reputation values (Hewitt, 2011). There is strong association between employer branding and organization success through mediating effect of attractive contracts of employer and aligned brand with corporate direction for encouraged high performance, expertise (The work foundation, 2009).

#### **(d) Links between employer branding and employee expectation**

It is revealed that there is a strong impact of employee expectation on employer branding for prospective employees (Harris and Fink, 1987). Job seekers intend to apply and accept job offer with an organization when they offered perceived competitive pay image, attractive job image and good organization image (Rose, 2006). Employees' perception of career development opportunities, community commitment, friendly atmosphere have strong impact on employee engagement which is facilitated by employer branding emotional drivers and factors (Clarke, 2009).

#### **(e) Links of employer branding with literature on employee satisfaction & organization commitment**

A multidimensional measure of corporate brand personality has been developed to measure employer brand association and to predict the factors of employee satisfaction

and commitment to seek positive perception of organization reputation (Davies, 2004). Seven dimensions employer branding is being analyzed to know its impact on satisfaction of potential employees like agreeableness, competence, enterprise, ruthless, chic, informality and machismo (Davies, 2004). There is positive relationship between employer brand and job satisfaction, commitment of employees. Agreeableness (supportive, trustworthy) and chic (stylish, prestigious) has significant relationship with job satisfaction of employees and agreeableness (supportive, trustworthy) & enterprise (modernity, adventure, boldness) has significant relationship with organization commitment (Khanolkar, 2003). Tocquer (2010) emphasizes on identification of relationship between service brand equity and brand commitment through measuring employee attributes. To deliver service brand promise successfully, differentiation in brand equity dimensions must be given due importance. Evans Sokro (2012) analyzed influence of employer branding in attraction & retention of employees. To build diverse carrier partner employer branding loyalty, team management approach with employer equity must be given due importance. He identified out two areas of employer branding which must be given rigorous insight these are - performance management & induction programme concept for quality enhancement.

#### **EMPLOYER BRANDING ACTIVITIES AND STRATEGIES**

This section examines employer branding activities which include articles that empirically evaluate and given findings of marketing activities, methods, regarding different communication channels, and strategies, and their effectiveness in creating and modifying employer knowledge and other employer branding outcomes.

In today's business environment employer branding provides employee loyalty and nurture talent to retain it through promotion of brand within and outside the organization to make the employer image attractive for

potential employees (Minchington, 2007). In the light of research it can be posited that employer branding strategies are formulated with the analysis of organization values, culture, competition, brand image which lead to identification of value propositions (Ritson, 2002). These strategies help in development of communication channels for internal and external marketing for positioning brand equity and to bring employer attractiveness with employer brand loyalty (Berthon, 2005). The success of any organization depends on attraction and retention o existing talent .Review of employee relation strategies for motivation of employees by endeavoring to be the employer of choice is a matter of concern (Tuzuner & Yuksel, 2009). Employees values are the antecedent of employer branding for attraction of talent towards an organization through development of a strategy combined with variables like interest value, application value, development value, economic value, social value (Hah, 2005).employers need to design strategy for employer brand by focusing on priority basis towards the following order like social value, interest value, development value economic value. As social value and interest value of employees has greater impact on employer branding process so the organizations has to be mindful to portray these values in employment related branding strategies for retain talent (Biswas & Suar, 2013). It also suggests attention must be shifted towards social value importance and lack of significance from the aspect of application value. Suman Kumar Dawn & Suparna Biswas (2008) highlighted on factors which leads to favorable outcomes of employer brand in Indian organization in retaining employees. Self-efficacy, work rituals for employer brand associations should be groomed up for strong learning culture to attract best talent. The organization should do more research on global talent programme with global exposure for innovative workforce management. New intelligent employer will not only attract new talent but also the need to retain existing work force to compete globally, organization

should focus on the integration of employer brand with organization attributes (Berthon, 2005). The most preferred organizational attributes which help in developing a strategy for increasing employer attractiveness are like Organization culture, brand name, compensation and employee empowerment (Chhabra & Sharma, 2014). Literature on Preferred channel of communication for branding awareness has revealed that prospective employees select job portals, company presentations, for exploring employment opportunities because there is a psychological bond with the organization and as employer brand promoting channel which improve attractiveness (Chhabra & Sharma, 2014). Punjaisri & Wilson (2009) in his study gives specification to hotel industry for finding the equation between internal branding and delivery of branding promise. In organization emphasis should be given to bring congruence between internal and external brand messages through training program me, daily briefing and two way communications for enhancing knowledge about brand skills. Gomez (2009) explored that employee perception and opinion regarding future and current branding strategies act as significant factors, for achieving brand success and global image through extensive research. Gupta (2012) gives insight into aviation sector for identifying equation between internal branding and employee branding through EBM, EVP and communication strategy. He suggested employee branding should act as a vibrant competitive tool for retaining potential employees through positioning positive corporate culture in the minds of employees, customers and stake holders.

### **Organization attractiveness**

This section include articles that assess elements and links of employer attractiveness constructs with employer branding, their inter-relationships, and their impact on individual or organizational levels (e.g., influence on employee attitudes or organizational outcomes), and are comprised of different dimensions of the construct such

as employer image (i.e., attribute recall), employer reputation (i.e., affective evaluation), and employer identity and brand personality.

A significant body of research exists in the field of employer branding which investigates factors affecting organization attractiveness for attraction of potential recruits. The central aim of this paper is to emphasize on findings from literature review in the area of organization attraction dimensions, predictors and its relationship with positive brand promise delivery for building company reputation. (Chapman, 2005) posited that there is a vital relationship between OA perceptions and applicant decisions such as job acceptance and choice intentions which lead to applicant action to accept job offer. OA mediates the link between recruitment message and intentions to accept a job offer (Robertson, 2005).

### **Links with employer brand association-**

Employer brand association affects employer attraction employer brand loyalty contributes towards employee productivity (Jiang & Iles, 2011). Jiang & Iles (2011) tried to find out the significance of organization attractiveness (OA) and employee based brand equity (EBBE). As an interview in private sector of china revealed that OA and EBBE should act as valuable factor to retain potential employees through innovative framework consist of reputation, interest, social and Economical value.

### **Links with employer branding & EBBE -**

OA acts as an antecedent of general concept EBBE. Perceived job quality, risk of joining the company, employee information cost create organization attractiveness (Backhaus and Tikoo,2004).the employees who perceive EB as having high equity ,they are more capable to communicate companies brand promise to outsiders and increased reason of stay in the continuing organization (Wilden, 2006).employer brand associations and brand loyalty has significance on OA and EB .Employee based brand equity and OA have favorable relationship as if an employer is perceived to be attractive then stronger will

be employer branding , ultimately it affects the encouragement factors of applicants to apply and stay in the company (Aiman Smith,2001). The relationship between corporate identity, reputation ,impact of EB strategies on organizational performance needs further analysis. (Edwards, 2005). Organization as a potential employer should provide information or messages including employer branding communication to improve attractiveness and organization success (Cable & Turban, 2003).

**Links with organization reputation-** These researchers again emphasized on the importance of **company reputation** in improving the likelihood of potential applicants' application for the job. Two key factors is identified i.e. organization familiarity and external ratings of corporate communication for predicting job seeker reputation perception. Favorable attitudes towards organization and early recruitment practices have positive impact in prediction of intentions to apply for a job by the applicant (Stevens, 2002). Corporate advertising would play an important role in developing organizations attractiveness and reputation as an employer (Han, 2004). John Power Susan Whelan Gary Davies, (2008) explored the impact of trust on brand image, connectedness and attraction of ruthless brand through measures of brand relationship outcomes i.e. attractiveness and self-connectedness.

**Links with organization identity-** Research indicated a positive association between level of employee perceptions of the strength of an organizations image and identity and degree of employee high level commitment &organization identification (Ashforth, 1989). Fahim Shaker & A.S Nooruddin Ahmed (2010) suggested research work must be done &deeper insights should be given towards to find out the impact of positive & negative employee identity construction negotiation on employer brand image. Fahim Shaker & A.S Nooruddin Ahmed (2010) suggested research work must be done &deeper insights should be given towards to find out the impact of positive & negative

employee identity construction negotiation on employer brand image.

**Links with organization identification-** Attraction leads to affinity which encourage and motivates existing and current employees to identify with the organization (Edwards, 2010). The notion of identification as a part of employer branding has long traditional impact on attractive good reputation and positive employer brand which in return will attract more identification from employees for organization (Ashforth, 1989). Employees have shown more likelihood of interest in identifying with the organization when they perceive organization has supportive culture for employees (Edward, 2009). Inconsideration to this area review it is clear that people management aspects of brand employment experience will be important for employer to encourage current employees to identify with the employer brand (Bruch, 2006).

**Link of attractiveness and connectedness and brand trust-** trust in a brand is one aspect of brand associations essential for brand success (Berry, 1995). A brand's credibility is assessed on the perceptions of associations surrounding a company's trustworthiness, reliability, honesty, and benevolence ,Credibility has two elements: (1) trustworthiness; and (2) expertise (Erdem and Swait, 2004).Trust plays a major mediating role in making brand attractive through features of good, empathetic, honorable and positive brand image. As if the brand will be ruthless (egotism, dominance) it will have less trust from employee side, connectedness and attractiveness (Chaudhuri, 2001).There is no significant relationship between ruthless brand and favorable outcome i.e. attractiveness and connectedness (John Power Susan Whelan Gary Davies, 2008).The more trusted the brand greater will be attractiveness and self connectedness (Aaker, 2004).

**Links of brand personality, brand affect with organization attractiveness-** Brand

personality traits is used effectively to explain and measure organization attractiveness (Highhouse, 2007). The brand personality traits like excitement, competence, sophistication and ruggedness have strong positive influence on employer brand and organization attractiveness of potential applicants (Kenning, 2008). Brand affect and brand personality is moderated by brand trust which improve employer attractiveness (Kim, 2010). Kenning (2014) posited the features of a conceptual consumer brand model with mediating variables like trust, brand and personality for explanation of employer brand attractiveness in rapidly increasing talent management organization. It has revealed the result that brand personality, brand affect has considerable impact on brand attractiveness.

**Organization citizenship behavior-** This section include articles that empirically evaluate the relationship and impact of different factors of OCB on organization attractiveness and employer branding like brand trust, brand commitment ,employee attitude, job satisfaction and organization culture etc. which helps to enhance employer knowledge and to develop (potential) employees' employer brand equity as a basis for favorable outcomes on the individual or organizational level and effectiveness in brand citizenship behavior for success. (Gardner, 2011). The stream is therefore comprised of investigations of different activities that influence employer knowledge dimensions.

All the dimensions of organization citizenship behavior elaborated above have combined advantages for organization success, effectiveness and growth (Murphy, 2002). Attraction and retention of talent is the most crucial function of HR managers in any organization because of scarcity of requisite talent due to dynamic business environment. Research has therefore established a link between employee attraction and OCB through various strategy of employer branding. (Organ, 2005) posits that OCB can assist an employer in volunteering information about the market and the

organization which the employee could use in responding to the changes effectively. (Bergum, 2005) OCB is significantly related to employer branding and talent attraction through organization attractiveness by maximizing productivity of both subordinate and organization level through spreading best practices .

**Links of job satisfaction and organization citizenship behavior-** In explaining relationship between job satisfaction and OCB is rooted in the assumption that highly satisfied employees likely to be more engaged in OCB because of a social exchange theory (Scott& Greenberg, 1996). Scott posit that a strong social exchange relationship of employer and employee will help in developing positive work relationship and emotion which will in turn give job satisfaction and inspiration for employees to be engaged in OCB. Organ, (1998) showed a positive significant association between OCB and satisfaction. Job satisfaction is correlated with altruism which is the dimension of OCB (Adam, 2001). Pride in task completion, trust of employer, job involvement, affective commitment are more related with strong OCB than job satisfaction (Hodson, 1998). Thus relationship between OCB ad satisfaction depends on two measures of job satisfaction i.e. cognitive and affective satisfaction (Anderson, 1991). Job satisfaction and OCB was moderated by team commitment, conscientiousness, civic virtue and sportsmanship than altruism to build strong high relationship between employer and employee (Tang,2008). Malvern W. Chiboiwa<sup>1</sup>, Crispen Chipunza and Michael O. Samuel (2011) identified co relationship between cognitive job satisfaction and organization citizenship behavior with analysis on dimensions of it for productivity and efficiency at organization and subordinate level.

**Links of employee attitude and organization citizenship behavior-** Aila Khan John Stanton Syed Rahman, (2013) wanted to explore impact of employee attitude and behavior towards employee's sponsorship programme. Research can be

done to identify relation between aware and unaware employees of organization citizenship behavior on identity attractiveness. A desirable employer is influenced by employees positive attitude, behaviors and perception and it leads to influence organization commitment (Madrigal, 2000). There is a strong relationship between a general attitude and citizenship behavior but it sometimes lacking due to situational factors (Janssens, 2007). A company featured with socially sponsored responsible behaviors, consistency with social exchange theory attract employees and it is expected that these employees engaged more in OCB (Chong, 2009). Employees organization identification will affect significantly employees intentions to perform organization citizenship behaviors (Blau, 1964). employers sportsmanship activity affect employees belief and attitude which increase engagement of employees and ultimately it leads to improved intentions of OCB (Aila Khan John Stanton Syed Rahman, 2013). Luccahelin (2011) highlighted on the aspect of impact of employee attitude on service brand through employee satisfaction and customer interaction. It also suggests that employee brand is especially relevant to knowledge intensive industry by leveraging company profit through enhancement of service profit chain and payoff for high OCB.

**Links of brand knowledge, brand commitment, brand rewards and employees organization citizenship behavior-**

Conceptualization and understanding of internal brand behavior (employees brand behavior) is very pertinent now for analyzing role of employees attitude and behavior for brand success (Burman & Zeplin, 2005). Employees attitude and inconsistent behaviors are identified as inconsistent with desired brand image and factors for dissatisfaction to dilute brand image like unhelpful, rude, unfriendly, less initiative and unknowledgeable. Thus this rise to discuss on various desired behaviors which will be consistent with brand to contribute for brand performance (Herman, 2007). Literature suggests that the employees who

have commitment towards brand are being able to show high brand citizenship behavior to achieve personal satisfaction and organization goal with enthusiasm, high level of helping behavior, compliance and loyalty to brand value (Punjaisri & Wlson, 2007). Brand knowledge and brand reward act as stimulus while brand commitment act as mediator and BCB (organization citizenship behavior) is as response resulted from stimulus (Tocquer, 2009). Theories of organization identification, social identity, brand commitment could enhance employees OCB to fulfill organization strategic interest (Foster, 2010). The findings postulated that relationship between brand knowledge (brand meaning, responsibility to deliver brand promise) and brand rewards, brand commitment (brand compliance, brand identification, brand internalization) has positive impact on organization citizenship behavior (Burmann, 2008). Brand rewards both monetary and nonmonetary rewards play an important role in stimulating employees citizenship behavior. The study revealed that brand commitment could mediate brand knowledge and brand reward on effectiveness of OCB (Kenny, 1986). Shaari & Hussin (2012) highlighted on the association between brand knowledge and brand reward for the effectiveness in brand citizenship behavior in hotel industry. He suggested theories of organizational commitment, social identity; leadership, recruitment; training and communication must be established in each organization for aligning employees brand behavior with employee engagement effectively.

**Link of employee organization citizenship behavior with satisfaction and loyalty-**

There is a positive effect of organization citizenship behavior on employee satisfaction and customers behavior intentions (Anderson, 2000). There are two motivations of OCB like employee attitude in workplace and individual employee performance (Organ, 1998). Literature has suggested that helping behavior and social recognition which are the dimension of OCB has positive impact on organization performance. There



is a significant relationship between organization citizenship behavior and loyalty (Carmen Barroso Castro Enrique Martín Armario David Martín Ruiz, 2004). Service quality and profitability is moderated by satisfaction and loyalty intentions (Anderson, 2000). There is a proposed model to verify the relationship between customer loyalty and citizenship behavior from point of service quality of a brand. It aimed at finding out effect of employee's skill and behavior intentions on corporate performance (Ruiz, 2004). Cooper (2013) examined relationship between organization stressor and organization citizenship behavior with the support of moderating variable.i.e perceived organization support. Muldoon (2013) explored the moderating relationship between proactive personality and organization citizenship behavior moderated by job autonomy and job value for bringing satisfaction for increased OCB.

**Links of volunteerism and organization culture with organization citizenship behavior** Organizational commitment (OC) and organizational citizenship behavior (OCB) have generated much significance as the measures of employees' attitude and behavior for improving organizational effectiveness (Hoffman et al., 2007). Personal development and volunteerism have positive impact on OCB and organization commitment. Volunteerism and sociability dimension act as predictor of OCB and commitment (Jones, 1996). Organizations should develop organization culture with people focused environment, personal development motives, voluntary aspects of work behavior for employees satisfaction (Snyder, 2007).Strength of relationship of motives for volunteerism and organization culture with organization commitment and OCB (Goswami, 2008). Jain (2015) described the impact of personal development dimensions of volunteerism on organization culture and organization citizenship behavior. The study identified dimensions of volunteerism which motivates work culture of senior management of public sector organization in India.

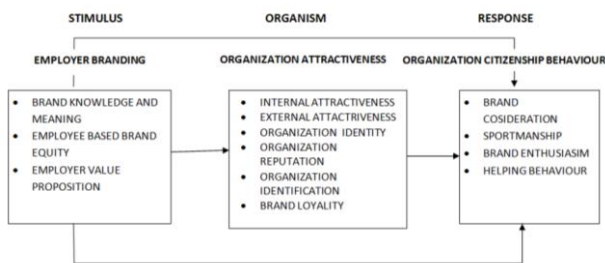
### **Models of employer branding, organisation attractiveness and organisation citizenship behavior (OCB)**

Employer based brand equity is act as the desired outcome of employer branding activities, strategies and models as it proposed that to encourage and motivate current and potential employees to stay and apply in an organization. Organization attractiveness is the power that draws attention of applicants to focus on brand. Organization citizenship behavior is the discretionary effort given by the employees which is above the normal functioning of an organization. So EBBE, OA & OCB are positively related as the more attractive and reputed the employer is perceived to be the stronger will be EBBE and OCB (Berthon, 2005).As per the review EBBE and OA are antecedents of OCB. Higher the employer based brand equity and organization attractiveness it will add to make employer brand more attractive for employees and OCB will be developed among new applicants for more productivity. So in order to improve applicant attraction towards brand and level of retention organization should focus on important aspects like OA & EBBE components such as brand trust, brand knowledge, brand association, employer values like social, interest and economic values.

### **CONCEPTUAL MODEL**

The conceptual framework for understanding effectiveness of organization citizenship behaviors and its relationship (dependency) on effectiveness of employer branding strategies & employer attractiveness created by an organization has been developed .As per the review of literature done in this area of employer branding, OCB depicts two dimensions or variables for its successful achievement i.e. employer attractiveness and employer branding. As knowledge about organization value propositions resulted in formation of attractive brand image in the minds of employees, so communication of organization attributes is essential. But

review explores less or no work has been conducted so far with combination of three aspects and its relation on organizational effectiveness and to measure the true impact of these two concepts i.e. employer branding and organization attractiveness as (stimulus and organism) respectively on citizenship behavior (response) of employees as well as an organization needs to be evaluated on their effectiveness. So the developed model will be benefited for all sectors in formation of employer branding framework for effective promotion of OA factors and developed OCB. Based on the preceding discussion following figure 1, exhibits the research framework.



**Figure 1: Research Framework**

### Trend and Future directions of Research

From the available literature it has been found that importance was given to variables of employer branding like economic value, social value, development value and tangible, intangible attributes of branding. Though it plays a vital role but more study can be done to know how to create organization value proposition through analysis of psychological contract and emotional intelligence. It also revealed from review that there was lack of retention of competent experienced existing employees in educational institutions and service organizations due to ignorance of research in different aspects like measurement of employee attributes, social identity, attitudinal outcomes of employees like perceived autonomy, payment and reward, recognition with brand loyalty and commitment to bring successful corporate marketing culture image. By going through literature, gap was also found in identification of relationship between

organization attractiveness and employee based brand equity (EBBE) should be given paramount importance for research. This study has also not imparted much on relationship between organization citizenship behavior and employee engagement for development of employee brand behavior. So there should be creation of equation between job satisfaction, organization commitment and trust for brand image development and attraction of potential talent which will come from within the employees to go extra miles in organization in taking organization to a desirable stage.

Thus further research could be undertaken to address these gaps as mentioned. Such researches could contribute to the development of framework for verifying the impact of employer branding and organization attractiveness for effectiveness in brand citizenship behavior, which will drive the employees enthusiastically to achieve work through effective performance which will give benefit from the aspect of both organizational success and vice versa.

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## HUMAN RESOURCE ACCOUNTING DISCLOSURES PRACTICES IN INDIAN COMPANIES

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### ABSTRACT

*Human resource accounting is a branch of accounting. This paper analyses disclosure practices in Indian companies during the selected period of the study. Five public sector and five private sector companies that disclose the information related to human resource accounting in their annual report have been selected. For the purpose of study disclosure index method and correlation-test was used.*

**Keywords** – Human Resource Accounting Disclosure, Human Resource Accounting (HRA)

### INTRODUCTION

Human beings play the most significant role for the achievement of productivity in an enterprise. They are well above machinery, material, building, technology, money etc. because human resource is the only assets that could make all the above mentioned assets effective and useful. Human Resource is defined as "The people and staff that operate an organization along with the financial and material resources of an organization". Human resource accounting may be considered as such an accounting system recognizes the human resources as an assets and record it in the books of accounts after measuring its value. Such accounting may generate and present valuable and significant information relating to human resources.

Two types of resources are used in every business enterprises: (i) Physical and financial resources and (ii) human resources. The acquisition and uses of physical and financial resources as well as the results thereof are clearly reflected in the financial statement: because the traditional accounting system fully records such acquisition uses and results: however the acquisition of human resources and the results of its uses did not find a place in the accounting system; moreover, the expenses relating to its uses

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like salaries, wages etc. are used to be shown in the profit and loss account.

"One assets is omitted and its worth I want to know,

That assets is the value of men who run the show"

These lines clearly indicates that the value of men (human resource) is not measured and reflected in the accounts of business enterprises. Although the success of the business to a greater extent depends upon the abilities, efficiencies and power of these people who actually run the business.

According to Caplan E.H. and Landetich "People are the most important assets of an organization yet, the value of this asset does not appear in the financial statement. This information has not even been for management purpose" Human resource accounting (HRA) includes all these human resource information in their financial statement.

From the above it may be concluded that HRA comprises the following three aspects-

- i. Human resources should be considered as assets or not;
- ii. If recognized as an assets, then how should it be valued;
- iii. The information show in the final report of an organization for communicating to the interested parties.

## **Human Resource Accounting (HRA) in India**

HRA is a recent phenomenon in India. Leading public sector units like OIL, BHEL, NTPC, MMTC, SAIL etc. have started reporting 'Human Resources' in their Annual reports as additional information from late seventies or early eighties. The Indian companies basically adopted the model of human resource valuation advocated by Lev and Schwartz (1971). "Pundits of today, asset that while the other forms of capital including material, equipment, tools and technology, only represent inert potentialities, it is human capital that converts this potential and energies for the creation of wealth. The Indian Companies Act does not provide any scope for furnishing any significant information about human resources in financial statements. HRA has not been introduced so far in any legislation and thereby Human Resources are not yet recognized as 'assets' neither in the Balance sheet nor in the Annual Report of many of the Public or Private companies in India. Even in the new Companies Act 2013, there is no specific provision regarding the accounting and reporting requirement of Human Resource in Annual Report of Indian Companies. The Institute of Chartered Accountants of India (ICAI) has issued Accounting Standard (AS) on various aspects of accounting but it is not possible for ICAI to bring any exact accounting standard for measurement and reporting of human resource of an organization. This was the greatest drawback relating to HRA.

However there is a growing trend towards the measurement and reporting of human resources in Indian companies. Sensing the benefits from valuing and reporting the human assets, many Public companies have voluntarily disclosed all relevant information related to human resource in their books. In recent years some Private companies also have started to disclose information about their work force along with the financial statement. HRA has become a separate section of Annual accounts of Indian

companies like Steel Authority of India Ltd., Minerals & Metals Trading Corporation Ltd., Oil India Ltd., Hindustan Unilever Ltd., Hindustan Zinc Ltd., Cement Corporation of India, ONGC, Engineers India Ltd, National Thermal Power Corporation Ltd., Minerals and Metals Trading Corporation, Madras Refineries Ltd., Hindustan Petroleum Corporation Ltd., Indian Oil Corporation, Associated Cement Corporation, Infosys Technologies Ltd., Hindustan Copper Ltd., Rota, Wipro, Satyam Computer etc., have started disclosing some valuable information regarding human resources in their financial statements. Thus it is observed that Human Resource Accounting Disclosure (HRAD) in Annual reports of Indian companies provides useful information to the management, shareholders, Public and even government. Thus in the contemporary scenario, there is an urge to know about human resource accounting, before following human resource accounting each and every company should know about HRA. The present study is an attempt to identify the nature and characteristics of HRA, to analyze the ability of users to make wise decisions with the help of HRA, to examine the perception of management and employees on HRA, to determine the contribution of HRA on the financial statements of Indian companies and to analyze the profitability with human resource accounting disclosures in Indian Companies.

Success of corporate companies undertaking purely depends upon the quality of human resources. It is accounted that: human element is the most important input in any corporate enterprise. The investment directed to raise knowledge; skills and aptitudes of the work force of the organization are the investment in human resource. In this context, it is worthwhile to examine and human resource accounting practices in business sectors in India.

The practice of identifying and measuring data about human resources has been developed in many Indian companies. The growing trend towards the measurement and reporting of human assets in corporate



annual report is particularly noticeable among public sector companies. Success of corporate companies undertaking purely depend upon the of human resources.

It is accentuated input in any corporate enterprise. The investments directed to rise knowledge of the organization are the investment in human resource accounting practices in business sectors in India.

The practice of identifying and measuring data about human resources has been developed in many Indian companies, like the growing trends towards the measurement and reporting of human assets in corporate annual report is particularly noticeable among public sector companies.

The Indian public and private sector organization which are presently reporting human assets valuation are the following:

BHEL, SAIL, CCI, ONGC, EIL, NTPC, MMTC, Madras Refineries, OIL, ACC, Cochin Refineries, Tata Consultancy, Satyam Computer Ltd, Ranbaxy

#### **Why companies evaluate their human resource/ assets?**

1. It furnishes cost/ value information for making management decisions about accounting, allocating, developing and maintaining human resource in order to attain cost –effectiveness.
2. It allows management personnel to monitor effectively the use of Human Resources.
3. It provides a sound and effective basis of human assets control that is whether the assets is appreciated, depleted or conserved.
4. To improve Human Resource Management.
5. To focus on employees as assets.
6. To retain qualified workforce.
7. The ratio of Human capital to non – Human capital indicates the degree of labour intensity of an organization.

8. It provides a basis for planning of physical assets vis-à-vis Human Resource.

9. To profile an organization and improve its images.

Some organizations are using the concept of HRA in India due to various benefits arising out of the valuation of their key manpower.

#### **OBJECTIVE OF THE RESEARCH**

The main aim of the present research is to study of human resource accounting practices followed by the public and private sector and company However; the following are the aims are-

1. To study the human resource accounting and examine and identify the issues and problems.
2. To examine and discuss about the advantage, problems or importance of human resource accounting.
3. To analyze human resource accounting practices followed by the Public sector undertaking.
4. To highlight and discuss the human resource accounting practices followed by the private sector undertaking.
5. To make a comparative study on the human resource accounting practices being followed by both public and private sector undertaking in India.
6. To offers suggestions for effective implementation of human resource accounting practice both in public and private sector undertaking.

#### **RESEARCH METHODOLOGY**

The study discussed about the objective and process of HRA in Indian context. Study has been confined to the selected five public sector undertaking which are following human resource accounting practice. Besides the period of study has been restricted to the financial report of the selected undertaking for five years from April 2013 March 2017.

The main aim of this study is to show human resource accounting practices in India.

The list of companies is given below –

**Table of selected companies**

No.	Public Sector	Private Sector
1.	BHEL limited	Reliance Industries Ltd.
2.	ONGC limited	TATA consultancy services
3.	HPCL limited	Infosys technologies limited
4.	SAIL limited	Associated cement companies Ltd. (ACC)
5.	EIL limited	Hindustan Unilever Ltd.

### COLLECTION OF DATA

The present study is based on the secondary data which is collected from the published final reports of the selected companies, government publications, newspapers, journals, magazines, unpublished PHD thesis, M. Phil. dissertation different websites, books, statement etc.

### SAMPLING DESIGN

Samples are taken through both public and private sector companies. The selected companies have been reported as established companies with huge market share.

### DATA ANALYSIS AND INTERPRETATION

The collected data have been classified and tabulated in the form of table and graph. Statistical techniques have been used with the help of suitable software like MS excel, (SPSS), and human capital information system (HCIS).

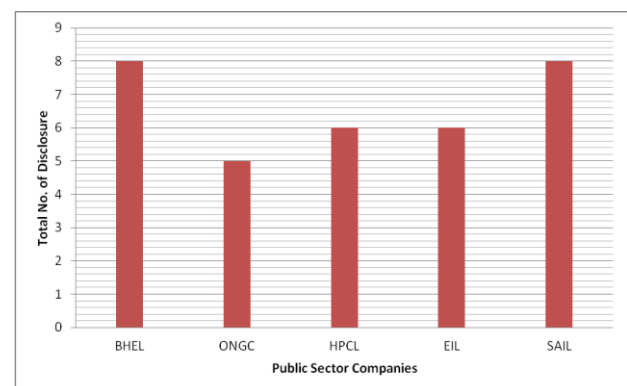
Many specific statistical techniques have been used to analyze the data more specifically, these comprised of summary statistics, correlation and t- test of factor analysis.

**Chart: 1 variable for human resource related Information by selected public sector companies**

S. No.	Disclosure of Variable	BHEL	ONGC	HPCL	EIL	SAIL
(1)	Value Added	1	1	1	1	1
(2)	Number of Employees	1	1	1	1	1
(3)	Eva	1	0	0	0	1
(4)	Value of HR	0	0	0	0	1
(5)	Value of HR Per employee	0	0	0	0	1
(6)	Value Added per employees	1	0	0	1	0
(7)	Valuation model used	1	1	1	1	0
(8)	Discount rate applied	1	1	1	1	1
(9)	Age Wise Distribution	0	0	1	1	1
(10)	Group Wise Distribution	1	1	1	0	1
(11)	Gender wise distribution	0	0	0	0	0
(12)	Turnover per Employee	1	0	0	0	0
(13)	Employee Cost	0	0	0	0	0
	Total Identification of variable	8	5	6	6	8

1- Disclosure                      0 - Not Disclosures

**Figure: 1 Graphical Representation of Disclosure by Public Sector Companies**



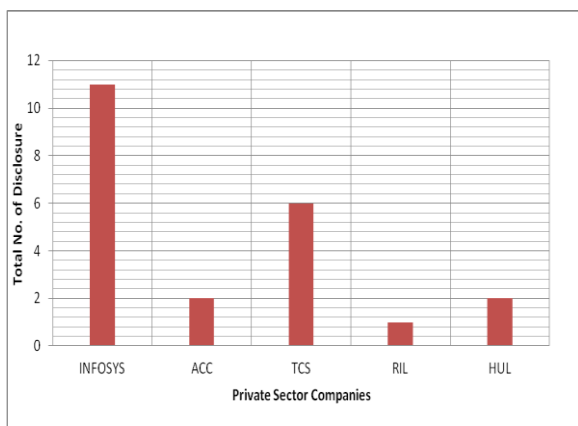
**Interpretation:** From the figure 1 it has been examined that among public sector companies BHEL or SAIL disclose the majority that is 8 types of information (61.5%) out of total 11 information's. Afterwards HPCL & EIL disclose the 6 types

of information which accounts for (46.15%). ONGC provides the 5 types of information (38.46 %). So BHEL and SAIL are better in following disclosure norms as compared to other public sector companies.

**Chart: 2 variable for human resource related Information by selected private sector companies**

S. No.	Disclosure of Variable	INFOSYS	ACC	TCS	RIL	HUL
(1)	Value added	1	0	1	0	0
(2)	No. Of Employees	1	1	1	0	0
(3)	Eva	1	0	0	0	1
(4)	Value Of HR	1	0	0	0	1
(5)	Value Of HR Per Employee	1	0	0	0	0
(6)	Value added per employees	0	0	0	0	0
(7)	Valuation used model	1	0	1	1	0
(8)	Discount rate applied	1	0	1	0	0
(9)	Age wise distribution	1	0	0	0	0
(10)	Group wise distribution	1	0	1	0	0
(11)	Gender wise distribution	1	0	1	0	0
(12)	Turnover per employee	0	0	0	0	0
(13)	Employee cost	1	1	0	0	0
	Total identification of Variables.	11	2	6	1	2

**Figure: 2 Graphical Representation of Disclosure by Private Sector Companies**



**Interpretation:** From the figure 2 it has been examined that among public sector companies. It can be seen that Infosys provides maximum that is 11 types of information (84.6%) out of 13 listed information. On second No. TCS disclose the 6 types of information (46.15%) than comes after Infosys. ACC and HUL provide 2 types of information which accounts for ( 15.38% ) and RIL provide only 1 type of information that related to Human Resource Accounting.

**Figure: 3 Comparison Graphical Representation of Disclosure between Public Sector Companies & Private Sector companies**

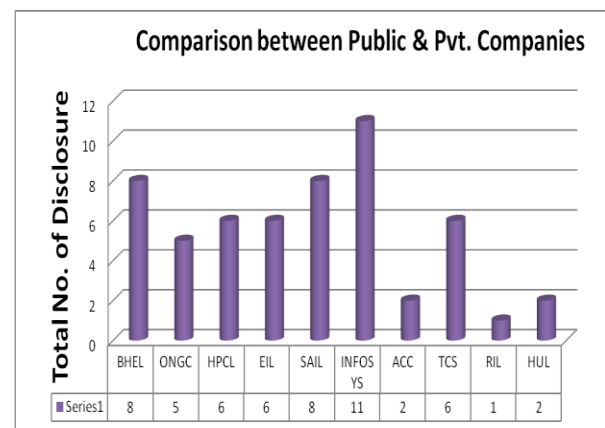


Figure 1.3 shows Human resource accounting disclosures practice by various private and public sector companies. The table helps to understand which company provides more information regarding its human resource. It can be seen that Infosys provides 11 types of information (84.6%) out of 13 listed information which is maximum. BHEL or SAIL disclose the 8 types of information (61.5%), HPCL, EIL, TCS disclose the 6 types of information ( 46.15%) than comes ONGC ,it provide the 5 types of information (38.46 %) and ACC or HUL provide 2 types of information ( 15.38% ) and RIL provide only 1 type of information that related to Human Resource Accounting.

**Testing of Hypothesis**

Ho: There is no significance difference between average disclosures of selected companies.

H1: There is significance difference between average disclosures of selected companies.

Computation of mean

Class	$x$	$f$	$\sum fx$
0-3	1.5	3	4.5
3-6	4.5	4	18
6-9	7.5	2	15
9-12	10.5	1	10.5
	$f = 10$		$\sum fx = 48$

$$\text{Mean} = \bar{x} = \frac{\sum fx}{\sum f} = \frac{48}{10} = 4.8$$

Standard deviation

Class	$x$	$f$	$d(x - \bar{x})$	$d^2$	$\sum fd^2$
0-3	1.5	3	-3.3	10.89	32.67
3-6	4.5	4	-0.3	0.09	0.36
6-9	7.5	2	+2.7	7.29	14.58
9-12	10.5	1	+5.7	32.49	32.49

$$\overline{\sum f} = 10$$

$$\overline{\sum fd^2} = 80.1$$

$$SD = \sqrt{\frac{\sum fd^2}{\sum f}} = \sqrt{\frac{80.1}{10}} = SD = \sqrt{8.01}$$

$$SD = 2.83$$

$$CV = \frac{2.83}{4.8} \times 100 = \frac{SD}{\text{mean}} = 58\%$$

Correlation means that between two series or group of data there exists some casual connection, correlation analysis developed by Francis Galton and Karl Pearson.

Calculation of coefficient of correlation between public and private company

$x$	$d(x - \bar{x})$	$d^2$	$y$	$d(y - \bar{y})$	$d^2$	$dx \cdot dy$
8	1.4	1.96	11	6.6	43.56	9.24
5	-1.6	2.56	2	-2.4	5.76	3.84
6	-0.6	0.36	6	1.6	2.56	0.96
6	-0.6	0.36	1	-3.4	11.56	2.04
<u>8</u>	<u>1.4</u>	<u>1.96</u>	<u>2</u>	<u>-2.4</u>	<u>5.76</u>	<u>3.36</u>
33		$d^2=7.2$	22		$d^2=69.2$	$dx \cdot dy$

Public company ( $x$ )

$$\bar{x} = \text{mean} = \frac{\sum x}{n} = \frac{33}{5} = 6.6$$

Private company

$$\bar{y} = \text{mean} = \frac{\sum y}{n} = \frac{22}{5} = 4.4$$

$$R = \frac{\sum dx \cdot dy}{\sqrt{\sum dx^2 \cdot \sum dy^2}}$$

$$R = \frac{19.44}{\sqrt{7.2 \times 69.2}}$$

$$R = \frac{19.44}{\sqrt{498.24}}$$

$$R = \frac{19.44}{22.32}$$

Correlation  $R = 0.87$

Calculation of 't' test

$$t = \frac{r}{\sqrt{(1-r)^2}} \times \sqrt{n-2}$$

$$t = \frac{0.87}{\sqrt{1-(0.87)^2}} \times \sqrt{5-2}$$

$$t = \frac{0.87}{\sqrt{1-0.76}} \times \sqrt{3}$$

$$t = \frac{0.87}{\sqrt{0.24}} \times 1.73$$

$$t = \frac{0.87}{0.489} \times 1.73$$

$$t = 0.05 = 3.077$$

$$t = 0.05$$

One sample t-test was conducted to test the hypothesis the value of R01 test is 3.077 (Less than 0.05) there for be accept the alternative hypothesis there is significant different the disclosures of selected companies and rejected the null hypothesis.

## FINDINGS

Acc limited provide more information regarding its Human resource. Acc limited should include value of human resource. Value of human resource per employees. Group wise distribution, Gender wise distribution, turnover per employee etc .in its final report.

1. There is no clarification regarding Human valuation model used and discount rate applied by Acc limited in its final report. So company should disclose clearly for the better understanding.
2. BHEL and SAIL Ltd, should also report for value of human assets, Value of human resource per employee, age and gender wise distribution in its final report.
3. Infosys must consider the role of employees when intra shifting occurs

(means transfer from one department to other).

4. Company must also consider and evaluate the team work of employees periodically.
5. By adopting Lev& Schwartz Model company need not ignore the security, bargaining power, skill and experience of personnel and
6. Value addition should be regularly monitored and enhanced in an acceptable form.

## SUGGESTIONS

Suggestions from the study are based on the analysis of secondary data. Suggestions are given in the form of an action plan to be applied by every organization. Some suggestions for further research are:

1. To suggest certain improvement over the current value practices.
2. To discover some upcoming new methods of disclosure of human resource accounting on present scenario.
3. Evaluate the role of human resource accounting in achieving quality improvement.
4. Evaluate the role of human resource accounting for reducing costs in the organization.
5. Reviewing appropriate method of the human resource accounting and implementing it in different industries.
6. Reviewing relationship between human resource accounting education and the benefits to the users of accounting information towards capabilities of human resource accounting system.

## CONCLUSION

The literature survey concludes that so many research works have been done on human resource accounting and most of the previous studies are based on only human resource accounting model. This present research work on Indian companies includes only those companies that have already adopted HRA methods .It further facilitates

the comparison between public and private companies HRA disclosure practices.

The analysis of disclosure of human resource accounting in India reveals that ONGC is having better performance, while HPCL, ACC, TCS have concerns in disclosure practice of HRA. Moreover INFOSYS, BHEL, TCS, RIL, are also adopting human resource accounting in different way. For example, Infosys discloses human resource accounting in annual report by heading intangible assets. While ONGC discloses in Note and separate statement that is human resource accounting and HPCL discloses in individual statement that is human resource accounting. The results are carried out with the help of t-test and Pearson Correlation after analyzing the performances of government sector and non-government sector organizations with respect to HRA disclosure practice.

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