

ISSN 2347-2839

**International Journal of Applied
Management Research**
(A Double Blind Peer Reviewed Journal)

Vol. 6-7, No. 1-4, 2020-21



Department of Management, North-Eastern Hill University,
Tura Campus, Tura-794002, Meghalaya, India

**International Journal of Applied
Management Research**
(A Double Blind Peer Reviewed Journal)

Vol. 6-7, No. 1-4, 2020-21

©Department of Management, North-Eastern Hill University,
Tura Campus (India), 2025

Published by :
Department of Management, North-Eastern Hill University,
Tura Campus (India), 2025

Editorial



Editor-in-Chief

I am pleased to announce the release of Volume 6-7, Issues 1-4 for the years 2020-2021 of the International Journal of Applied Management Research (IJAMR). This Volume comprises a total of ten (10) manuscripts. A temporary hiatus in the release of issues occurred during 2020-21, attributable to the Covid-19. However, the Editorial staff promptly organized its responsibilities and began receiving contributions from eminent scholars and academicians, enabling the expedited facilitation of the past issues.

I express my profound gratitude to all the authors for their valuable submissions from both India and abroad. I am very grateful to all the reviewers who assisted in the timely blind examination of the articles; their ongoing assistance enabled the successful publication of this journal issue.

I express my gratitude to the Managing Editor of IJAMR, who, upon assuming the particular role has dedicated himself to the publication of the current issue. I express my gratitude to the Advisory Board and Editorial Board Members for their diligent contributions, which have facilitated the effective publication of this Volume.

I express my profound gratitude to the Vice Chancellor of NEHU, Shillong, and the Campus Director of NEHU, Tura Campus, for their unwavering support to our department and for advancing this institution towards greater academic success. I extend my sincere gratitude to all the writers who submitted high-quality pieces for this issue. I anticipate that high-quality research papers will persist in being submitted to IJAMR in the future.

(Prof. Abhigyan Bhattacharjee)
Editor-in-Chief, IJAMR

Editorial



Managing Editor

I take great delight in presenting the consolidated issues (Issues 1-4) of Volume 6-7 for the years 2020-2021 of the International Journal of Applied Management Research.

To form an objective perspective on the subject of inquiry, scholars must gather facts, concepts, viewpoints, and other pertinent matters. The backlog of issues from 2020 has been a testament and a significant editorial commitment to include papers as combined issues in the current Journal Volume.

We are dedicated in elevating the quality of publications with IJAMR and standard among academics. The International Journal of Applied Management Research (IJAMR) has demonstrated a robust commitment to ethical publication processes, marking a significant advancement in the domain of publishing ethics.

The research papers in the current volume were meticulously picked through a blind review process and have been appropriately included in the current editions of our journal. The reviewers' competent evaluation of the manuscripts, together with their objective and equitable peer-review method, contributed to the journal's outstanding quality of research. The editorial board has undertaken proactive and constructive initiatives in the publication process, driven by a dedicated objective to advance management research while adhering to business research standards.

Due to the meticulous efforts of our Editor-in-Chief and editorial board members, along with the steadfast support of our advisory board members, the issues could be published in the current volume.

I wish to convey my appreciation to all the scholars and researchers who have submitted their research papers and have agreed to serve as our esteemed reviewers. The editorial board acknowledges the significant responsibility of ongoing commitment to the academic mission and anticipates valuable and pragmatic ideas to advance our efforts.

Amit Kundu

(Dr Amit Kundu)

Managing Editor, IJAMR



International Journal of Applied Management Research

(A Double Blind Peer Reviewed Journal)

Vol. 6-7

No. 1-4

2020-21

CONTENTS

Present Scenario of Succession Planning Practices in Bangladesh : A Strategic HRM Viewpoint Md. Momin Uddin, Sharmin Rima, Sanzida Tasnim	1
Effect of Dividend Policy on Market Price of Banking Industry in Bangladesh Md. Hasan Uddin	15
Obstacles and Constraints in Achieving Inclusive Primary Education : An Empirical Examination of Special Child Education in Bangladesh Md. Momin Uddin, Dr. Md. Sujahangir Kabir Sarkar, Dr. Md. Hasan Uddin, Brishti Rani Dey	24
The Eco-Buying Decision : Understanding Consumer Criteria for Green Purchases Kakali Dasgupta Saha, Dr. Amit Kundu	37
Employment and Growth Prospects of MSMES in Nagaland : An Analytical Study Jopino Zashumo, Prof. Amrit Pal Singh	54
Brand Loyalty Towards Fast-moving Consumer Goods : A Systematic Literature Review Dr Gautam Patikar, Linus Panmeih	67
Relationship between Investors' Socio-Demographic Factors and Level of Satisfaction for Mutual Funds : A Study based on Select Districts of Northeast India. Vizosanuo Belho, Dr. Jasojit Debnath	85
Electric Bikes adoption: A study to evaluate the purchase intention of electric bikes through TRI 2.0 model Mrs. R Ruma Agnes, Dr. R Venkatesakumar,	100
Corporate Governance Practices in Indian Public Sector Banks: Evidence from the State Bank of India Jubayeer Ahmed Talukdar, Jaynal Ud-din Ahmed	114
Impact of Leadership Styles on Job Satisfaction of the Employees in the Pharmaceutical Industry of Bangladesh Md Nurul Hasan, Md. Sahidur Rahman	124

Present Scenario of Succession Planning Practices in Bangladesh: A Strategic HRM Viewpoint

Md. Momin Uddin¹, Sharmin Rima,¹Sanzida Tasnim²

ABSTRACT

The vital objective of the study is to examine the current scenario of succession planning of private & public sector organizations in Bangladesh. Secondary data has been collected from different sources such as books, published articles, renowned newspapers, official websites of different organizations, Google scholars, etc. In this research, the researcher analyzed 55 public universities and 10 public banks to understand the methods of succession planning for the executives of public sector organizations as well as 113 private universities and 50 private banks to get insight into the mentioned methods of the executives of the private sector running in Bangladesh. The findings reveal that there is rare effective succession planning (SP) strategy in public and private sector organizations of Bangladesh. All universities appoint their executive without having any particular succession policy. Likewise, the president appointments of banks do not follow any succession strategy. This research also identifies various benefits of having SP beside the barriers to implementing succession practices. Thus, concerned authority should take the initiative to develop a succession planning strategy for each organization individually. The outcome of this study carries implications for policymakers in public and private organizations in developing a more sophisticated succession planning model for their organization so far achieve a more progressive leadership within the organization. This study provides practical implication for both the public and private organizations in taking up initiatives for leadership development for the key executives. The study provides a comparative view by demonstrating the SP practices of the world-renowned organization.

Keywords: Succession Planning (SP), Bangladesh, Private Sector Organization, Public Sector Organization, Executive.

Manuscript Received : April 6, 2024; Revised Manuscript Received : Nov. 1, 2024, Accepted : Nov. 3, 2024.

1. INTRODUCTION

Succession planning (SP) is the vital way of creating talent and altering top executive, leadership, or other key employees when the top level executives leave the company, are fired, retire, or die (Dyck et al. 2002). Succession Planning can be used as one of the human resource tools which can help the present and future needs of organizations. It is an easiest approach to find-out the appropriate people who are essential for leadership positions or other key positions in the organizations (Mehrabani and Mohamad, 2011). SP

facilitates the leadership development strategy that has drawn attention in all sectors (Brockhaus, 2004). Effective succession-planning practices are not present in all kinds of organizations in Bangladesh. There are some limitations to the succession planning process of Bangladeshi Organizations. Most organizations are not concerned about the succession planning practices to hire executives and they don't have any planning to make succession planning in the future. At present, there are 55 public universities and 113 private universities in Bangladesh 10 public banks, and 50 private banks in Bangladesh. Such institutions play a significant role in human development. This scenario has created an urge for the policymakers of each organization to realize the necessity of SP and encouraged to take the initiative to plan for future successors.

1.1 AIMS OF THE STUDY

The vital objective of this research study is to examine the present scenario of succession planning in Bangladesh. The secondary objectives followed by the primary objectives are:

1. Analyzing the existing SP procedure of different public & private sector organizations in Bangladesh.
2. Understanding tangible benefits associated with the SP process for all types of organizations in Bangladesh.
3. Identifying the benefits and barriers of SP that organization face while implementing succession planning practices.
4. Recommending the best methods of SP for the public & private sectors organizations of Bangladesh.

2. LITERATURE REVIEW

According to Oranusi et al., (2024), Succession planning (SP) is considered one of the most vital elements for ensuring sustainability in leadership within the organization. Succession planning (SP) practices of an organization for example training, guiding, job rotation, and talent management, have an important impact on organizational sustainability (Susilo & Winarto, 2023). The Scholar Charan (2011) has given stressed on need for quality leaders to be developed within organization itself rather than hiring them. Odhiambo et al., (2014), SP has significant impact on an organization's internal business and importantly contributes to the organizational growth of Non-Governmental Organizations. Succession planning does not influence the realization of stakeholder's expectations. A better succession planning may increase the value to SME's and ultimately SME's will become more sustainable (Garg & Van Weele, 2012). Orellano & Miller, (1997), state that succession planning (SP) has three fundamentals targets "examining of crucial management positions within the organization, investigating of future vacancies in those positions, and finding-out of managers who would potentially fit into these vacancies". The work of Shen & Cannella, (1996), explained a form of succession planning (SP) within the corporate environment. In their study (Ordua et al., 2024), they found that, different succession planning (SP) approaches used by commercial banks such as leadership potential

examination, identification and talent development have a strong effect on organizational performance especially financial performance and market share. Succession Planning has a positive relation with organizational performance concerning successors' training (Li et al., 2024). In their study (Ahmad et al., 2020), they found that selected universities apply 7-point star model of systematic succession planning and the stakeholders of these institutions have committed to succession planning and management. Without having a plan of succession in practice, the organization will be in a complex situation (John et al., 2017). In the study of Akinyele et al., (2015), there is a significant influence of succession planning on organizational survival. Kraai (2015), found in their study a gap has been identified in terms of succession planning and a fixed a system of positions those should be filled by internal individuals to motivate employees' buy-in to succession planning; inculcating it in the institutional culture.

3. METHODOLOGY OF THE STUDY

3.1 Research Approach

The vital aim of the study is examining the present scenario of SP practices in Bangladesh. For achieving such objective, this research has adopted descriptive research design.

3.2 Research Sampling

The study population comprises all public & private organizations in Bangladesh and sample comprises all Public & Private Universities and Banks in Bangladesh. The sample for this research has been chosen through the purposive sampling technique. The sample size of this study includes all 55 public universities and 10 public banks in Bangladesh to represent the public sector organizations and all 113 private universities and 50 private banks as the representative of private sector organizations in Bangladesh.

Table 1 : Research sample

Serial	Participants	Number
1	Public University	55
2	Public banks	10
3	Private University	113
4	Private Bank	50

3.3 Data Collection

Secondary data analysis refers to the analysis of different datasets that have been collected, analyzed, and stored previously by different researchers as well as institutions for their research purposes (Devine, 2003). Secondary datasets are very cost-effective and it helps the researcher to better understand the context as well as to explore the broader view of the research topic. The data has been collected from various secondary sources such as

the internet, books, journal articles, conference papers, newspapers, the official website of UGC, the website of Bangladesh Bank, and the respective organization's record of leadership development.

3.4 Data Analysis

The succession planning method of the selected organization has been evaluated and presented by analysis of secondary data collected from relevant secondary sources such as the internet, newspaper, the official website of UGC, Bangladesh Bank, news portals of different public and private universities, etc. This research has also analyzed 17 relevant research papers to explore how succession planning impacts organizations and their performance as well. Further, this research has demonstrated the succession planning methods of 10 world-renewed companies to examine the best practices of SP and make a contrast with the SP practices of Bangladesh.

4. ANALYSIS & DISCUSSION

4.5 Succession planning practices of Bangladesh

Table 2 : Succession Planning Practices of Public and Private University and Banks in Bangladesh

Sector	No	Organization	Succession Planning Method
Public	1	Public University	From a panel of three names nominated by the senate to appoint a Vice-Chancellor. Appointed by the Head of the State or the Chancellor.
	2	Public Bank	Board of directors appoints chairman with the approval of Bangladesh Bank.
Private	1	Private University	Vice chancellors are usually being appointed by the Chancellor/ the honorable president of the Government.
	2	Private Bank	Board of directors appoint chairman with the approval of Bangladesh Bank.

Source: www.bbb.org.bd and UGC Bangladesh

Succession planning (SP) of any organization is a very delicate procedure that comprises strategic guidance and tactical execution. A comprehensive and systematic research has been conducted using secondary data. Examining the secondary data revealed a set of findings regarding the top executive SP practices across the public and private sectors organizations in Bangladesh. In Public and Private Universities, the succession planning practices of the top executives such as Vice Chancellors (VCs), **Pro-Vice Chancellors and Treasurer** are almost similar. Although there are no certain rules and regulations for the appointment of vice-chancellors (VCs) in public universities of Bangladesh, there arises to

be an unofficial yet mandatory criterion. To be nominated for the post of Vice-Chancellor (VC), a teacher needs to be associated with a pro-government teacher's panel. Based on the respective Laws of University of Dhaka, Rajshahi, Chittagong, and Jahangirnagar University, VCs are appointed by the President of the Bangladesh Government after getting nominated by the senate of the respective universities. In case of private universities of Bangladesh, the appointment of Vice Chancellors (VCs), **Pro-Vice Chancellors, and Treasurer is required to send the name of the three most qualified persons against each post to the Ministry of Education and after** scrutinized it is sent to the President/ chancellor for appointment to each post. In public banking, the scenario of the succession planning (SP) practices of the executives is not well defined. The Chairman of all Public banks are appointed by the board of directors of the respective bank with the approval of Bangladesh Bank. Private Banks also follow the same procedures of appointing chairman.

4.2 Succession planning practices of world-renewed organizations

Table 3 : Succession Planning Practices of World-renowned Organization

Sl.	Organization	Country	CEO	Methods of Succession Planning
1	Google	United States	Sundar pichai	It is an American multinational organization & the organization own select their future successor.
2	Meta	United States	Mark Zuckerberg	The succession planner of Meta are the shareholders of Meta.
3	Apple Inc	United States	Tim Cook	The board of director select tim cook as CEO after steve jobs.
4	Toyota Motor Corp	Japan	Koji Sato	Board of directors, executives committee appoint their future successor.
5	Samsung Electronics Co. L td.	South Korea	Jong Hee Han	Company decide their future leader by their regulations.
6	HSBC Holdings Plc	United Kingdom	Noel Quinn	It is a private bank; it's CEO is appointed by the organization's procedure.
7	Microsoft	United States	Satya Nadella	They follow their own company rules to appoint CEO.
8	Total	France	Patrick Pouyanne	It is a France multinational oil & gas company who appoint their CEO under their own company rules.

9	BMW Group	Germany	Oliver Zipse	It is German multinational company ho appoint their CEO by the shareholders.
10	Alibaba Group	China	Eddie Wu	Alibaba has <i>appointed</i> Eddie Wu as its new <i>chief executive officer</i> .

Source : Google, Investopedia, Wikivisually, Forbes, Airbus, wallmine, Euronews, Financial times, wastpac, Reauers.

4.3 Benefits of SP

Analysis of literature indicates that many researchers demonstrate several benefits of SP for organization that implements the succession planning strategy effectively. At present, more organizations acknowledge the intensive requirements of leadership development in their organization hence preparing the potential employee to hold the new position (Pennell, 2010). Santora and Sarros, (2012) stated that although some organizations may exist without having SP, in the long run, they will suffer because of the absent of effective succession planning practices in their organization. Fink, (2011), emphasizes that SP supplies to an organization with a rich legacy future leaders which assists in the organizational transition toward future planning and activities. Every succession planning strategy aims to fulfill an organization's objective and ensure right position of the organization. Therefore, succession planning ensures employee satisfaction as it provides opportunities for employees' career and personal growth also it provides solutions for employee turnover as it is associated with investing in employee growth (Davidson et al., 2010). It assists an organization from the fear of replacement for key positions after the departure of the current employee. Effective succession planning brings a lot of benefits to an organization these are demonstrated in the following diagram:



Figure 1: Benefits of Succession Planning

Source: Researcher Construct

4.4 Succession Planning Model for Public and Private Sector Organizations in Bangladesh

Organizations both private & public, operating in Bangladesh not only face the lack of awareness regarding the sustainable impact of avoiding succession planning but also there is no tight structure or developed model for succession planning. This study critically analyzed the succession planning procedure of public universities, public banks, private universities and private banks. The result shows that the executive replacement strategies of public and private universities are similar and public and private banks are similar. Hence this study developed an integrated succession planning model for universities and banks based on Bangladesh's perspective.

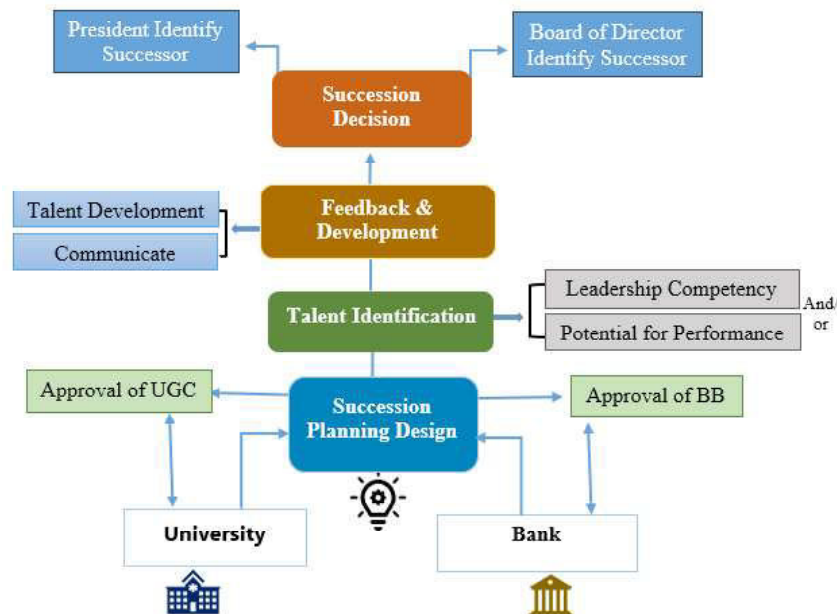


Figure 2: Succession Planning Model

Source: Researcher Construct

In the preliminary stage banks and universities need to design a succession planning strategy where the university is required to approve the strategy from the University Grand Commission (UGC) and banks are required to approve the strategy from Bangladesh Bank (BB). The second step is talent identification which is common for both banks and universities. The talent identification process considers the leadership competency of the

candidates and/or performance potential. After talent identification, the next step is feedback and development which includes communication and talent development activities such as training, coaching, mentoring, etc. The final step is the succession decision where the President/ Chancellor makes the final decision regarding University however, the board of directors makes the final decision with the approval of BB in the case of Banks.

4.5 Barriers to Succession Planning

Despite the researchers identifying various benefits of succession planning for the organization, some organizations still fail to recognize and implement succession planning in their organization due to some barriers (Santora & Sarros, 2012). The factors attributed the SP unsuccessful are described in the following:

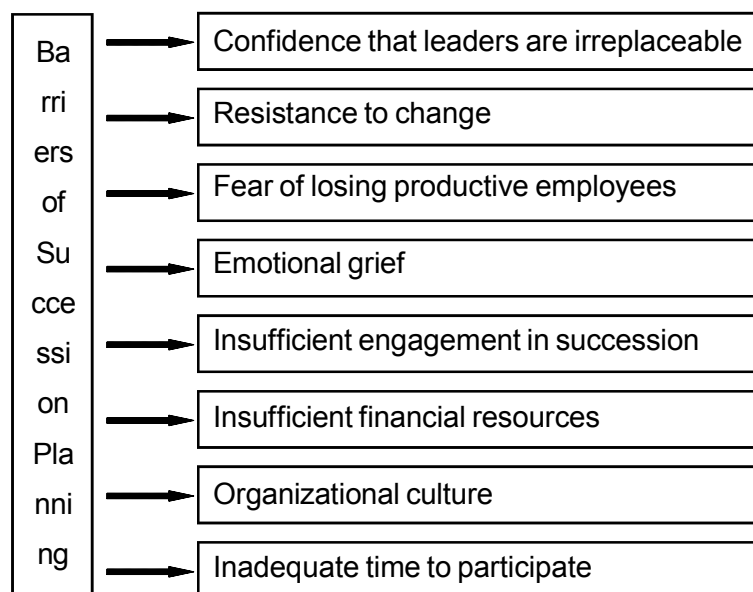


Figure 3: Barriers of Succession Planning

Source: Researcher Construct

More specific barriers to succession planning are described below:

Confidence that leaders are irreplaceable: Leaders think that they stay in the organization forever and when the organization takes the initiative for succession management, they create a conflicting situation (Comini et al., 2013).

Resistance to change: Implementation of SP brings some changes within an organization which needs to change some employees' working routines, set standards of performance, and require continuous skills development. For this reason, some employees do not support this process of succession (Gonzalez, 2013).

Fear of losing productive employees: Few organizations are reluctant to be involved in implementation of SP because they think some high-potential employees will be discouraged and tend to leave the organization if they are not included in the succession process (Gandossy & Verma, 2006).

Emotional dilemma: Some leaders believe that their organization won't run effectively without them so they put their best effort toward the organization and the planning for the next successor is considered as digging their own grave. Sometimes organizations avoid succession planning because it demotivates good well-performing current leaders.

Insufficient financial resources: Budgetary constraints due to insufficient financial resources are the main reason for not prioritizing succession planning in private sector organizations. The financial limitation creates another short upward mobility in the case of executive succession.

4.7 Executive Succession Planning Criteria

Merkus et al. (2019) stated that determining the readiness to implement succession planning within an organization is very essential. Knowledge management opportunity allows an organization to operate business activity logically which ensures competitive advantage. Senior management effectiveness is influenced by leadership development to a great extent. The investment in leadership development activities is crucial for preparing senior executives to be replaced as the next successor. Organizational commitment is also essential to make replacement planning more inclusive.

Table 4 : Succession Planning Criteria

Sl. No	Succession Planning Criteria from adopted from renowned Sources
1	Succession planning strategy adopted from Boyatzis (2008); Campion et al. (2011); Chiang and Yu (2018); Merkus et al. (2019)
2	Knowledge management opportunities adopted from Al Dari et al. (2018), Foerster-Metz et al. (2018)
3	Organizational culture adopted from Allen et al. (2011); Gothard and Austin (2013); Jabeen and Isakovic (2018); Mehrtak et al. (2017)
4	Leadership development opportunities adopted from Carriere et al. (2009); Charan et al. (2010)
5	Management commitment to leadership transition adopted from Ciampa (2016); Yadav and Dixit, (2017)

5. FINDINGS AND RECOMMENDATIONS

5.1 Findings

The analysis of SP practices of different public & private organizations in Bangladesh reveals the following findings:

- Because of the absent of certain succession planning policies in public & private Universities of Bangladesh, appointment of top executives (**VC, pro-VC, and treasurer**) **highly relied on political power and influence and less relied on academic performance as well as the administrative performance of the candidates.**
- **At present, there are no specific measures in terms of determining the eligible candidate for the post of top executives such as VC, pro-VC, and treasurer in the public as well as private universities of Bangladesh. Thus, the succession planning practices are not well managed.**
- The VC appointment process across the globe is conducted by a well-organized search committee or by open advertisement. However, in the public and private universities of Bangladesh, VCs are appointed by the Chancellor/ the President of the Government after getting nominated by the Senate.
- The Public and Private Banks of Bangladesh do not also follow any systematic procedure for selecting top executives. Almost all the banks appoint their chairman with the consent of the board of directors with the approval of the Bangladesh Bank. This is in sharp contrast to the practice prevalent in the executive appointment of world-renowned organizations such as Apple Inc., Microsoft, Meta, etc. Where most organizations have their specific succession planning policy for choosing future successors.
- By analyzing the extensive literature, the researcher identified various benefits of succession planning such as boosting employee engagement, promoting employee growth, ensuring employee satisfaction, reducing employee turnover, coordinating flow of leadership, smoother business operation and ensuring continual competitiveness.
- Along with the benefits researchers also find various barriers to implementing succession planning through the literature analysis these are the Belief that leaders are irreplaceable, resistance to change, fear of losing productive employees, emotional grief, insufficient engagement in succession, insufficient financial resources, and inadequate time to participate.

5.2 Recommendations

For policymaker implication the following recommendations have been made from the study:

- Each Public and Private University should develop a specific succession planning procedure for choosing future successors and reducing political maneuvering in the appointment process of the executives such as **VC, pro-VC, and treasurer. While nominating the candidates the concerned authority should consider the candidates having strong** academic credentials and administrative acumen for becoming selected to the respective position.
- **The government should decentralize the executive appointment process to the respective organizations where each organization has to develop a strategic plan for future successors as part of talent management.**
- **In Public and Private banking, the authority should create a talent pool from the initial level based on the performance and potential of the employees, where the employees can be developed over time, preparing their minds to take responsibilities at higher levels.**
- **The succession planning policies of all organizations need to focus on competency-based solutions where each successor should be identified based on their competency and groomed specifically for a particular position.**
- To identify the key successor, the organization should emphasize on high commitment of the successors, providing them with required development activities as well as exposing the successors' talent and competency to the board members.

6. CONCLUSION

The succession planning process can vary from organization to organization and in different industries but the major structure remains the same. In Bangladesh, succession planning is not well managed. Most of the organizations in Bangladesh are indifferent about the use of succession planning. Succession planning is not to be considered just an exercise, but focused upon so much that succession planning can be converted into successor development hence developing the talent pipeline and achieving organizational goals (Elmasri 2008). Every organization in Bangladesh should be concerned about this matter because this is an important issue for the organization.

REFERENCES

- Akinyele, S. T., Ogbari, M., Akinyele, F. A., & Dibia, K. (2015). Succession planning and its impact on organizational survival. *Journal of Research in National Development*, 13(2), 1-10.

- Al Dari, T., Jabeen, F., & Papastathopoulos, A. (2018). Examining the role of leadership inspiration, rewards and its relationship with contribution to knowledge sharing: Evidence from the UAE. *Journal of Workplace Learning*, 30(6), 488–512.
- Allen, R. S., Evans, W. R., & White, C. S. (2011). Affective organizational commitment and organizational citizenship behaviour. Examining the relationship through the lens of equity sensitivity. *Organization Management Journal*, 8(4), 218–228.
- Ahmad, A. R., Ming, T. Z., & Sapry, H. R. M. (2020). Effective Strategy for Succession Planning in Higher Education Institutions. *Journal of Education and e-Learning Research*, 7(2), 203-208.
- Brockhaus, R. H. (2004). Family business succession: Suggestions for future research. *Family Business Review*, 17(2), 165-177.
- Bangladesh Bank. (n.d.). Retrieved from <https://www.bb.org.bd/en/index.php>
- Bangladesh University Grand Commission: <https://ugc.gov.bd/>
- Boyatzis, R. E. (2008). Competencies in the 21st century. *Journal of Management Development*, 27(1), 5–12.
- Campion, M. A., Fink, A. A., Ruggeberg, B. J., Carr, L., Phillips, G. M., & Odman, R. B. (2011). Doing competencies well: Best practices in competency modeling. *Personnel Psychology*, 64(1), 225–262
- Chiang, H., & Yu, H. J. (2018). Succession and corporate performance: The appropriate successor in family firms. *Investment Management & Financial Innovations*, 15(1), 58.
- Carriere, B. K., Muise, M., Cummings, G., & Newburn-Cook, C. (2009). Healthcare succession planning: An integrative review. *JONA: The Journal of Nursing Administration*, 39(12), 548–555.
- Charan, R., Drotter, S., & Noel, J. (2010). The leadership pipeline: How to build the leadership powered company (vol. 391).
- Ciampa, D. (2016). After the handshake. *Harvard Business Review*, 94(12), 60–68.
- Charan, R., Drotter, S., & Noel, J. L. (2011). *The leadership pipeline: How to build the leadership powered company* (Vol. 391). John Wiley & Sons.
- Comini, G. Paolino, M. & Feitosa, M. 2013. Mapping the succession process in non-profit organisations in Brazil. *International Leadership Journal*, 5(3):28-50.
- Davidson, M. C., Timo, N., & Wang, Y. (2010). How much does labour turnover cost? A case study of Australian four and five star hotels. *International journal of contemporary hospitality management*, 22(4), 451-466.
- Devine, P. 2003, 'Secondary data analysis' in Miller, R.L. and Brewer, J.D. (Eds.), *The A-Z of Social Research*. Thousand Oaks, CA: Sage Publications.
- Dyck, B., Mauws, M., Starke, F. A., & Mischke, G. A. (2002). Passing the baton: The importance of sequence, timing, technique and communication in executive succession. *Journal of business venturing*, 17(2), 143-162.

- Fink, D. (2011). Pipelines, pools and reservoirs: Building leadership capacity for sustained improvement. *Journal of Educational Administration*, 49(6), 670-684.
- Foerster-Metz, U. S., Marquardt, K., Golowko, N., Kompalla, A., & Hell, C. (2018). Digital transformation and its implications on organizational behavior. *Journal of EU Research in Business*, 30, 1–14
- Gothard, S., & Austin, M. J. (2013). Leadership succession planning: Implications for non-profit human service organizations. *Administration in Social Work*, 37(3), 272–285.
- Gandossy, R.P. & Verma, N. 2006. Passing the torch of leadership. *Leader to Leader*: 37-44.
- Gonzalez, C. 2013. Succession planning at Notre Dame: lessons for librarians. *New Library World*, 114(10):408-415.
- Garg, A. K., & Van Weele, E. (2012). Succession planning and its impact on the performance of small micro medium enterprises within the manufacturing sector in Johannesburg. *International Journal of Business and Management*, 7(9), 96.
- Jabeen, F., & Isakovic, A. A. (2018). Examining the impact of organizational culture on trust and career satisfaction in the UAE public sector: A competing values perspective. *Employee Relations*, 40(6), 1036–1053.
- Kraai, V. (2015). *Succession planning: a development tool for developing middle managers in the Department of Science and Technology* (Doctoral dissertation).
- LeCounte, J. F., Prieto, L. C., & Phipps, S. T. (2017). CEO succession planning and organizational performance: A human capital theory approach. *Journal of Leadership, Accountability, and Ethics*, 14(1), 46-57.
- Li, Z., Mustapha, M., Hassan, A. F. S., & Saidin, S. F. (2024). Sustainable Development of Chinese Family Businesses: Exploring the Role of Succession Planning in Maintaining Organizational Sustainability from the Perspective of Socioemotional Wealth. *Sustainability*, 16(8), 3456.
- Mehrabani, S. E., & Mohamad, N. A. (2011). Identifying the important factors influencing the implementation of succession planning. In *International Conference on Information and Finance* (Vol. 21, No. 2, pp. 37-41).
- Mehrtak, M., Farzaneh, E., Habibzadeh, S., Kamran, A., Zandian, H., & Mahdavi, A. (2017). Explaining the role of organizational culture on succession-planning at the Ministry of Health and Medical Education: A qualitative study. *Electronic Physician*, 9(11), 5806.
- Merkus, S., Willems, T., & Veenswijk, M. (2019). Strategy implementation as performative practice: Reshaping organization into alignment with strategy. *Organization Management Journal*, 16(3), 140–155.
- Njigua, L. U. C. Y. (2014). Succession planning of executive directors and its effect on organizational performance: A case of natural resource management organizations. *Unpublished MBA Thesis, United States International University*.

- Odhiambo, J. O., Njanja, L., & Zakayo, C. (2014). Effects of succession planning practices on organization performance among the non-governmental organizations in Kenya. *European Journal of Business Management*, 2(1), 141-154.
- Orellano, T., & Miller, J. (1997). Succession planning: Lessons from Kermit the frog. *SHRM HR Resources Information Center*.
- Ordua, G., Nyone, C. B., & Jummai, O. P. (2024). Succession Planning Strategies and Organizational Performance of Commercial Banks in Port Harcourt. *BW Academic Journal*, 121-131.
- Oranusi, I. N., Ani, A. E., Johnson, O. J., & Okafor, I. P. (2024). The Moderating Relationship Between Succession Planning and Organizational Marketing Performance in Delta Broadcasting Service, Asaba, Nigeria. *International Journal of Public Administration and Management Research*, 10(2), 72-81.
- Private Banks in Bangladesh*. (n.d.). Retrieved from BanksBd.org: <https://www.banksbd.org/banks/private/1.html>.
- Pennell, K. (2010). The role of flexible job descriptions in succession management. *Library management*, 31(4/5), 279-290.
- Santora, J. C., & Sarros, J. C. (2012). Do non profit organizations ever really learn from their mistakes—or are they doomed to repeat them?. *Development and Learning in Organizations: An International Journal*, 26(3), 8-10.
- Susilo, S., & Winarto, O. P. (2023). The Influence of Succession Planning on Organizational Sustainability. *Scaffolding: Jurnal Pendidikan Islam dan Multikulturalisme*, 5(3), 490-518.
- Salman, M. S. (n.d.). *No policy to appoint VCs at universities*. Retrieved from The Business Post: <https://businesspostbd.com/back/no-policy-to-appoint-vcs-at-universities-2022-11-19>
- The Bangladesh Banks (Nationalisation) Order, 1972 (President's Order)*. (n.d.). Retrieved from Laws of Bangladesh: <http://bdlaws.minlaw.gov.bd/act-details-377.html>
- Yadav, N., & Dixit, S. (2017). A conceptual model of learning agility and authentic leadership development-moderating effects of learning goal orientation and organizational culture. *Journal of Human Values*, 23(1), 40–51.

Md. Momin Uddin¹, Sharmin Rima¹, Sanzida Tasnim²

¹Department of Management Studies, Patuakhali Science and Technology University (PSTU), Patuakhali-8602, Bangladesh.

²Department of Management, Sanzida Tasnim, Rabindra University, Bangladesh

Email: mominuddin.521@pstu.ac.bd^{*}, rima.pstu.44@gmail.com¹, sanzida122@gmail.com²

^{*}Corresponding Author: Md. Momin Uddin, Associate Professor, Department of Management Studies, Patuakhali Science and Technology University, Email:

mominuddin.521@pstu.ac.bd

Effect of Dividend Policy on Market Price of Banking Industry in Bangladesh

Md. Hasan Uddin¹

ABSTRACT

Stock price volatility is considered one of the most crucial issues in finance, and numerous studies have been conducted to investigate the determining factors in share price fluctuations, with varied results. This paper seeks to examine the sensitivity of stock prices within the banking sector to alterations in dividend policy, while also assessing the influence of this policy on key financial indicators such as the retention ratio (RR), earnings per share (EPS), and return on equity (ROE). A sample of 10 private commercial banks listed on the Dhaka Stock Exchange (DSE) was analyzed over the period from 2013 to 2022. The ordinary least squares regression model was employed in the study using panel data. The findings indicate that stock dividends significantly affect market prices, while EPS and ROE also show a significant positive association with market prices (MP). These results can be very informative for policymakers in making informed dividend decisions.

Keywords: Cash Dividend, Market Price, Retention Ratio, ROE, and Stock Dividend

Manuscript Received : July 15, 2024; Revised Manuscript Received : Nov. 25, 2024, Accepted : Nov. 29, 2024.

INTRODUCTION

The banking industry is the backbone of the financial ecosystem in Bangladesh, serving as a channel for financial intermediation and contributing significantly to economic growth. Over the last couple of decades, the industry has seen phenomenal growth on the back of increasing financial literacy, as stated by Hasan et al. (2021), rising disposable incomes, as mentioned by Biswas (2024), and government initiatives, as discussed by Noor et al. (2022), toward financial inclusion. Dividends are a vital part of shareholder returns, which constitute that part of the company's profits distributed to the shareholders. Dividend policy is a corporate decision on the proportion of its profits the company intends to retain for future growth and the proportion to distribute as dividends. The banking industry in Bangladesh is resilient and adaptable; it reflects the nation's commitment to economic progress. Over time, it has grown into a hub where fiscal policies, market trends, and regulatory frameworks converge. This sector's growth chronicles the greater economic growth of Bangladesh and serves to show just how financial institutions function as linchpins in the country's quest for prosperity. One hot topic of interest in this vibrant arena is the interactive relationship that exists between dividends and stock prices. Dividends paid by banking institutions reflect their financial health and strategic decisions, which have far-reaching implications for the equity markets. The interplay between dividends and stock

prices becomes a lens through which one can discern not only the financial health of individual banks but also gain valuable insights into broader economic patterns and investor sentiments. Unraveling these complexities is not an academic exercise in itself; it is more about decoding the pulse of functioning economic mechanisms.

The impact of dividend policy on stock prices has been very well debated among academics and practitioners. Although some authors believe that high dividend pay-out means financial stability and promising growth prospects, resulting in the increase of share prices, such as Rajan (2024), Tran (2024), and Lou (2024), there are those who believe the opposite—that this will negatively influence future growth rates because less funds will be left for reinvestment. Examples are AlAliet. al., (2024), Mahirunet. al., (2023), and Shah et. al., (2020). This debate highlights the intricate and multifaceted connection between dividend policy and share prices. In the case of Bangladesh's banking industry, researches on the effect of dividend policy on stock prices have not been adequately addressed. This study aims to address the gap in the existing literature by examining the effect of dividend policy on share prices in Bangladesh's banking sector.

OBJECTIVE OF THE STUDY

The primary objective is to explore how stock prices in the banking sector respond to changes in dividend policy and to evaluate the effect of such policy on important financial metrics (RR, EPS, and ROE).

LITERATURE REVIEW

The landscape of financial research has been significantly shaped by studies into the dividend policies and their impact on share prices; they form a cornerstone in the literature on finance. Foundational work by early authors such as Lintner (1956) asked critical questions about how managerial decisions shape the size, timing, and structure of dividend payments, which invited extensive theoretical and empirical discussion. This led to the development of diverging perspectives, with Miller and Modigliani's (1961) Dividend Irrelevance theory arguing that dividend policies have no bearing on share prices in perfect markets, while Gordon's (1963) Dividend Relevance theory posited that dividend policies directly influence firm valuation and market prices. Over the years, these theories have been extended and tested globally by various researchers, including Black and Scholes (1974), Baker, Powell (2002), and Myers and Frank (2004), among others, with mixed results.

Empirical studies have also continued to mirror this divide. On the one hand some researchers, such as Allen and Rahim (1996) and Baskin (1989), found no or negligible relation between dividend policies and share prices, thus supporting the irrelevance school of thought. More recent studies, such as those by Nidar and Maraya (2021) and Seyedimany (2023), provide evidence that dividend announcements, particularly in emerging markets, do not consistently yield significant stock price reactions. These findings suggest that market inefficiencies, investor behaviors, and contextual factors might dilute the signaling effect of dividends. Conversely, certain studies support the relevance theory, such as the

study of Halife and Karroum (2023) on the Istanbul Stock Exchange and the findings of Singh and Nautiyal (2024) in the Indian market, which give reason to the signaling effect of dividends in communicating positive corporate performance.

For instance, region-specific studies such as those in South Africa by Kasozi&Ngwenya, 2023, and Pakistan by Jatoi, 2024, indicate contextual nuances in which firm characteristics, like size, profitability, and growth opportunities, affect dividend decisions and, consequently, their influence on share prices. In the same line, Louziri and Oubal (2022) noticed that firm age and growth prospects significantly affect dividend policies in Morocco. However, despite these insights, consensus on a universal theory remains elusive.

Regarding Bangladesh, the discussion of dividend policies and stock prices is relatively limited compared to the number of studies conducted on the issue globally. Most available studies, such as those by Provaty & Siddique, (2021); Hossin & Ahmed, (2020), identified a substantial connection between dividend policies and share prices. However, findings often contradict each other due to differences in models, variables, and methodological approaches. While the impact of sector-specific effects-for example, in banking or in the non-financial sector-continues to attract broad research attention worldwide, this dimension has not received the due attention in Bangladesh.

This suggests further, careful probing of the dividend policy dynamic in Bangladesh, particularly the banking sector, as it could be used to give very key signals of financial health for an increasingly developing yet unpredictable market. Future research could provide deeper insights into the relationship between dividend policy and share prices is mediated by factors in specific industries or investor behavior within Bangladesh's unique financial ecosystem. Such a study might compare findings with global trends to show if the observed pattern aligns with or runs counter to the international context.

METHODOLOGY OF THE STUDY

The paper studies the commercial banks listed on the DSE, where the data has been primarily sourced from secondary resources: annual reports, and the DSE database, for the period ranging from 2013 to 2022. Newly listed banks were excluded because of their insufficient data, thus narrowing it down to 10 banks with a consistent history of dividend payouts. A wide review of various domestic and international literatures was conducted to identify the research variables.

Operational Variables and Measurement: Operational variables in this study are defined and measured as follows:

Market Price (MP): It represents the average of the highest and lowest share prices within a specific month. However, researchers have widely used price volatility instead of the market price to see the impact of dividend policy as can be seen in studies by Rashid & Rahman 2009; Hussainey et al., 2011.

Cash Dividend: Cash dividend declared and distributed to the shareholders per share in the company annual reports.

Stock Dividend: Numbers of stock dividend issued per share according to company reports
 Earnings per Share (EPS): Net income divided by the average number of outstanding shares.

RR or Retention Ratio: The net income retained after dividends are paid, computed as the difference between dividends and net income divided by net income. This is a neglected ratio in past studies but shows a positive association with stock prices (Pani, 2008).

Return on Equity (ROE): Net income divided by the average shareholders' equity (Kutaningtyas, et. al., 2024; Thenmozhi, 2000)

HYPOTHESES OF THE STUDY: The hypotheses are structured as follows:

H_{01} : Dividend policy does not have a statistically significant impact on the market price.

H_{02} : Return on Equity (ROE) does not significantly influence the market price.

H_{03} : Earnings per Share (EPS) has no statistically significant effect on the market price.

Technique of Data Analysis: In its pursuit to unravel the intricate financial dynamics, the study embraces a robust and comprehensive approach to data analysis. Central to this analytical effort is the application of multiple regression analysis, a sophisticated statistical technique designed to discern and quantify the relationships among various financial variables. In essence, the adoption of multiple regression analysis elevates the study's analytical rigor, allowing for a sophisticated exploration of the complex interplay among financial variables. This approach is well-suited to uncovering patterns, trends, and insights that enhance the understanding of financial dynamics within the study's scope

Technique of Testing Hypothesis: To evaluate the formulated hypotheses, the study employs statistical hypothesis testing. Specifically, it utilizes hypothesis tests associated with regression analysis, such as testing individual coefficients. This study employs a sophisticated regression model to meticulously analyse the intricate relationships among key financial variables. The regression model is expressed as:

$$MP = \alpha + \beta_1 DP + \beta_2 RR + \beta_3 ROE + \beta_4 EPS$$

Where, α =Constant; $\beta_1, \beta_2, \beta_3, \beta_4$ are beta coefficients (slopes) for independent variables.

RESULTS AND DISCUSSION

Table 1 presents descriptive statistics, showcasing the mean and standard deviation of various variables. The mean, representing the average of the data, highlights noteworthy trends. Notably, the mean of Market Price surpasses that of other variables, indicating its prominence. Conversely, Cash Dividend exhibits the lowest mean, reflective of the banking industry's inclination towards stock dividends over cash dividends. Standard Deviation, revealing the degree of variation in the data, offers insights into the data's dispersion. The highest standard deviation, observed in Market Prices (167.76), signals significant variability in the banking industry's market valuations in Bangladesh. In contrast, the lowest standard deviation (0.053) in Return on Equity indicates a comparatively stable pattern in this metric. This diversity in standard deviations underscores the dynamic nature of the financial metrics

under scrutiny, providing a nuanced understanding of the variability inherent in the banking industry's performance during the specified period. Top of Form

Table 1: Descriptive Statistics

Variables	X	σ	Minimum	Maximum
MP	67.97	167.77	6.03	1390.96
EPS	3.22	2.23	0.53	15.1
ROE	0.13	0.053	0.02	0.4
RR	0.79	0.18	-0.5	1
CD	0.09	0.13	0	0.7
SD	0.12	0.13	0	0.8
TD	0.13	0.13	0	0.65

Source: Author's calculation

Table 2 presents the Pearson Correlation, scrutinized at 1% and 5% levels of significance, offering insights into the relationships among various financial indicators in the banking sector of Bangladesh. Notably, Market Prices exhibit a significant correlation with EPS, Return on Equity, and Retention Ratio at both 1% and 5% significance levels. EPS demonstrates significant relationships with Market Price, ROE, and Cash Dividend at the 1% significance level. Furthermore, Cash Dividend and Stock Dividend exhibit an insignificant relationship with Market Price. However, Cash Dividend has strong associations with EPS and ROE at the 1% and 5% levels of significance, respectively. On the other hand, Stock Dividend is only significantly associated with ROE at the 1% level. The inverse association of Retention Ratio with Stock Price indicates that shareholders are dividend oriented, and when banks retain earnings for internal purposes, the stock prices decline. The presented results provide the complicated view of dynamic dependencies in the banking financial data with many interesting and meaningful dependences within these correlation series.

Table 2: Pearson Correlations

Variables	MP	EPS	ROE	RR	CD	SD
MP	1					
EPS	0.293**	1				
ROE	0.203*	0.662**	1			
RR	-0.108*	-0.295**	0.283**	1		
CD	0.069	0.368**	0.167*	-0.706**	1	
SD	0.084	0.054	0.235**	-0.715**	0.009	1

Source: Source: Calculated by the authors (2024)

Table 3 presents the correlation between share price and variables such as dividend policy, ROE, retention ratio, and EPS. The result from the analysis, with a correlation coefficient of 0.436, is significant. From the above result, it is observed that dividends explain 19.2% of the variation in share price, which means the impact is small. The model is well fitted, with F-statistics significant at a 1% level, hence proving that EPS, BVPS, and CFPS are strong determinants of share price. This leads to the rejection of the null hypothesis- H_{01} that there is a significant influence of independent variables on the market price.

Table 3: Regression Result

Dependent Variable: Market Price (MP)				
Variables	Coef.	SE	t-stat.	P value
C	-7.655	35.629	-2.15	0.830
EPS	23.727	8.708	2.725	0.007**
ROE	152.524	552.092	3.27	0.034**
RR	4.081349	329.532	0.01	0.990
CD	-59.232	115.255	-0.514	0.608
SD	92.254	109.316	0.844	0.040**
<i>R</i>	0.436			
<i>R</i> ²	0.192			
Adjusted <i>R</i> ²	0.174			
F Statistic	11.391**			0.000

Source: Source: Calculated by the authors (2024)

The significance of the independent variables was tested individually in the study. The significance levels are represented by the denotations of *, or ** at 1%, and 5%, respectively. From Table 3, there is an indication of a positive and significant relationship between EPS, stock dividends (SD), and share prices, with the most influential being EPS, as confirmed by the studies of Khan et al. (2011) and Adesola & Okwong (2009). The ROE also positively influences the share prices, as good management of shareholders' funds enhances returns, and this is in agreement with studies conducted by Khan et al. (2011) and Raballe & Hedensted (2008). On the other hand, cash dividends and retention ratio are insignificant in influencing the market price. These findings provide a better understanding of how dividend policy and financial performance measures influence stock prices.

CONCLUSION

The discussion surrounding the relationship between dividends and market prices has been an ongoing one. The paper has focused on how dividend policy affects the market price of the banking sector. The findings support the relevance theory since it was

established that dividends impact shareholders' wealth. It is evident that stock dividends affect market price, but there are also other variables that contribute just as much, such as EPS and ROE. In conclusion, the study not only contributes empirical insights to the specific context of the Banking industry in Bangladesh but also advances the on-going discourse on dividend policies in the broader field of finance. It challenges researchers, policymakers, and industry practitioners to reevaluate their assumptions and adopt a more nuanced and context-specific approach to dividend decisions, thereby shaping the trajectory of financial strategies in the Bangladeshi business landscape.

REFERENCES

- Adesola, W. A., and Okwong, A. E. (2009). An empirical study of dividend policy of quoted companies in Nigeria. *Global Journal of Social Sciences*, 8 (1), 85–101.
- AlAli, M. S., AlQamias, T. N., AlHajri, S. R., AlBasri, N. S., & AlSalem, A. S. (2024). Profitability, Dividend Policy and Stock Prices: A Case Study on Kuwaiti Insurance Companies. *International Journal of Finance & Banking Studies* (2147-4486), 13(1), 17-21.
- Allen, D. E., & Rahim, V. S. (1996). Dividend Policy and Stock Price Volatility: Australian Evidence. *Applied Financial Economics*, 6 (2), 175-188.
- Asghar, M., Shah, S. Z. A., Hamid, K., & Suleman, M. T. (2011). Impact of dividend policy on stock price risk: Empirical evidence from equity market of Pakistan. *Far East Journal of Psychology and Business*, 4(1), 45–52.
- Baker, H. K., Powell, G. E., & Viet, E. T. (2002). Revisiting Managerial Perspectives on Dividend Policy. *Journal of Economics and Finance* (26), 267-283.
- Baskin, J. (1989). Dividend Policy and the Volatility of Common Stock. *Journal of Portfolio Management*, 3 (15), 19-25.
- Biswas, G. K. (2024). Analyzing the Impact of Financial Inclusion on Economic Growth in Bangladesh. arXiv preprint arXiv:2401.11585.
- Black, F., & Scholes, M. (1974). The Effects of Dividend Yield and Dividend Policy on Common Stock Prices and Returns. *Journal of Financial Economics*, 1 (1), 1-22.
- Gordon, M. J. (1963). Optimal Investment and Financing Policy. *The Journal of Finance*, 18 (2), 264-272.
- Halife, H., & Karroum, S. (2023). The impact of dividend distribution announcements on stock prices: An event study at the Istanbul Stock Exchange. *Journal of Economics, Finance and Accounting*, 10(2), 76–84. <https://doi.org/10.17261/Pressacademia.2023.1730>
- Hasan, M., Le, T., & Hoque, A. (2021). How does financial literacy impact on inclusive finance?. *Financial innovation*, 7(1), 40.

- Hossin, M. S., & Ahmed, M. F. (2020). Dividend policy and stock price volatility in the Bangladesh capital market : An experimental analysis. *Saudi Journal of Economics and Finance*, 4(7), 359-367.
- Hussainey, K., Mgbame, C. O., & Chijoke-Mgbame, A. M. (2011). Dividend policy and share price volatility: UK evidence. *Journal of Risk Finance*, 12(1), 57–68. <https://doi.org/10.1108/15265941111100076>
- Jatoi, M. Z. R. (2024). Impact of dividend policy on firm performance in Pakistan. *Online Journal of Distance Education e-Learning*, 11(2).
- Kasozi, J., & Ngwenya, A. (2023). Determinants of dividend policy in South Africa. *Journal of Governance and Regulation*, 4(4-3).
- Khan, K. I., Amir, M., Qayyum, A., Nasir, A., & Khan, M.I. (2011). Can dividend decisions affect the stock prices: A case of dividend paying companies of KSE. *International Research Journal of Finance and Economics*, Volume 76(2011), pp. 67-74.
- Kutaningtyas, B. A., Azzahra, N. F., Agustin, S. N., & Suherman, U. (2024). Analisis Pengaruh Return On Equity Dan Net Profit Margin Terhadap Return Saham. *Maeswara: Jurnal Riset Ilmu Manajemen dan Kewirausahaan*, 2(1), 209-214.
- Lintner, J. (1956). Distribution of Incomes of Corporations Among Dividends, Retained Earnings, and Taxes. *American Economic Review* (46), 97-113.
- Lou, F. (2024). Analysis of the Correlation between Corporate Dividend Policy and Stock Price. *Academic Journal of Management and Social Sciences*, 7(1), 114-117.
- Louziri, R., & Oubal, K. (2022). Determinants of dividend policy in Morocco. *Journal of Risk and Financial Management*, 15(12).
- Mahirun, Mahirun, Arih Jannati, Andi Kushermanto, and Titi Rahayu Prasetiani. (2023). Impact of dividend policy on stock prices. *Acta Logistica* 10, no. 2: 199-208.
- Miller, M. H., & Modigliani, F. (1961). Dividend policy, growth, and the valuation of shares. *the Journal of Business*, 34(4), 411-433.
- Myers, M., & Frank, B. (2004). The Determinants of Corporate Dividend Policy. *Academy of Accounting and Financial Studies Journal*, 8 (3), 17-28.
- Nazir, M. S., Nawaz, M. M., Anwar, W., & Ahmed, F. (2010). Determinants of stock price volatility in Karachi Stock Exchange: The mediating role of corporate dividend policy. *International Research Journal of Finance and Economics*, 55, 100–107.
- Nidar, S. R., & Maraya, A. (2021). Event study analysis of stock dividend announcements. *International Journal of Financial Studies*, 9(3), 45–55.
- Noor, M. A., Hossain, T., & Shirazi, H. (2022). Effects of Financial Inclusion on the Economic Growth of Developing Countries: An Empirical Analysis of the Bangladesh Economy. *South Asian Journal of Social Sciences and Humanities*, 3(6), 10-22.
- Pani, R. K. (2008). Dividend policy and stock price behavior in Indian corporate sector: A panel data approach. *Indian Economic Review*, 43(2), 125–141.

- Provaty, S. S., & Siddique, K. A. (2021). Impact of Dividend Policy on Stock Price Volatility: An Empirical Study on Financial Service Industry of Bangladesh. *Journal of Financial Markets and Governance*, 1(1), 16-32. <https://doi.org/10.54728/2112091639050253>
- Rajan, G. S. (2024). Analyzing the Impact of Dividend Policy on the Value of Listed Companies-Insights from India. *International Journal of Innovative Research in Engineering and Management*, 11(2), 84-88.
- Rashid, A., & Rahman, A. (2009). Dividend policy and stock price volatility: Evidence from Bangladesh. *Journal of Applied Finance and Banking*, 1(1), 15–22.
- Syedimany, A. (2023). Stock price reactions on NASDAQ Stock Exchange for special dividend announcements. *Emerging Science Journal*, 5(2), 113–123.
- Shah, S. A. A., Ali, M. D., & Khan, S. R. (2020). Impact of dividend policy on stock prices before and after capital gain tax imposition: The case of manufacturing sector of Pakistan. *International Journal of Management Research and Emerging Sciences*, 10(2).
- Singh, A. R., & Nautiyal, A. (2024). Do dividend announcements impact share price? *Lloyd Business Review*, 3(2), 1–9. <https://doi.org/10.56595/lbr.v3i2.28>
- Thenmozhi, M. (2000). Market value added and share price behavior. *Delhi Business Review*, 1(1).
- Tran, Q. T. (2024). Dividend Policy and Stock Price. In *Dividend Policy* (pp. 99-112). Emerald Publishing Limited.

Dr. Md. Hasan Uddin¹

Professor

Department of Finance and Banking

Patuakhali Science and Technology University

Dumki; Patualhali

E-mail : hasan14860@pstu.ac.bd

Obstacles and Constraints in Achieving Inclusive Primary Education : An Empirical Examination of Special Child Education in Bangladesh

Md. Momin Uddin¹, Md. Sujahangir Kabir Sarkar², Md. Hasan Uddin³ and
Brishti Rani Dey⁴

ABSTRACT

Bangladesh has made significant strides in primary education, particularly in integrating students with disabilities. This research focuses on the challenges to achieving inclusive education in the Barishal division, specifically for children with special needs. Data were collected from 75 participants using purposive sampling across various schools, through structured and open-ended questionnaires. The study primarily gathered insights from teachers about the obstacles they face in implementing inclusive education. Key issues identified included inadequate training, lack of confidence, and insufficient classroom infrastructure. Participants suggested several strategies to enhance inclusive education, such as providing targeted training for educators on inclusive principles and methods, and fostering interactions between children with special needs and their peers. Encouraging these interactions helps promote participation in group activities and supports the social integration of all students.

Keywords: Inclusive education, primary education, children with disabilities, barriers, challenges, Bangladesh.

Manuscript Received : July 15, 2024; Revised Manuscript Received : Oct. 9, 2024, Accepted : Oct. 29, 2024.

INTRODUCTION

Since signing the 2030 Agenda for Sustainable Development, Bangladesh has actively pursued the Sustainable Development Goals (SDGs) and contributed to global discussions on their significance. The government has adopted a “whole-of-society approach,” engaging various stakeholders to meet these goals (Islam et al. 2018, Sarkar et al. 2022). However, challenges remain in aligning the SDGs with national and local development strategies, establishing strong institutional frameworks, mobilizing financial resources, collecting data for monitoring, and fostering multi-stakeholder partnerships (Khatun and Saadat 2021). Despite significant progress in economic growth and overall development, Bangladesh still confronts developmental hurdles (Sarkar, Takemoto et al. 2022). To achieve the SDGs, Bangladesh must leverage past development achievements and lessons learned. In addition to mobilizing resources and building capacity for comprehensive SDG implementation, addressing the challenge of inclusive structural transformation is crucial. This involves expanding domestic productive capabilities, diversifying production structures and technological capacities, fostering inclusive and sustainable economic growth, reducing inequalities, and maximizing the benefits of the SDGs (Mujeri, 2020).

Ensuring universal access to quality education stands as a cornerstone for any nation striving towards SDG achievement. By prioritizing investments in education and vocational training, as delineated in SDG 4, Bangladesh can leverage its youthful population to bridge the global talent gap (Mujeri, 2020). Moreover, education serves as a linchpin in reducing poverty and inequality, improving health and nutrition, bolstering economic development and labor market opportunities, and fostering peace building and democratic institutions. Bangladesh's development agenda post-2015, led by the Planning Commission's General Economics Division (GED) through a consultative process since 2013, underscores its dedication to the SDGs. This collaborative effort resulted in the formulation of 11 goals, 58 targets, and 241 measurable indicators tailored to the nation's unique context.

Recognizing universal primary education as a priority, the country's national constitution expresses commitment to ensuring quality primary education with equal opportunity for all children. Additionally, teacher training programs focus on preparing teachers to handle children with various needs in mainstream classrooms. However, with all these provisions, Bangladesh has achieved little in educating students with disabilities within regular schools. Although some private and NGO-based schools have initiated inclusive education initiatives, challenges persist, including insufficient facilities for special child education in mainstream schools and a scarcity of specific educational institutions for children with special needs.

The selection of the Barishal Division for sampling is significant due to its comparatively higher literacy rate (75.3%), exceeding the national average (56.5%), and the pivotal role inclusive education plays in the region. Nonetheless, there are ongoing challenges, including the struggle for teachers to effectively educate both typical and special needs students within a single classroom setting, thereby impeding the advancement of inclusive education. As such, this research endeavors to investigate the methodologies employed by teachers to foster inclusive education within their classrooms and to pinpoint the obstacles they encounter in facilitating and advocating for inclusive educational practices.

LITERATURE REVIEW

Inclusive Education

Inclusive education, guided by the principle of 'education for all,' strives to foster societal equality by ensuring that every learner, irrespective of their individual traits or limitations, has educational access (Ahuja, 2002). This encompasses diverse attributes like race, gender, religion, culture, sexual orientation, learning style, language, and disability. Inclusion in education involves providing all students with access and equal opportunities for education and learning (Yeboah, Aloba, Charamba, & Studies, 2023). In such environments, educators adapt teaching to meet the unique needs and potential of each learner. According to Patterson and Manning (2009), achieving inclusive education depends on mainstream schools embracing inclusivity and enhancing their ability to educate all community children. It's not confined to specialized institutions but represents a broader shift in policies and practices, aiming to uphold the universal right to education. Ultimately, inclusive education lays the groundwork for a fairer and more equitable society.

Inclusive education aims to provide equitable educational opportunities for all students with special needs, advocating for their right to attend regular schools without discrimination (Kamran, Siddiqui, & Adil, 2023). While often associated with developed nations, this concept is gaining momentum in the developing world as well. Special education focuses on tailored teaching methods for children with intellectual, developmental, sensory, or physical disabilities (Dillenburger et al., 2020). In Bangladesh, despite a push for inclusive education over a decade ago, significant barriers remain. The United Nations Educational and Cultural Organization (2009) emphasizes the government's role in overcoming these obstacles to foster inclusive environments. Currently, many schools in Bangladesh are housed in multi-story buildings, which create accessibility challenges for students with mobility impairments (Mehtab, 2014).

IMPORTANCE OF INCLUSION FOR LEARNERS WITH DISABILITY

The concept of disability encompasses any physical or mental condition, referred to as impairment, which creates challenges for individuals in performing certain tasks (activity limitation) and engaging with their environment (participation restrictions). This condition can stem from physical, mental, or emotional factors such as disease, injury, congenital defects, or accidents, affecting cellular, organ, or limb levels of the individual during the active phase of the condition (Altman, 2014). Even after the acute phase has passed, residual impairments may persist, characterized by abnormalities or losses that remain once the active disease pathology has been treated or resolved (Altman, 2014). These residual impairments can alter the functioning of cells, organs, or limbs, leading to changes in their capabilities compared to before the onset of the condition. Disabilities may manifest from birth or develop over the course of an individual's life. They encompass a diverse range of conditions, including Autism Spectrum Disorders (ASD), physical handicaps, disabilities resulting from mental illness, visual impairment, speech impairment, intellectual impairment, hearing impairment, deaf blindness, cerebral palsy, Down syndrome, multiple disabilities, and others (Act, 2013). Various social, physical, and emotional factors contribute to the exclusion of a significant number of children from schooling.

UNESCO in 2009 identifies groups facing exclusion, including ethnic minorities, refugees, and child workers, those affected by HIV/AIDS, abused children, religious minorities, impoverished children, street children, those in conflict zones, and children with disabilities. Inclusive education, focusing on marginalized learners, can integrate those with special needs, turning them into valuable assets for their nations. When Inclusive Education is aptly arranged, it shields children with special needs while encouraging social justice, equality, and compassion among healthy ones, making them sensitive toward the needs of their peers with disabilities who, consequently, could be empowered to learn and adapt more easily to them. (Sadikovna & Azimjon o'g, 2023).

TEACHER'S ATTITUDE TOWARDS INCLUSION

Demographic factors can influence teachers' attitudes toward including children with disabilities. However, studies on age and teaching experience yield mixed results. Some research suggests younger teachers with less experience are more positive about inclusion

(Aksamit et al., 1987; Avissar et al., 2003; Avramidis & Kalyva, 2007), while others find no link between age or experience and positive attitudes (Avramidis et al., 2000). Major challenges include the severity of disabilities, lack of special aides, and insufficient training (Aalatawi & Research, 2023). Additionally, there is limited research on teacher attitudes in developing countries like Bangladesh.

OBJECTIVES OF THE STUDY

The study aims to identify obstacles to inclusive primary education in Bangladesh and suggest solutions. In addition to that, the research will document the status of primary education, situation of children with disabilities, challenges to inclusion, and difficulties faced by teachers and students in an inclusive setting.

RESEARCH QUESTIONS

The major research questions to be addressed are as follows: What is the current state of primary education in Bangladesh? What are the challenges faced by teachers in inclusive schools when teaching children with special needs? What are the problems that arise in these settings? How do teachers put into practice the education of inclusive students?

CONCEPTUAL FRAMEWORK

The conceptual framework outlined in Figure-1 underscores the essential elements for achieving successful inclusive primary education. It emphasizes the challenges individuals encounter in advancing Inclusive Primary Education (IPE), which encompass social, economic, and infrastructural constraints, posing barriers to fostering inclusive learning environments. However, by engaging key societal stakeholders, these obstacles can be mitigated. Attaining success in primary Inclusive Education is feasible when there is a positive attitude towards children with disabilities and active involvement in their education. Various strategies can be employed to establish inclusive education, such as teacher training programs, raising societal awareness, government initiatives, among others.

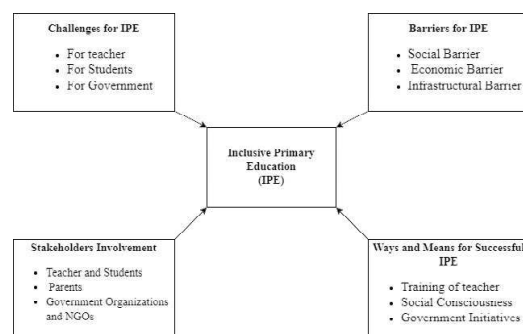


Figure-1: Conceptual framework for a successful IPE especially for the special/disabled children in Bangladesh

METHODS OF THE STUDY

Questionnaires served as the primary tool of this study for gathering data, structured based on the 5-point Likert scale. The research focused on primary school teachers, encompassing both public and private/NGO institutions, with experience in inclusive education and teaching students with disabilities. Through purposive sampling, 75 teachers from different primary schools across sub-districts in the Barishal Division of Bangladesh were selected.

To solicit participation, respondents were contacted via phone and email, and the study objectives were explained to them. Detailed instructions regarding the survey questionnaire were provided, and after agreement to participate, the questionnaire was administered electronically using Google Forms. Respondents were given ample time to complete the questionnaire, and upon submission, the responses were screened to ensure alignment with the research objectives. Open-ended responses were coded based on the provided answers, and all questionnaires underwent careful editing and coding. Simple descriptive statistics, such as percentages, bar charts, and tabular presentations, were utilized to analyze the gathered data. This analysis aimed to provide insights into the challenges and procedures linked with inclusive teaching within the respondents' institutions.

RESULT AND DISCUSSIONS

Present Situation of Primary Education in Bangladesh

Bangladesh is committed to the attainment of Universal Primary Education as indicated in the SDGs, which ensures that all children acquire quality basic education by 2030. Thus, primary education in Bangladesh aims to enroll as many children within the age bracket of 6-10 years into schools. According to Figure-2, there was an increase in enrollments at government primary schools from 2018 to 2019, but unfortunately, a decline was observed in 2020. Conversely, enrollments at Newly Nationalized Primary Schools (NNPS) showed a consistent increase from 2018 to 2020. This trend suggests a preference among students and parents for NNPS over government primary schools.

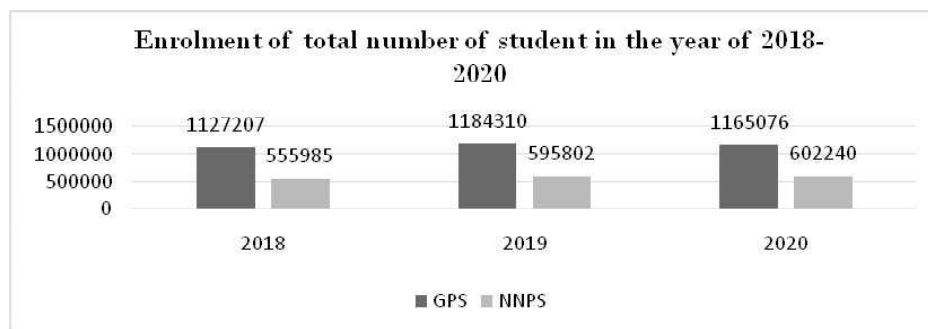


Figure- 2: Number of Enrollment in Primary School in the year of 2018-2020.

Status of Primary Education in Barishal Division

Barisal division boasts one of the nation's highest literacy rates, trailing only behind Dhaka division (BBS, 2013). Barisal's urban population boasts a literacy rate of 75.3%, well above the national average of 56.5%. Additionally, BBS data from 2013 indicates that Barishal Division boasts a primary education completion rate of 88%, second only to Khulna division. This high completion rate makes Barishal Division an ideal choice for the focus of this study.

Current Status of Student with Disabilities in Bangladesh

According to Ackerman and Hug (2005), current statistics provide only an approximate representation of the distribution of different disability types. The Action Plan for the Second Primary Education Development Program (PEDP-II) in 2005 highlights the absence of systematic inclusion of disability in routine data collection or surveillance systems in Bangladesh. Discrepancies in disability statistics in Bangladesh stem from social stigmatization and classification challenges. Insights into the types and prevalence of disabilities among children aged 6-11 years are provided by the PEDP-II Special Requirements Education Programme. Table 1 presents the various disabilities observed within this age bracket.

Table 1 : Types of disabilities among children aged 6 to 11, presented by number (percentage).

Types of Disability	Number (%)
Physical impairments. Top of Form	720076 (41.5)
Visual disability.	341819 (19.7)
Hearing/Speech Impairment	340084 (19.6)
Mental Retardation	128398 (7.4)
Cerebral Palsy	121458 (7.0)
Multiple Disabilities	58994 (3.4)
Mental Illness	24292 (1.4)
Total	1735121 (100)

[Source: Based on APCD]

Table 2: Enrollment of Special Need Children in Pre-Primary Class

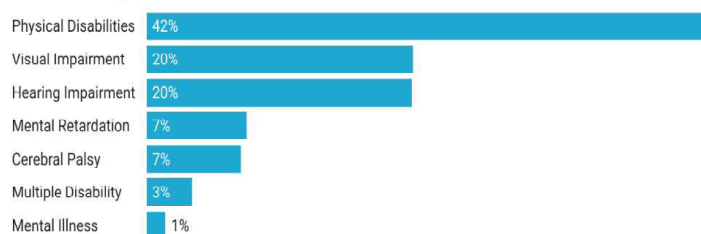
Types	Boys	Girls	Total
Physical impairments	4,340.00	3,020.00	7,360.00
Visual disability	1,209.00	1,021.00	2,230.00
Hearing Impairment	713.00	667.00	1,380.00
Speech Impairment	2,554.00	1,996.00	4,550.00

Mental Illness	3,336.00	2,548.00	5,884.00
Autism spectrum disorder	1,163.00	789.00	1,952.00
Multiple Disabilities	828.00	734.00	1,562.00
Total	14,143.00	10,775.00	24,918.00

[Source: Annual Primary School Census (APSC) Report -2020)

Accountability in promoting inclusive education relies on school census data tracking the enrollment of children with special needs across seven disability categories: physical impairments, visual disabilities, hearing/speech impairments, mental illness, cerebral palsy, autism spectrum disorder, and multiple disabilities. The Action Plan's estimates significantly exceed those from the PEDP-II Baseline Study.

Percentage of Children with disabilities



Created with Datawrapper

Figure-3 : Percentage of children with disabilities.

According to Figure-3, around 42% of children encounter difficulties because of physical disabilities, impeding their educational access and learning opportunities. Table 3 depicts the prevailing pattern of higher enrollment of girls in schools compared to boys. Nevertheless, the APSC report for 2020 indicates that the enrollment of girls with disabilities is lower than that of boys in both GPS and NNPS. Interestingly, it is observed that children with physical disabilities are enrolling more in both GPS and NNPS compared to those with other types of disabilities.

Table-4 illustrates a notable decline in primary school enrollment for both boys and girls since 2018. In 2018, a total of 62,416 children were enrolled, whereas only 50,182 children were enrolled in 2020, indicating a significant decrease. This downward trend is consistent for both boys and girls attending school over the specified period.

Table 3: Enrolment of Special Need Children in GPS and NNPS

Types	GPS			NNPS			Total
	Boys	Girls	Total	Boys	Girls	Total	
Physical Handicap	7396	5,241	12637	2359	1553	3912	16549
Poor Eyesight	2495	2120	4615	725	576	1301	5916

Hearing Impairment	627	548	1175	195	183	378	1553
Speech Impairment	3056	2858	5914	1252	1121	2373	8287
Mental Illness	5765	5208	10973	1427	1312	2739	13712
Autistics	589	440	1029	173	115	288	1317
Others	516	481	997	232	229	461	1458
Total	20444	16896	37340	6363	5089	11452	48792

[Source: Annual Primary School Census (APSC) Report -2020]

Table 4 : Students with disability attending School (Survey data)

Types of Schools	Survey in 2018			Survey in 2019			Survey in 2020		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
GPS	25175	20802	45977	23692	19265	42957	20444	16896	37340
NNPS	8483	6887	15370	7472	6043	13515	6363	5089	11452
NRNGPS	645	424	1069	703	529	1232	778	612	1390
Total	34303	28113	62416	31867	25837	57704	27585	22597	50182

[Source: Annual Primary School Census (APSC) Report -2020]

CHALLENGES IN IMPLEMENTING INCLUSIVE PRIMARY EDUCATION

Challenges faced by the teacher in the classroom management

a. Evaluation of a task of special learner: Based on the responses, it was observed that evaluating tasks completed by special learners is not considered overly challenging by teachers. A significant portion (48%) expressed that assessing such tasks in school is not difficult. However, a portion of teachers (36%) believe that evaluating tasks poses a challenge due to variations in students' learning levels, necessitating differentiated evaluation methods.

b. Supervising a child with special needs alongside their peers: When asked about the challenge of monitoring both special needs children and regular students simultaneously, teachers responded that they find it difficult to focus on each special learner individually compared to the regular learners. As a result, they find it very challenging to monitor every student in the class at once, with 49.3% expressing this sentiment.

c. Planning task for a special child: In response to this question, the majority of teachers (38.70%) indicated that planning tasks for special needs children is mildly challenging because they struggle to gauge how much a student can comprehend compared to regular students. Additionally, approximately 26% of teachers expressed feeling that planning tasks for special needs children is both challenging and not challenging at all.

d. Making different co-curricular materials for children: The teachers believe that planning tasks for special learners is not overly challenging for them. However, they find it highly challenging to create various types of co-curricular materials simultaneously for both normal and special needs children (44%). This task becomes especially daunting as it falls solely on the teacher, regardless of their regular teaching responsibilities. Consequently, each participant perceives these duties as challenging for a regular teacher.

Challenges related to special children

According to respondents, four types of challenges were identified: low comprehension levels, disinterest in subjects and tasks, disruptive behavior towards teachers or peers, and a lack of enthusiasm for teamwork and professional development.

a. Low Understandings Level of the Special Learner: In addressing this aspect, all participants view it as a significant challenge within an inclusive classroom. The majority believe that special learners often struggle to comprehend class lectures or activities compared to their peers without disabilities.

b. Absence of engagement in a subject or activity: Teachers are required to involve special learners in the majority of classes to foster inclusivity. However, many special learners lack interest in certain subjects taught in class, leading them to avoid participating in those subjects. Consequently, this reluctance poses a challenge for teachers striving to effectively implement inclusive teaching practices.

c. Aggressive conduct exhibited by learners with special needs: In some instances, special learners display violent behavior in the classroom, which may involve attacking teachers or other students. Approximately 26% of the participants perceive this as a significant challenge. Interestingly, the majority of participants, accounting for 74%, view it as a common challenge. They attribute such behavior to physical or mental imbalances, the side effects of medication, or provocative behavior by normal learners during classes.

d. Disinterest in engaging in group activities: Based on the teachers' responses, it appears that many special learners are reluctant to communicate or engage with other students in the classroom. This is considered a significant challenge by 55% of the participants, indicating that they perceive it as a hindrance to their work. Conversely, 10% of participants mentioned that this aspect is not a challenge in inclusive classrooms at all.

Difficulties of teacher in getting proper training

According to the respondents, a significant portion of teachers in their district lack appropriate training to educate special learners (40%). Moreover, instructors often fail to ascertain whether they are adequately equipped to effectively teach students with special needs, even after receiving limited training.

Other Potential Problems and Difficulties

Towards the end of the questionnaire, this study aimed to gather insights through open-ended questions regarding the challenges faced by teachers in real classroom settings. The responses revealed several difficulties, including:

- a. Insufficient social awareness and parental understanding.
- b. Lack of responsiveness towards children with disabilities.
- c. Insufficient awareness of the needs of children with disabilities.
- d. Inadequate teacher training.
- e. Decreased interest in mainstream schooling.
- f. Inflexible curriculum.
- g. Shortage of teaching materials and resources.
- h. Limited cooperation from parents of special learners.
- i. Scarce resources.

Barriers related to Inclusive Education

Despite Bangladesh's laws supporting inclusive education, resource scarcity remains a major barrier. Unlike developed countries where most children with disabilities attend school, 89% in Bangladesh do not. Challenges include negative attitudes, untrained educators, large class sizes, inaccessible infrastructure, and low parental involvement, hindering effective implementation.

DISCUSSION

The study found that while most teachers view inclusion positively, they face significant barriers to creating inclusive classrooms, including insufficient social awareness, inadequate training, an inflexible curriculum, and a lack of responsiveness. To effectively implement inclusive education in Bangladesh, enhanced training and support are essential. Previous research indicates that kindergarten teachers often struggle with severe intellectual disabilities and behavioral issues due to insufficient resources and classroom support (Crispel & Kasperski, 2021). Teachers also highlighted a lack of professional development opportunities, emphasizing the need for structured training to better manage students with disabilities and implement effective teaching practices. Additionally, barriers include students' disinterest in group activities and low awareness among both parents and peers, which hinders collaboration. Findings from Aalatawi & Research (2023) further emphasize the critical role of awareness and cooperation in successfully adopting inclusive education.

CONCLUSION

The education of students with disabilities is often seen as charity rather than a right. Despite challenges, integrated education is achievable, supported by initiatives like the Salamanca Declaration. Inclusive education is shaped by local socio-economic and cultural factors. While progress has been made, obstacles remain, such as inadequate infrastructure, lack of skills, low involvement from students and teachers, and negative attitudes. Addressing these challenges requires reforms at both school and national levels in education and teacher training.

To help new teachers implement inclusive education, several suggestions have emerged. First, teachers should receive thorough training to recognize various special educational needs, enabling them to better support all learners. The government should also improve

school facilities to accommodate diverse learners, with help from parents, NGOs, and other stakeholders. Providing necessary resources for students with mobility, communication, and sensory impairments is essential. Additionally, educating and counseling parents can foster their involvement in their children's education. Lastly, offering professional development courses on inclusive practices can enhance teachers' understanding, showing that students with special needs can thrive alongside their peers.

REFERENCES

- Aalatawi, R. J. I. J. o. L., Teaching, & Research, E. (2023). Teachers' Perceptions of the Barriers to Inclusive Education of Kindergarten Students with Disabilities in Saudi Arabia. *22(2)*, 338-357.
- Act, B. R. a. P. o. P. w. D. (2013). "Bangladesh Rights and Protection of Persons with Disabilities Act." 4.
- Ahuja, A. (2002). An assessment of inclusive education in Bangladesh, UNESCO Dhaka.
- Aksamit, D., et al. (1987). Preparation of student services professionals and faculty for serving learning-disabled college students. Journal of College Student Personnel.
- Altman, B. M. J. A. o. e. (2014). "Definitions, concepts, and measures of disability." *24(1)*: 2-7.
- Avissar, G., et al. (2003). "Principals' views and practices regarding inclusion: the case of Israeli elementary school principals." *18(3)*: 355-369.
- Avramidis, E., et al. (2000). Student teachers' attitudes towards the inclusion of children with special educational needs in the ordinary school. Teaching and teacher education*16(3)*: 277-293.
- Avramidis, E., et al. (2000). Student teachers' attitudes towards the inclusion of children with special educational needs in the ordinary school. *16(3)*: 277-293.
- Avramidis, E. and E. Kalyva (2007). The influence of teaching experience and professional development on Greek teachers' attitudes towards inclusion. European journal of special needs education*22(4)*: 367-389.
- (BBS), B. B. o. S. (2013). Literacy Assessment Survey. Statistics and Information Division (SID).
- Crispel, O., & Kasperski, R. J. I. J. o. I. E. (2021). The impact of teacher training in special education on the implementation of inclusion in mainstream classrooms. *25(9)*, 1079-1090.
- Dillenburger, K., et al. (2020). Special Education. Handbook of Autism and Pervasive Developmental Disorder, Springer Nature Switzerland AG.

- Hemmingson, H. and L. Borell (2002). Environmental barriers in mainstream schools." *Child: care, health and development* 28 (1): 57-63.
- Hossain, M. B. a. M. (2020). Bangladesh ahead of India, Pakistan on 2020 SDG Index: *The Business Standard*.
- Islam, M. M., et al. (2018). "Coastal and marine conservation strategy for Bangladesh in the context of achieving blue growth and sustainable development goals (SDGs)." 87: 45-54.
- Kamran, M., Siddiqui, S., & Adil, M. S. J. E. S. (2023). Breaking barriers: The influence of teachers' attitudes on inclusive education for students with mild learning disabilities (MLDs). *13(6)*, 606.
- Khatun, F. and S. Y. Saadat (2021). Implementation of the SDGs in Bangladesh : Domestic Challenges and Regional Considerations.
- Mehtab, S. (2014). Inclusive education for children with disabilities in Bangladesh: Implementation and challenges, BRAC University.
- Mujeri, M. K. (2020). "Implementing SDGs in Bangladesh: The Role of Local Institutions. *Economic Relations Between Bangladesh and the USA*, 14 (4), 30.
- Mungai, B. W. (2015). Challenges facing implementation of inclusive education in public primary schools in Mwea East District, Kirinyaga County, Kenya. Unpublished thesis: Kenyatta University, Kenya.
- Patterson, J. and M. Manning (2009). Overcoming Inequality: Why Governance Matters. *Monitoring Report. Childhood Education* 86(2) : 127.
- Sarkar, M. S. K., et al. (2022). Localisation of sustainable development goals (SDGs) in Bangladesh: An inclusive framework under local governments. *14(17)*: 10817.
- Sadikovna, R. K., & Azimjon o'g, O. j. X. J. O. A. R. (2023). The importance of inclusive education in solving the problem of equality in the education of children with special needs. *4(3)*, 757-764
- Sarkar, M. S. K., et al. (2022). Achieving Sustainable Development Goals (SDGs) among the South Asian Countries: Progress and Challenges. *9(2)*: 42-61.
- Teferra, T. (2005). Disability in Ethiopia: Issues, insights, and implications, Addis Ababa University Print. Press.
- United Nations Educational, S. and C. Organization (2009). Policy guidelines on inclusion in education, Unesco Paris.

Yeboah, A., Aloka, P. J., Charamba, E. J. I. J. o. S. S., & Studies, E. (2023). Teachers' personal barriers hindering implementation of inclusive education in one mainstream school in South Africa. *10(3)*, 109-123.

Md. Momin Uddin¹

Associate Professor, Department of Management Studies, Faculty of Business Administration, Patuakhali Science and Technology University (PSTU),
mominuddin.521@pstu.ac.bd

Dr. Md. Sujahangir Kabir Sarkar²

Professor, Department of Economics and Sociology, Faculty of Business Administration, Patuakhali Science and Technology University (PSTU), skabir@pstu.ac.bd

Dr. Md. Hasan Uddin³

Professor, Department of Finance and Banking, Faculty of Business Administration, Patuakhali Science and Technology University (PSTU),
hasan14860@pstu.ac.bd

Brishti Rani Dey⁴

MBA, Major in HRM, Department of Management Studies, Faculty of Business Administration, Patuakhali Science and Technology University (PSTU).

Corresponding author:

Dr. Md. Hasan Uddin³

Professor
Department of Finance and Banking,
Faculty of Business Administration,
Patuakhali Science and Technology University (PSTU)
Dumki-8602, Patuakhali, Bangladesh
hasan14860@pstu.ac.bd

The Eco-Buying Decision : Understanding Consumer Criteria for Green Purchases

Kakali Dasgupta Saha¹ and Amit Kundu²

ABSTRACT

The objective of this paper is to develop a theoretical understanding of the variables influencing Eco-Buying Behaviour, how these variables have been examined in existing studies to date, and to propose a conceptual model or theoretical framework of Eco-Buying Behaviour to facilitate its evaluation. The paper examines and critically appraises major contributions to the Eco-Buying Behaviour literature. A structured analysis of research studies from around the world has been conducted to assess consumers' behaviour in buying green products. This theoretical review aims to collate information from various papers to develop a model that explains the decision-making variables of Eco-buying Behaviour. From the exploration of the literature, it is clear that the variables influencing consumer behaviour are varied and so drawing mainly on two theories that are widely used to understand Consumer Behaviour- the Theory of Reasoned Actions (TRA) and the Theory of Planned Behaviour (TPB), a conceptual framework of Eco-Buying Behaviour is suggested. This model tries to outline the important variables involved in the study of Eco-buying behaviour or green consumer behaviour and the correlation between the variables. The theoretical model that is developed by the present study is the roadmap for further research. It is anticipated to guide organisations and academicians alike, in understanding the nuances of Eco-buying behaviour and implementing holistic sustainability frameworks, that align with consumers' values.

Keywords: Environment, Green Products, Consumer Behaviour, Sustainable Green Marketing, Consumer Awareness, Eco Labels

Manuscript Received : Sept. 1, 2024; Revised Manuscript Received : Oct. 31, 2024, Accepted : Nov. 3, 2024.

1. INTRODUCTION

Climate change and impending ecological crises, have forced organisations and individuals to embrace sustainability (IPCC, 2022). At the individual level, this involves purchasing and utilizing products that inflict minimal or no harm on the environment. Acknowledging this, marketers and manufacturers have increasingly shifted their focus towards eco-friendly products and production methods (IPCC, 2022; Urgent Climate Action, 2022).

Governments and organisations worldwide have invested enormous sums of money and efforts in the conservation of the environment. For instance, the Global Environment Facility (GEF), funded by the governments of Japan, Germany and Canada has approved around \$1.1 billion for green initiatives (Global Environment Facility, 2023). In India, the government

has invested around INR 600 billion in green projects (PIB,2023; Climate Fact Checks, 2023).

Manufacturers, marketers, and consumers have also started to understand their responsibilities regarding this cause. Since the late 1970s, there has been increased awareness about finding ways and means to protect and sustain our environment. The human race, in general, has realised the importance of harnessing products that do minimal or zero damage to nature. Consumers are seeking eco-friendly products, compelling organisations to implement sustainable practices (Barbu et al., 2022; Gomes et al., 2023; Joshi & Rahman, 2015). According to a global survey, almost 65% of consumers prefer making eco-friendly purchases, highlighting the awareness about environmental sustainability (World Economic Forum, 2023).

2. LITERATURE REVIEW

Marketing academics and practitioners have laid a lot of emphasis on the role that marketing plays in advocating and sustaining environmental balance (Chammaro et al., 2009; Bhattacharya, 2011). Green Marketing, according to the definition given by the American Marketing Association is

1. Retailing definition : The marketing of products that are supposed to be safe for the environment.
2. Social marketing definition : The creation and marketing of products developed in a way that causes zero or minimum damage to the environment.
3. Environments definition: Businesses striving to manufacture, advertise, package, and recycle products in ways that are mindful of the environment.

Green Marketing is a comprehensive, broad approach to marketing, including manufacturing, selling, promoting, usage and disposal, of goods and services, in a manner that limits threats to the environment and preserves the ecological balance. Globally there is an accelerated trend of switching over to “Green” products, both tangible and intangible, be it ecotourism, organic food, recyclable clothes or herbal cosmetics. Several studies have shown that implementing sustainable practices is beneficial for both the organisation and the environment as it contributes in building reputation and customer loyalty from green consumers, which in turn translates to long-term profits (Chen et al., 2023). Moreover, such companies also attract more investors and consumers (Verma & Singh, 2023).

2.1 Global Research on Eco-Buying Behaviour

The emergence of environmental sustainability in human conscience at a global level has led to the advent of Eco-buying behaviour, where consumers increasingly prefer eco-friendly products and services (Cherian & Jacob, 2018). Thus, if they want to remain competitive, businesses have to go the sustainable way (Cini & Ricci, 2018). Organisations are now inspired to develop innovative business models to satiate the needs of customers, who are playing a significant role as protectors of the environment (Pironti et al., 2015) and

implementing sustainable economic activities (Fornasari, 2022). On the other hand, consumers are also facing challenges such as higher costs and limited availability that hinder the adoption of green practices (Reinartz, 2002). Consumer behaviour, according to Kotler & Keller (2006), comprises how individuals and organizations select, buy, use, and dispose of goods and services. Environmental challenges such as climate change and resource depletion have brought home the importance of green consumerism, with consumers playing a vital role in encouraging and adopting green practices (Thøgersen, 2021).

Recognising the determining factors of Eco-buying behaviour helps businesses in creating green products and policymakers in designing effective sustainable tactics and strategies (Zhao et al., 2020).

FSC International (FSC International, 2023; GlobeScan, 2023) has been following a Green Consumer Segmentation worldwide with relevance till today. The segments are as follows

- a) Green in Deed-The greenest segment. This group shows the highest concern for the environment, and they put their money where their mouth is when it comes to green behaviour(FSC International, 2023; GfK, 2023).
- b) Carbon Cultured- Many of these people are located in markets where green has long been on the national agenda (mostly the developed world). As a result, they show a high degree of concern for the environment, like recycling and conserving water and energy, but their behaviour is still below global standards(FSC International, 2023; GfK, 2023).
- c) Green in Need - A group that exists almost exclusively in the developing world. They have the desire but lack the means and know-how to be greener. Given the right tools, these people could climb the environmental ladder and become Green in Deeds(FSC International, 2023; GfK, 2023).
- d) Glamour Greens- “Green” to this group is a status symbol. The environment is only skin deep to them. They are less likely to have core green values, but they will participate if it means they can display their green badge of honour(FSC International, 2023; GfK, 2023).
- e) Jaded- A cynical and sceptical group. This group claims to be knowledgeable about the environment but is less concerned about it and does not want issues to stand in the way of economic progress. Some may have rejected the “green movement”, and even be overtly hostile towards it (FSC International, 2023; GfK, 2023).

2.2 Eco-Buying Behaviour - The Indian Context

Ipsos Green Gauge Report (Ipsos, 2024) has done the segmentation of consumers in India, according to their level of concern and engagement, as follows:

- Activists- 23% are Activists who believe that the environment is at a critical stage and the world must act now.
- Pragmatists- 07% are Pragmatists believe that the environment is at risk, but there is still time to act.
- Conflicted Contributors- 06% is confused about the current state of affairs.
- Busy Bystanders- 41% are Busy bystanders who think that climate change is not a priority – it's largely overblown.
- Disengaged Denialists - 24% are Disengaged Denialists who believe that the environment is not a concern 24%.

According to the 2023 survey findings of Greendex ("Consumer Greendex," a scientifically derived sustainable consumption index of actual consumer behaviour and material lifestyles across various countries, conducted by National Geographic and GlobeScan), India is the country with the highest Greendex score index at 57. Indians are thus considered among the most eco-friendly consumers in the world. The majority of Indian consumers are prepared to spend extra, for an energy-saving product if it will save money over the product's life (ScienceDaily, 2023; Vivid Maps, 2023).

A contemporary survey indicates that a majority of Indians want the government to support more green innovation and regulation. Many consumers in India plan to invest more in eco-friendly products in the near future. However, they mention limited availability and inconsistent labelling as the major hurdles to buying green. Additionally, 86% of Indian respondents feel that advertising about green products aids consumers in making informed decisions (NIQ, 2023; Euromonitor, 2023).

AC Nielsen- a market research agency, published an article in Business Standard namely "Indians prefer eco-friendly products". The agency found that most Indian shoppers are concerned about the impact their purchasing will have on the environment and sustainability. Around 79% of consumers showed their trust in recyclable packaging and 86% of Indian consumers believe in energy-efficient products and appliances. India is ranked among the top three Asian Pacific countries with a strong inclination towards green products. The study showed that 90% of people in India were worried about air and water pollution, though 80% of Indians believed that climate change was an important environmental issue (AC Nielsen, 2023; Indian Retailer, 2023).

Varghese and Santhosh (2015) conducted a study in the Kollam district of Kerala, where they found that most of the respondents were aware of green products among which organic vegetables and organic food products were the favoured choices. The study also found that the key factor influencing the buying behaviour of consumers was the quality of the product and the challenges faced by the consumers were limited availability and high price.

Similarly, Maheswari & Sakthivel (2015), in their study on the customers' awareness and satisfaction level towards green marketing products in Coimbatore city, found all respondents to have knowledge about eco-friendly products. The chief sources from where people get information about green products are schools and universities (Yusuf & Fatima, 2015).

Singh & Kumar (2015) in their study found that most of the respondents from North India (more specifically, from the states of Haryana, Jammu & Kashmir and Himachal Pradesh) are acquainted with Green Marketing. Significant correlations were found between awareness and respondent's income, occupation, and marital status, irrespective of their age, education and state. Awareness about Green Marketing is not influenced by gender. The study also found that Web Based Marketing was a major source of building awareness. Consumers' attention to the environmental issues and initiatives taken by the government and different organisations are the chief considerations that influence awareness about Green Marketing. Laddha & Malviya (2015), surveyed 150 samples in Mumbai, where the participants were asked about the environment and buying behaviour. The study revealed that concerns, knowledge, and awareness of the environment and environment-friendly products, together with educational levels affect green buying behaviour. Building awareness through advertising, individual buying behaviour can be changed. It is also crucial for companies to develop new environment-friendly products to ensure competitive performance. Green marketing is in its early stages and substantial research is needed to explore its potential.

2.3 Elementary theory

This paper mainly endeavours to study the various evaluative research papers. However, we will now consider an elementary theory frequently used to comprehend consumer behaviour, the Theory of Planned Behaviour.

Theory of Planned Behaviour (TPB)

This paper is based on the Theory of Planned Behaviour (TPB) model, that was introduced by Ajzen (1991). According to Ajzen (1991), "the theory of planned behaviour is an extension of the theory of reasoned action (Ajzen & Fishbein, 1980) made necessary by the original model's limitations in dealing with behaviours over which people have incomplete volitional control". The latter theory has included the concepts of attitude, social norms and PBC, in so doing providing a thorough insight into an individual's behaviour (Savari *et al.*, 2023). Ajzen (1991) explained that "intentions to perform behaviours of different kinds can be predicted with high accuracy from attitudes toward the behaviour, subjective norms, and perceived behavioural control; and these intentions, together with perceptions of behavioural control, account for considerable variance in actual behaviour." The TPB framework has been widely used in various studies as a socio-psychological theory for analysing behaviour in different domains (Yeh *et al.*, 2021). Thus, to understand eco-buying behaviour too, individual behaviour can be explained by attitudes, subjective norms and PBC, which are the main elements of the TPB framework (Ajzen, 1991; Savari & Khaleghi, 2023; Si *et al.*, 2020; Taufique & Islam, 2021).

The different parameters used in this theory are explained below. (a) Attitudes denote an individual's positive or negative assessment of a definite behaviour (Savari *et al.*, 2023). (b) Subjective norms denote an individual's perception of social pressure or influence from significant others to perform a specific behaviour (Ajzen, 1991; Ling *et al.*, 2023; Savari *et al.*, 2023). (c) Perceived Behavioural Control denotes an individual's belief in their ability to successfully perform a behaviour (Ajzen, 1991; Ling *et al.*, 2023; Savari *et al.*, 2023). Various research worldwide has used TPB to explore consumer behaviour in different settings, and green consumerism is no exception. Ling *et al.* (2023) examined consumer attitudes regarding single-use plastics, and Farani *et al.* (2019) researched the influence of social norms on Green Consumer Behaviour.

The following figure (Fumiyo, 2014) illustrates the Theory of Planned Behaviour as propounded by Ajzen (1991).

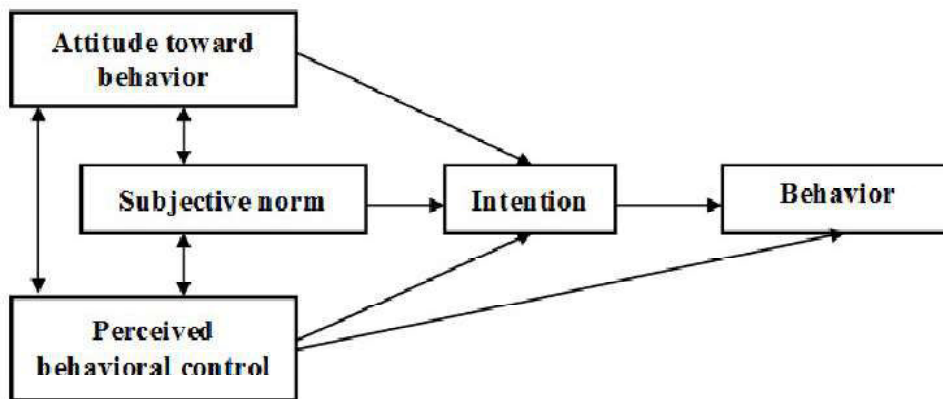


Figure 1: Theory of Planned Behaviour [Source: Research Paper Fumiyo, 2014]

Fumiyo, Kondo. (2014). A Cross-National Analysis of Intention to Use Multiple Mobile Entertainment Services. *Journal of Global Information Technology Management*. 17. 45-60. 10.1080/1097198X.2014.910991.

3. RESEARCH OBJECTIVE

Drawing on the main factors identified in the literature and the insights obtained from it, the present research study aims to propose a rudimentary conceptual model of consumers' buying behaviour towards green products. This model tries to identify all the relevant factors for assessing the decision-making process for purchasing green products and demonstrates the relationships between these factors.

4. METHODOLOGY:

An exhaustive literature survey in the global context and also, the context of India, has been made to understand the growth and development of the concept of Green Consumer

Behaviour towards environmental sustainability. Based on the findings from the different papers, a theoretical model has been developed to explore Green Consumer behaviour.

5. DISCUSSION AND DEVELOPMENT OF CONCEPTUAL FRAMEWORK

Based on the Theory of Planned Behaviour, the following Conceptual model is being proposed. Here, the five independent variables are instrumental in inducing Eco-Purchase Intention, which in turn will lead to Eco-Purchase Behaviour. Figure 2 shows the conceptual framework established to study the relationship between the dependent variable, the moderating variable (Purchase Intention) and the independent variables.

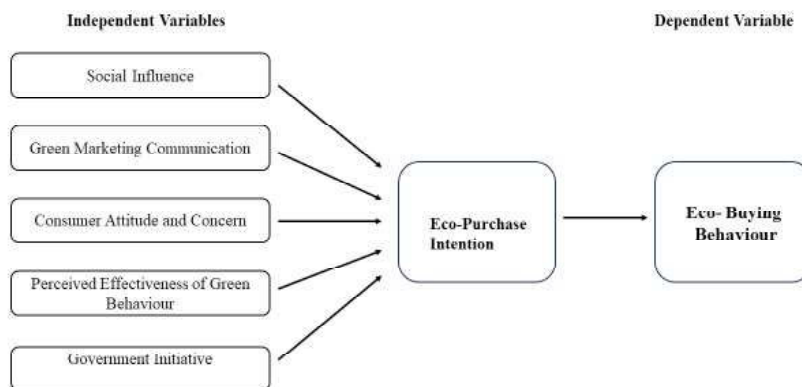


Figure 2: Proposed Conceptual Framework [Researchers Construct]

5.1 Eco-Buying Behaviour

Eco-buying Behaviour or Green Purchase Behaviour according to Chan (2001) is a particular type of purchase behaviour in which consumers express their caring and attention to the environment. Green purchase behaviour involves the consumption of products that are recyclable or conservable, useful or generous to the environment, and sensitive or receptive to environmental concerns (Mostafa, 2007). Many past researchers have conducted research on consumers' behaviour towards green products since 1970s on different variables such as attitudes, values, beliefs or knowledge. Eco-friendly purchasing behaviour is not only a substitute for traditional consumption patterns but also minimises the detrimental effects of individual consumption practices on terrestrial and marine environments (Wang *et al.*, 2021)

Research has been done by Paco *et al.* (2009) on demographic and environmental criteria in Portuguese consumers where it was found that they were reluctant to buy green products even though they are aware of the environmental issues. Kumar and Anand (2015)

suggested the need for advertisements that would promote environmental protection and the relevance of green products which would not only enhance consumers' knowledge but alongside pre-empt perceived behavioural control inclination towards green practices.

Manaktola and Jauhari (2007) surveyed consumers' attitudes and behaviour towards environment-friendly practices in the hospitality industry. Their findings indicated that consumers prefer green practices although they were not willing to pay extra for such services. Research by Kumar (2012) established a significantly positive relation between environmental knowledge and attitude towards green products. Similarly, a positive relationship was found between purchase intention and purchase behaviour. According to Mahesh & Ganapathi (2012), consumers' socio economic features and attitudes impact their intention to buy green products. Their study revealed that the intention to purchase green products is influenced by a positive attitude, adherence to subjective norms related to the green movement, and perceived behavioural control regarding the environmental impact of green foods. Cultural and socio-economic differences between countries may also give rise to different factors of influence. Thus, the variables researchers use to assess consumer green purchase behaviour differ among studies.

5.2 Eco-buying intention

Eco-buying intention or Green purchase intention refers to consumers' willingness to purchase green products expressed by the consumer for betterment of the environment, and such consumers' willingness to purchase eco-friendly products (Chan, 2001; Dagher and Itani, 2014). This means that consumers are not only concerned about the environmental quality of the product but also about what will be the implications of such purchases. The underlying relationship between purchase intention with purchase behaviour for green products has been proven in several studies, including some in India (Kanchanapibul et al., 2014; Lai and Cheng, 2016). In addition, Lai and Cheng (2016) found that consumers' expressed willingness is instrumental in capturing consumers' minds for green purchases (Lai and Cheng, 2016). Hence the existing information endorses that intention is a major predictor of behaviour for sustainable products. The higher the intention, the more the likelihood of Eco-purchase Behaviour.

5.3 Social Influence

The first variable considered for Eco-buying Behaviour is Social Influence. As social creatures, we human beings naturally share our beliefs, thoughts and values with others. In the context of this paper, we assume social influence to be aligned with subjective norms from the Theory of Planned Behaviour or social norms. Social norms refer to unwritten social rules or beliefs that guide expected and acceptable behaviour within a community. Subjective norms are particularly influential in shaping intentions, as they represent the perceived social pressure to act in specific ways due to expectations from others (Rhodes et al., 2020; Schorn, 2024). Social Influence has been found to have a positive relationship with Eco-buying behaviour too (Huo et al., 2022; Gong et al., 2023).

5.4 Green Marketing Strategies

Green Marketing grew in importance in 1975, when the American Marketing Association organised the first workshop on Ecological marketing in Austin (Texas), which resulted in the first book being published, *Ecological Marketing*, by Henion and Kinnear in 1976. According to Peattie (2001), green marketing has evolved over time into three phases:

Phase I – ‘Ecological’ green marketing. This period saw marketing efforts primarily focused on addressing environmental issues and offering remedies.

Phase II- ‘Environmental’ green marketing. In the next phase, the focus was on clean technology that addressed waste management and environmental degradation.

Phase III – ‘Sustainable’ green marketing. It gained popularity in the 1990s and early 2000s. The term ‘sustainable development’ was adopted. The definition runs as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

Green marketing has been found to have a direct influence on eco-purchase intentions. So this is being considered as the second independent variable in the proposed model. Organisations can induce customer interest in buying eco-friendly products and promote environmental sustainability by employing effective marketing strategies and emphasizing the benefits of their products or services for the environment (WahyuBaskoro, 2018). There are several strategies when trying to evolve and shift a company’s focus to a greener approach, such as trying to create innovative as well as creative new products (Cronin et al. 2011). Research points out that for any company, Green Marketing strategies that influence consumer buying decisions can be categorised into the following:

- Green Product Positioning (Situmorang et al., 2021)
- Sustainable Packaging. (Jain & Hudnurkar, 2022)
- Green Supply Chain (Çankaya et al., 2018)
- Transparent and Authentic Communication (Chen et al., 2022)
- Creating Consumer Education and Awareness (Huo et al., 2022)
- Product Lifecycle Information and Recyclability (Gong & Li, 2023)
- Social and Community Engagement (Wei et al., 2023).
- Eco-Labeling and Certifications

One important tool of green marketing involves the promotion of eco-labels on environmentally friendly products (D Souza, 2004; Wang et al., 2021). Eco-labels help customers, businesses and the government in identifying and assuring sustainable practices. (UNEP, 2017). The ISO 14020 series was an initiative taken up by the International Organization for Standardization (ISO) in 1989, with the idea of providing an internationally accepted standard of eco-labelling. Eco-labels are the only means of communication between organisations and consumers, so they should be strongly

reinforced by national or international regulatory bodies to differentiate them from false marketing claims made by companies. Several years back in 1991, the Indian Government, acknowledging consumers' shift towards eco-friendly (or green) products, introduced the eco-labelling scheme called 'Ecomark'. The Indian Ecomark Scheme, based on a cradle-to-grave approach, is also associated with the quality of products. In simpler terms, this means that, for eligibility, products have to be both eco-friendly and high-quality. Around 16 product categories are listed under the Ecomark scheme, cosmetics being one of them. Nowadays, companies in India have also started using international Ecolabels. Rashid (2009) discovered that consumers exhibit a more favourable response to green marketing and the buying of environmentally friendly products when they are informed about eco-labels.

5.5 Environmental Attitude and Concern

The third independent variable discussed is Environmental Attitude and Concern. According to Ajzen (1991), attitude can be defined as desirable or undesirable evaluations that a person has towards objects, issues or other people. Environmental Attitude generally refers to an individual's values and evaluative judgments regarding environmental protection and sustainability. Schultz (2000), proposed three categories of environmental attitudes based on a person's value orientation— (a) Egoistic Orientation, those who focus on self-interest (b) Altruistic Orientation, concerned about the well-being of other people (c) Biospheric Orientation, where environmental concern is rooted in a sense of duty or moral responsibility to protect all living things and the biosphere as a whole, independent of human or personal benefit. Based on research results, Schultz (2000) found that self-centred attitudes are the cause of consumer behaviour. Several studies have highlighted the significance of attitude in bolstering the intention to purchase green cosmetics, with attitude emerging as one of the leading forecasters of intention (Amin et al., 2020; Pop et al., 2020; Sajinèè et al., 2021).

Dunlap and Jones (2002) have described Environmental Concern as the public's awareness of green problems and endeavours to solve them. Also, environmental concern refers to an individual's emotional engagement or anxiety a person feels about environmental degradation and its after-effects. People with high concern will buy products that do no damage or minimum damage to the environment (Han et al., 2022; Walia et al., 2020).

5.6 Perceived Effectiveness of Environmental Behaviour

The fourth independent variable being considered in the proposed model is Perceived Effectiveness of Environmental Behaviour. *Perceived Effectiveness of Environmental Behavior* describes an individual's belief in the impact of their actions on the environment. People who believe that their efforts can contribute to positive environmental changes are more likely to engage in pro-environmental behaviours, such as recycling or conserving energy. This perception can drive individuals with pro-environmental attitudes to become more involved in sustainable practices, as they feel empowered to make a difference (Kollmuss & Agyeman, 2002). Studies suggest that confidence in one's ability to influence

the environment is closely linked to an increased commitment to eco-friendly behaviour and efforts toward long-term environmental improvement (Cuadrado&Tabernero, 2022; Tabernero et al., 2015). Recent studies endorse that collective effectiveness and individual perception of environmental effects are important in promoting behaviours such as recycling and energy conservation (Cuadrado&Tabernero, 2022; Tabernero et al., 2015). Also, some other research shows that self-efficacy is crucial in adopting sustainable behaviours such as reducing fossil fuel use, with individuals who feel they can bring about change, engaging more frequently in sustainable choices (Kothe et al., 2019).

5.7 Government Initiative

The fifth independent variable in the model, Government Initiative and Eco-Labeling, encompasses actions and support provided by national or regional governments to promote sustainable practices. Government initiatives may include policy measures, financial incentives, and regulatory frameworks aimed at encouraging environmentally friendly behaviour among businesses and consumers (Diekmeyer, 2008; Prakash&Potoski, 2006). The government of a country plays an important role in environmental protection and so should execute environmentally sustainable development plans. For example, in India, government initiatives like hosting World Environment Day, banning plastics, cleaning up rivers, Swachh Bharat Abhiyan, etc., are some examples of supporting sustainability and green movement. These initiatives may not directly affect green cosmetic sales, but encourage a green attitude and green behaviour,

6. CONCLUSION

Green Consumerism is experiencing unprecedented growth around the world, steered by certain factors like environmental awareness, social influence, health and wellness trends, etc. This has propelled companies towards sustainable practices like- Green Marketing, Green Production, CSR activities, and ESG reporting among other such practices. Governments around the world have been implementing laws related to sustainability, most of which are aligned with the UN SDGs.

In this paper, we have re-examined research literature on Eco-buying Behaviour. Based on our analysis and integration of different papers, a conceptual model has been proposed. This model may be further enhanced as a natural evolutionary process of our understanding of the topic. The theoretical model that the present study has developed is the roadmap for generating further research questions like what drives different consumer segments, the impact of culture and psychology on green behaviour, etc. It is nevertheless hoped that such a conceptual model will aid comprehension of the significant variables affecting Eco-Buying Behaviour.

REFERENCES

Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behavior and Human Decision Processes*. Vol. 50 No. 2, pp. 179-211.

- Ajzen, I. and Fishbein, M. (1980), Understanding Attitudes and Predicting Social Behaviour, *Prentice-Hall*, Englewood Cliffs, NJ.
- Ajzen, I., & Fishbein, M. (1975). A Bayesian analysis of attribution processes. *Psychological bulletin*, 82 (2), 261.
- American Marketing Association. (n.d.). *Green marketing*. AMA Dictionary. <https://www.ama.org/marketing-dictionary/green-marketing/>
- Amin, S., Manzoor, A. and Farid, F., 2020. The Role of Social Class on Consumer Behavior: A Study of Eco-friendly Cosmetic Products. *Journal of Business and Social Review in Emerging Economies*, 6(1), 113–134. <https://doi.org/10.26710/jbsee.v6i1.1032>.
- Barbu, M. C., Gârdan, D. N., & Dutu, A. (2022). Consumers' perceptions of sustainable products: The role of eco-labels. *Journal of Cleaner Production*, 347, 131235. <https://doi.org/10.1016/j.jclepro.2022.131235>
- Bhattacharya, Saurabh. (2011). Consumer Attitude towards Green Marketing in India. *The IUP Journal of Marketing Management*, 62-70
- Çankaya, S., Y., & Sezen, B. (2018). Effects of green supply chain management practices on sustainability performance. *Journal of Manufacturing Technology Management*, 30(1), 98–121.
- Chamorro, A., Sergio Rubio, S., & Miranda, Francisco J. (2009). Characteristics of Research on Green Marketing. *Business Strategy and the Environment*, 18, 223–239. <http://dx.doi.org/10.1002/bse.571>
- Chan, R. Y. K. (2001). Determinants of Chinese consumers' green purchase behaviour. *Psychology & Marketing*, 18(4), 389-413.
- Chan, R. Y. K. & Lau, L. B. Y. (2000) Antecedents of green purchases: A survey in China. *Journal of Consumer Marketing*, 17(4), 338 – 357.
- Chen, S., Wang, Q., & Xu, J. (2022). The influence of green marketing authenticity on consumer trust and brand loyalty. *Journal of Sustainable Marketing*, 28(3), 155-167. <https://doi.org/10.1016/j.jsma.2022.03.005>
- Cherian, J., & Jacob, J. (2012). Green Marketing: A Study of Consumers' Attitude towards Environment Friendly Products. *Asian Social Science*, 8(12). <https://doi.org/10.5539/ass.v8n12p117>
- Cini, A. C., & Ricci, C. (2018). CSR as a Driver where ESG Performance will Ultimately Matter. *Symphonya. Emerging Issues in Management*, 1, 68–75. <https://doi.org/10.4468/2018.1.05cini.ricci>

- Climate Fact Checks. (2023). *Green Hydrogen Mission: The 2023-24 budget allocates 19,700 crore to the National Green Hydrogen Mission*. Retrieved from <https://climatefactchecks.org>
- Cuadrado, E., & Taberner, C. (2022). The moderating effect of collective efficacy on the relationship between environmental values and ecological behaviors. *Environment, Development and Sustainability*.
- Cronin Jr, J.J., Smith, J.S., Gleim, M.R., Ramirez, E. & Martinez, J.D. (2011). Green marketing strategies: an examination of stakeholders and the 46 opportunities they present. *Journal of the Academy of Marketing Science*, 13 (1), 158-174
- Dagher, G.K., Itani, O., 2014. Factors influencing green purchasing behaviour: empirical evidence from the Lebanese consumers. *Journal of Consumer Behaviour*. 13 (3), 188–195.
- D'Souza, Clar. (2004). Eco-label programmes: a stakeholder (consumer) perspective. *Corporate communications An International Journal*, 9(3), 179-188
- Euromonitor International. (2023). *Megatrends: Understanding Sustainable Consumers 2023 Key Insights*. Retrieved from Euromonitor
- FSC International. (2023). *Global consumer research*. Retrieved from FSC Global Consumer Research
- Global Environment Facility. (2023). *Over \$1.1 billion approved to tackle biodiversity, climate, and pollution*. Retrieved from <https://www.thegef.org>
- GlobeScan. (2023). *Consumer segmentation for sustainability*. Retrieved from GlobeScan
- GfK. (2023). *Green Gauge Report*. Retrieved from GfK
- Gomes, J. F., Rego, A., & Marques, A. (2023). Green product benefits and consumers' environmental concerns: A case study in the automotive sector. *Journal of Business Research*, 146, 1226-1235. <https://doi.org/10.1016/j.jbusres.2022.03.066>
- Green Marketing*. (2020, December 19). Marketing Schools. <https://www.marketing-schools.org/types-of-marketing/green-marketing/#section-3>
- Gong, Y., Xiao, J., Tang, X., & Li, J. (2023). How sustainable marketing influences customer engagement and sustainable purchase intention? The moderating role of corporate social responsibility. *Frontiers in Psychology*, 14, Article 1128686. <https://doi.org/10.3389/fpsyg.2023.1128686>
- Gupta, S. & Ogden, D. T. (2009). To buy or not to buy? A social dilemma perspective on green buying. *Journal of Consumer Marketing*, 26(6), 376-391.
- Huo, B., Liu, X., Chen, C., & Fan, Z. (2022). The impact of social influence on consumer green buying behavior in the context of climate change. *Environment, Development, and Sustainability*. <https://doi.org/10.1007/s10668-022-03868-9>

- Indian Retailer. (2023). *Rise Of Eco-Friendly Products In Indian Market*. Retrieved from Indian Retailer
- Intergovernmental Panel on Climate Change. (2022). *Impacts, adaptation, and vulnerability: Sixth assessment report*. Retrieved from <https://www.ipcc.ch>
- Intergovernmental Panel on Climate Change. (2022). *Urgent climate action can secure a liveable future for all* [Press release]. Retrieved from <https://www.ipcc.ch>
- Ipsos. (2024). *IPSOS INDIA SUSTAINABILITY REPORT 2024 Environment Sustainability Segmentation and its Implication for Marketers Survey Riding on IpsosIndiaBus Contents*. https://www.ipsos.com/sites/default/files/ct/publication/documents/2024-04/Ipsos%20India%20Sustainability%20Report%202024_6.pdf
- Jain, P., & Hudnurkar, D. M. (2022). Sustainable packaging in the FMCG industry. *Cleaner and Responsible Consumption*, 7(August), 100075. doi:10.1016/j.clrc.2022.100075
- Joshi, Y., & Rahman, Z. (2015). Factors affecting green purchase behavior: A review and future research directions. *International Strategic Management Review*, 3(1-2), 128-143. <https://doi.org/10.1016/j.ism.2015.05.002>
- Kanchanapibul, M., Lacka, E., Wang, X., & Chan, H. K. (2014). An empirical investigation of green purchase behaviour among the young generation. *Journal of Cleaner Production*, 66, 528–536. <https://doi.org/10.1016/j.jclepro.2013.10.062>
- Kalafatis S. P., Pollard, M., East. R., & Tsogas M. H. (1999). Green Marketing and Ajzen's theory of planned behaviour: A cross-market examination. *The Journal of Consumer Marketing*, 16(5), 441-460.
- Kollmuss, A., & Agyeman, J. (2002). Mind the Gap: Why do people act environmentally and what are the barriers to pro-environmental behavior? *Environmental Education Research*, 8(3), 239–260. <https://doi.org/10.1080/13504620220145401>
- Kothe, E. J., Ling, M., & Fong, M. (2019). Increasing intention to reduce fossil fuel use: A protection motivation theory-based experimental study. *Climatic Change*.
- Lai, C. K. M., & Cheng, E. W. L. (2016). Green purchase behavior of undergraduate students in Hong Kong. *The Social Science Journal*, 53(1), 67–76. <https://doi.org/10.1016/j.soscij.2015.11.003>
- Ling, P.S., Chin, C.H., Yi, J. and Wong, W.P.M. (2023), "Green consumption behaviour among generation Z college students in China: the moderating role of government support", *Young Consumers*.
- Mostafa, M.M. (2007). Gender differences in Egyptian consumers green purchase behavior: The effects of environmental knowledge, concern and attitude, *International Journal of Consumer Studies*, 31, 220-229.
- NIQ. (2023). *Sustainable Consumer Insights in India*. Retrieved from NIQAC Nielsen. (2023). *Indians prefer eco-friendly products*. Business Standard. Retrieved from Business Standard

- Paco, A. D. and Raposo, M. (2009), "Green" segmentation: An application to the Portuguese consumer market. *Marketing Intelligence & Planning*, 27(3), 364-379.
- Pironti, M., Cautela, C., & Christodoulou, J. (2015). Business Models Innovation through New Customer Roles: A Design-Driven Case Study. *Symphonya. Emerging Issues in Management*, 2. <https://doi.org/10.4468/2015.2.03pironti.cautela.christodoulou>
- Polonsky, M. J., & Rosenberger, P. J. (2001). Reevaluating green marketing: a strategic approach. *Business Horizons*, 44(5), 21–30. [https://doi.org/10.1016/s0007-6813\(01\)80057-4](https://doi.org/10.1016/s0007-6813(01)80057-4)
- Pop, R. A., Saplacan, Z. and Alt, M. A., 2020. Social Media Goes Green—The Impact of Social Media on Green Cosmetics Purchase Motivation and Intention. *Information*, 11(9), 447. <https://doi.org/10.3390/INFO11090447>
- Prakash, A., & Potoski, M. (2006). The voluntary environmentalists: Green clubs, ISO 14001, and voluntary environmental regulations. *Cambridge University Press*.
- Press Information Bureau. (2023). *Promotion of clean energy - Major steps taken by the Government to accelerate the Indian economy's transition to one powered by green energy*. Retrieved from <https://pib.gov.in>
- Rashid, N.R. (2009). Awareness of Eco-label in Malaysia's Green Marketing Initiative. *International Journal of Biometrics*, 4, 132.
- Rhodes, R. E., Fiala, B., & Conner, M. (2020). Social norms and the intention-behavior gap in physical activity: A test of the theory of planned behavior constructs. *Frontiers in Psychology*, 11, 2045. <https://doi.org/10.3389/fpsyg.2020.02045>
- Salifu, I., Arthur, F. and Nortey, S.A. (2024), Green consumption behaviour among higher education students as an approach to achieving sustainable source reduction of marine plastic pollution, *Young Consumers*, 25 (4), 528-553. <https://doi.org/10.1108/YC-10-2023-1881>
- Sajinèè, N. Gordobil. O., Simmons. A. and Sandak. A., 2021. An Exploratory Study of Consumers' Knowledge and Attitudes about Lignin-Based Sunscreens and Bio-Based Skincare Products. *Cosmetics*, 8(3), 78. <https://doi.org/10.3390/COSMETICS8030078>
- Savari, M., Damaneh, H.E., Damaneh, H.E. and Cotton, M. (2023), "Integrating the norm activation model and theory of planned behaviour to investigate farmer pro-environmental behavioural intention", *Scientific Reports*, 13(1), 5584.
- Savari, M. and Khaleghi, B. (2023). Application of the extended theory of planned behavior in predicting the behavioral intentions of Iranian's local communities toward Forest conservation. *Frontiers in Psychology*, 14, 33.
- Schorn, A. (2024). Why should I when no one else does? A review of social norm appeals to promote sustainable minority behavior. *Frontiers in Psychology*, 15, 1415529. <https://doi.org/10.3389/fpsyg.2024.1415529>

- Schultz, P. W. (2000). Empathizing with nature: The effects of perspective-taking on concern for environmental issues. *Journal of Social Issues*, 56(3), 391–406. <https://doi.org/10.1111/0022-4537.00174>
- ScienceDaily. (2023). *Ranking consumers by environmental behavior: India, Brazil top index; United States ranks last*. Retrieved from Science Daily.
- Si, H., Shi, J.G., Tang, D., Wu, G. and Lan, J. (2020). Understanding intention and behavior toward sustainable usage of bike sharing by extending the theory of planned behavior, *Resources, Conservation and Recycling*, 152, 104513.
- Singh, Dr. B., & Kumar, S. (2015). A Study on Current Status of Green Marketing in North India. *Pacific Business Review International*, 7(11).
- Situmorang, T. P., Indriani, F., Simatupang, R.A, & Soesanto, H. (2021). Brand positioning and repurchase intention: The effect of attitude toward green brand. *The Journal of Asian Finance Economics and Business*, 8(4), 491–499
- Taberero, C., Cuadrado, E., &García, R. (2015). Individual and collective self-efficacy in recycling and environmental conservation. *Environmental Psychology Quarterly*.
- Taufique, K.M.R. and Islam, S. (2021), Green marketing in emerging Asia: antecedents of green consumer behavior among younger millennials, *Journal of Asia Business Studies*, Vol. 15 No. 4, pp. 541-558.
- Vivid Maps. (2023). *Greendex 2023: Ranking of consumers by their environmental behaviors*. Retrieved from Vivid Maps
- Wang, J., Shen, M. and Chu, M. (2021), Why is green consumption easier said than done? Exploring the green consumption attitude-intention gap in China with behavioral reasoning theory, *Cleaner and Responsible Consumption*, 2, 100015.
- Wang, Y., He, X., & Zhang, L. (2021). Impact of eco-labels on green consumerism: A consumer psychology perspective. *Journal of Environmental Psychology*, 75, Article 101621. <https://doi.org/10.1016/j.jenvp.2021.101621>
- Wei, X., Zhang, H., & Li, L. (2023). Social influence and community engagement in green marketing: Effects on eco-conscious consumer behavior. *Journal of Cleaner Production*, 412, Article 137862. <https://doi.org/10.1016/j.jclepro.2023.137862>
- World Economic Forum. (2023). Consumers want sustainable options. What food producers, suppliers, and retailers can do now. Retrieved from <https://www.weforum.org/agenda/2023/04/sustainable-food-consumer-demands/>
- YaghoubiFarani, A., Mohammadi, Y. and Ghahremani, F. (2019), Modeling farmers' responsible environmental attitude and behaviour: a case from Iran, *Environmental Science and Pollution Research*, 26(27), 28146-28161.

Yeh, S.S., Guan, X., Chiang, T.Y., Ho, J.L. and Huan, T.C.T. (2021), Reinterpreting the theory of planned behaviour and its application to green hotel consumption intention, *International Journal of Hospitality Management*, 94, 102827.

Zhao, G., Geng, Y., Sun, H., Tian, X., Chen, W., & Wu, D. (2020). Mapping the Knowledge of Green Consumption: A Meta-Analysis. *Environmental Science and Pollution Research International*, 27(36), 44937–44950. <https://doi.org/10.1007/s11356-020-11029-y>

Kakali Dasgupta Saha¹

Ph.D Scholar (Management)
Under MaulanaAbulKalam Azad University of
Technology
Email- kakalids1@gmail.com

Dr. Amit Kundu²

Associate Professor
Department of Management
North-Eastern Hill University, Meghalaya
Email - amit.kundu74@gmail.com/
amitkundu@nehu.ac.in

Employment and Growth Prospects of MSMEs in Nagaland : An Analytical Study

Jopino Zashumo¹ and Amrit Pal Singh²

ABSTRACT:

The Micro, Small and Medium Enterprises plays a major role in the economic development of a country by contributing to the Gross Domestic Product (GDP) growth, generating employment, social stability and regional development. India's population is growing rapidly that, the current economy is unable to provide and generate adequate employment leading to increase in the number of educated unemployed youths. The MSME sectors pave a way for industrialization in the country and generates more employment at low capital cost. The sector faces a number of challenges despite their contribution to the economy and initiatives taken by the ministries. This paper aims to study the growth of the MSME enterprises over the years and analyse the various challenges faced by the MSME sector in Nagaland. The study is empirical and analytical using both primary and secondary data. The primary data are collected through questionnaire and secondary data are collected from Annual reports, Statistical Handbook of Nagaland and Annual Administrative Reports, Department of Industries and Commerce, Government of Nagaland. The findings of the study shows that increase in number of registered MSMEs leads to increase in employment generation. Difficulty in acquiring raw materials, proper market, lack of transportation infrastructure, lack of skilled labours and unavailability of finance are some of the major challenges faced by the MSMEs in Nagaland. The study concluded that the MSME sector generates employment and contribute to the economy of the state.

Keywords: MSMEs, economic development, growth, employment generation, industrialization

Manuscript Received : Sept. 2, 2024; Revised Manuscript Received : Oct. 27, 2024, Accepted : Oct. 31, 2024.

INTRODUCTION

For the growth and development of a country's economy, Micro, Small and Medium enterprises play a crucial role. It has contributed to both developed and developing nations by enhancing employment generation, innovation and industrialisation of rural and backward areas. For a developing country like India, MSMEs contribute to the economy of the nation by fostering enterprises and generating employment opportunities next to agriculture as a source of livelihood (FAO, 2024). According to the (73rd round survey of MSMEs, 2015-16) report the Micro sector in India comprises of more than 99% (630.52 lakhs) of the total

estimated number (633.88 lakhs) of MSMEs, small sector comprises of 0.52% (3.31 lakhs) and medium sector comprises 0.01%(0.05 lakhs) of the total estimated MSMEs in India.

Despite their contributions to the Indian economy, the MSME sector faces multiple challenges like access to finance, lack of latest technologies, market competition, lack of skilled labours and trainings, transportation and infrastructure constraints. The sector faces problems which can be solved by providing timely and affordable solutions. Understanding these challenges and identifying the solution will help the MSMEs for future growth.

Nagaland is a state of North east India. The geographic and climate conditions of the state is different from other states. The state is often known for its rich culture and biodiversity. With increase in educated unemployed and limited large industries, the MSME sector in Nagaland plays a major role in developing the state's economy. The state government together with the central government is making effort to promote the MSMEs in the state. The number of MSMEs registered on Udyam portal as on 25 July 2024 is 3140 providing employment opportunities to 16633 people. There is a lot of opportunities for MSMEs in the state but the sector face challenges like poor infrastructure, financial problems, lack of skilled labours, etc. The sector has been developing through all the hurdles and contributing to the economy of the state.

Definition of Micro, Small and Medium Enterprises

On 1st June, 2020 a notification on the change in classification of MSMEs was published by "the Ministry of Micro, Small and Medium Enterprises, Government of India in the Gazette of India, Extraordinary, Part II, Section3, Sub-section(ii), vide S.O. 1642(E)" (MSME, 1 june 2020). The basis for classification of micro, small and medium enterprises are: -

"(i) A micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;

(ii) A small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees;

(iii) A medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees. This notification shall come into effect from 01.07.2020."

REVIEW OF LITERATURE

Ali & Husain (2014) studied the status of MSMEs in India and the problems faced by the enterprises. The researchers state MSMEs in India can be a boon and hope for the country's economy in near future. The study found that MSMEs in 2006-07 provided 2.23 employment per unit while in 2011-12 the growth increased to 2.26 per MSMEs. The growth in market value of fixed assets found 28.29% gross output in 2011-12. The sector however faces problems due to lack of financial support, infrastructure issues, unawareness towards technological advancements, insufficient training and skill development. Although the sector faces many problems, many opportunities are available for the development of MSMEs such as employment generation, minimize regional imbalances, enhance exports and attract

foreign investments. The sector has the vital role in dispersal of industries and generating employment opportunities.

Mathai (2015) examined the challenges faced by the SMEs in the nation's economic growth. The paper emphasised on human resource development perspective for the progress of SMEs. The role of SMEs in developing the economy of the country is well established but the enterprises face challenges such as financial constraints, globalization, indeterminate turnover, low motivation on employees, poor infrastructure, inadequate training and skill development programs, unavailability of raw materials, etc. The study proposed that the sector can improve by bringing technological needs, panels of consultants for training and skill development, awareness programs on schemes and their benefits, availability of credit, relaxation in labour laws and proper research and development for implementing innovative methods. The sector provides employment potential at low capital cost. The study concluded that since Independence SME sector have been a major pillar for India's economic development.

Hamid (2017) examined the growth and employment, opportunities and the problems faced by Micro, Small and Medium Enterprises (MSMEs) in Jammu and Kashmir state of India. Both primary and secondary data were used to fulfil the objectives of the study. The periodicity from 2000- 2001 to 2013-2014 were considered. The study shows that there is growth of MSMEs and employment from 2004 till 2006 and thereafter the growth rate of both is declining. The state being rich in Agro, Horticulture, Forest and livestock resources has a lot of opportunities suitable for setting up different types of small-scale industrial units. The state has available resources in areas such as food processing, sports goods, engineering products, leather products and medicinal plants and herbs, etc. Though the region has much potentials, the sector faces many challenges. Some of the major issues faced by the enterprises are ranked according to Garrett's rank techniques where infrastructure issues ranked first, political instability ranked second, power shortage ranked third, financial problems ranked fourth, raw material problems ranked fifth, marketing problems ranked sixth, climate issues ranked seventh and other problems. The study concludes that assistance from the central and state government to frame policies and programmes can develop the Micro, Small and Medium Enterprises by leaps and bounds.

Khatri (2019) reviewed on the role of MSME sector, highlights the issues and challenges faced by the Indian MSMEs. The sector has contributed to the GDP growth of the nation's economy, created employment generation, increased industrial production, enhanced regional development and social stability. The sector faces many challenges despite various initiatives taken by the Ministry of MSMEs. The sector faces problems relating to finance, technological backwardness, marketing, skilled human resources, export potentials, infrastructural gaps, socio-cultural issues. The present study provides suggestions to enhance the growth of MSMEs through awareness of schemes and policies, EDPs (Entrepreneurship Development Programs), Employee engagement practices, Research and development. The sector as a whole contributes to the country's GDP, Industrial output, regional development, export earnings and social stability.

Sivasree & Vasavi (2020) attempts to study the growth and contribution made by MSMEs in India and the problems faced by these sectors. The sector provides employment opportunities and helps industrialisation in rural areas and contributes to the GDP of the country. To promote the sector, the Government of India made tie-ups and agreements with NGOs and Government agencies to implement the Government policies properly. The study reveals that MSMEs face a lot of challenges such as lack of finance from banks, poor infrastructure, unavailability of raw materials, lack of advanced technology, training and skill development programs and ineffective marketing channels. The study concluded that the problems can be improved by creating more employment opportunities in urban areas, lack of knowledge can be removed after effective training and skill development programs concerning technology and innovation, provide low-cost credits and the panel of experts to access the status and needs of the MSMEs.

Singh (2021) analysed the growth and performance of MSMEs and the various challenges and prospects associated with the sector in India. MSMEs contributes significantly to the growth of India's economy through industrial production, employment generation, production, export and industrialisation of rural areas. Though the sector is growing swiftly, it faces issues in raw materials, finance, marketing, under-utilised capacity, deficiency of advanced technology, lack of skilled labours, etc. The study found prospects of MSMEs such as employment formation, customer satisfaction, captivate foreign investment and expansion of exports. Future growth of the country's economy is dependent on the development of the sector. The study also saw that COVID-19 pandemic which strike globally has adversely impacted the MSMEs in India. The study concluded that if the government promotes the MSMEs, the sector can drive the engine of the economy.

Patel & Tripathi (2022) studied on challenges of MSME in India and impeding factors derived from literature study. The study used primary data through questionnaire-based survey with Likert scale. The sector contributes to employment generation, regional development, GDP growth, economic diversification, export earnings, social stability, industrial production and indigenous self-reliance. Though the Government of India takes various initiatives, the sector explores various problems and challenges. Difficulty to acquire funds, lack of updated technological skills, lack of motivation, low ICT literacy, poor quality products, inefficient logistics, export potentials and poor bargaining power are few of the many issues confronted by the MSME sector. According to the study, challenges impact growth and success of MSMEs in India. The study concluded that MSME sector contribute significantly to the country's GDP, regional development, industrial output, social stability and export earnings. The sector also experienced steady growth in terms of new registrations, employment generation and products manufactured.

OBJECTIVE OF THE STUDY

The objectives of the study are:

- The analyse the growth and employment of MSMEs in the Nagaland
- To find the challenges faced by MSME sector in Nagaland

RESEARCH METHODOLOGY

Research Design

The study is empirical and analytical in nature and based on both primary and secondary data. The primary data was collected from entrepreneurs registered under MSMEs with prepared questionnaire cum schedule.

Sample size

The primary data was collected using simple random sampling technique from 100 MSMEs as sample size from 5 districts namely Kohima, Dimapur, Tseminyu, Wokha and Chumoukedima districts of Nagaland.

Sampling frame

The list of registered MSME of Nagaland received from the Directorate of Industries & Commerce, Government of Nagaland 2023, has been applied as the sampling frame by the researcher.

Statistical tools used for analysis:

The primary data collected were first codified, then entered and processed using Statistical Package for the Social Sciences (SPSS) and MS Excel. Statistical tools such as coefficient of correlation, graphical representation and Relative Importance Index (RII) method were employed for the analyses.

Source of Secondary data:

The secondary data were collected from following documents:

- i. Statistical Handbook of Nagaland (2002-2023).
- ii. Annual reports, Government of India, Ministry of MSME (2002-2023).
- iii. Annual Administrative Report, Directorate of Industries and Commerce, Government of Nagaland (2002-2023).

Periodicity of the Study

The periodicity of the study is from 2023-2024

ANALYSIS AND INTERPRETATION

Growth of Micro, Small and Medium Enterprises in Nagaland

Industrialization plays an important role in creating employment of any economy. In Nagaland large and heavy industries are limited. Whereas the Micro, Small and medium enterprises are growing and providing large employment opportunities at low capital cost, reducing regional imbalances, industrializing rural and backward areas. The sector is helping and guiding the educated youths towards manufacturing sectors. The sector has many opportunities and prospects for growth in the state. The growth and employment rate of MSMEs is shown in the table.

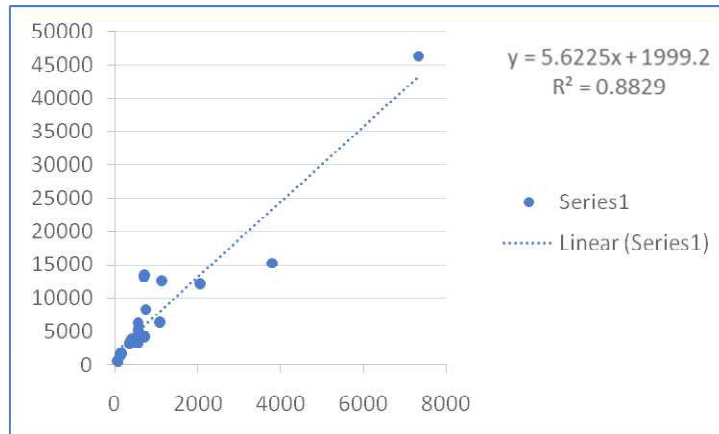
Table 1
Correlation between number of registered MSMEs and Employment generated

Year	No. of registered MSME units	Growth rate of registered MSMEs	Employment generated	Growth rate
2001-02	1132		12586	
2002-03	362	-0.68	3212	-0.74
2003-04	573	0.58	5397	0.68
2004-05	569	-0.01	6318	0.17
2005-06	416	-0.27	3955	-0.37
2006-07	717	0.72	13452	2.40
2007-08	704	-0.02	13150	-0.02
2008-09	717	0.02	4302	-0.67
2009-10	704	-0.02	4224	-0.02
2010-11	2062	1.93	12192	1.89
2011-12	1092	-0.47	6444	-0.47
2012-13	560	-0.49	3360	-0.48
2013-14	126	-0.78	1733	-0.48
2014-15	78	-0.38	506	-0.71
2015-16	63	-0.19	670	0.32
2016-17	166	1.63	1866	1.79
2017-18	138	-0.17	1527	-0.18
2018-19	360	1.61	3415	1.24
2019-20	757	1.10	8335	1.44
2020-21	574	-0.24	5026	-0.40
2021-22	3790	5.60	15243	2.03
2022-23	7314	0.93	46241	2.03

Source: Statistical handbook of Nagaland, UAM publication June 2020 and compiled by the researcher.

Chart 1

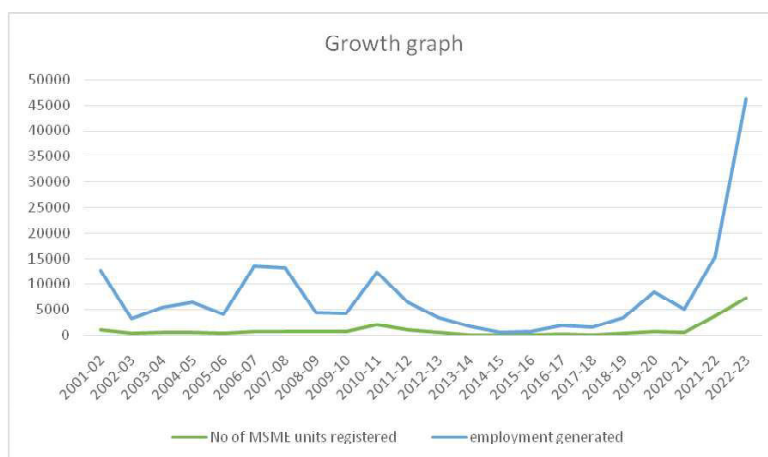
Graph showing the correlation between number of MSMEs registered and employment generated.



The value of coefficient of correlation(r) is 0.88, which shows that there is a high correlation between the number of registered MSMEs and employment generated. Thus, it can be seen that the number of MSMEs registered yearly has high correlation with the employment generation in Nagaland.

Chart 2

Graph showing growth of registered MSMEs and Employment



The above Table 1 and Chart 2 shows the growth and employment rate of MSMEs from 2001-02 to 2022-23. The above figure shows that the growth of MSMEs and employment is rising in 2006 to 2008 and starts declining but rises again in 2010-11 and after that the growth rate of both declines and takes a huge rise from 2021. The rise in 2021-22 can be seen due to the change of registration process to Udyam registration online. It is apparent that there is increase in number of employment with the increase in number of enterprises, thus showing that as number of registered MSME units increase it creates more employment.

CHALLENGES FACED BY MSME SECTOR IN NAGALAND

Every sector faces similar or different challenges in a country's economic growth and development. The state of Nagaland face similar or different challenges in industrial sector from other states due to geographical conditions, climatic conditions and stagflation. Micro, Small and Medium enterprises is one sector creating a bridge between the economy and employment of the state. The challenges encountered by the MSMEs in Nagaland are discussed below:

- **Challenges relating to Raw Material:** - For MSMEs, availability and price of raw materials are the most important factor. Due to unavailability of raw materials, it is difficult to produce products at affordable price and the frequent increase in price of raw materials continue to impact the enterprises.
- **Challenges relating to Labour:** - Lack of skilled work force at low price is a challenge faced by the sector. The number of skilled labours is less whereas the demand is high causing more issues in retaining the skilled workers. Non availability of skill training programmes is one key reason for this problem.
- **Challenges relating to transportation:** - Though MSMEs are growing rapidly transportation infrastructure plays a major role in Nagaland. The state has railway connectivity to only one district (Dimapur). The state being a mountainous region faces natural calamities such as landslide impacting the maintenance of road infrastructure. Due to inadequate infrastructures the cost of transportation increases and their production cost also increases.
- **Challenges relating to Finance:** - For any enterprise finance is an important factor. MSMEs presently faces problems due to difficulty in availing credits from financial institutions. The banks are not providing the adequate amount to the MSMEs. To avail various government scheme, the entrepreneurs are made to produce different types of documents and the procedures are lengthy.
- **Challenges relating to market:** - With the increase in competition ranged from local to global brands, customer loyalties and market dynamics constantly changes. The demand for affordable and branded products with the introduction of online delivery have caused a major issue for MSME entrepreneurs dealing in local products.

Through the questionnaire, the magnitude of different challenges was identified and ranked by the respondents. The response is converted into ranks using Relative Importance Index method. The Relative Importance Index (RII) method is applied in determining the relative importance of factors involved (Dube, Wankhade, & Sabhuiuddin, 2022). The Relative Importance Index (RII) is calculated as:

$$R = \frac{\sum W}{A \times N}$$

Where,

W- Weightage given to each factor by the respondent (based on Likert scale point)

A - The highest weight in the research

N- Total number of respondents

Data analysis:

The challenges faced by MSMEs entrepreneurs are analysed and ranked as given below:

Table 2 Challenges faced by MSME entrepreneurs in Nagaland

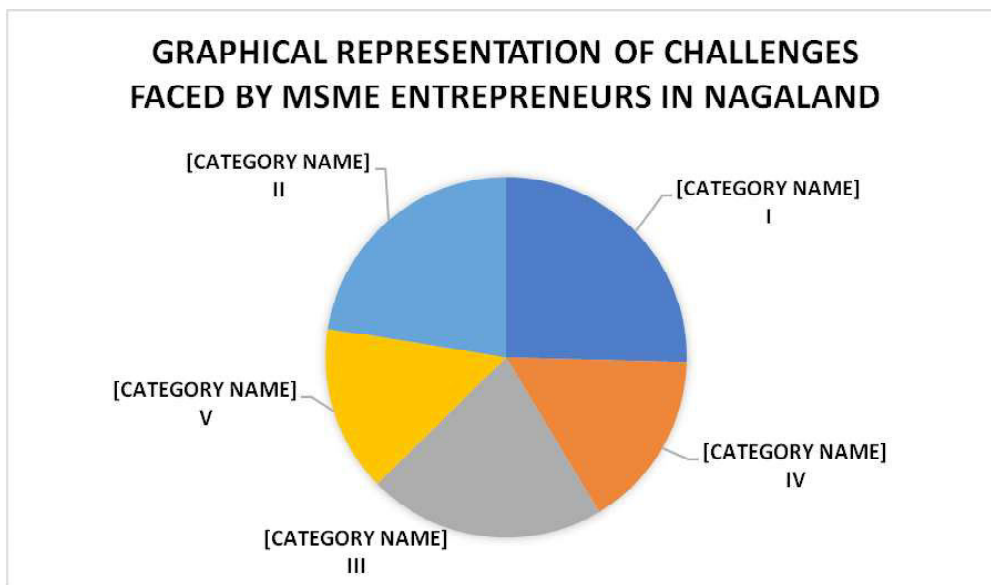
Sl. No.	Particulars	weight	RII	Overall RII	Rank
1.	Challenges relating to Raw material			2.21	1
	a. Frequent price rise of raw materials	435	0.87		
	b. Raw material cost is high	423	0.85		
	c. Inadequate supply of raw materials	249	0.50		
2.	Challenges relating to Labour			1.39	4
	a. Non- availability of labour on time	241	0.48		
	b. Demand for high wages	207	0.41		
	c. Unavailability/ Non availability of skilled labours	248	0.50		
3.	Challenges relating to transportation			1.85	3
	a. Lack of railway connectivity	401	0.80		
	b. Lack of proper road infrastructure	226	0.45		
	c. High transportation cost	299	0.60		
4.	Challenges relating to finance			1.30	5
	a. Non availability of source of finance	317	0.63		

	b. Bank unwillingness	163	0.33		
	c. High interest rate	168	0.34		
5.	Challenges relating to market			1.96	2
	a. High Competition	430	0.86		
	b. Low demand	283	0.57		
	c. Limited local market	267	0.53		

Source: Field survey

Diagram 1

Pie chart showing the challenges faced by MSMEs in Nagaland



Source: Field survey

INTERPRETATION

Table 2 represent the problems faced by MSME enterprises according to Relative Importance Index (RII) method. The higher RII value indicates greater importance. From the table (2) it can be seen that challenges relating to raw materials has maximum value (2.21) and ranked as the first (I) major problems and challenges relating to market ranked

second (1.96). The other challenges relating to transportation ranked third (1.85), challenges relating to labour ranked fourth (1.39) and challenges relating to finance ranked fifth (1.30).

MAJOR FINDINGS

1. With the increase in number of registered MSMEs there is increase in number of employments. Thus, creating more employment with more MSMEs.
2. Acquiring raw materials is a major challenge faced by MSMEs in Nagaland. The frequent increase in cost of raw material hinders the MSMEs growth and performance.
3. The increase in high market competition dealing in similar products or business is a major challenge faced by enterprises in Nagaland.
4. Lack of railway connectivity due to mountainous region to every district of the state plays a major challenge. In rural and backward region of the state proper transportation facilities are essential for MSMEs to explore and function.
5. Availability of adequate skilled labours or manpower is a challenge faced by MSMEs in the state.
6. Lack of finance from banks and other financial institutions and government schemes are lengthy and requires more documents hindering the MSMEs business prosperity.

CONCLUSION

The Micro, Small and Medium enterprises play a significant role in providing employment and economic development of the country. In India government along with the Ministry of Micro, Small and Medium enterprises have undertaken various initiatives for the development of the sector. Nagaland being a state which lacks large industries depend on the micro, small and medium enterprises in filling the economic gap. Increase in number of educated unemployed has given a rise to the MSME sector. Though the state promotes the MSME sector, many enterprises face challenges due to numerous reasons. Some of the challenges faced by entrepreneurs are lack of finance, issues in availing raw material with the frequent hike in price of goods, no proper market to sell finished products, lack of proper transportation infrastructure, lack of skilled and trained labour. The MSMEs in rural areas need to be improved to create more employment. The Government should take necessary measures for the promotion of the sector in availing different schemes issued for the sector. In both urban and rural areas proper training facilities and opportunities should be provided. To assist in eradicating the challenges and developing the sector, the state government together with the Central government should promote MSMEs, frame policies and programmes easily available by any entrepreneur. The development of the MSME sector will uplifts the economy and reduce unemployment rate in the state.

Limitations and Further research scope

The study has data limitation to only 100 MSMEs entrepreneurs registered from Udyam registration portal under the Ministry of MSME, Government of India. The research is based on prevailing factors contributing to the challenges faced by MSMEs. Further research can be conducted through other factors such as technology, research and development, export orientations and gender biases. The effectiveness of Government promotion schemes and the Quality of Skill Development Programs can be researched. A comparative study on challenges and policy between states can also be performed.

REFERENCES

- (2015-16). *73rd round survey of MSMEs*. New Delhi: Ministry of MSME, Government of India.
- Ali, A., & Husain, F. (2014). MSME'S in India: Problems, Solution and Prospects in present scenario. *International Journal of Engineering and Management Sciences*, 5(2), 109-115. Retrieved from https://www.researchgate.net/publication/314508273_MSMEs_in_india_problems_solutions_and_prospectus_in_present_scenario
- Dube, M. N., Wankhade, P. R., & Sabhuiuddin, P. (2022). Relative Importance Index (RII) for effective Evaluation of Construction Subcontracting Practices. *International Journal of Research Publication and Reviews*, 3(7), 37-41. Retrieved from <https://ijrpr.com/uploads/V3ISSUE7/IJRPR5609.pdf>
- FAO. (2024). *FAO in India*. Retrieved from Food and Agriculture Organization of the United Nations: <https://www.fao.org/india/fao-in-india/india-at-a-glance/en/>
- Hamid, W. (2017). Growth, Challenges and Issues related to Micro, Small and Medium Enterprises (MSMEs) in Jammu and Kashmir. *Business and Economics Journal*, 8(4), 1-6. doi: DOI: 10.4172/2151-6219.1000328
- Khatri, P. (2019). A Study of the Challenges of the Indian MSME Sector. *IOSR Journal of Business and Management*, 21(2), 5-13. doi:10.9790/487X-2102050513
- Mathai, G. P. (2015). Challenges and Issues in Micro, Small and Medium Enterprises (MSMEs) in India: A current Scenario of Economic Growth. *Global Journal for Research Analysis*, 4(7), 162-163.
- MSME, M. O. (1 june 2020). *Ministry of Micro, Small and Medium Enterprises*. New Delhi: The Gazette of India.

Patel, C. S., & Tripathi, R. (2022). Challenges of MSMEs in India. *Journal of Positive School Psychology*, 6(6), 10519-10541. Retrieved from <https://journalppw.com/index.php/jpsp/article/view/9680/6315>

Singh, D. A. (2021). MSMEs Sector in India: Current status and Prospect. *International Journal of Innovative Research in Engineering & Management (IJIREM)*, 8(4), 42-45. Retrieved from <https://doi.org/10.21276/ijirem.2021.8.4.7>

Sivasree, D. C., & Vasavi, D. (2020). MSMEs in India- Growth and Challenges. *Journal of Scientific Computing*, 9(2), 126-137. Retrieved from https://www.researchgate.net/publication/339830286_MSMEs_in_india-growth_and_challenges

Jopino Zashumo¹

Research Scholar,
Department of Commerce, Gauhati University
Email: jopinozashumo@gmail.com

Prof. Amrit Pal Singh²

Professor,
Department of Commerce, Gauhati University
Email: spamrit@yahoo.com

Brand Loyalty Towards Fast-moving Consumer Goods : A Systematic Literature Review

Gautam Patikar¹ and Linus Panmeih²

ABSTRACT:

Brand loyalty constitutes an indispensable element in the success of Fast-Moving Consumer Goods (FMCGs), and comprehending its dynamics is indispensable in the current highly competitive market. This study aims to offer a comprehensive overview of the extant research on brand loyalty towards FMCG products for the last two decades through a systematic literature review. PRISMA Framework has been used in this study, and 47 reports were integrated into this study, detected by structured keyword searches in the databases of Scopus, Web of Science and Google Scholar. A pivotal finding is that most FMCGs research is conducted in developing countries, with India possessing the highest number of published articles. The outcomes also uncover several factors that affect brand loyalty, comprising product quality, price, brand image, customer satisfaction, and trust, while emphasizing the intricate and changing dynamics of brand loyalty towards FMCGs. For brand managers and marketers, the findings have real-world applications that will help them create effective plans for sustaining brand loyalty in the very cutthroat FMCGs market. Additionally, it acts as a point of reference for researchers, enabling them to expand on earlier studies, spot research gaps, suggests new study routes, and lay the groundwork for upcoming research projects.

Keywords : Brand; Loyalty; FMCGs; Consumer Behaviour; Literature; Review

Manuscript Received : Aug. 22, 2024; Revised Manuscript Received : Oct. 22, 2024, Accepted : Oct. 31, 2024.

1. INTRODUCTION

Fast-moving consumer goods (FMCGs) refer to frequently acquired and utilized products by individuals, such as food, beverages, toiletries, and household items. The significance of brand loyalty towards FMCGs in today's competitive market is noteworthy. Brand loyalty denotes the profound attachment and preference that consumers develop for a specific brand, compelling them to consistently opt for and endorse it over other alternatives. The creation and sustenance of brand loyalty are crucial factors for businesses to secure a consistent customer base and attain a competitive edge in this dynamic industry. It stems from different factors, such as brand reputation, product quality, favourable customer experience, and emotional connections. The comprehension and cultivation of brand loyalty are necessary for FMCGs companies to flourish in a crowded marketplace.

Brand proliferation in the marketplace induces intense competition, and that emphasizes the importance of brand loyalty in the FMCGs industry. FMCGs companies encounter a highly saturated and competitive market, with several brands vying for the same consumer base. In this regard, brand loyalty can be a powerful determiner that distinguishes a brand from its rivals. Additionally, brand loyalty has significant economic implications for FMCGs companies as it can lead to an increase in market share, higher sales revenue, and lower marketing costs since loyal customers make repeat purchases and suggest the brand to others. Conversely, low brand loyalty can bring about a decrease in market share and profitability.

Yet as consumer behaviour has evolved, technologies have advanced, and market dynamics have altered, so too has the idea of brand loyalty. Consumer engagement with businesses, information gathering, and purchasing decisions have all changed as an outcome of the growth of e-commerce, social media, and mobile connectivity. These elements have widened customer access to information and empowered them to make better decisions, upending conventional ideas of brand loyalty. Businesses must therefore modify their plans and tactics to satisfy the changing wants and preferences of their target audience.

The existing knowledge concerning brand loyalty towards FMCGs comprises a wide array of research findings, theories, and insights. Scholars and marketers alike have devoted much attention to exploring the multiple dimensions and factors that influence brand loyalty in this sector over the years. Numerous researchers have probed into the factors that affect brand loyalty and its impact on consumer behaviour. According to studies, brand image, perceived quality, trust, and consumer happiness are crucial loyalty factors in the FMCGs industry. Researchers have also looked into how marketing tactics like advertising, promotion, and brand communication helps to promote brand loyalty. The literature that is now in print agrees that certain characteristics, such as customer demographics, brand involvement, and brand personality, have an impact on consumer brand loyalty. Academics have also looked into the intermediating role that brand recognition and attachment play in the connection between consumers and FMCG brands. Overall, the literature emphasizes how crucial it is to comprehend and manage brand loyalty as means to boost customer retention and obtain a competitive edge in the fast-paced FMCGs market.

Although there has been an extensive study on brand loyalty for FMCGs, there are nevertheless significant gaps in the literature. To begin with, a number of studies depend on self-reported measures of loyalty to brands, which can be skewed by social desirability and recall bias. Furthermore, because most studies concentrate on established markets, their applicability to emerging economies and other cultural contexts is constrained. A thorough knowledge of its dynamics is also hampered by the absence of longitudinal research that examines changes in brand loyalty over time. Additionally, the literature frequently ignores the possible impact of social and environmental factors on brand loyalty in favour of individual-level issues. Finally, there is a knowledge gap about how these new

platforms affect FMCGs brand loyalty due to the rapid expansion of digital technology and e-commerce. In order to provide an improved comprehension of brand loyalty in the FMCGs market, the present study will overcome these constraints.

This systematic review will provide valuable insights and evidence-based recommendations for FMCGs companies' managerial decision-making. The findings can guide marketing managers, brand strategists, and executives in formulating effective brand loyalty initiatives, optimizing resource allocation, and enhancing overall business performance. It can also assist in benchmarking against industry best practices and identifying areas for improvement.

2 OBJECTIVES OF THE STUDY

The key objective of this paper is to explore and understand the body of knowledge about brand loyalty in the FMCGs sector. The study specifically aims to accomplish the following goals:

- To explore the existing literature on brand loyalty towards the purchase of FMCGs across different geographical regions and cultural contexts.
- To investigate the influence of emerging technologies, such as social media, e-commerce platforms, and personalized marketing, on brand loyalty in the FMCGs industry and their implications for consumer purchase behaviours.
- To synthesize the results of the systematic literature review and offer a summary of the state of knowledge regarding brand loyalty towards FMCGs purchases, providing useful insights for enhancing brand loyalty strategies to develop long-lasting client relationships.

3 METHODOLOGY

Following Pahlevan Sharif et al., (2019), the systematic review was conducted using PRISMA framework. This systematic literature review includes 49 reports that follow well-established guidelines in many systematic reviews of the relevant areas. However, to match the needs of this investigation, these protocols have been slightly altered. The systematic review aims to find journal articles that examine brand loyalty in the FMCGs sector, uncover emerging trends, and shed light on the evolving nature of consumer-brand relationships.

The search's timeframe for literature covered the past two decades, from 2003 to 2023, to ensure that it covers the study area comprehensively. The databases were searched between the 15th and 31st of Dec, 2023. The journal publications that were published in Scopus, Web of Science and Google Scholar over the previous two decades were systematically reviewed for this paper. These three databases are used for the study as they are considered to have extensive coverage of works in the field of social sciences.

In the database search, the following were among the inclusion requirements:

- Journal Articles

- The study relating to brand loyalty in the FMCGs sector
 - Any population
 - Paper from 2003 to 2023
 - Paper is written only in English
- Criteria for the exclusion are as follows:
- Studies describing brand loyalty but not related to the FMCGs sector
 - Conference Proceedings
 - Work in progress paper
 - Dissertation or thesis
 - Book chapters

The search terms for database searches were designed in such a way that they comprehensively covered the articles related to brand loyalty in the FMCGs sector. The keywords or the search terms were: “brand loyalty” AND (FMCG OR FMCGs OR “fast-moving consumer goods”). The following were the strategies used for the electronic search on these four databases:

- Scopus: TITLE-ABS-KEY (“brand loyalty” AND (FMCG OR FMCGs OR “fast moving consumer goods”)) AND PUBYEAR > 2003 AND PUBYEAR <2024)
- Web of Science: ALL=(“brand loyalty” AND (FMCG OR FMCGs “fast moving consumer goods”))
- Google Scholar: allintitle: “brand loyalty” (FMCG OR FMCGs “fast moving consumer goods”)

The search was conducted from four popular databases: the researcher found 54 titles of articles in Scopus, 17 from the Web of Science and 108 from Google Scholar. A total number of 179 records were identified from the three databases. After 11 duplicates were deleted, 168 records were obtained. In the next step, only records with titles that include “fast moving consumer goods” or FMCGs or FMCG and articles written in English were selected for the purpose of the study. To this effect, 64 records were excluded. So, 97 reports in total were exported to Microsoft Excel for further analysis and the application of inclusion and exclusion criteria. Then, 30 reports were removed from the Excel sheet, as 27 were mere citations, and 3 were due to bad repositories. Further, out of the remaining 67 reports assessed for eligibility, 18 reports were excluded as they were conference papers, theses and dissertations, and as this study is limited to journal articles only. Finally, 49 reports of new included studies were considered in the analysis. The flow diagram for identification, screening, and assessing eligibility for inclusion in accordance with PRISMA framework 2020 is shown in Figure 1.

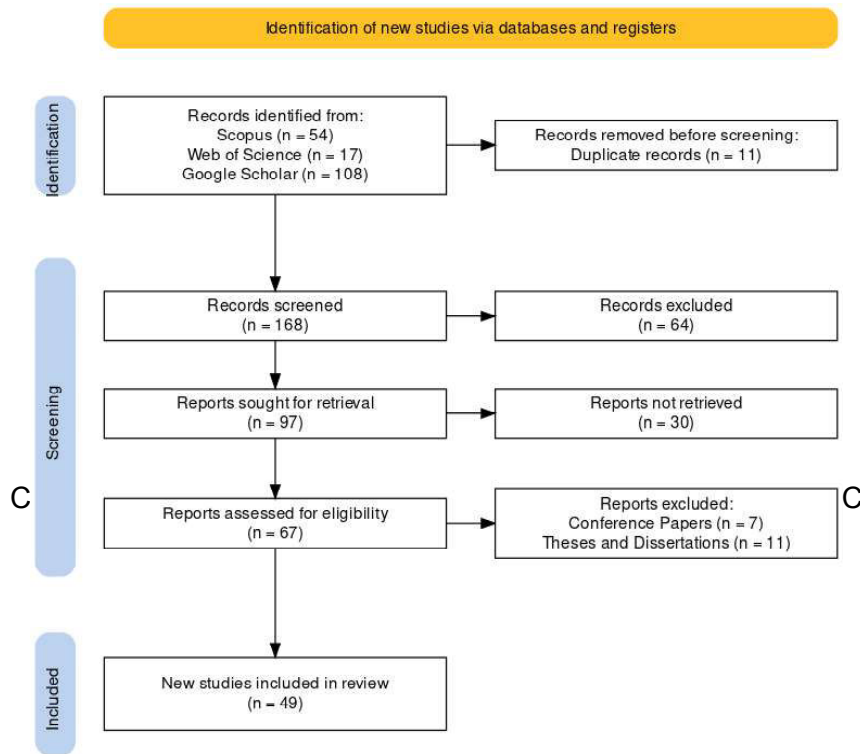


Figure 1. PRISMA Framework 2020

4. RESULTS AND INTERPRETATIONS

4.1 DISTRIBUTION OF PAPERS BY YEAR

Figure 2. illustrates the progress of the number of journal articles each year on brand loyalty in the FMCGs sector during the last two decades. The idea was to explore the dynamics and trends of brand loyalty towards FMCGs over time, providing insights into the factors that influence changes in loyalty levels. From Figure 2, it is clear that before the year 2012, there were only three papers published in this area. But after 2012, there was a gradual increase in the number of publications. The maximum number of papers published on the topic is in 2020, with a total of 11 papers. This shows that apart from the year 2020, productivity in research literature in this study area is still very limited.

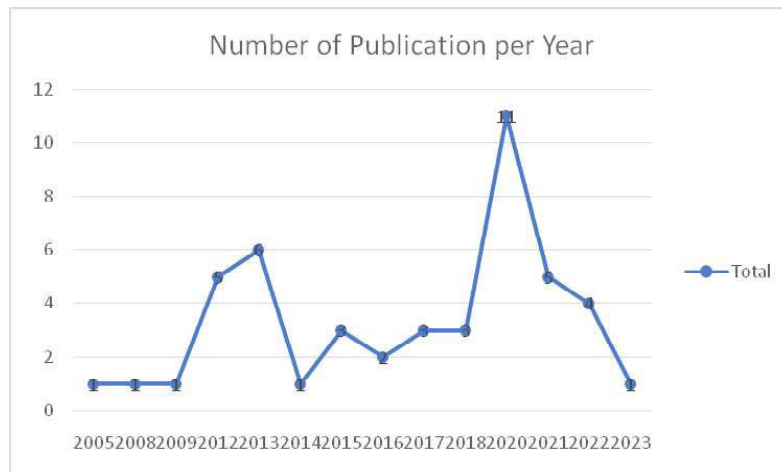


Figure.2 Publications by year

4.2 DISTRIBUTION OF PAPER BY COUNTRIES

Although many researchers from all over the world have emphasized brand loyalty in the FMCGs sector, we can clearly distinguish from Figure 3 that most of the research is done in the FMCGs sector in developing countries. The highest number of publications in this area of study was in India, with a total of 28 articles. The second highest number of publications is from South Africa, with 6 articles. To the best of what we knew, none of the databases we used for this study had any articles on this subject from developed nations.

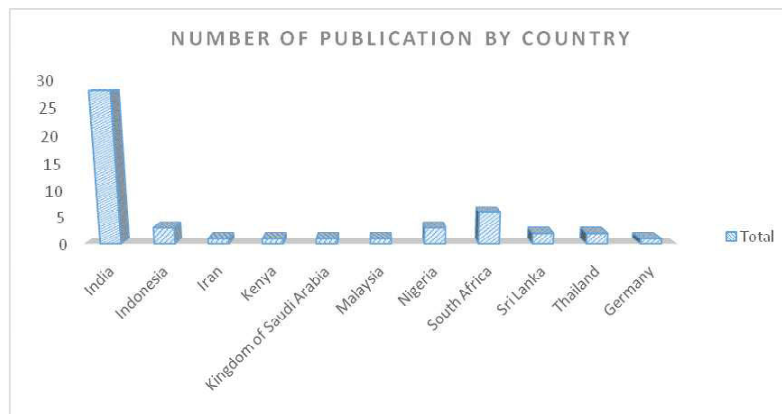


Figure.3: Publication by Countries

4.3 DISTRIBUTION OF PAPERS BY THE METHOD

Figure 4 shows the distribution of paper by the methods used for the study. Distribution of papers by methods used can vary depending on the specific field of study, across disciplines and even within sub-disciplines. For the purpose of this study, the methods used in all the papers reviewed are broadly categorized into quantitative and mixed methods only. We can deduce from the figure that 85 per cent of the paper used the quantitative method, 15 per cent used the mixed method; however, none of the articles was found to be based on pure qualitative research method. Thus, it can be said that these fields of study on brand loyalty in the FMCGs sector heavily rely on a quantitative method, even though few of them employ a combined approach.

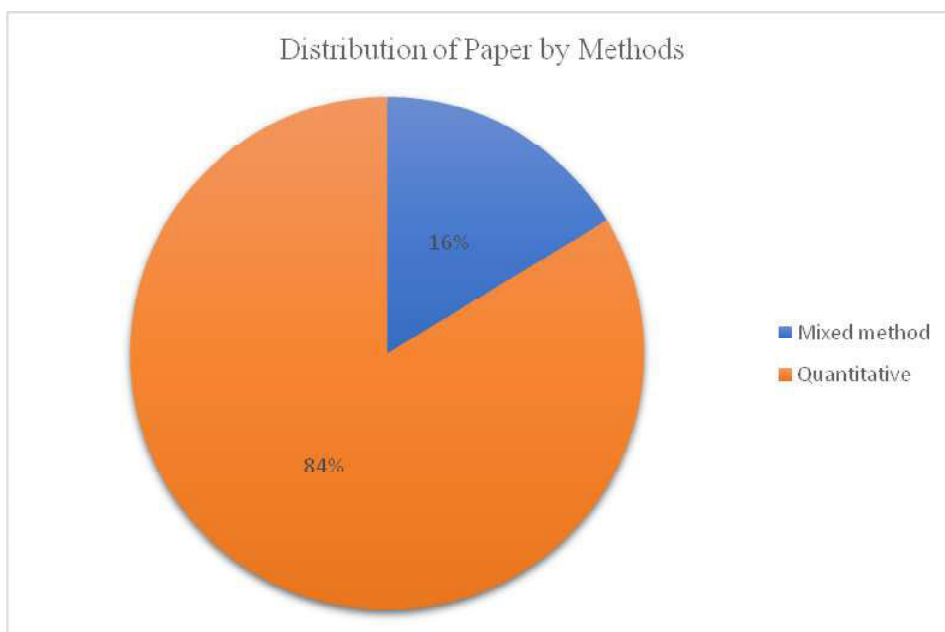


Figure 4. Distribution of paper by methods

4.4 DISTRIBUTION OF PAPERS BY CITATION

TABLE 1

Papers by Citation

Author	Year	Paper	Cited
Ramesh Kumar, S; Advani, Jai Yashwant;	2005	Factors affecting brand loyalty: A study in an emerging market on fast moving consumer goods	145
Kumar Mishra, Mukesh; Kesharwani, Ankit; Das, Dolly;	2012	The relationship between risk aversion, brand trust, brand affect and loyalty: Evidence from the FMCG industry	84
Upamannyu, Nischay K; Mathur, Garima;	2013	Effect of brand trust, brand affect and brand image on customer brand loyalty and consumer brand extension attitude in FMCG sector	76
Upamannyu, DNK; Gulati, Chanda; Mathur, DG;	2014	Effect of brand trust, brand image on customer brand loyalty in FMCG Sector at Gwalior Region	69
Moolla, Ahmed I; Bisschoff, Christo A;	2012	Validating a model to measure the brand loyalty of fast moving consumer goods	59
Chandrasekhar, BVNG;	2012	Consumer buying behaviour and brand loyalty in rural markets: FMCG	38
Moolla, Ahmed I; Bisschoff, Christo A;	2013	An empirical model that measures brand loyalty of fast-moving consumer goods	37
Moolla, Ahmed I; Bisschoff, Christo A;	2012	A model to measure the brand loyalty for fast moving consumer goods	26
Moolla, Ahmed I; Bisschoff, Christo A;	2012	Empirical evaluation of a model that measures the brand loyalty for fast moving consumer goods	23
Mise, Jairo Kirwa; Nair, Chandrasekeran; Odera, Odhiambo; Ogutu, Martin;	2013	Exploring the determinants of brand loyalty in global FMCG markets of soft drinks consumers in Kenya and India	15

Table 1 illustrates the top 10 most cited journal papers on brand loyalty in the FMCGs sector. The number of citations a paper receives indicates its impact and influence within its field. A high number of citations generally suggests that other researchers have widely read, discussed, and built upon a paper. It can indicate that the paper's findings, methods, or ideas have significantly impacted the research community. The most cited paper on brand loyalty in FMCG is "Factors affecting brand loyalty: A study in an emerging

market on fast moving consumer goods” by (Kumar & Advani, 2005). The citation has reached 128 till 31st May 2023. “The relationship between risk aversion, brand trust, brand affect and loyalty: Evidence from the FMCG industry” by (Kumar Mishra et al., 2016) has the second highest number of citations with 71.

4.5 DISTRIBUTION OF PAPERS BY JOURNALS

TABLE 2

Distribution of papers by Journals

Name of Journal	No. of Paper	Name of Journal	No. of Paper
Asian Journal of Research in Marketing	1	Journal of Contemporary Issues in Business and Government	1
Benin Journal of Social Sciences	1	Journal of Customer Behaviour	1
British Journal of Management and Marketing Studies	1	Journal of Economics	1
Business and Economic Horizons	1	Journal of Humanities	1
Competitive Research Journal Archive	1	Journal of Indian Business Research	1
Indian Journal of Marketing	2	Apeejay Journal of Management and Technology	1
Int. J. of Aquatic Science	1	Journal of Management and Marketing Review	1
International Journal of Advanced Scientific Research and Management	1	Journal of management value and ethics	1
International Journal of Indian Culture and Business Management	1	Journal of social sciences	3
International Journal of Innovation, Creativity and Change	1	Journal of Xi'an Shiyou University, Natural Science Edition	1
International Journal of Management (IJM)	1	Jurnal Inovasi Ekonomi	1
International Journal of Marketing & Business Communication	1	Middle East Journal of Management	1
International Journal of Research in Management	1	PRERANA: Journal of Management Thought & Practice	1
International Journal of Scientific and Research Publications (IJSRP)	1	Scholarly Journal Prima	1

International Monthly Referred Journal of Research in Management & Technology	1	International Multidisciplinary Refereed Peer Reviewed Indexed Research Journal	1
International Journal of Multidisciplinary educational research	1	Scholars Journal of Economics, Business and Management	1
IOSR Journal of Business and Management	2	Schollars World	1
IUP Journal of Brand Management	2	South African Journal of Business Management	1
Journal of Business Research	1	Sustainability, Transformation, Development In Business And Management	1
Journal of Business Management	1	Wesleyan Journal of Research	1
European Journal of Scientific Research	1	Journal of Critical Reviews	1
CLEAR International Journal of Research in Commerce & Management	1	NICE Journal of Business	1

The distribution of scholarly journal articles on brand loyalty in the FMCG industry is shown in Table 2 above. Publishing in academic journals is a common way for researchers to convey their findings to the broader research community. It is clear from the table 2, that articles on this topic are published in different categories of academic journals, and they hardly have 1 or 2 papers published from 2003 to 2023. The only journal to have published three studies about brand loyalty in the FMCGs industry throughout the study period was Journal on Social Sciences.

5 DISCUSSION

This study reviewed 49 articles published in Scopus, Web of Science, Taylor and Francis, and Google Scholar from 2003 to 2023. This section will evaluate the key conclusions and contributions made by these reviewed research papers that were incorporated into qualitative synthesis. It is important to discuss a wide range of matters related to brand loyalty in the FMCGs sector, including factors influencing brand loyalty, the impact of emerging trends and technologies, methodologies and models to measure brand loyalty and the role of marketing strategies in discovering the finest outcomes and a thorough review of the body of knowledge on brand loyalty in the FMCG sector.

In the FMCG industry, a variety of factors shape consumer perceptions, preferences, and behaviours, affecting brand loyalty. From product quality and effective branding strategies to pricing, customer service, and reputation management, understanding these factors is essential for FMCGs companies seeking to establish durable and enduring

relationships with their customers. The study “Private label brands and brand loyalty: an empirical analysis on FMCG, western province, Sri Lanka” by (Hettiarachchi & Fernando, 2021) identified that price was determined to be the most significant element, followed by brand features. On the contrary in other study “A Study on Factors Affecting Brand Loyalty of FMCG Users” (Mishra, 2017) which study various brand-loyal groups interestingly reveals that price and advertisements have no significant effect on the extent of brand loyalty. While in another article by “Measuring Brand Loyalty As a Behavioural Response For Fast Moving Consumer Goods: A Case Study in Guwahati City, Assam”(Baruah, 2018)revealed that the most significant element for brand loyalty in FMCG products is product quality, followed by brand trust. The paper “A Study On Consumer Perception Towards Brand Loyalty Of FMCG Products In Dharamapuri District”(Venkatasalam & Karunakaran, 2021) concluded that brand association had the greatest impact on brand equity in the Indian FMCGs industry, indicating the importance of creating feelings and ideas with the brand. Similarly, in the study “Effect of brand trust, brand image on customer brand loyalty in FMCG Sector at Gwalior Region” (Upamannyu et al., 2014) revealed a customer’s attitude towards a brand to be influenced by brand emotion and brand trust, and the research shows that brand trust positively affects customer loyalty. Likewise “Emotional branding: A new way to create brand loyalty for FMCG companies”(Joshi & Nema, 2015)in their paper state that emotionally connected consumers spend significantly more than regular customers, which relieves businesses of the need to rely on promotions and price reductions to keep them patronising the brand.

With the increasing globalization of markets, cross-cultural influences are becoming more prevalent. Consumers in different regions are exposed to international brands and marketing campaigns, which can impact their brand preferences and loyalty. By demonstrating the notion of brand love’s application in the Asian setting, notably in the FMCGs sector in Sri Lanka (Wijekoon & Fernando, 2020), the article expands current theories on brand love and provides cross-cultural validation of the concept. African and Asian soft drink markets, especially Kenya and India, were also examined and contrasted in the study “Exploring the determinants of brand loyalty in global FMCG markets of soft drinks consumers in Kenya and India” (Mise et al., 2013). Different regions, even within a country, may also have unique brand preferences based on historical, social, or economic factors. In the study “Consumer buying behaviour and brand loyalty in rural markets: FMCG”(Chandrasekhar, 2012) exposed that there is a huge difference in consumer buying behaviour in rural areas, which may be due to non-availability of brands, brand awareness, influence, etc. The study also emphasises the need for marketers to drastically shift their views about the lively and expanding rural markets in order to successfully appeal to rural customers. In the study “Customers’ perception on factors leading to brand loyalty in fast moving consumer goods (FMCG) market in kanniyakumari district–a critical analysis” (ASWATHY & Nadarajan, 2021) found that the highly viewed Factors Leading to Brand Loyalty by rural customers are distribution intensity and switching costs. But these are brand awareness and brand quality among urban customers.

In the FMCGs industry, the trend of brand loyalty is moving away from the more conventional long-term commitment and towards more engaging and immersive partnerships. Consumers are becoming less tied to specific brands, with increased competition and expanding product choices allowing for greater exploration and brand switching."Consumer brand loyalty towards fast moving consumer goods in Ariyalur district"(Selvam, 2020) in his article emphasizes that tracking changes in consumer preferences is key to delivering value to customers. It mentions that the Indian market has experienced significant changes since opening up to global companies, with Indian consumers being exposed to various Indian and international brands. Digital transformation has significantly influenced brand loyalty in the FMCG sector. Brands that leverage digital technologies effectively have a greater chance of building and retaining loyalty in this digital landscape. In their study, "Viral Marketing in Increasing Brand Awareness and Predicting Purchase Intention: Exploring Mediating Role of Brand Loyalty in FMCG Sector"(Mukherjee et al., 2023) offer fresh perspectives on how viral marketing affects awareness of brands and purchase intent across the FMCG industry. Engagement and consumer interaction at various touchpoints have become crucial for building brand loyalty. The article "The Patanjali marketing sutra-An exploratory analysis of brand experience, personality, satisfaction, and loyalty in the FMCG space" (Sreejith & Suresh, 2017) explains how Patanjali has been ingrained in customers' hearts and thoughts through experiential branding. Influencer marketing and user-generated content have gained prominence in shaping brand loyalty. "Effect of Endorsers on the Evaluation of Fast Moving Consumer Goods (FMCG) Advertising and Lux Soap Brand Loyalty in Communities in the Regional Area of Jember" (Hariyana et al., 2020) in their study provides evidence that consumers trust recommendations from influencers and value authentic user experiences shared on social media platforms.

According to Moolla, et al., (2012), research on brand loyalty that is limited to the FMCG industry is not well documented (A. I. Moolla&Bisschoff, 2012). Even little study has been done on determining and ranking brand loyalty factors in the FMCG industry, making it more difficult to evaluate brand loyalty in this industry. The article "A model to measure the brand loyalty for fast moving consumer goods" (A. Moolla et al., 2012) contributes to the creation of a model to assess brand loyalty, the discovery of the structures that drive brand loyalty-related behaviour, and the ranking of the most significant brand loyalty influencers in the FMCGs sector. In their other reports, "An Empirical Model That Measures Brand Loyalty of Fast-moving Consumer Goods" (A. I. Moolla & Bisschoff, 2013) offers a diagnostic brand loyalty tool for managerial decisions-taking and may be used in extended brand loyalty study by academics and brand researchers. In the other study, "The Impact of Social Media Marketing on Brand Loyalty in Fast-Moving Consumer Good (FMCG) Markets" (Abasyn & Huseynov, 2020) the 'Confirmatory Factor Analysis' and 'Structural Equation Model' techniques were used. In fact, depending on the precise research objectives and the type of study, the methods and processes used to examine brand loyalty in the FMCG market might vary. Surveys and questionnaires, focus groups, interviews, observational studies, and experimental studies are a few of the approaches

and procedures that are frequently employed. Many researchers have also used a combination of multiple research techniques to gain a holistic understanding of brand loyalty in the FMCG sector.

CSR (Corporate Social Responsibility) involves initiatives that go beyond legal obligations and aim to contribute to the well-being of society and the environment. In the FMCG sector, where brands compete for the attention and loyalty of consumers, it can play a significant role in shaping consumer perceptions and preferences. Likewise, the article, "A Study on Effect Of Corporate Social Responsibility on Brand Trust & Brand Loyalty In FMCG Sector" (Pallavi & Kaushal, 2016) states that consumers are increasingly concerned about a company's image and its contributions to societal issues and that companies should pay attention to social initiatives in addition to their economic profits. In the same way, the paper "Connecting the Bridge between corporate social responsibility and brand loyalty with mediating factor corporate Branding in FMCG sector –India" (Menaga & Vasantha, 2021), indicates that CSR initiatives promote consumer brand loyalty for an organization's goods and services and that consistent corporate branding is necessary to maintain consumer awareness. It suggests that businesses should focus on and market their goods and services, raise awareness of their new CEO, hold regular meetings involving stakeholders, and promote their CSR initiatives in order to develop effective corporate branding.

6 CONCLUSION

Thus, to conclude, it can be summed up that this paper offers a comprehensive analysis of the prior research on brand loyalty towards the FMCGs throughout the study period. This systematic literature review has shed light on brand loyalty's complex and dynamic nature towards Fast-Moving Consumer Goods (FMCG). It is clear from the study of many researchers that brand loyalty is a complex phenomenon driven by several factors, such as product quality, pricing, brand reputation, and customer attitudes. The results emphasize how critical it is to build a strong brand image and develop enduring emotional ties with customers. Additionally, new developments like the impact of digitalization and the rise of social media give chances and difficulties for FMCGs firms to interact with people. By understanding the underlying mechanisms and leveraging the insights gained from this review, businesses can develop targeted approaches to cultivate lasting connections with consumers and cultivate enduring brand loyalty in the FMCGs sector. By synthesizing existing knowledge and providing evidence-based recommendations, FMCG companies can enhance their brand loyalty strategies and cultivate enduring customer relationships. This systematic literature review also serves as a reference point for researchers to build upon previous studies, identify research gaps, and propose new research directions.

In spite of the significance of this systematic review for market practitioners and future researchers, the paper does have some limitations as well. First, the study was conducted on journal articles only, excluding conference papers, book chapters,

dissertations, and commercial papers. Second, while additional sources of databases could have relevant material on the topic, the study search was only conducted in Scopus, Web of Science and Google Scholar. Third, for practical purposes, the search was restricted to English-language items.

For the future direction of systematic review, future researchers can include different types of papers like conference papers, book chapters, dissertations, theses and reports from various collections of databases and sources in addition to the four databases used in this study. Future research can focus on a detailed examination of the methodology and model used by existing literature on this study area. Future researchers can use a few other keywords to select the articles for analysis, which might offer in-depth comprehension of brand loyalty in the FMCGs sector.

Disclosure statement : No conflicts of interest have been disclosed by the authors.

REFERENCES

- Abasýn, M., & Huseynov, F. (2020). The Impact of Social Media Marketing on Brand Loyalty in Fast-Moving Consumer Good (FMCG) Markets. *Journal of Business Research*, 12(2), 1023–1035.
- Aini, N., & Ferdinand, A. (2022). Self-congruence theory: Factors affecting brand loyalty in fast-moving consumer goods industry. *Jurnal Inovasi Ekonomi*, 7(1), 1-12.
- Ajayi, O., & Salaudeen, S. (2023). Effects Of Ethical Product Marketing On Consumers' brand Loyalty For Fmcg Companies-A Study Of Nestle Nigeria Plc. *Prerana: Journal of Management Thought & Practice*, 15(1).
- Ali, W., & Müller, A. (2023). Consumer Behavior And Brand Loyalty In The Fast-Moving Consumer Goods (FMCG) Industry. *Competitive Research Journal Archive*, 1(2), 119-129.
- Aswathy, R., & Nadarajan, S. (2021). Customers' Perception on Factors Leading to Brand Loyalty n Fast Moving Consumer Goods (Fmcg) Market in Kanniyakumari District—A Critical Analysis. *Journal of Xi'an Shiyou University, Natural Science Edition*
- Baruah, P. (2018). Measuring Brand Loyalty As a Behavioural Response For Fast Moving Consumer Goods: A Case Study in Guwahati City, Assam. *International Journal of Advanced Scientific Research and Management*, 3(9), 160-164.
- Chandrasekhar, B. V. (2012). Consumer buying behaviour and brand loyalty in rural markets: FMCG. *IOSR Journal of Business and Management*, 3(2), 50-67.
- Creaven, G., Mandy, J., & Botha, E. (2020). Conveniently healthy: The impact of health endorsements on brand trust, brand loyalty and brand equity in fast moving consumer goods convenience versus shopping goods. *South African Journal of Business Management*, 51(1), 1-9.

- Hariyana, N., Sularso, H., Sulanti, D., Tobing, K., & Suroso, I. (2020). Effect of Endorsers on the Evaluation of Fast Moving Consumer Goods (FMCG) Advertising and Lux Soap Brand Loyalty in Communities in the Regional Area of Jember. *International Journal of Innovation, Creativity and Change.*, 12(9).
- Hariyana, N., Andi, R., & K Tobing, D. S. (2017). FMCG Product Endorser Advertising Variable Affect the Purchase Decisions and Brand Loyalty in the Community in the KorwilJember. *Journal of Management and Marketing Review (JMMR)* 2(3).
- Hettiarachchi, P. K., & Fernando, P. I. (2021). Private Label Brands and Brand Loyalty: An Empirical Analysis on FMCG, Western Province, Sri Lanka.
- Joshi, A., & Nema, G. (2015). Emotional branding: A new way to create brand loyalty for FMCG companies. *Journal of management value and ethics*, 5(2), 81-90.
- Kamalaveni, D. K., Rajalakshmi, S., & Kalaiselvi, S. (2008). Brand loyalty of women consumers with respect to FMCGs. *Indian Journal of Marketing*, 38(9).
- Khazaei, A., Hanifi, F., Taghipourian, M. J., & Mirabi, V. R. (2020). The influence of brand romance on Iranian youths' loyalty towards fast-moving consumer goods. *Middle East Journal of Management*, 7(3), 247-263.
- Kisan, S. (2020). Understanding The Influence Of Celebrity-Endorsed fmcg Advertisement On Consumer's Perception And Brand Loyalty At Different Demographic Variables. *International Journal of Management (IJM)*, 11(11).
- Kumar, S. R., & Advani, J. (2005). Factors affecting brand loyalty: A study in an emerging market on fast moving consumer goods. *Journal of Customer Behaviour*, 251–275. <https://www.ingentaconnect.com/content/westburn/jcb/2005/00000004/00000002/art00006>
- Kumar, M., Kesharwani, A., & Das, D. (2016). The relationship between risk aversion, brand trust, brand affect and loyalty: Evidence from the FMCG industry. *Journal of Indian Business Research*, 8(2), 78-97.
- Menaga, A., & Vasantha, S. (2021). Connecting The Bridge Between Corporate Social Responsibility And Brand Loyalty With Mediating Factor Corporate Branding In Fmcg Sector–India. *Wesleyan Journal of Research*, 13(4).
- Mise, J. K., Nair, C., Odera, O., & Ogutu, M. (2013). Exploring the determinants of brand loyalty in global FMCG markets of soft drinks consumers in Kenya and India.
- Mishra, S. K. (2017). A Study On Factors Affecting Brand Loyalty of Fmcg Users. *CLEAR International Journal of Research in Commerce & Management*, 8(3).
- Mittal, P., & Bangur, P. (2021). A Study of Gender-Wise Perceptions towards the Antecedents of Emotional Branding and Their Linkages with Brand Loyalty, with Special Reference

- to the Indian FMCG Sector. *International Journal of Marketing & Business Communication*, 10(2).
- Mohanty, L. (2021). Role of Advertising in Influencing Brand Loyalty of Consumers in FMCG Products. *Research Chronicle, International Multidisciplinary Refereed Peer Reviewed Indexed Research Journal*, 9(8), 1-12.
- Moolla, A. I., & Bisschoff, C. A. (2013). An Empirical Model That Measures Brand Loyalty of Fast-moving Consumer Goods. *Journal of Economics*, 4(1), 1–9.
- Moolla, A. I., & Bisschoff, C. A. (2012). A model to measure the brand loyalty for fast moving consumer goods. *Journal of Social Sciences*, 31(1), 71-85.
- Moolla, A. I., & Bisschoff, C. A. (2012). Empirical evaluation of a model that measures the brand loyalty for fast moving consumer goods. *Journal of Social Sciences*, 32(3), 341-355.
- Moolla, A. I., & Bisschoff, C. A. (2012). Validating a model to measure the brand loyalty of fast moving consumer goods. *Journal of Social Sciences*, 31(2), 101-115.
- Moolla, A. I., & Bisschoff, C. A. (2015). A simplified model to measure brand loyalty of fast-moving consumer goods. *Tydskrifvir Geesteswetenskappe*, 55(4), 652-664.
- Mukherjee, S., Das, M., & Chakraborty, T. (2023). Viral Marketing in Increasing Brand Awareness and Predicting Purchase Intention: Exploring Mediating Role of Brand Loyalty in FMCG Sector. *Scholars Journal of Economics, Business and Management*, 10(4), 61–77.
- Muramalla, V. S. (2013). Brand Management of FMCG Goods: A Comparative Study of Brand Loyalty among the Urban and Rural Consumers. *Asian Journal Of Research In Marketing*, 2(2) 40-52.
- Muthuvelayutham, C., & Subburaj, L. (2012). The study of consumer brand loyalty on FMCG-cosmetic products with special reference to Madurai, Tuticorin, Kanyakumari districts, Tamil nadu state, South India. *European Journal of Scientific Research*, 71(1), 127-143.
- Nagar, K. (2009). Building brand loyalty through advertising evidence from FMCGs market. *NICE Journal of Business*, 4(1), 20-28.
- Nagpal, A., & Pallvi, M. K. (2022). Impact of Covid-19 on Brand Loyalty in Fmcg Sector: In India. *The journal of contemporary issues in business and government*, 28(4), 1400-1412.
- Niyi, A. S., & Temidayo, A. (2020). Consumer Protection, It's Law And Brand Loyalty Among Customers Of Fast-Moving Consumer Goods In Lagos, Nigeria. *British Journal of Management and Marketing Studies*, 3(2), 35-49.

- Omorodion, O. M., & Osaremwind, O. D. (2013). Modeling of Brand Loyalty of Fast Moving Consumer Goods. *Benin Journal of Social Sciences*, 21(2), 44-54.
- Sharif, P., Mura, P., & Wijesinghe, S. N. (2019). *Systematic Reviews in Asia: Introducing the "PRISMA" Protocol to Tourism and Hospitality Scholars*, 13-33.
- Pallavi, & Kaushal, A. (2016). A Study On Effect Of Corporate Social Responsibility On Brand Trust & Brand Loyalty In Fmcg Sector. *Apeejay Journal of Management and Technology*, 11(1). <https://www.ajmt.apeejay.edu/all-issues/vol-11/issue-1/article-2.pdf>
- Pandey, D., Shukla, B., & Agarwal, A. (2022). The Effect of Consumer-Centric Brand Equity Parameters on the Brand Loyalty of FMCG Consumers: A Study in Gorakhpur District, Uttar Pradesh. *IUP Journal of Brand Management*, 19(1), 7-26.
- Pradhan, M. J., & Misra, D. P. (2015). Consumer brand loyalty: a study on FMCGs-personal care products in rural and urban areas of India. *IOSR Journal of Business and Management*, 17(8), 2319-7668.
- Sampaonthong, S. (2018). Brand loyalty for domestic and global Brands: A case of Thai fast-moving consumer goods. *Business and Economic Horizons*, 14(3), 615-625.
- Selvam, T. (2020). Consumer Brand Loyalty Towards Fast Moving Consumer Goods In Ariyalur District. *International Journal Of Multidisciplinary Educational Research*, 9(7), 57-65. [http://ijmer.s3.amazonaws.com/pdf/volume9/volume9-issue7\(8\)-2020.pdf#page=65](http://ijmer.s3.amazonaws.com/pdf/volume9/volume9-issue7(8)-2020.pdf#page=65)
- Shaari, H. (2020). Assessing brand health during covid-19 pandemic: FMCGs brand loyalty in Malaysia. *Journal of Critical Reviews*. 7(8), 1623-1630.
- Sreejith, R., & Suresh, K. (2017). The Patanjali marketing sutra-An exploratory analysis of brand experience, personality, satisfaction, and loyalty in the FMCG space. *Indian Journal of Marketing*, 47(9), 36-48.
- Thalhath, P., & Velmurugan, P. S. (2022). Changes in Brand Loyalty During Covid-19 Lockdown: A Study on FMCG Products. *IUP Journal of Brand Management*, 19(2), 24-42.
- Trivedi, J. P. (2018). Measuring the effect of consumer ethnocentrism and consumer beliefs for herbal products on brand loyalty: a study of Indian FMCG sector. *International Journal of Indian Culture and Business Management*, 16(3), 323-338.
- Upamannyu, D. N., Gulati, C. & Mathur, D. G. (2014). Effect of brand trust, brand image on customer brand loyalty in FMCG Sector at Gwalior Region. *Schollars World IRMJCR*, 11(11), 83-93. <https://www.academia.edu/download/33914569/Full-Issue.pdf#page=88>
- Upamannyu, N. K., & Mathur, G. (2013). Effect of brand trust, brand affect and brand image on customer brand loyalty and consumer brand extension attitude in FMCG sector. In *Prima*, 3(2).

- Upamannyu, N., Maheshwari, A., & Bhakuni, P. (2006). The impact of brand trust on customer loyalty: a study of FMCG sector at Gwalior region. In *International Monthly Refereed Journal of Research in Management & Technology Proceedings of National Conference on Trends in Management, Engineering & Technology ISSN–2320-0073*.
- Venkatasalam, D., & Karunakaran, C. (2021). A Study On Consumer Perception Towards Brand Loyalty Of FMCG Products In Dharamapuri District. *International Journal of Aquatic Science*, 12(2). http://www.journal-aquaticscience.com/article_136951.html
- Vijayalakshmi, R., Lingavel, G., Gurumoorthy, T. R., & Arulmozhi, S. J. (2020). Brand Loyalty Of Nestle Brand in Fast Moving Consumer Goods. *Sustainability, Transformation, Development In Business And Management*, 11.
- Wijekoon, M. P., & Fernando, I. (2020). Mediatory Role of Brand Love in the Relationship between Brand Experiences and Brand Loyalty (Special Reference to FMCG Sector in Sri Lanka). *International Journal of Scientific and Research Publications (IJSRP)*, 10(2), 482-492.

Dr. Gautam Patikar¹

Professor & Head, Department of Commerce,
Nagaland University, Kohima Campus, Meriema

Linus Panmeih²

Research Scholar, Department of Commerce,
Nagaland University, Kohima Campus,
Meriema

Relationship between Investors' Socio-Demographic Factors and Level of Satisfaction for Mutual Funds : A Study based on Select Districts of Northeast India.

Vizosanu Belho¹ and Jasojit Debnath²

ABSTRACT

Mutual Fund is emerging as one of the most rapidly growing and popular investment instruments among investors. With its distinct features and benefit, it has been attracting a wide range of investors. The primary objective of the study is to evaluate the overall satisfaction levels of mutual fund investors and analyse socio-demographic factors' influence on these satisfaction levels. The research adopts a descriptive and analytical methodology, utilising primary data from 500 mutual fund investors in the Kamrup Metro and Dimapur districts. A structured schedule was used for data collection, with respondents selected through non-probability judgment sampling.

The data were analyzed using various statistical tools, including the simple percentage method, mean, Mann-Whitney U Test, and Kruskal-Wallis H Test. A total of 40 statements representing 40 sources of satisfaction were designed to assess satisfaction levels of the respondents. The study reveals that mutual fund investors are generally satisfied with the services and returns the mutual fund offers. It also states that socio-demographic factors, such as age, education, occupation, monthly income, and expenditure of an investor, significantly influence satisfaction levels. The findings of this research offer valuable insights into the determinants of mutual fund investor satisfaction and the impact of socio-demographic factors, guiding mutual fund companies to meet the needs of their investors better.

Keywords: Mutual Fund, investors, sources of satisfaction, satisfaction level, socio-demographic factors

Manuscript Received : Sept. 4, 2024; Revised Manuscript Received : Nov. 12, 2024, Accepted : Nov. 23, 2024.

1. INTRODUCTION

An investment is an asset or item acquired to generate income or appreciation. Unlike saving, which is accumulating money for future use without risk, investing involves allocating funds to various assets, such as stocks, bonds, mutual funds, real estates, etc. with the potential for higher returns coupled with higher risks. Different types of investments offer varying levels of risk and reward, allowing investors to choose based on their financial

goals and risk tolerance. Investment plays a crucial role in economic development by mobilising savings into productive uses, generating income, creating wealth through capital appreciation, and supporting individuals in achieving long-term financial goals and stability (Avadhani, 2011).

A mutual fund is an investment platform that pools money from multiple investors to invest in various financial securities, such as stocks, bonds, and money market instruments. Managed by professional fund managers, mutual funds provide retail investors access to a diversified portfolio (Sankaran, 2018). When investors buy shares in a mutual fund, they gain partial ownership of the fund's underlying assets, and their returns depend on the performance of these assets. The fund can be classified by their main investments, such as money market, bond, stock, or hybrid funds. They can also be actively managed, where fund managers actively make investment decisions, or passively managed, where the fund tracks a specific market index (Rajkumar, 2015). The advantages of investing in mutual funds include diversification, professional management, liquidity, and government oversight. However, one should remember that investing in mutual funds also involves risks, fees and expenses.

The investors after making any investment analyses his/her satisfaction level. This is a natural phenomenon because there are many avenues available and the investor has picked only one or two of the avenues. Investors' satisfaction may also be interpreted as how well investors feel their financial goals and expectations are met through their investments. It is fundamental to the investment industry, playing a crucial role in shaping investors' behaviour, driving fund inflows, and maintaining overall market stability. When investors are content with their investments, they are more inclined to hold onto or even increase their investments, ensuring a steady flow of capital into the funds. Therefore, understanding and enhancing investor satisfaction is critical not only for individual fund performance but also for the overall health and sustainability of the market.

The satisfaction levels also significantly influence the reputation and competitiveness of mutual fund companies. High satisfaction among investors helps attract new investors and retain existing ones. Satisfied investors are more likely to continue investing in mutual funds and may increase their investments over time (Cronin et al., 2000). On the other hand, dissatisfaction can lead to fund redemptions, harming the fund's asset base and performance. Consistency in satisfaction for mutual fund is vital for the smooth operation of financial markets, as they are key players in enhancing market liquidity and facilitating price discovery.

2. LITERATURE REVIEW

Studies have consistently shown that the return on investment is a primary determinant of satisfaction (Capon et al., 1996). Investors value mutual funds' diversification benefits, which help spread risk across various assets (Markowitz, 1952). Satisfaction is

higher when investors perceive that their portfolio is well-diversified, and it balances risk and return (Treyner & Mazuy, 1966).

Mutual funds have become an ideal investment instrument for mobilising savings for steady return, capital appreciation, and low risk (Gangadhar, 1992). The features of mutual funds, such as diversification, professional management, liquidity and affordability, provide better investment opportunities than stock, influencing investors to invest in mutual funds (Chauhan, 2011; Agarwal & Jain, 2013). Patel (2016) also states that the features of mutual funds, such as high returns with a professionally managed portfolio, a good research team, continuous watch on the performance of the Indian stock exchange and international capital market, etc., make them the best option for investment as compared to others. Das (2012) found no significant relationship between investor satisfaction and demographic factors such as age, education, occupation, investment amount, and income. However, gender significantly influenced satisfaction, with men showing a preference for real estate investments, while women preferred mutual funds (Jain & Rawal, 2012).

Arathy et al. (2015) pointed out that tax benefits, high return, price and capital appreciation are the major factors influencing the investment decision. Rakesh and Srinivas (2013) also highlighted that return, safety, tax benefits, and regular income were the main factors attracting investors to mutual funds. Jatana and Barodawala (2015) identified monetary return as a critical factor affecting investment decisions in mutual funds. Similarly, Karthikeyan and Preetha (2014) found that most respondents invested 11-20% of their annual income in mutual funds, primarily for tax benefits. Jain and Rawal (2012) also noted that younger investors (aged 20-30) preferred growth schemes, whereas older investors (over 50 years of age) were more inclined towards tax-saving schemes.

The various attributes of mutual funds such as past performance and the service provided also influence the choice of schemes (Vijayalakshmi & Jayasathya, 2009). For some, the factors influencing investment in mutual funds are return potential (Singh, 2012) and liquidity (Singh, 2012; Goel, 2013; Trivedi & Kumar, 2017), while some prefer mutual funds for high return at low levels of risk and safety liquidity (Rathnamani, 2013). Trivedi & Kumar (2017) also depict that low risk is the most important factor that attracts investors in mutual funds Schemes. However, Kumar and Kumar (2014) concluded that across demographics there is a negative perception for mutual funds as low-risk investments. Karthikeyan and Preetha (2014) also revealed a positive relationship between the percentage of income invested in mutual funds and the annual income of the respondents. However, there was no significant link between the level of satisfaction and future investment intentions, nor between risk perception in mutual funds and future investments. Sindhu et al. (2017) also discovered no significant relationship between education and investment knowledge, occupation and information access, income level and decision-making, or annual income and return on investment. However, age was significantly related to perceptions of safety, indicating different risk-taking abilities among age groups.

Investors' attitude towards investment decisions also depends on their demographic background (Nithya D 2017; Alamelu & Indhumathi, 2017). Male genders were found to be

mostly interested in mutual fund investment compared to females (Trivedi & Kumar, 2017). Rani & Benita, 2022 found that most investors are highly satisfied with their mutual fund investments, particularly regarding the returns and liquidity. Khitoliya (2014) found a strong relationship between age and education with awareness levels and investment rationale, but no such relationship with occupation. The study also noted that tax benefits and flexibility were considered the greatest benefits of mutual funds, and the most common sources of information were the internet and newspapers. Furthermore, lack of information was a primary reason for not investing in mutual funds, while poor fund performance was a key reason for withdrawals. Dodiya (2015) reported that gender, age, income, and occupation significantly influenced attitudes towards mutual funds, while education did not. Furthermore, Jain & Rawal (2012) indicated that gender and savings were associated with preferences for financial instruments, although gender did not influence preferences for mutual fund schemes specifically.

The extant literature depicts that most of the studies are focused on the factors influencing investment in mutual funds. Regarding the studies carried out for satisfaction level, the results are contradictory.

OBJECTIVES OF THE STUDY

Based on the past studies and research gap, the following objectives have been formulated.

- 1. To assess the level of satisfaction of mutual fund investors for different sources of satisfaction.*
- 2. To find the relationship between Investors' Socio-Demographic Factors and Level of Satisfaction for Mutual Funds*

3. METHODOLOGY

The research is descriptive and analytical in nature. Using a structured schedule, the primary data have been collected from 500 mutual fund investors from Kamrup Metropolitan District and Dimapur District, in the state of Assam and Nagaland respectively. Non-probability judgment sampling was adopted to collect information from the respondents.

The data collected were analysed using descriptive statistics to describe the features of the dataset. Inferential statistics were applied to generalize the findings by testing the formulated hypothesis. The non-parametric Mann-Whitney U Test, and the Kruskal Wallis H Test were applied to test the hypothesis. At the first stage the overall satisfaction of the investors was found out.

To assess investor satisfaction, 40 statements were developed based on prior research, each representing various sources of satisfaction among mutual fund investors. These sources reflect elements that influence the satisfaction levels of investors, including returns, tax benefits, fees, transparency, grievance mechanisms, and service features. The items were identified with reference to the work of (Geetha & Reddy, 2017; Karthikeyan & Preetha, 2014; Rani & Benita, 2022; Reddy & Sudhakar, 2016; Singh, 2012).

The respondents were advised to rate each statement based on the 5-point Likert scale. 1 for being Highly Dissatisfied, 2 for Dissatisfied, 3 for Neither satisfied nor dissatisfied, 4 for Satisfied and 5 for Highly Satisfied. Each statement has been labeled as SL1, SL2 and so on for further analysis. The all 40 statements and the labelling are stated below.

SL1	Return on mutual fund Investment
SL2	Availability of variety of schemes
SL3	Tax benefit
SL4	Portfolio diversification
SL5	Protection against capital loss
SL6	Transparency of funds invested
SL7	Risk associated with the fund
SL8	Expense Ratio of the invested scheme
SL9	Fees for Brokerage, if any
SL10	Exit load
SL11	Transaction cost
SL12	Stamp Duty on the investment
SL13	Investors' grievance redressal mechanism
SL14	Fund Manager's service
SL15	Security aspect of the funds invested
SL16	Timely information on fund invested
SL17	Clarification towards technical doubts
SL18	Information retrievable facility
SL19	Payment of premium reminder
SL20	Default payment alert
SL21	Tracking option of the fund invested
SL22	Regulatory role of SEBI in mutual fund market
SL23	Messaging service provided by mutual funds and Association of Mutual Funds in India (AMFI)
SL24	Information on the past performance of the portfolio
SL25	Online services for access and update of information on mutual fund schemes

SL26	Switch over option provided by mutual funds
SL27	Update on the Changing NAV
SL28	Modes of investment option provided
SL29	Investment Procedure in mutual funds
SL30	Selling procedure in mutual funds
SL31	Redemption facilities in mutual funds
SL32	Flexibility of entry and exit from mutual funds
SL33	Payment mode for investment
SL34	Role and function of stock exchange
SL35	Role of NSDL and CDSL
SL36	Awareness program on investment by SEBI and others
SL37	Lock in period
SL38	Flexibility in amount invested
SL39	Advertisement by mutual fund houses
SL40	Rating of the schemes

Source: Compiled by the Researcher

4. ANALYSIS AND INTERPRETATION

Table 1. Socio-Demographic profile of the mutual fund investors

		Total	
		Respondents	Percentage
Gender	Male	340	68
	Female	160	32
	Total	500	100
Age	18-30	161	32
	31-40	190	38
	41-50	88	18
	51-60	20	4

Level of education	Above 60	41	8
	Total	500	100
	Hr. Secondary	47	9
	Graduate	217	43
	Post Graduate & Above	236	47
	Total	500	100
Occupation	Govt. Employee	182	36
	Business	50	10
	Pvt Sector	164	33
	Retired/Pensioner	41	8
	Students	63	13
	Total	500	100
Marital Status	Married	276	55
	Unmarried	224	45
	Total	500	100
Monthly Income (in Rs)	Less Than 20000	83	17
	20000-40000	194	39
	40000-60000	62	12
	60000-80000	46	9
	80000-100000	91	18
	Above 1,00,000	24	5
	Total	500	100
Monthly Expenditure out of monthly income (in percentage)	85-100 Percent	59	11.8
	70-85 Percent	128	25.6
	55-70 Percent	169	33.8
	40-55 Percent	88	17.6
	25-40 Percent	48	9.6
	Less Than 25 Percent	8	1.6
	Total	500	100

Source - Field survey

The Table - 1 shows the socio-demographic profile of the mutual fund investors. Most of the respondents were males (68%), while females constituted 32% of the sample. Majority of the investors were in the age group of 31-40 years (38%), followed by the age group 18-30 years (32%). In terms of education, a significant proportion of investors were highly educated, with 47% holding postgraduate degrees or above. Regarding occupation, 36% of the respondents are government employees and 33% work in the private sector. Marital status shows a nearly even split, with 55% of the respondents being married and 45% unmarried. A significant percentage of investors had a monthly income between Rs. 20,000 to 40,000 (39%), followed by those earning between Rs. 80,000 to 100,000 (18%). In terms of monthly expenditure as a percentage of income, 33.8% of respondents spend between 55-70% of their income, while 25.6% of the respondents spend 70-85% of their monthly income.

The Table 2 below reveals the satisfaction levels of mutual fund investors based on various aspects of their investment experience in mutual funds. For the interpretation of the satisfaction level, the scale has been categorised in the following order: Mean ranging from 1 to 1.79 - Highly Dissatisfied, 1.80 to 2.59 - Dissatisfied, 2.60 to 3.39 - Neither satisfied nor dissatisfied, 3.40 to 4.19 - Satisfied and 4.20 to 5 - Highly Satisfied (Pimentel, 2019).

The survey result shows that the mean value for almost all the statements is more than 3.41, indicating that investors are generally *Satisfied* with the various aspects of mutual funds. The highest mean score of 4.14 is seen in satisfaction relating to payment of premium reminders. Other aspects with a score of more than 4 include the default payment alert (4.02), the tracking option of the funds invested (4.08), and the messaging service provided by mutual funds and AMFI (4.05). These show that the services met or exceeded investors' expectations. *Fees for brokerages* scored the lowest mean value of 3.26 indicating that investors were neither satisfied nor dissatisfied with this feature of mutual funds.

The following hypotheses were drawn for generalising the result. The non-parametric tests were applied since the data fails the normality tests. The Kolmogorov-Smirnov test and Shapiro-Wilk test returns a p-value of less than 0.05 for all the 40 statements. Therefore, The Mann-Whitney U test was applied to test the following two hypotheses:

H_1 : *There is no significant difference between the investors' gender and the satisfaction level for mutual funds.*

H_2 : *There is no significant difference between the investors' marital status and the satisfaction level for mutual funds.*

The demographic factor gender is found to be significant only for the statements SL2, SL4, SL5, SL15, SL16, SL25, SL30, SL31, SL32, and SL38. Thus, it indicates that for these satisfaction levels there is significant difference between the gender of the investors and the level of satisfaction. Marital status shows almost the same result as gender, being significant only for the statements SL1, SL6, SL7, SL11, SL12, SL16, SL25,

SL28, SL29, SL32, and SL39. For the other statements, the study fails to reject the null hypothesis. Thus, it can be concluded that only for the 11 statements there is significant difference between the investors' marital status and satisfaction level for investment in mutual funds (Table – 2).

Table 2. Satisfaction Level (Mann-Whitney U Test)

Statements	Mean	p-value	
		Gender	Marital Status
SL1	4.01	.388	.020*
SL2	3.95	.000**	.654
SL3	3.70	.647	.088
SL4	3.89	.013*	.000
SL5	3.41	.007**	.067
SL6	3.87	.379	.003**
SL7	3.54	.833	.000**
SL8	3.49	.646	.105
SL9	3.26	.357	.995
SL10	3.64	.152	.124
SL11	3.60	.077	.000**
SL12	3.48	.405	.000**
SL13	3.58	.265	.885
SL14	3.65	.719	.785
SL15	3.62	.047*	.471
SL16	4	.008**	.000**
SL17	3.75	.341	.215
SL18	3.94	.343	.207
SL19	4.14	.858	.735
SL20	4.02	.340	.320
SL21	4.08	.820	.767

SL22	3.87	.377	.168
SL23	4.05	.485	.263
SL24	4	.360	.887
SL25	4.08	.014*	.000**
SL26	3.78	.741	.170
SL27	3.75	.567	.105
SL28	3.81	.841	.004**
SL29	4	.262	.043*
SL30	3.78	.000**	.702
SL31	3.67	.006**	.064
SL32	3.80	.036*	.001**
SL33	3.97	.077	.811
SL34	3.85	.082	.152
SL35	3.74	.715	.437
SL36	3.68	.108	.161
SL37	3.40	.253	.191
SL38	3.85	.000**	.429
SL39	3.74	.055	.037*
SL40	3.80	.150	.182

Note: *Significance at $p < 0.05$; ** highly significant at $p < 0.01$*

Source- Field survey

Subsequently, the following hypotheses were drawn to understand the difference amongst the demographic characteristics (more than two independent groups) and the satisfaction level for mutual fund investment.

H_3 : *There is no significant difference between the investors' age and the satisfaction level for mutual funds.*

H_4 : *There is no significant difference between the investors' education level and the satisfaction level for mutual funds.*

H_5 : There is no significant difference between the occupation of the investors' and the satisfaction level for mutual funds.

H_6 : There is no significant difference between the investors' monthly income level and the satisfaction level for mutual funds.

H_7 : There is no significant difference between the investors' monthly expenditure and the satisfaction level for mutual funds.

Kruskal-Wallis H Test was used to examine the above formulated hypotheses.

Table 3. Satisfaction Level (Kruskal-Wallis H Test)

Statements	Mean	p-value				
		Age (years)	EducationLevel	Occupation	Monthly Income	Monthly Expenditure
SL1	4.01	.000**	.054	.000**	.016*	.000**
SL2	3.95	.000**	.000**	.000**	.000**	.000**
SL3	3.70	.000**	.001**	.000**	.000**	.003**
SL4	3.89	.042*	.000**	.008**	.000**	.000**
SL5	3.41	.000**	.000**	.000**	.000**	.013*
SL6	3.87	.379	.008**	.010**	.018*	.035*
SL7	3.54	.000**	.000**	.000**	.049*	.009**
SL8	3.49	.000**	.951	.000**	.000**	.000**
SL9	3.26	.000**	.382	.000**	.000**	.113
SL10	3.64	.000**	.018*	.000**	.000**	.003**
SL11	3.60	.000**	.000**	.000**	.000**	.011*
SL12	3.48	.000**	.011*	.000**	.000**	.003**
SL13	3.58	.000**	.002**	.000**	.000**	.040*
SL14	3.65	.000**	.000**	.000**	.004**	.000**
SL15	3.62	.000**	.238	.000**	.000**	.000**
SL16	4	.000**	.000**	.000**	.000**	.000**
SL17	3.75	.000**	.071	.000**	.000**	.000**
SL18	3.94	.000**	.000**	.000**	.000**	.000**
SL19	4.14	.000**	.000**	.000**	.000**	.026*
SL20	4.02	.000**	.000**	.000**	.014*	.000**
SL21	4.08	.151	.269	.000**	.000**	.000**
SL22	3.87	.280	.016*	.000**	.000**	.000**

SL23	4.05	.064	.000**	.000**	.000**	.000**
SL24	4	.000**	.000**	.000**	.000**	.000**
SL25	4.08	.000**	.000**	.000**	.000**	.000**
SL26	3.78	.045*	.035*	.000**	.000**	.000**
SL27	3.75	.002**	.000**	.000**	.000**	.000**
SL28	3.81	.796	.009	.000**	.000**	.000**
SL29	4	.000**	.000**	.000**	.000**	.000**
SL30	3.78	.000**	.003**	.000**	.070	.004**
SL31	3.67	.000**	.969	.000**	.040*	.002**
SL32	3.80	.000**	.348	.000**	.003**	.135
SL33	3.97	.000**	.002**	.000**	.000**	.005**
SL34	3.85	.000**	.000**	.000**	.000**	.000**
SL35	3.74	.002**	.021*	.000**	.000**	.000**
SL36	3.68	.000**	.122	.000**	.000**	.000**
SL37	3.40	.000**	.598	.000**	.000**	.000**
SL38	3.85	.447	.917	.000**	.000**	.000**
SL39	3.74	.016*	.000**	.001**	.000**	.000**
SL40	3.80	.000**	.082	.000**	.000**	.000**

Note: *Significance at $p < 0.05$; ** highly significant at $p < 0.01$ Source- Field survey

The age of the gender reveals a significant difference for most of the statements of satisfaction except for SL6, SL21, SL22, SL23, SL28, and SL38. The level of education of the respondents also shows that it is statistically significant for a majority of the statements except for the statements SL1, SL8, SL9, SL15, SL17, SL21, SL28, SL31, SL32, SL36, SL37, SL38, and SL40. The notable finding is in regard to the occupation of the investors and the satisfaction level. The result depicts that there is significant difference between the occupation of the investors and the satisfaction level for mutual funds across all the 40 statements of satisfaction level. The p-value is statistically significant for the investors' monthly income and for all the satisfaction statements except SL30. The last test was for the hypothesis number 7 which states that *there is no significant difference between the investors' monthly expenditure and the satisfaction level for mutual funds*. The p-value was statistically significant for majority of the satisfaction factors except SL9 and SL32. The findings of the Kruskal-Wallis H test shows that there is significant difference between the investors' demographic characteristics like occupation, monthly income and monthly

expenditure and for majority of the satisfaction factors. For the demographics gender and level of education the result is significant for some of the factors of satisfaction (Table – 3).

5. CONCLUSION

Mutual fund providers should ensure a high satisfaction level of the investors by improving communication and support services, particularly in areas where the satisfaction level is neutral or lower. It is necessary to maintain investors' satisfaction as it ensures sustained growth and success in a competitive market. To improve overall investors' satisfaction, mutual fund providers should address concerns about extra fees, the lock-in period, and other areas with neutral/ moderate satisfaction levels. Understanding the specific needs and preferences of different demographic groups, particularly in terms of age, education, occupation, and financial status, is crucial for tailoring products and services that align with diverse investor expectations. The socio-demographic factors such as gender, marital status, age and educational level have limited impact on satisfaction levels. Whereas, the occupation of the investors, and financial status signal that the investors' level of satisfaction varies across these demographic factors. Therefore, mutual fund providers should consider the needs of different types of investors while designing and marketing their mutual fund products.

Scope for Future Research

Future research could explore how specific aspects of mutual fund products and services affect investor satisfaction, particularly among under-researched demographic segments. Additionally, studies could examine the long-term impact of satisfaction on investor retention and loyalty and assess how emerging digital services and fintech solutions influence investor satisfaction.

REFERENCE

- Avadhani.V.A., *Investment and Securities Market in India*. Himalaya Publishing House, Mumbai, 2011.
- Sankaran, S. (2018). *Indian Mutual Funds Handbook: A Guide for Industry Professionals and Intelligent Investors* (5th ed.). Vision Books.
- Agarwal, G., & Jain, D. M. (2013). Investor's preference towards mutual fund in comparison to other investment avenues. *Journal of Indian Research*, 1(4), 115-131.
- Alamelu, K., & Indhumathi, G. (2017). Investors perception towards mutual funds in Madurai District, Tamil Nadu. *International Journal of Engineering Development and Research*, 5(3), 1171-1175.
- Arathy, B., Nair, A. A., Sai, P. A., &Pravitha, N. R. (2015). A study on factors affecting investment on mutual funds and its preference of retail investors. *International Journal of Scientific and Research Publication*, 5(8), 2–3.
- Capon, N., Fitzsimons, G. J., & Prince, R. A. (1996). An individual level analysis of the mutual fund investment decision. *Journal of Financial Services Research*, 10(1), 59-82. <https://doi.org/10.1007/BF00120146>

- Chauhan, S. S. (2011). *An empirical study on risk-adjusted performance evaluation of Indian mutual schemes* [Doctoral dissertation, Prestige Institute of Management and Research, Indore, India].
- Cronin, J. J., Jr., Brady, M. K., & Hult, G. T. M. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments. *Journal of Retailing*, 76(2), 193–218. [https://doi.org/10.1016/S0022-4359\(00\)00028-2](https://doi.org/10.1016/S0022-4359(00)00028-2)
- Das, S. (2012). Small investor's perceptions on mutual funds in Assam: An empirical analysis. *Journal of Research in Commerce and Management*, 1(8).
- Dodiya, B. M. (2015). A study on the attitude of the investors towards investment in mutual funds. *International Multidisciplinary Research Journal*, 2(5), 1-4.
- Gangadhar, V. (1992). The changing pattern of mutual funds in India. *The Management Accountant*, 27(12), 924–928.
- Geetha, S & Reddy, S.S (2017). Investors Perception and Satisfactions Levels towards Mutual funds in Rayalaseema Region of Andhra Pradesh *International Journal of Emerging Research in Management & Technology*, 6(6), 370-379.
- Goel, S. (2013). *Performance of mutual funds and investors behaviour* [Doctoral dissertation, Jaypee Institute of Information Technology, Noida, India].
- Jain, N., & Rawal, S. (2012). Behavioural analysis of individual investors towards selection of mutual fund schemes: An empirical study. *International Journal of Marketing & Business Communication*, 1(4), 64.
- Jatana, R., & Barodawala, M. (2015). Investment choice of Indian investors in mutual funds: An empirical study.
- Karthikeyan, R., & Preetha, R. (2014). Mutual funds—MIDAS touch. *International Journal*, 2(3).
- Khitoliya, P. (2014). Investor's awareness and perceived risk attitude towards mutual fund: An empirical study in Delhi. *International Journal of Commerce, Business and Management*, 3(3), 450-456.
- Kumar, S., & Kumar, V. (2014). Investors' perception towards mutual funds: A study of low-risk investments. *International Journal of Management Research and Reviews*, 4(3), 388.
- Markowitz, H. (1952). Portfolio selection. *The Journal of Finance*, 7(1), 77-91.
- Nithya, D. (2017). *Mutual fund investment decision by individual investors: Behavioural perspectives* [Doctoral dissertation, Anna University, Chennai, India].
- Patel, C. (2016). *An economical analysis of growth of mutual funds with special reference to SBI and Reliance mutual funds* [Doctoral dissertation, Devi Ahilya Vishwavidyalaya, India].
- Pimentel, J. L., & Pimentel, J. L. (2019). Some biases in Likert scaling usage and its correction. *International Journal of Science: Basic and Applied Research (IJSBAR)*, 45(1), 183-191.

- Rajkumar, S. (2015). *A study on investors' perception and attitude towards mutual fund investments in Chennai city* [Doctoral dissertation, Bharathiar University, Coimbatore, India].
- Rakesh, D. K., & Srinivas, M. V. (2013). Understanding individual investors investment behavior in mutual funds (A study on investors of North Coastal Andhra Pradesh). *International Journal of Management (IJM)*, 4(3), 185-198.
- Rani, V., & Benita, S. (2022). A study on investors' preference and satisfaction towards mutual funds in Madurai district. *IOSR Journal of Business and Management*, 24(1), 9–20. <https://doi.org/10.9790/487X-2401040920>
- Rathnamani, V. (2013). Investor's preferences towards mutual fund industry in Trichy. *IOSR Journal of Business and Management*, 6(6), 48-55.
- Reddy, P.K & Sudhakar. A (2016). The Perception of Individual Investors towards the Performance of Mutual Funds, *IOSR Journal of Business and Management (IOSR-JBM)* 18(9), 9-14. DOI: 10.9790/487X-1809010914
- Sindhu, Krishna, Y. R., & Reddy, A. S. (2017). Understanding the relationship between investors' personal attributes and investment perceptions towards mutual fund investments. *Indian Journal of Finance*, 11(2).
- Singh, B. K. (2012). A study on investors' attitude towards mutual funds as an investment option. *Journal of Business Strategy*, 1(2), 8–15.
- Treynor, J. L., & Mazuy, K. (1966). Can mutual funds outguess the market? *Harvard Business Review*, 44(4), 131-136.
- Trivedi, P. K. (2017). A study of investor's perception towards mutual fund decision: An Indian perspective. *International Journal of Economic Research*, 14, 209-219.
- Vijayalakshmi, R., & Jayasathya, R. (2009). A study on the factors influencing the selection of mutual fund company. *Journal of Contemporary Research in Management*.

Vizosanuo Belho¹

Assistant Professor
Department of Commerce
Unity College
Dimapur- 797112, Nagaland
E-mail: vizosanuo@gmail.com
(Corresponding Author)

Dr. Jasojit Debnath²

Associate Professor
Department of Commerce
Nagaland University
Kohima Campus: Meriema
Kohima- 797004, Nagaland
E-mail: jasojit@nagalanduniversity.ac.in

Electric Bikes adoption: A study to evaluate the purchase intention of electric bikes through TRI 2.0 model

R Ruma Agnes¹ and R Venkatesakumar²

ABSTRACT

With Indian Auto Manufacturing competing to launch their electric bikes in 2024, the Indian consumer electric vehicle (EV) landscape is transforming. These e-bikes or slow-speed scooters are attracting consumers and are competing with the petrol-burning bikes in the market. Driven by the ever-increasing fuel prices and the shift towards sustainability, Indian consumers are becoming more interested towards electric bikes. Though they show keen interest, the acceptance of the EV is still in the nascent stages in India. This study aims to understand the purchase intention of these consumers through the Technology Readiness Index (TRI) 2.0 model. Further, it examines whether these intentions are influenced by consumers' perceptions of green products and their trust in auto brands. The research model was analysed using Partial Least Squares (PLS) technique. The findings indicate that brand trust, mediated by technology readiness, positively affects purchase intention, whereas green perceived value does not significantly impact technology readiness in shaping purchase intentions. These insights are critical for auto manufacturers as they refine their marketing strategies to strengthen brand trust and enhance awareness of the green value proposition of electric bikes.

Keywords: E-bikes, green perceived value, technology readiness, brand trust

Manuscript Received : Sept. 8, 2024; Revised Manuscript Received : Oct. 28, 2024, Accepted : Oct. 31, 2024.

1. INTRODUCTION

As a country, we are striving to achieve the social, economic, and environmental goals of SDG and we have achieved significant improvement in the NITI Aayog SDG India Index published in 2020-21. One of the goals (goal 11) is to develop smarter and more sustainable cities and communities (Economic Survey, 2022). In the pursuit of attaining a cleaner and safer environment, combating environmental concerns is a challenging task. Atmospheric pollution is one of the few environmental concerns, and as a country, we have taken many steps to control and minimize this pollution. Emissions from household combustion devices, vehicles, manufacturing units and chemical plants are 3 major contributors to atmospheric pollution. With the growth of motor vehicle sales in India, so has the emissions from these vehicles. Therefore, India has adopted the BS-6 standards which is the most advanced standard for automobiles. This mandates that the manufacturers should ensure the new

vehicles should minimize the emission of harmful toxic gases to create a pollution-free environment (*BS-6 Norms And Their Impact On The Two-Wheeler Industry - Chola MS*, 2022, p. 6). The entry of electric bikes (e-bikes) has shown a ray of hope in the polluted environment (*Measuring Emissions from Vehicles in the Real World*, 2022). Also, the initiatives of the government such as improving the infrastructure to support e-bikes, providing incentives to consumers to adopt e-bikes, encouraging local manufacturing of e-bikes and the like, are encouraging. According to the report of the Financial Express, they quote that “The Indian automotive market is poised for rapid EV growth, due to the convergence of factors including government incentives, improving cost competitiveness and original equipment manufacturer (OEM) investment in the industry along with increased customer readiness and awareness” (“What Would Be the Opportunities and Challenges for EVs in 2023?,” 2022; *India E-Bike Market Growth, Share | Analysis (2022 - 27)*, 2022; *India’s Electric Vehicles Industry Revenue Pool Expected to Hit \$100 Billion by 2030, Says Report*, 2022). Still, the market of e-bikes is in the nascent stage, as many consumers choose conventional bikes over e-bikes. There is ample scope for market penetration and expansion in this sector.

Current studies indicated that limited studies have been conducted on the consumer adoption of electric vehicles in the Indian context whereas there were adequate studies in the global context (US, UK, Nordic, Australia) (*S. Gong et al. (2020)*, *D.L. Greene et al. (2014)*, *J. Kester et al. (2018)*, *N. Berkeley et al. (2018)*). These studies were conducted using qualitative approaches and other consumer behaviour models. Apart from the infrastructure challenges, lack of awareness among the consumer is one of the challenges in the Indian market. While Indian consumers show interest in e-bikes, their purchase intentions may be influenced by various factors. Identifying and understanding these factors is essential for auto manufacturers aiming to design effective marketing strategies to increase adoption.

This gap was addressed by seeking the explanation for the following research questions, (a) “How does the technology readiness influence the purchase intention of Indian consumers for e-bikes, and (b) What is the role of brand trust and green perceived value in enhancing the likelihood of purchase?”. Based on these research questions, it was hypothesized that brand trust and green perceived value positively impacts technology readiness which in turn positively impacts the adoption of e-bikes.

2. LITERATURE REVIEW

2.1. E-bikes Adoption

The literature on e-bike or electric vehicles highlights the influence of consumer perceptions, urban planning, technological advancements and government policy on the consumer adoption. However, these qualitative studies are extensively conducted in markets such as the US, UK, Nordic countries, and Australia and consumer behaviour and adoption models are widely used. Emerging markets like India are also included in a few existing studies. But the challenges in these emerging markets are unique, such as infrastructural limitations and low consumer awareness.

The adoption of e-bikes has gained momentum as a sustainable and innovative mode of transportation, particularly in urban areas, where micromobility is seen as essential for reducing traffic congestion and pollution. A study conducted in Sweden suggests that while e-bikes can contribute to achieving net-zero emissions, their adoption is constrained by insufficient parking infrastructure and electricity networks. The study reveals that limited infrastructure discourages e-bike use beyond short trips between places with safe parking, presenting a challenge for expanding e-bike use beyond commuting (Edberg, 2023). Consumer adoption of e-bikes is strongly influenced by perceptions of innovation and environmental consciousness. A study by Flores and Jansson (2021) focuses on the role of consumer innovativeness (CI) and green perceptions in the adoption of shared e-bikes. The study reveals that users of shared e-bikes in cities like Copenhagen and Stockholm tend to perceive themselves as innovative and view e-bikes as environmentally friendly. Conversely, non-users do not share these perceptions, suggesting a gap in understanding the environmental benefits of e-bikes. CI plays a crucial role in adoption, as consumers who see themselves as innovators are more likely to embrace e-bikes. Additionally, the study highlights the influence of environmental attitudes and knowledge on green perceptions, which further encourages adoption. Interestingly, the research finds that while both CI and green perceptions influence shared e-bike use, CI alone drives e-scooter adoption, emphasizing that consumer motivations may vary across different forms of micro-mobility (Flores & Jansson, 2021)

Other factors influencing the adoption include perceived benefits, barriers, and individual characteristics. Understanding these elements is crucial for promoting e-bike usage effectively. Users cite monetary savings, reduced congestion, and improved last-mile connectivity as significant motivators for adopting e-bikes. On the contrary, the lack of cycling and charging infrastructure is a major deterrent, particularly in developing regions (Zabiulla et al., 2024). E-bikes are recognized for their potential to contribute to sustainable transportation, appealing to environmentally-conscious consumers (Yasir et al., 2022). High purchase costs and perceived risks, such as battery safety, significantly hinder adoption (Lee & Sener, 2023; Murtiningrum et al., 2022). Concerns about social perceptions and the stigma associated with using electric assistance can also impede adoption (Lee & Sener, 2023). While e-bikes present a promising solution for sustainable mobility, addressing the barriers and enhancing the perceived benefits are essential for increasing their adoption across diverse populations. Consumers who perceive e-bikes as an easy, affordable, and enjoyable option are more likely to consider purchasing one (Jayasingh et al., 2021; C.-T. Lin et al., 2022). The transition to e-bikes is seen as a critical step towards sustainable transportation. This adoption is examined using the technology readiness model.

2.2. Technology Readiness Index 2.0 (TRI 2.0)

Technology Readiness Index 2.0 is a scale which measures technology readiness – defined as “people’s propensity to embrace and use new technologies for accomplishing goals in home life and at work”. This tool evaluates the technology readiness score based on four constructs, such as optimism, innovativeness, insecurity and discomfort (Parasuraman,

2000; Parasuraman & Colby, 2015). Optimism and innovativeness act as motivators for technology adoption where optimism indicates a positive view of technology's benefits while innovativeness reflects a person's tendency to be a technology pioneer. Discomfort and Insecurity acts as inhibitors. Discomfort refers to a feeling of being overwhelmed by technology, and insecurity involves concerns about technology's reliability. Studies show that these factors significantly influence readiness in contexts like smart city development and internet banking [1] [2]. Studies in the past describe that while adopting and implementing new technology, the impact of these four constructs are different for different technology products. While some studies reveal that few constructs are significant, others reveal that the constructs are not (Andaleeb et al., 2010; Hao & Chon, 2021; Parasuraman, 2000; Parasuraman & Colby, 2015; Rodrigues & Ponchio, 1 C.E.; Victorino et al., 2009; Walczuch et al., 2007; Yosser et al., 2020). This study hypothesizes and examines the positive impact on purchase intention

2.3. Green Perceived Value (GPV)

Chen and Chang (2012) proposed a novel construct. "green perceived value", as they observed the inclination of consumers towards environment-friendly services. The construct is defined as "a consumer's overall appraisal of the net benefit of a product or service between what is received and what is given based on the consumer's environmental desires, sustainable expectations, and green needs". Several studies in the past have explored the influence, moderating and mediating roles of GPV on purchase intention (S.-Y. Chen, 2016; Y. Chen & Chang, 2012; Y.-S. Chen, 2013; Danish et al., 2019; Rahardjo, 2015; Roh et al., 2022; Wim & Leen, 2016). Auto manufacturers market their e-bikes as environmentally friendly and sustainable alternatives. Hence in this study, the positive impact of green perceived value on technology readiness is hypothesised and examined. A high GPV could foster optimism and innovativeness towards sustainable transportation, thereby enhancing readiness to adopt it.

2.4. Brand Trust (BT)

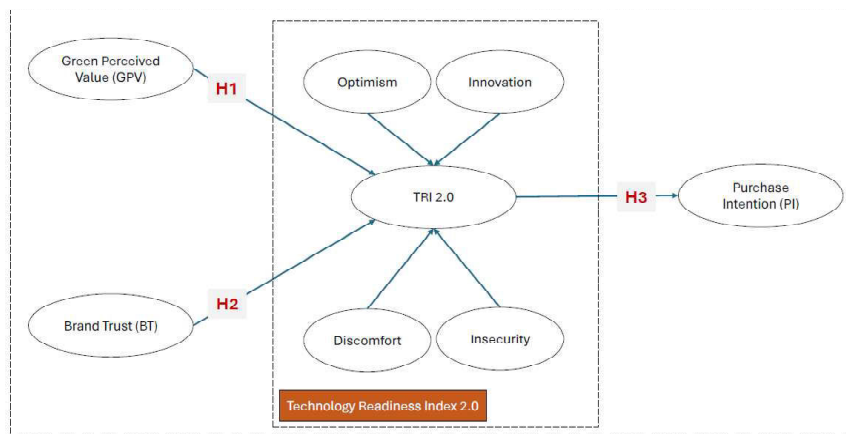
Brand Trust is explained as "to trust a brand implicitly means that there is a high probability or expectancy that the brand will result in positive outcomes for the consumer" by the author, (Delgado Ballester & Luis Munuera Alemán, 2005). Consumer's belief that brand has unique characteristics that make it reliable, competent and consistent has been explored in several studies and especially with respect to green products (Alamsyah & Febriani, 2020; Guerreiro & Pacheco, 2021; Lam et al., 2016; J. Lin & Zhou, 2022; Song et al., 2012). When consumers trust a brand, they are more comfortable and feel less insecure about engaging with its technology (Morgan & Hunt, 1994). In this paper, it is hypothesised that trusted brands are mitigate discomfort and insecurity, therefore fostering the readiness to adopt sustainable transportation.

2.5. Relationship between GPV, BT, TRI 2.0 and PI

In this paper, we investigate whether the green perceived value (GPV) (Y. Chen & Chang, 2012; Y.-S. Chen, 2013; Rahardjo, 2015) of consumers (through 5 items) regulates the

readiness (TRI) (Rodrigues & Ponchio, 1 C.E.) (through 4 dimensions each with 4 items) of the consumers to adopt new technology. When adopting new technology, trust in the brand plays a vital role in the adoption, especially when purchasing a E-BIKES. This paper explores whether brand trust (BT) (Ar et al., 2014; GültekiN & KiLiC, 2022; Rodrigues & Ponchio, 1 C.E.) (through 7 items) influences the readiness (TRI) of consumers to adopt new technology. Further, we aim to study whether the readiness of the consumer to adopt new technology directs the consumer towards the purchase (PI) (through 2 items) of the e-bikes. Based on the above discussion the following framework is proposed, and the hypotheses are stated below.

Figure 1: Proposed Framework based on TRI 2.0



H1: Green perceived value (GPV) positively impacts the technology readiness index 2.0 (TRI 2.0)

H2: Brand trust (BT) positively impacts the technology readiness index 2.0 (TRI 2.0)

H3: Technology readiness index 2.0 (TRI 2.0) positively impacts purchase intention (PI)

3. RESEARCH METHODOLOGY

In this study, a casual explanatory research method was used to explore the relationship between variables involved in the study. For the study, primary data was collected by distributing the online survey to 400 respondents by email and other social platforms. The sampling unit considered for this survey was young adults and above, in India. The respondents were identified through the convenience and purposive sampling method. The questionnaire included two sections, where the first section had basic demographic questions about the consumer's characteristics and lifestyle, and the second section included questions related to the variables under consideration for the study. The questions in the second part are a 5-point Likert scale capturing the agreeability of the consumers

for the questions related to each variable. The data was analyzed using basic Excel and SmartPLS4. Since online surveys have a low response rate, the usable responses was lower (32%). The hypothesis was tested using the Partial Least Squares (PLS) modelling technique. PLS is a powerful structural equation modelling (SEM) technique widely used for customer satisfaction research. Smart PLS is suitable when the sample size is small (Khoi & Van Tuan, 2018). It supports exploratory and confirmatory research. The following key metrics will be used to analyse results; (i) the outer loadings and latent variable correlation to check the Indicator reliability, Internal consistency reliability, and Convergent validity (ii) the average variance explained (AVE) of each construct to check the discriminant validity. (iii) Cronbach's alpha, (iv) R-square and adjusted R-square (v) SRMR, Chi-square, rms Theta, NFI and others. Based on the t-statistics and p-value the significance of the hypothesis will be concluded and findings will be documented.

Table 1: Questionnaire Source

Sl. No.	Construct	No of items	Sources
1	TRI 2.0 Motivators (Optimism, Innovativeness) Inhibitors (Discomfort, Insecurity)	16	Parasuraman and Colby, (2015)
2	Green Perceived Value	5	Chen and Chang (2012)
3	Brand Trust	8	Aret al., (2014)
4	Purchase Intention	3	Maxham and Netemeyer (2002)

The questionnaire for the research comprises four key constructs sourced from established studies: Technology Motivators and Inhibitors, drawn from Parasuraman and Colby (2015), with 16 items exploring factors influencing technology adoption including optimism, innovativeness, discomfort, and insecurity; Green Perceived Value, derived from Chen and Chang (2012), with 5 items evaluating consumers' perceptions of a product's environmental friendliness; Brand Trust, adapted from a study by Ar et al. (2014) with 8 items assessing consumers' confidence and reliability in a brand; and Purchase Intention, based on research by Maxham and Netemeyer (2002), featuring 3 items gauging consumers' likelihood to purchase a product or service.

4. FINDINGS AND RESULTS

4.1. Demography of Respondents

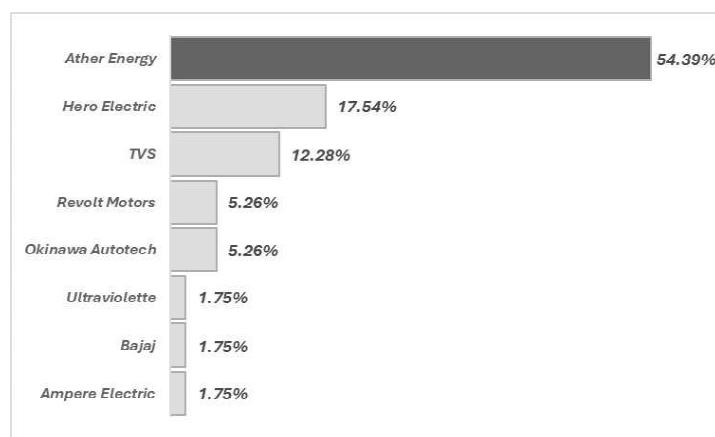
The demographic details of the respondents are listed in the table below

Table 2: Demography variables summary

Demography Variable	Percentage of respondents
Gender	69.4% of the respondents were male

Age	Majority of the respondents were 24 years old
Occupation & Qualification	Majority of the respondents were PG students
Owning e-bikes	88.7% of the respondents do not own e-bikes
Preferred e-bike brand	Ather Energy

Figure 2: Preferred E-Bike Brand



4.2. Measurement Model Assessment

Firstly, the items loading, reliability and validity of the constructs are tabulated in Table 3, which measures the internal consistency of measurement instruments and the degree to which different items measuring the same construct produce similar results.

Table 3: Item loadings, reliability and validity

	λ	α	CR (rho_a)	AVE
Brand Trust		0.936	0.940	0.692
BT1	0.867			
BT2	0.828			
BT3	0.756			
BT4	0.799			
BT5	0.868			

BT6	0.855			
BT7	0.855			
BT8	0.821			
Green Perceived Value	0.917	0.923	0.753	
GPV1	0.790			
GPV2	0.808			
GPV3	0.914			
GPV4	0.903			
GPV5	0.916			
Purchase Intention		0.914	0.917	0.853
PI1	0.940			
PI2	0.910			
PI3	0.920			
Technology Readiness		0.658	0.929	0.442
<i>Innovativeness</i>				
INN1	0.738			
INN2	0.717			
INN3	0.514			
INN4	0.685			
<i>Optimism</i>				
OPT1	0.745			
OPT2	0.759			
OPT3	0.769			
OPT4	0.709			
<i>Discomfort*</i>				
RDIS1	-0.598			

RDIS2	-0.584
RDIS3	-0.680
RDIS4	-0.523
<i>Insecurity*</i>	
RINS1	-0.649
RINS2	-0.650
RINS3	-0.574
RINS4	-0.673

The measurement model assessment results provide insights into the reliability and validity of the constructs. Constructs such as Brand Trust, Green Perceived Value, and Purchase Intention demonstrate high internal consistency, with Composite Reliability (CR) values surpassing 0.9. This indicates that the items within these constructs consistently measure their intended concepts. Moreover, the Average Variance Extracted (AVE) values, assessing convergent validity, exceed 0.9 for Brand Trust and Green Perceived Value, and 0.85 for Purchase Intention, indicating that a significant portion of the observed variance is attributable to these constructs, confirming their validity. However, for Technology Readiness construct the AVE value is only 0.442, while the CR is 0.929, suggesting effective measurement, and the Cronbach value is adequate (0.658). Studies suggest that AVE should be higher than 0.5. However, the value of 0.4 is acceptable due to the condition that if AVE value is less than 0.5, but composite reliability is higher than 0.6, the convergent validity of the construct is acceptable (Fornell and David, 1981).

Overall, the reliability and convergent validity are achieved for all the constructs in the instruments.

Table 4: Discriminant validity using HTMT and FLC

	BT	GPV	PI	TRI
BT	0.832	0.846	0.743	0.654
GPV	0.778	0.868	0.842	0.566
PI	0.685	0.790	0.924	0.558
TRI	0.652	0.589	0.567	0.665

Table 4 shows the discriminant validity of the constructs—Brand Trust (BT), Green Perceived Value (GPV), Purchase Intention (PI), and Technology Readiness Index (TRI). The Heterotrait-Monotraits (HTMT) value should be below 0.85. All the constructs have

HTMT values below the threshold, except for BT-GPV (0.846) and GPV-PI (0.842), which are slightly close to the threshold. Fornell-Larcker Criterion (FLC) states that diagonal values should be more than all values in columns, which is satisfied in our findings. Discriminant validity is established for all constructs, as the square roots of AVE are higher than the correlations (FLC) between constructs. This confirms that each construct is distinct from the others, indicating a well-constructed model for further analysis. The measurement model is robust and qualify for further structural analysis to examine the relationship between the variables.

4.3. Structural Model Assessment

Table 5 presents the results of hypothesis testing. The effect of GPV on TRI is not statistically significant (p -value = 0.105, which is greater than 0.05). This suggests that Green Perceived Value does not have a strong or significant impact on Technology Readiness. Environmental perception alone does not motivate consumers in adopting e-bikes. The relationship between BT and TRI is statistically significant (p -value = 0.034, which is less than 0.05). This means that Brand Trust has a significant positive impact on Technology Readiness. A β value of 0.485 suggests a moderate to strong positive relationship, indicating that higher trust in the brand boosts consumers' readiness to adopt e-bike. The relationship TRI and PI is also statistically significant (p -value = 0.018, which is less than 0.05). Technology Readiness has a significant positive effect on Purchase Intention. The β value is 0.569, this indicates that technology readiness has a substantial positive influence on consumers' purchase intentions for e-bikes.

Table 5: Structural Model Summary

Hypotheses	Relationship	b	SD	t-value	p-value	Decision
H1	GPV -> TRI	0.218	0.174	1.256	0.105	Rejected
H2	BT -> TRI	0.485	0.265	1.831	0.034	Supported
H3	TRI -> PI	0.569	0.272	2.091	0.018	Supported

5. CONCLUSION

Several studies in the past have explored the influence, moderating and mediating roles of GPV on purchase intention (S.-Y. Chen, 2016; Y. Chen & Chang, 2012; Y.-S.Chen, 2013; Danish et al., 2019; Rahardjo, 2015; Rohet al., 2022; Wim & Leen, 2016). However, this study suggests that GPV does not influence the adoption of electric bikes. Thus, being environment-friendly may not be equated to being technology friendly. Consumer's belief that brands have unique characteristics that make them reliable, competent and consistent has been explored in several studies and especially for green products (Alamsyah&Febriani, 2020; Guerreiro& Pacheco, 2021; Lam et al., 2016; Lin & Zhou, 2022; Song et al., 2012). This study confirms the positive impact of the brand of the automobile on adopting or using electric bikes. Studies in the past describe that while adopting and implementing

new technology the impact of the four constructs are different for different technology products. While some studies reveal that few constructs are significant, other studies reveal that the constructs are not significant (Andaleebet al., 2010; Hao & Chon, 2021; Parasuraman, 2000; Parasuraman & Colby, 2015; Rodrigues & Ponchio, 1 C.E.; Victorino et al., 2009; Walczuchet al., 2007; Yosseret al., 2020). In this study technology motivators and inhibitors significantly impact the consumer to adopt electric vehicles and consumers intend to purchase electric bikes, however, the insecurity and discomfort impact the intent.

The study reveals that brand trust significantly enhances technology readiness, which, in turn, strongly drives purchase intentions for electric bikes. However, green perceived value does not significantly impact technology readiness. This implies that while environmental values are important, consumers' trust in the brand and their technology readiness are more influential in shaping their willingness to purchase e-bikes. For manufacturers, this highlights the need to build brand credibility and address consumer concerns around technology to strengthen adoption efforts and its role in shaping consumers' attitudes towards e-bike adoption. By understanding and acting on these drivers, electric bike manufacturers can develop more effective strategies that align with consumer values and promote the adoption of sustainable transportation solutions in India.

However, this study has a few limitations that affect the generalizability of its findings. The sample's demographic and geographic composition may not fully represent the diversity of Indian consumers that affects the applicability across different regions. The other influential factors, such as price, government incentives, and infrastructure availability, could be considered to understand the adoption. Thus, the study gives scope for further expansion of formative factors like hedonic motivation, facilitating conditions, price and self-efficacy to explain technology readiness. The study does not consider potential moderating or mediating effects that might explain relationships.

REFERENCE

- Alamsyah, D. P., & Febriani, R. (2020). Green customer behaviour: Impact of green brand awareness to green trust. *Journal of Physics: Conference Series*, 1477(7), 072022.
- Andaleeb, A., Idrus, R. M., Ismail, I., & Mokaram, A. (2010). Technology Readiness Index (TRI) among USM distance education students according to age. *International Journal of Educational and Pedagogical Sciences*, 4(3), 229–232.
- Ar, A. A., Taskin, Ç., & Aydin, G. (2014). The Role of Brand Trust on Parents Purchase Intentions of Baby-Care Products. *Doğuş Üniversitesi Dergisi*, 2(15), 165–180. <https://doi.org/10.31671/dogus.2018.84>
- BS6 Norms And Their Impact On The Two-Wheeler Industry—Chola MS.* (2022, February). <https://www.cholainsurance.com/knowledge-center/two-wheeler-insurance/bs6-norms-and-their-impact-on-the-two-wheeler-industry>
- Chen, S.-Y. (2016). Green helpfulness or fun? Influences of green perceived value on the green loyalty of users and non-users of public bikes. *Transport Policy*, 47, 149–159.

- Chen, Y., & Chang, C. (2012). Enhance green purchase intentions: The roles of green perceived value, green perceived risk, and green trust. *Management Decision*, 50(3), 502–520. <https://doi.org/10.1108/00251741211216250>
- Chen, Y.-S. (2013). Towards green loyalty: Driving from green perceived value, green satisfaction, and green trust: Towards Green Loyalty. *Sustainable Development*, 21(5), 294–308. <https://doi.org/10.1002/sd.500>
- Danish, M., Ali, S., Ahmad, M. A., & Zahid, H. (2019). The Influencing Factors on Choice Behavior Regarding Green Electronic Products: Based on the Green Perceived Value Model. *Economies*, 7(4), 99. <https://doi.org/10.3390/economies7040099>
- Delgado Ballester, E., & Luis Munuera Alemán, J. (2005). Does brand trust matter to brand equity? *Journal of Product & Brand Management*, 14(3), 187–196. <https://doi.org/10.1108/10610420510601058>
- Economic Survey. (2022, January). *Economic Survey_2021-2022*. https://www.indiabudget.gov.in/economicsurvey/ebook_es2022/index.html
- Edberg, K. (2023). The (im-)mobile e-bike: Infrastructural components of an emerging micromobility practice. *Active Travel Studies*, 3(1). <https://doi.org/10.16997/ats.1192>
- Financial Express. (2022, December 13). *Financialexpress*. <https://www.financialexpress.com/express-mobility/what-would-be-the-opportunities-and-challenges-for-evs-in-2023/2911061/>
- Flores, P. J., & Jansson, J. (2021). The role of consumer innovativeness and green perceptions on green innovation use: The case of shared e bikes and e scooters. *Journal of Consumer Behaviour*, 20(6), 1466–1479. <https://doi.org/10.1002/cb.1957>
- Guerreiro, J., & Pacheco, M. (2021). How green trust, consumer brand engagement and green word-of-mouth mediate purchasing intentions. *Sustainability*, 13(14), 7877.
- Gültekin, B., & KiLiC, S. I. (2022). Repurchasing an Environmental Related Crisis Experienced Automobile Brand: An Examination in the Context of Environmental Consciousness, Brand Trust, Brand Affect, and Resistance to Negative Information. *Sosyoekonomi*. <https://doi.org/10.17233/sosyoekonomi.2022.01.12>
- Hao, F., & Chon, K. (2021). Are you ready for a contactless future? A multi-group analysis of experience, delight, customer equity, and trust based on the Technology Readiness Index 2.0. *Journal of Travel & Tourism Marketing*, 38(9), 900–916.
- India E-bike Market Growth, Share | Analysis (2022—27). (2022). <https://www.mordorintelligence.com/industry-reports/india-e-bike-market>
- Jayasingh, S., Girija, T., & Arunkumar, S. (2021). Factors Influencing Consumers' Purchase Intention towards Electric Two-Wheelers. *Sustainability*, 13(22), 12851. <https://doi.org/10.3390/su132212851>

- Khoi, B. H., & Van Tuan, N. (2018). Using SmartPLS 3.0 to Analyse Internet Service Quality in Vietnam. In L. H. Anh, L. S. Dong, V. Kreinovich, & N. N. Thach (Eds.), *Econometrics for Financial Applications* (Vol. 760, pp. 430–439). Springer International Publishing. https://doi.org/10.1007/978-3-319-73150-6_34
- Lam, A. Y., Lau, M. M., & Cheung, R. (2016). Modelling the relationship among green perceived value, green trust, satisfaction, and repurchase intention of green products. *Contemporary Management Research*, 12(1).
- Lee, K., & Sener, I. N. (2023). E-bikes Toward Inclusive Mobility: A Literature Review of Perceptions, Concerns, and Barriers. *Transportation Research Interdisciplinary Perspectives*, 22, 100940. <https://doi.org/10.1016/j.trip.2023.100940>
- Lin, C.-T., Yang, J.-J., Chiang, W.-J., Yang, J.-J., & Yang, C.-C. (2022). Analysis of Mutual Influence Relationships of Purchase Intention Factors of Electric Bicycles: Application of DEMATEL Taking into Account Information Uncertainty and Expert Confidence. *Complexity*, 2022(1), 3444856. <https://doi.org/10.1155/2022/3444856>
- Lin, J., & Zhou, Z. (2022). The positioning of green brands in enhancing their image: The mediating roles of green brand innovativeness and green perceived value. *International Journal of Emerging Markets*, 17(6), 1404–1424.
- Measuring emissions from vehicles in the real world: Policy steps in India*. (2022, January 10). <https://www.downtoearth.org.in/blog/pollution/measuring-emissions-from-vehicles-in-the-real-world-policy-steps-in-india-81046>
- Morgan, R. M., & Hunt, S. D. (1994). The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing*, 58(3), 20–38. <https://doi.org/10.1177/002224299405800302>
- Murtiningrum, A. D., Darmawan, A., & Wong, H. (2022). The adoption of electric motorcycles: A survey of public perception in Indonesia. *Journal of Cleaner Production*, 379, 134737. <https://doi.org/10.1016/j.jclepro.2022.134737>
- Parasuraman, A. (2000). Technology Readiness Index (Tri): A Multiple-Item Scale to Measure Readiness to Embrace New Technologies. *Journal of Service Research*, 2(4), 307–320. <https://doi.org/10.1177/109467050024001>
- Parasuraman, A., & Colby, C. L. (2015). An Updated and Streamlined Technology Readiness Index: TRI 2.0. *Journal of Service Research*, 18(1), 59–74. <https://doi.org/10.1177/1094670514539730>
- Rahardjo, F. A. (2015). *The Roles of Green Perceived Value, Green Perceived Risk, and Green Trust towards Green Purchase Intention of Inverter Air Conditioner in Surabaya*. 3(2).
- Rodrigues, J. C., & Ponchio, M. C. (1 C.E.). Impact of Brand Trust and Technology Readiness on the Willingness to Use Autonomous Cars in Brazil. <https://Services.Igi->

- Global.Com/Resolvedoi/Resolve.aspx?Doi=10.4018/IJBSA.2020100104*. <https://www.igi-global.com/article/impact-of-brand-trust-and-technology-readiness-on-the-willingness-to-use-autonomous-cars-in-brazil/265496>
- Roh, T., Seok, J., & Kim, Y. (2022). Unveiling ways to reach organic purchase: Green perceived value, perceived knowledge, attitude, subjective norm, and trust. *Journal of Retailing and Consumer Services*, 67, 102988.
- Song, Y., Hur, W.-M., & Kim, M. (2012). Brand trust and affect in the luxury brand–customer relationship. *Social Behavior and Personality: An International Journal*, 40(2), 331–338.
- The Financial Express*. (2022, December 15). <https://www.financialexpress.com/express-mobility/indias-electric-vehicles-industry-revenue-pool-expected-to-hit-100-billion-by-2030-says-report/2914151/>
- Victorino, L., Karniouchina, E., & Verma, R. (2009). Exploring the use of the abbreviated technology readiness index for hotel customer segmentation. *Cornell Hospitality Quarterly*, 50(3), 342–359.
- Walczuch, R., Lemmink, J., & Streukens, S. (2007). The effect of service employees' technology readiness on technology acceptance. *Information & Management*, 44(2), 206–215.
- Wim, E., & Leen, P. (2016). Good Governance driving Corporate Performance? A meta-analysis of academic research & invitation to engage in the dialogue. *Deloitte*, December, 4–19.
- Yasir, A., Hu, X., Ahmad, M., Alvarado, R., Anser, M. K., Iþýk, C., Choo, A., Ausaf, A., & Khan, I. A. (2022). Factors Affecting Electric Bike Adoption: Seeking an Energy-Efficient Solution for the Post-COVID Era. *Frontiers in Energy Research*, 9, 817107. <https://doi.org/10.3389/fenrg.2021.817107>
- Yosser, I. M., Idrus, S. Z. B. S., & Ali, A. A. E. (2020). Technology Readiness Index 2.0 as Predictors of E-Health Readiness among Potential Users: A Case of Conflict Regions in Libya. *Journal of Physics: Conference Series*, 1529(3), 032009. <https://doi.org/10.1088/1742-6596/1529/3/032009>
- Zabiulla, M., Sahu, P. K., & Bandhu Majumdar, B. (2024). Exploring the Factors Influencing Electric Bicycle Adoption: A Survey Among Future Adopters in India. *Transportation Research Record: Journal of the Transportation Research Board*, 2678(8), 700–715. <https://doi.org/10.1177/03611981231220565>

Mrs. R Ruma Agnes¹

Assistant Professor, Bharathidasan Institute
of Management, Trichy
E-mail : ruma.agnes@gmail.com

Dr. R Venkatesakumar²

Professor, DOMS, Pondicherry University,
Pondicherry

Corporate Governance Practices in Indian Public Sector Banks: Evidence from the State Bank of India

Jubayeer Ahmed Talukdar¹ and Jaynal Ud-din Ahmed²

ABSTRACT

Governance refers to the rules, controls, policies, and resolutions to command corporate behavior. Corporate Governance stabilizes the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the Government, and the community. Corporate governance in the banking sector refers to the stratagem by which managers are selected, inspired, and held responsible. Good corporate governance principles aim to achieve vigorous and transparent risk management, promote public confidence, and uphold the safety and soundness of the banks. In the light of the above, the paper is a modest attempt to evaluate the corporate governance practices of the State Bank of India. It assesses the corporate governance procedures implemented by the State Bank of India (SBI), showing a compliance rate of 79.06%. Prominent difficulties are identified in categories like Board Effectiveness (BE), Audit Function (AF), Risk Management (RM), and Remuneration (R). It's crucial to tackle these shortcomings to build trust and uphold regulatory standards in the banking domain. Future studies could delve into key factors influencing these challenges and devise novel approaches to address them, possibly by examining multiple banks simultaneously. Furthermore, conducting comparative studies across different sectors or global standards could provide useful strategies for strengthening corporate governance in banking.

Keywords: Corporate Governance, Public Sector Bank, SBI, Disclosure, Compliance

Manuscript Received : Sept. 6, 2024; Revised Manuscript Received : Oct. 30, 2024, Accepted : Nov. 20, 2024.

1. INTRODUCTION

In the contemporary business world, which is becoming more interconnected globally, adherence to universal principles is imperative for companies striving to maintain competitiveness. Corporate governance, which ensures efficient decision-making and execution processes, has garnered substantial attention worldwide. This is particularly critical due to its dynamic nature, constantly evolving alongside market dynamics and regulatory frameworks (Gandhi & Raju, 2010; Seenivasan, 2014; Naushad & Malik, 2015). The agency delicate, stemming from the divergence of possession and management in large corporations, poses a central challenge that corporate governance aims to tackle.

Historical instances and early organizational structures attest to the longstanding recognition of governance's importance in directing and overseeing corporate operations.

Important events such as the Watergate scandal and the 2007-08 financial crisis underscored the necessity of regulating the corporate sector, leading to the formulation of various committees and recommendations internationally. In India, committees and reforms, including those by the Confederation of Indian Industries (CII), Securities and Exchange Board of India (SEBI), and Department of Corporate Affairs (DCA), have significantly shaped corporate governance practices (Dave & Pratapsinh, 2012; Shukla, 2009; Ministry of Finance and Company Affairs, 2002; SEBI, 2002; Government of India, 2013). Reports like the Kumar Mangalam Birla Committee and initiatives by Naresh Chandra and Narayana Murthy have influenced governance standards and revisions to the Companies Act.

Additionally, legislative changes such as the Companies Act 2013 have introduced provisions to enhance governance standards and safeguard minority shareholders' interests. In the banking sector, corporate governance is crucial in ensuring accountability, credibility, and transparency to protect stakeholders' interests and maintain economic stability (Khan, 2017; Kumar & Pavithra, 2017; Davis & Mathew, 2018; Padhi et al., 2017). The banking industry in India has witnessed continuous reforms, particularly post-independence, and following recommendations from committees like the Narshimham committee. These reforms, coupled with economic liberalization, have intensified competition, compelling banks to strengthen governance mechanisms to instil stakeholders' trust and prevent corporate failures.

2. REVIEW OF LITERATURE

Corporate governance practices are shaped by the environment in which banks and their managers operate, aiming to ensure healthy and clear risk management and administrative processes. Strong corporate governance is crucial for banking institutions as they bear the responsibility of maintaining public trust and safeguarding depositors' interests. Moreover, effective governance fosters public dignity and contributes to the stability and health of the banking system. Considering this backdrop, numerous studies have already explored various facets of corporate governance practices, with reviews conducted from both applied and methodological perspectives.

2.1. Review Related to Corporate Governance of Banks

Arun and Turner (2004) emphasized the distinct nature of banking institutions and argued for stronger corporate governance mechanisms, highlighting challenges in implementation due to factors like government ownership, distributional cartels, and restrictions on foreign bank entry. The study suggested that banking reforms should be accompanied by robust prudential regulatory systems, with privatization seen as integral, and corporate governance reforms considered essential for successful government divestiture. Additionally, the entry of foreign banks was viewed as beneficial for improving corporate governance practices. Adelegan (2005) examined the relationship between internal and external governance

mechanisms in Nigerian banking companies, utilizing secondary data from annual reports. The findings revealed a higher segment of non-executive directors and a tendency to separate the roles of chairman and CEO compared to other Nigerian quoted companies. They also noted the presence of audit committees with a significant proportion of non-executive directors in Nigerian banks. Som (2006) analyzed the corporate governance code in India, observing efforts to align it with international best practices while acknowledging challenges rooted in Indian cultural values. They identified widespread issues such as ownership concentration, lack of protection for minority shareholders, and non-compliance with disclosure norms hindering progress in corporate governance principles. Marcinkowska (2012) critically reviewed literature and regulations on corporate governance in banks, attributing weak and ineffective governance mechanisms as contributing factors to the financial crisis. They advocated for significant changes in areas such as board roles, risk management, management remuneration, and transparency. Deb (2013) investigated corporate governance practices in Indian banks, assessing adherence to attributes like transparency, accountability, disclosure, and share price movements. Their findings indicated a commitment to good corporate governance, with executives driving the mission forward, while emphasizing the importance of ethical responsibility beyond legal compliance. Ranju and Vineeth (2018) examined women's participation on Indian bank board's using a sample from the NIFTY Bank Index. They found that gender balance, particularly with women directors, often met only the minimum statutory requirement, with private banks leading in gender diversity. They recommended increased representation of women on boards beyond statutory measures. Sanchez et al. (2020) empirically analyzed how the global financial crisis of 2007-08 prompted changes in the corporate governance mechanisms of banks and improvements in efficiency, comparing the shareholder and stakeholder models. The study found that Anglo-American countries following the shareholder model maintained high governance effectiveness post-crisis, while Continental European banks adhering to the stakeholder model enhanced governance effectiveness by modifying practices such as board structure, executive compensation, and execution of CSR committees, leading to a convergence of governance systems.

2.2. Methodological Review

Hossain's study in 2008 investigated the compliance and disclosure practices regarding corporate governance among Indian banking companies. Analyzing mandatory disclosures recommended by SEBI for 38 banks listed on the Bombay Stock Exchange and the National Stock Exchange, the study recognized 46 mandatory disclosure items. It has also found that attributes such as size, ownership, board composition, and profitability significantly influenced the extent of corporate governance disclosure. Meanwhile, Kumar and Upadhaya's research in 2011 aimed to create a Corporate Governance Index (CGI) for assessing compliance in Nepalese commercial banks. They devised a methodology involving 110 questions distributed across categories such as board responsibility, structure, shareholder rights, transparency, and disclosures, with binary scoring. The resulting CGI

was a composite index derived by summing weighted values from each category. Tuteja and Nagpal (2013) sought to devise a corporate governance index tailored specifically for Indian banks. Their study synthesized existing literature to identify critical evaluation factors, culminating in the formulation of the Corporate Governance Index. This index incorporated benchmarks from Clause 49 of the Listing Agreement of the Indian Stock Exchanges, covering key aspects such as the board of directors, audit committee, remuneration committee, nomination committee, risk management, related party transactions, and disclosures, with further breakdowns into sub-elements. In a similar vein, Haldar and Rao's study in 2013 crafted a corporate governance index for large listed Indian firms spanning 2008 to 2011. Utilizing six key governance mechanisms and encompassing 44 factors affecting governance, they developed sub-indices for each mechanism. The averaging of these sub-indices yielded an overall Corporate Governance Index, revealing an upward trend in governance levels among Indian companies. Additionally, their findings highlighted the positive impact of governance and promoter holdings on financial performance, while leverage was found to have a negative influence.

2.3. Research Gap

The literature review emphasizes the dynamic nature of corporate governance, especially in the banking sector, where research studies encompassing a wide range of governance variables is scarce. Most existing studies stem from foreign settings, leaving a significant gap in understanding the efficacy of governance frameworks designed specifically for banks. With regulatory changes moving towards global standards, there is an opportunity to explore the corporate governance practices specific to Indian banks. Hence, this research aims to fill these gaps by identifying and analyzing the corporate governance factors present within the Indian banking sector.

3. Objective of the study

The objective of the paper is to estimate the implementation of corporate governance practices in the State Bank of India.

4. Research Methodology

4.1. Population and sample

The research focuses on corporate governance within the Indian banking sector, with a special reference to State Bank of India (SBI) which is one of the listed public sector banks with the highest market capitalization as of March 2024. Secondary data from various reliable sources such as government websites, RBI data, banks' websites, and annual reports will be analyzed to investigate the corporate governance practices of the bank. The findings aim to provide insights into the governance frameworks of SBI in particular and contribute to understanding corporate governance in the Indian banking industry in general.

4.2. Period of the Study

The present study embraces 7 financial years from 2015-16 to 2020-21. The aforesaid period has been chosen by looking at mainly two important regulatory guidelines as envisaged at-

1. The Companies Act, 2013 and
2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.3. Variables Considered

Corporate governance includes internal and external dimensions. For this research study, only internal corporate governance dimensions/mechanisms have been considered based on literature review and committee recommendations. Internal parameters have been considered because of the fact that corporate governance is the scheme of guidelines, practices, and procedures by which a banking organisation is focused and measured. The creation and implementation of these practices involves balancing the interests of bank stakeholders. The variables (corporate governance dimensions) considered for this study are Board Effectiveness (BE), Audit Function (AF), Risk Management (RM), Remuneration (R), Shareholder Rights and Information (SRI), and Disclosure and Transparency (DT). In addition to incorporating various sub-variables, norms, and indicators derived from previous research, a corporate governance index is developed.

4.4. Measuring Technique

The qualitative traits can be measured based on the existence and non-existence of the concerned traits. Nonetheless, academic researchers have put substantial effort towards the development of models to measure governance quality. The representative model takes the form of a Corporate Governance Index that aggregates several input variables to a single metric. To construct an index, researchers selected governance features (in the form of variables and sub-variables) that are deemed to be important. These variables are quantified while using a Dichotomous Approach (Generally through the assignment of two numerical values i.e. 0 or 1) and compiled into a Single Unweighted Index that is said to replicate complete governance quality. A bank's corporate governance score can be keenly compared against those of others to measure its comparative usefulness.

Corporate Governance Index (CGI) will be developed after thoroughly studying the different Acts and Laws prevailing in India which is applicable to the Indian banking sector especially the Companies Act 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the SEBI Act, 1992, Recommendations from different national and international committees, Reports of Corporate governance rating agencies and other literature on corporate governance index. The construction of CGI will carry the key variables and subsequently the sub-variables.

The formula to be used to calculate the CGI:

$$CGI = \frac{\text{Actual Score}}{\text{Expected Score}} \times 100$$

5. ANALYSIS AND INTERPRETATION

This section begins with descriptive statistics of the collected data. Descriptive statistics refer to the summarization of data and the representation of raw data employed in analysis. These statistical measurements, according to Stock and Watson (2008), help to understand the average, range, standard deviation, dispersion or variation, and other properties in data collection. To comprehend each data set in this study, the analysis of mean, standard deviation, minimum, and maximum are used. For this purpose, aforesaid corporate governance variables have been considered. The descriptive statistical analysis of corporate governance variables is presented in table 1.

Table 1: Descriptive Statistics of Corporate Governance Variables

Variables	Obs	Mean	Std. Dev.	Min	Max
BE	84	74.40	7.70	55.00	90
AF	84	80.03	11.41	55.56	100
RM	84	78.57	17.23	40.00	100
R	84	77.86	27.77	20.00	100
SRI	84	97.52	4.25	83.33	100
DT	84	91.67	9.46	71.43	100

Source: *Self-calculated by the present researchers*

The analysis shows that the Board Effectiveness (BE) has a mean of 74.4 (SD = 7.7), Audit Function (AF) 80.03 (SD = 11.41), Risk Management (RM) 78.57 (SD = 17.23), and Remuneration (R) 77.86 (SD = 27.77). Shareholder Rights and Information (SRI) scores highest at 97.52 (SD = 4.25), and Disclosure and Transparency (DT) at 91.67 (SD = 9.46). The descriptive statistical analysis of corporate governance variables reveals that the State Bank of India generally has higher mean scores and lower variability, indicating a consistent governance practice.

Having analyzed the descriptive statistics of the corporate governance variables, the study proceeded with the analysis of the corporate governance of the selected bank on selected parameters. In this connection, the compliance level of each of the parameters based on the Actual Corporate Governance Score (ACGS) and also the Expected Corporate Governance Score (ECGS) have been analyzed for the State Bank of India.

The analysis and interpretation provide a detailed examination of the data collected, uncovering patterns, and their implications. Through careful analysis of the data, we aim to reveal key findings and their significance. The interpretation phase goes beyond the data to offer explanations and insights, contextualizing the results within existing literature and theoretical frameworks. This section presents an assessment of the corporate governance practices of selected banks considered for the study based on the abovementioned selected variables. Table 2 details the Corporate Governance analysis of the State Bank of India.

Table 2: Corporate Governance Practices of State Bank of India

Sl No.	Variables/ Years	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	ACGS	ECGS	%
1	BE (20)	12	13	14	16	15	15	14	99	140	70.71
2	AF (9)	7	7	7	8	7	8	8	52	63	82.54
3	RM (5)	3	4	4	5	5	5	5	31	35	88.57
4	R (5)	2	3	2	2	3	3	3	18	35	51.43
5	SRI (12)	12	12	12	12	12	12	12	84	84	100.00
6	DT (7)	6	5	5	6	5	5	5	37	49	75.51
	ACGS:	42	44	44	49	47	48	47			
	ECGS	58	58	58	58	58	58	58	321	406	79.00
	%	72.41	75.86	75.86	84.48	81.03	82.76	81.03			

Note: (BE) is for Board Effectiveness, (AF) is for Audit Function, (RM) is for Risk Management, (R) is for Remuneration, (SRI) is for Shareholder Rights and Information and (DT) is for Disclosure and Transparency, (ACGS) is for Actual Corporate Governance Score and (ECGS) is for Expected Corporate Governance Score.

Source: *Self-calculated by the researchers*

The above table offers a comprehensive analysis of the State Bank of India's Corporate Governance disclosures from the fiscal year 2015-16 to 2021-22, showcasing scores and compliance percentages for each year. Over this period, the bank demonstrated varying levels of compliance, culminating in an overall compliance level of 79.06%. A deeper examination through content analysis of cumulative Corporate Governance disclosures from 2015-16 to 2021-22 reveals areas of concern where the bank appears to fall short. Notably, in dimensions such as Board Effectiveness (BE), Audit Function (AF), Risk Management (RM), Remuneration (R), and Disclosure & Transparency (DT), there are noticeable gaps in compliance. Specifically, in Board Effectiveness (BE), the bank achieved a compliance rate of 70.71%, indicating opportunities for enhancing governance practices related to board functions. Similarly, in Audit Function (AF), the bank met only 82.54% of

the criteria, highlighting room for improvement in audit-related processes. Furthermore, while the bank demonstrated relatively better performance in Risk Management (RM) with an 88.57% compliance rate, there are still areas for refinement. Similarly, compliance rates for Remuneration (R) and Disclosure & Transparency (DT) stood at 51.43% and 75.52% respectively, indicating areas where the bank can strengthen its practices. These findings underline the importance for the State Bank of India to focus on improving corporate governance practices in dimensions like Board Effectiveness (BE), Audit Function (AF), Risk Management (RM), Remuneration (R), and Disclosure & Transparency (DT) which will enhance transparency, accountability, and advance overall governance within the organization, developing trust and confidence among stakeholders.

6. COMPLIANCE LEVEL AND IMPLICATIONS

The analysis of results from the selected public sector bank i.e. State Bank of India (SBI) demonstrates very good performance in corporate governance practices, upholding findings from notable studies by Shukla (2009) and Das (2013). These studies categorize corporate governance scores into five ranges: Below 41, 41-55, 56-70, 71-85, and 86-100, representing Poor, Average, Good, Very Good, and Excellent respectively. This consistency highlights the strength of our findings and confirms that the bank exhibits a relatively high level of commitment to effective corporate governance practices, placing it significantly within the spectrum of governance performance. While the bank exhibits strengths in certain areas, such as risk management and shareholder rights, there are consistent challenges in dimensions like Board Effectiveness (BE), Audit Function (AF), and especially Remuneration (R). Addressing these deficiencies is crucial for enhancing trust, stability, and regulatory compliance within the banking sector, ensuring sustained growth and resilience across the industry.

7. DIRECTION FOR FUTURE RESEARCH

The present study represents an initial exploration into the corporate governance practices of State Bank of India (SBI), focusing on six specific variables. However, Future studies could delve into key factors influencing these challenges and devise novel approaches to address them, possibly by examining multiple banks simultaneously. Furthermore, conducting comparative studies across different sectors or global standards could provide useful strategies for strengthening corporate governance in banking.

REFERENCES:

- Adelegan, O. J. (2005). Internal and external governance mechanisms: Evidence from the Nigerian banking industry. *Corporate Ownership and Control*, 2(3), 62-67.
- Arun, T. G., & Turner, J. D. (2004). Corporate governance of banks in developing economies: Concepts and issues.
- Das, S. C. (2013). *Corporate Governance: Codes, Systems, Standards & Practices* (2nd ed.). Delhi: PHI Learning Private Limited.

- Dave, R. D., & Pratapsinh, A. P. (2012). Corporate governance: An overview. *International Journal of Research in Commerce, Economics and Management*, 2(10), 46-48.
- Davis, C. J., & Mathew, J. (2018). Determinants of profitability of private sector banks in India: A comparative analysis. A thesis submitted to the CHRIST (Deemed to be University) for the award of the degree of Doctor of Philosophy in Commerce.
- Deb, R. (2013). Corporate governance practices in Indian banks. *Journal Of Business Management & Social Sciences Research (JBM&SSR)*, 2(5).
- Gandhi, C. R., & Raju, J. K. (2010). A Study of Corporate Governance Practices in India. A Thesis Submitted to Kuvempu University For the Award of the Degree of Doctor of Philosophy in Management, Institute of Management Studies, P. G. Centre, Kuvempu University, Shivagangotri, Davanagere Karnataka State, India.
- Government of India. (2013). Companies Act, 2013. Retrieved from <http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>
- Haldar, N., & Rao, S. V. D. N. (2013). Corporate Governance Index for Indian Companies. *Conference Paper*, DOI: 10.13140/RG.2.1.1232.0801.
- Kaur, J. (2014). Corporate Governance and Financial Performance: A Case of Indian Banking Industry. *Asian Journal of Multidisciplinary Studies*, 2(2), 91-96.
- Kaur, J. (2014). Corporate governance and financial performance: A case of Indian banking industry. *Asian Journal of Multidisciplinary Studies*, 2(2), 91-96.
- Khan, K., (2017). *a Legal Counsellor at Salman Sulaibeekh & Associates and pursuing a Diploma in Entrepreneurship Administration and Business Laws from NUJS, Kolkata, discusses the importance of corporate governance in the banking sector.*
- Kumar, P., & Upadhyaya, T. (2011). Corporate governance index formulation: Compliance with commercial banks of Nepal. *International Journal of Multidisciplinary Research*, 1(5), 106-118.
- Kumar, S. P., Pavithra, J., & BIST, B. (2017). Recent trends in the Indian banking sector. *International Journal of Pure and Applied Mathematics*, 116(18), 529-534.
- Marcinkowska, M. (2012). Corporate governance in banks: problems and remedies. *Financial Assets and Investing*, Doi: 10.5817/fai2012-2-4
- Ministry of Corporate Affairs. (2009). Voluntary Guidelines on Corporate Governance. Retrieved from <http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>
- Ministry of Finance and Company Affairs. (2002). Report of the Naresh Chandra Committee on Corporate Audit and Governance. Retrieved from https://www.mca.gov.in/MCAv2/whatsNew/pdf/NCcommittee_15112002.pdf
- National Stock Exchange of India Limited (NSE). (2012). NSE Centre for Excellence in Corporate Governance. Retrieved from https://www.nseindia.com/research/nse_cecg.asp

- Naushad, M. & Malik, S. A. (2015). Corporate Governance and Bank Performance: A Study of Selected Banks in GCC Region, *Asian Social Science*; 11(9).
- Padhi, N., Vagrecha, K., and Arya, V. V. (2017). A Study on Corporate Governance Practices of Indian Financial Sector Companies. *Research Project. National Foundation for Corporate Governance. IGNOU.*
- Rani, G. D., & Mishra, R. K. (2008). Corporate governance: theory and practice.
- Ranju, R., & Vineeth, K. M. (2018). Women in board: an enquiry into the women participation in boards of major Indian banks. *Research Review International Journal of Multidisciplinary*, 3(5), 86-88.
- Sanchez, J. L. F., Zamanillo, M. D. O., & Luna, M. (2020). How Corporate Governance Mechanisms of Banks Have Changed After the 2007–08 Financial Crisis, *Global Policy, University of Durham and John Wiley & Sons, Ltd.*, 11, 52-61.
- Securities and Exchange Board of India (SEBI). (2000). Report of the Committee on Corporate Governance. Retrieved from https://www.sebi.gov.in/reports/reports/apr-2000/report-of-the-committee-on-corporate-governance_23019.html
- Securities and Exchange Board of India (SEBI). (2002). Report of the Narayana Murthy Committee on Corporate Governance. Retrieved from https://www.sebi.gov.in/sebi_data/commondocs/narayanamurthy.pdf
- Seenivasan, R. (2014). Corporate Governance Issues in Banks in India. *Journal of Business Law and Ethics*, 2(1), 91-101.
- Shukla, H. J. (2009). Corporate Governance and Indian FMCG Industry. *The IUP Journal of Corporate Governance*, 8(1), 44-63.
- Shukla, P. (2009). Corporate Governance in India: Evolution and Challenges. *Journal of Financial Management and Analysis*, 22(2), 1-7.
- Som (2006). Corporate Governance Codes in India. *Economic and Political Weekly*, 41(39), 4153- 4160.
- Stock, J. M., Watson (2008), *Introduction to econometrics*, Boston: Addison-Wesley
- Turlea, E., Mocanu, M. and Radu, C. (2010). Corporate governance in the banking industry. *Accounting and Management Information Systems*, 9(3), 379–402.
- Tuteja, S & Nagpal, C.S, (2013). Formulation of Corporate Governance Index for Banks in India. *Research Journal of Finance and Accounting*, 4(7), 153-160.

Jubayeer Ahmed Talukdar¹

Research Scholar, Department of Management,
North-Eastern Hill University, Tura Campus,
Tura-794002, Meghalaya, India
Email: talukdarjubayeer@gmail.com

Jaynal Ud-din Ahmed²

Professor, Department of Management,
North-Eastern Hill University, Tura Campus,
Tura-794002, Meghalaya, India
Email: juahmednehu@gmail.com

Impact of Leadership Styles on Job Satisfaction of the Employees in the Pharmaceutical Industry of Bangladesh

Md Nurul Hasan¹, Md. Sahidur Rahman²

ABSTRACT

Literature on leadership explored that successful leadership greatly influences the employees' attitudes, perceptions, and level of job satisfaction. When leaders fail to satisfy the requirements and expectations of their team members, then a negative work environment and various issues may arise that cause job dissatisfaction. In Bangladesh, leave facilities, job security, realistic payment, and the welfare of pharmaceutical industry employees are important facets of job dissatisfaction. Yet leadership styles are essential for inspiring and heightening the employees' job satisfaction. As a result, the researcher's current quantitative study aimed to investigate how different leadership styles affect employee job satisfaction within the pharmaceutical sector in Bangladesh. Data was gathered from employees in this sector using two distinct questionnaires and a convenience sampling method, adhering to ethical guidelines and institutional approvals. The gathered information was analysed using SPSS 20.0 and SMART PLS 4.0 to identify the relationships among the variables. This study's results indicate that transformational and laissez-faire leadership styles significantly influence job satisfaction among employees in Bangladesh's pharmaceutical industry. Additionally, it was discovered that supervisors' attitudes, recognition of achievements, and empathy serve as crucial indicators of job satisfaction in this sector.

Keywords: Leadership styles, employees, job satisfaction, pharmaceutical industry.

Manuscript Received : Oct. 1, 2024; Revised Manuscript Received : Oct. 29, 2024, Accepted : Nov. 5, 2024.

1. INTRODUCTION

The pharmaceutical industry is a leading technologically developed sector in the country, as stated by the Bangladesh Association of Pharmaceutical Industries (BAPI). This sector fulfils 98% of the medicinal demand of the local market, worth USD 3.2 billion in 2021. The pharmaceutical companies of Bangladesh started their evolving journey just after the early eighties. Since then, it has become the country's second most significant source of income. The leading pharmaceutical companies, including Beximco Pharmaceuticals Ltd., Incepta Pharmaceuticals Ltd., Opsonin Pharma Ltd., Square Pharmaceuticals, Reneta Limited, etc., are exporting medicine to more than 150 countries worldwide, including Australia,

Canada, the UK, the USA, the EU, and the Middle East. This sector employs around 1,77,000 employees, including pharmacists, medical promotion officers, and technical and management staff (Raihan et al., 2022). In addition, the success of pharmaceutical companies largely depends on their practical, highly trained, and qualified employees (Sultana, 2016). Hence, employee management is crucial for the pharmaceutical industry in Bangladesh, and supervisors or leaders of this sector play a significant role in effective employee management. Different studies on employee management have concluded that leadership style varies significantly due to individual differences. Sometimes, individual differences between leaders will have little impact, and others will have a dramatic or notable impact on their outcomes (Wilkinson, 2018).

For example, research indicates that in some organisations, the practice of ill-suited leadership styles is a hurdle for employees and generates dissatisfaction. When employees are dissatisfied (unhappy or stressed) in the workplace, their performance will likely be poor (Lie et al., 2010). Besides, transformational leadership may impact employees' mental health or well-being (Abolnasser et al., 2023). Hence, leaders must accept and apply effective leadership styles in varying situations or contexts (Al-Maaitah et al., 2021). Another study affirmed that leadership is complicated and needs close investigation (Tosun et al., 2022). Leadership philosophies and their effect on employee satisfaction decide whether a company succeeds or fails (Muttalib et al. (2023). The employees of the Bangladesh pharmaceutical industry are confronted with several challenges related to the job environment, leave facilities, rational payment, and welfare, which require some degrees of supervision and leadership (Rahman et al., 2013; Arafat et al., 2015). It also assumes that people with higher job satisfaction act positively than those with lower job satisfaction (Robbins, 2005). Yet, job satisfaction is associated with various job consequences (Spector, 2000), such as job performance and productivity (Geybauer, 2009). Research suggests that leadership styles significantly impact employee well-being and job satisfaction. Consequently, leaders' leadership style and commanders' satisfaction influence job consequences (Spector, 2000).

Concomitantly, research conducted on the employees of the pharmaceutical industry in Bangladesh found employees' job satisfaction as a key component for the success of this industry (Islam, 2019). On the contrary, job dissatisfaction factors in this field are job insecurity, retirement benefits, provident funds, social status, workload, and the high target (Tanvir & Shahi, 2012). A recent survey was carried out on five prominent pharmaceutical firms in Bangladesh, including Popular Pharma, Incepta Pharma, Reneta Ltd., Beacon Pharma, and Sk+F Pharma, revealing that the turnover intention among entry-level sales roles, such as medical promotion officers in the pharmaceuticals sector has reached a concerning level. Lack of motivation from the immediate supervisor is one of the significant contributors to job dissatisfaction (Efti, 2023). Moreover, Square Pharmaceuticals Ltd., a leading pharmaceutical company in the country, continues to have opportunities to enhance the job satisfaction of its workforce (Tasnim, 2022). As a result, this research explores how different leadership styles affect employees' job satisfaction. Nevertheless, the present

study could benefit both organisational leadership and researchers engaged in related studies.

2. OBJECTIVES

The specific objectives of the study are as follows:

- a. To investigate the impact of transformational leadership style on the job satisfaction level of employees in Bangladesh's pharmaceutical industry.
- b. To assess the impact of transactional leadership style on the job satisfaction level of the employees in Bangladesh's pharmaceutical industry and
- c. To examine the impact of laissez-faire leadership style on the job satisfaction level of employees in Bangladesh's pharmaceutical industry.

3. REVIEW OF LITERATURE

3.1 Leadership Styles

According to Yukl (2013), leadership style refers to the way and attitude of giving necessary guidelines, executing decisions, and motivating individuals. Lewin (1939) and a group of researchers first introduced significant research on leadership styles recently and identified different leadership styles. This research highlighted autocratic, laissez-faire and participative leadership as the primary styles. Recent studies have shown that transactional, transformational, and laissez-faire styles are widely recognised. These styles have become critical subjects for numerous scholars and thinkers (Rahman et al., 2012; Abasilim et al., 2018). To improve work outcomes, managers should cultivate appropriate leadership styles in institutional settings (Rahman et al., 2014). Numerous studies indicate that, when contrasted with other leadership approaches, the transformational style notably improves employee performance, commitment, and job satisfaction (Banks et al., 2016). Transformational leadership generates a dynamic interest, positive attitude, and passion or develops intrinsic motivation in employees, which affects work performance (Minh Ha et al., 2019). Employees' job satisfaction can improve by adopting transformational leadership or a combination of transactional and transformational approaches (Nwaorgu, 2021). Burns (1978) introduced transactional leadership as a means of transferring power and benefits in his book, 'Leaders'. On the other hand, transactional leaders motivate employees through punishment and reward techniques (Saleem, 2015). Promotions and salary increments are two rewards. Job termination and pay reduction are potential punishments (Jansen et al., 2009). According to earlier research, there are circumstances in which this leadership style may not work well (Bryant, 2003). Consequently, employees' productivity and satisfaction will eventually suffer under transactional leadership (Hater & Bass, 1988; Hartog, Muijen, & Koopman, 1997). A leader or supervisor who practices laissez-faire leadership allows staff members' independence and provides hardly any guidance. Besides, employees are expected to exercise autonomy in setting goals, making choices, and resolving problems (Khan et al., 2014). According to a study, a laissez-faire approach might be adequate when things are peaceful, but managers must be stern and forceful when chaotic (Day et al., 2017). Therefore, leadership styles refer to a clear and measurable

explanation of leaders' different approaches or behaviours when guiding and influencing others within a group or organisation.

An empirical investigation involving private university students in Chattagram concluded a positive correlation between performance and transformational leadership elements (Rahman & Ferdousy, 2012). Research also identified a link between the servant leadership approach, organisational citizenship behaviour, and job satisfaction (Howladar et al., 2021). A study concluded that the productivity of ready-made garments (RMG) is significantly related to Bangladesh's transformational and transactional leadership style (Tareque, 2021). According to a study on talent management and laissez-faire leadership in Bangladesh's pharmaceutical industry, this leadership style is neither absent nor invariably despised by followers. This research demonstrates how talent management techniques benefit from laissez-faire leadership (Ali & Ullah, 2023).

3.2 Job Satisfaction

Generally believes that happiness, performance at work, and productivity are all directly correlated with contentment. Job satisfaction of the employee denotes doing the job he enjoys, doing it effectively, and receiving recognition for one's endeavours (Aziri, 2011). Spector (1997) developed the "Job Satisfaction Measuring Scale" to estimate the contentment of the employee, focusing on benefits, salary, promotion, supervision, and job nature. Akhila (2018) has shown in her study that leadership styles display an effective influence on employees' job satisfaction. A contented employee is committed to his work, executes directions well, cares for himself and others, and feels safe (Szymon et al., 2020). Therefore, employees' sense of accomplishment and success is called job satisfaction.

3.3 Pharmaceutical Industry

The pharmaceutical industry is a global sector comprising companies and organisations discovering, developing, producing, and distributing drugs, biologics, vaccines, and medical devices (IFPMA, 2021). This industry also intends to prevent, diagnose, treat, or manage diseases and medical conditions. This includes many activities, like basic research, regulatory approval processes, clinical testing, preclinical testing, applied research, manufacturing, marketing, sales, and distribution of pharmaceutical products (WHO, 2021). According to a study done in the pharmaceutical industry in Yemen, leaders' leadership style impacts employee job satisfaction (Hussain & Alharafsheh, 2023). Herman and Qiu (2024) researched building resiliency and essential principles for the pharmaceutical industry in the USA. They concluded that contentious emphasis on principle-based leadership can build resilience, improve mental well-being, and help to achieve long-term success. Therefore, the pharmaceutical industry is the economic sector that encompasses the research, development, manufacturing, and commercialisation of drugs and medications for human or veterinary use.

4. HYPOTHESES DEVELOPMENT

4.1 Transformation Leadership and Job Satisfaction

Transformational leadership, as described by Bank et al. (2016), is a leadership approach that promotes shared vision as well as stimulates innovation to attain remarkable outcomes. Transformational leadership shows an engaging and encouraging association between leaders and their subordinates (Purwanto et al., 2019). Besides, transformational leadership generates a dynamic interest, positive attitude, and passion or develops intrinsic motivation in employees, which affects work performance (Minh Ha et al., 2019). As a result, the hypothesis outlined below was formulated:

H₁: Transformational leadership style has a positive impact on job satisfaction of the employees in the pharmaceutical industry of Bangladesh.

4.2 Transactional Leadership and Job Satisfaction

The term 'transaction' pertains to an exchange. Transactional leadership is mainly focused on the rewards and punishments of the subordinates. In response, leaders expect commitment, productivity, and allegiance from their subordinates (Suprapti, 2020). This approach has little effect on employee job satisfaction (Almaaitah et al., 2021). Employees are given less freedom of choice in the case of a transactional leader (Shrestha, 2019). Concurrently, this leadership cannot afford job satisfaction (Prameswari, 2020). In contrast, the transactional style performs better regarding employee loyalty, turnover, and organisational efficacy. (Jekelle, 2021). Employees are inclined to adopt transactional leadership briefly because of the reward and punishment systems (Saleem, 2015). For example, athlete coaches, many high-level military officials, and CEOs of large international organisations are well-known transactional leaders. Hence, the hypothesis was developed as follows:

H₂: Transactional leadership style has a positive impact on job satisfaction of the employees in the pharmaceutical industry of Bangladesh.

4.3 Laissez-faire Leadership and Employee Job Satisfaction

Khan et al. (2014) define managers as taking a hands-off approach, giving staff members little guidance or oversight and letting them make decisions independently. Laissez-faire leadership can encourage creativity and innovation in highly trained and motivated workers. This leadership has both advantages and possible pitfalls. According to a study on talent management and laissez-faire leadership in Bangladesh's pharmaceutical industry, this leadership style is neither absent nor invariably despised by followers. This study supports that talent management techniques benefit from laissez-faire leadership (Ali & Ullah, 2023). Thus, the following hypothesis was considered:

H₃: Laissez-faire leadership style has a positive impact on job satisfaction of the employees in the pharmaceutical industry of Bangladesh.

5. RESEARCH FRAMEWORK

The research framework is shown in Figure 1

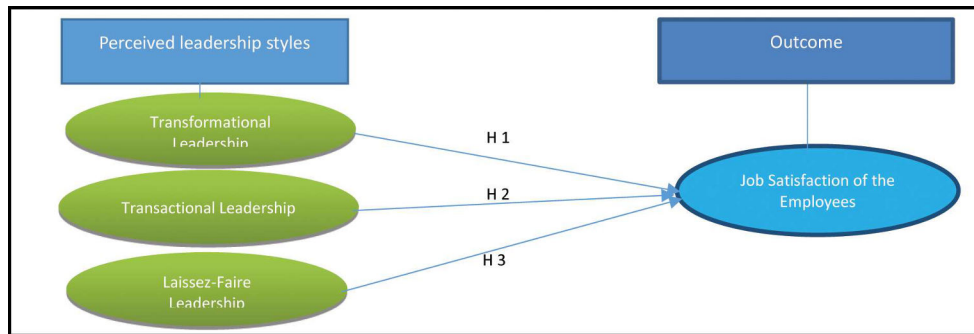


Figure-1: Research Framework

6. RESEARCH METHODOLOGY

The present study followed a quantitative research paradigm for analysing data to show sufficient empirical support for testing the association between the variables (Cooper & Schindler, 2008). This study's dependent and independent variables were job satisfaction and leadership styles. Social exchange theory was used to explain the study's research variables. Two well-structured questionnaire sets for junior, mid, and top-level officers of eight pharmaceutical companies in Bangladesh (medical promotion/representative officers, human resource officers, pharmacists, administrative officers, production executives, etc.) were used as respondents' employees. All respondents to this research participated voluntarily. The data collection procedure took nearly four months. Data were collected through both primary and secondary sources. This study used the purposive sampling technique for selecting the pharmaceutical companies, a non-probability sampling category (Ribe, 2011; Som, 1995). Eight (08) pharmaceutical companies were chosen purposefully from all over the country, considering the ranking of the top four (4), medium two (2), and smaller two (2) companies. A convenience sampling method was adopted to collect information from 206 employees working in pharmaceutical firms in Bangladesh. Two separate questionnaire sets containing a cover letter were used for data collection. A cover letter includes an objective, informed consent, and confidentiality statement for the study. Employees' age, sex, educational qualification, marital status, income range, service length, the name of the company type, and the present company appointment were intended to be incorporated in the questionnaire set. A sample size of 100 is deemed appropriate for partial least squares analysis to achieve reliable outcomes. In their study on Bangladesh, Rubel and Kee (2015) noted that they only obtained 30% of the expected responses yet delivered satisfactory results. It was determined from prior research that a sample of 206 employees for the present study was sufficient and valid. Besides, a qualitative approach, such as a focused group discussion (FGD), which comprises different categories such as

medical promotion officers, human resources officers, pharmacists, and administrative officers from two pharmaceutical companies, was conducted before the pre-test of the participant employees for questionnaire standardisation. Each of the FGDs was composed of 12-15 employees. A field observation was also considered while gathering data.

7. INSTRUMENT DEVELOPMENT

This study utilised the Multifactor Leadership Questionnaire (MLQ5X), introduced by Bass and Avolio and published in 1995, to analyse the leadership styles within pharmaceutical companies in Bangladesh. The instrument comprises 36 items (for instance, 1. My supervisor expresses an optimistic view about the future, 2. My supervisor tends to avoid making decisions, etc.) and assesses three distinct leadership styles. In this instrument, 20 items measure transformational leadership, 12 measure transactional leadership, and four measure laissez-faire leadership. A five-point rating scale was utilised, where one indicates “not at all” and 5 indicates “too frequently”) to gauge the response to each statement in the questionnaire. Concurrently, a standardised job satisfaction (JS) questionnaire consisting of 11 items was employed, as developed by Ather and Nimlathasan (2006); examples include 1. I enjoy a better relationship with my manager, 2. Overall, I feel satisfied, etc. A five-point Likert scale was also applied to evaluate the answers from respondents, starting from “strongly disagree” = 1 to “strongly agree” = 5. The pre-test and pilot test were applied before the final implementation of the instrument. All collected survey data were analysed and interpreted using SPSS 20.0 and Smart PLS-SEM 4 for final summarisation.

8. DATA ANALYSIS AND RESULTS

The respondents' gender, marital status, age, religion category, monthly income, education, and experience in the pharmaceutical business were all covered in the demographic part. Detailed demographic information of the participants is displayed in Table 1. Near about one-fourth of the respondents (25.24%) reported being between the ages of 25 and 30 years, more than half of the respondents (56.31%) reported being between 31 and 40 years, while the remaining respondents (2.43% and 16.1%) reported being the ages between below 25 years and above 40 years, respectively. Besides, 79% of respondents indicated they were male, and 21% stated they were female. More than two-thirds of the respondents (68%) were found married. Table 1 displays further demographic data as follows:

Table 1: Respondents' Demographic Information-Descriptive Analysis

Demographic Information	Frequency (N=206)	Percentage (%)
Work Experience		
0-5 service years	62	30.10%
6-10 service years	78	37.86%
11 service years and above	66	32.04%

Employee Position in the Company		
Junior level	22	10.7%
Mid-level	140	68%
Top-level	25	12.1%
Others	19	9.20%
Education		
Bachelor	36	17.40%
Masters	141	68.10%
MPhil	25	12.10%
PhD	00	00
Other	03	1.46%
Monthly Income		
Below 20 thousand	05	2.43%
20- 30 thousand	14	6.80%
31 – 40 thousand	84	40.78%
41- 60 thousand	22	10.68%
61 thousand and above	79	38.35%
Income not mentioned	02	.97%
Type of Company		
Allopathic	168	81.6%
Ayurvedic	28	13.6%
Unani	-	-
Herbal	10	4.9%
Homeopathic	-	-
Company Appointment		
HR	52	25.2%
Admin	72	35%
Marketing	41	19.9%
Production	32	15.5%
Costing	9	4.4%

Source: Researchers' own calculation, 2024

Table 2 shows the average and standard deviation of the research variables. The variables' items were rated using a five-point Likert scale. All variables had an average score exceeding 3.0, except laissez-faire leadership. The analysis of five-scale data findings had the lowest standard deviation, 0.478, for transactional leadership, and transformational leadership had the greatest mean value, 4.066.

Table 2: An Overview of the Latent Constructs

Constructs	Mean	SDL	N
Transformational Leadership	4.066	.557	206
Transactional Leadership	3.407	.478	206
Laissez-Faire Leadership	2.118	.897	206
Job Satisfaction	4.048	.544	206

Source: Researchers' own calculation, 2024

In Table 3, the Cronbach's alpha values exceeded 0.7 or 0.8, suggesting a strong level of internal consistency in the responses. The composite reliability (CR) value that surpasses 0.7 is viewed as satisfactory (Nunnally, 1978). The composite reliability score range of the research findings was between 0.846 and 0.954 and was found to be significant. So, the present study covers the criteria of convergent validity.

Table 3: Construct Reliability and Validity Overview

	Cronbach's Alpha	Composite Reliability(ρ_a)	Composite Reliability(ρ_c)	Average Variance Extracted(AVE)
Job Satisfaction	0.881	0.889	0.914	0.681
Transformational leadership	0.928	0.933	0.941	0.667
Transactional Leadership	0.913	0.954	0.938	0.791
Laissez-faire Leadership	0.794	0.846	0.905	0.826

Source: Researchers' own calculation, 2024

In Table 4, the Fornell-Larcker criterion was utilised to illustrate the discriminant validity of the study. Following the guidelines established by Fornell and Larcker (1981), the square root of the AVE for each construct was assessed against the correlation values between that construct and other constructs. All AVE values of constructs positioned on a diagonal and exceeding the off-diagonal values, indicating correlation values, were displayed in Table 4. The computed AVE values higher than correlational values demonstrated the current study's discriminant validity.

Table 4: Discriminant Validity: A Fornell-Larcker Criterion Check

	Job Satisfaction	Transformational Leadership	Transactional Leadership	Laissez-faire Leadership

Job Satisfaction	0.825			
Transformational Leadership	0.822	0.817		
Transactional Leadership	0.233	0.299	0.889	
Laissez-faire Leadership	-0.458	-0.403	-0.212	0.909

Source: Researchers' own calculation, 2024

According to Henseler et al. (2015), Table 5 proves discriminant validity since the HTMT value is less than 0.90.

Table 5: Discriminant Validity: HTMT Matrix (Heterotrait - Monotrait Ratio)

	Job Satisfaction	Transformational leadership	Transactional Leadership	Laissez-faire Leadership
Job Satisfaction				
Transformational leadership	0.894			
Transactional Leadership	0.244	0.318		
Laissez-faire Leadership	0.534	0.456	0.243	

Source: Researchers' own calculation, 2024

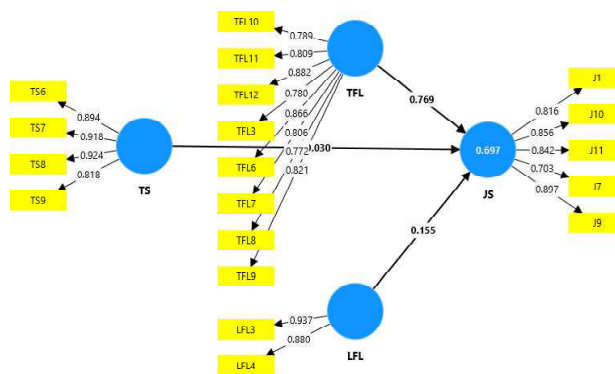


Figure-2: Measurement Model

Source: Researchers' own calculation, 2024

(Here, TFL=Transformation Leadership, TS= Transactional Leadership, LFL=Laissez-Faire Leadership and JS=Job Satisfaction)

Table 6 presents an R^2 value of 0.697, indicating that the three leadership styles, which serve as independent variables, explain 69.7% of the variance in the dependent variable, such as job satisfaction.

Table-6: R^2 Value

	R^2	Adjusted R^2
Job Satisfaction	0.697	0.692

Source: Researchers' own calculation, 2024

In Table 7, SRMR should be less than 0.08, which is preferable because RMR can sometimes be hard to interpret (Byrne & Byrne, 1994). The NFI (normed fit index) produces values ranging from 0 to 1. NFI nearer to 1 is considered a better fit. More than 0.9 NFI scores generally signify an intense match. (Bonett & Bentley, 1980). So, an NFI value of 0.740 indicated moderately well for the model fit.

Table 7: **Fit of the Model**

	Saturated model	Estimated model
SRMR	0.076	0.076
d_ ULS	1.086	1.086
d_ G	0.856	0.856
Chi-square	885.213	885.213
NFI	0.740	0.740

Source: Researchers' own calculation, 2024

9. ASSESSING STRUCTURAL MODEL

According to Duarte and Raposo (2010), a structural model illustrates a study's anticipated relationship between independent and dependent variables. One of the main objectives of smart PLS is forecasting (Hair et al., 2014). Understanding the theoretical model is facilitated by the importance of each path estimation and the explained variance (R^2) of the endogenous variables (Chin, 2010). The statistical significance of the path coefficients was determined through bootstrap analysis after evaluating the path estimations. 500 resampling is advised when using bootstrapping to estimate the parameter, according to Chin (1999). In his research, Hayes (2009) recommended using bootstrapping of 5000 resamplings and 1000 resamplings. In this work, bootstrapping was done using 1000 resampling to test the acceptability of the regression coefficients. One endogenous construct (job satisfaction) was observed to have an R^2 score of 0.697 for the exogenous construct, i.e., leadership styles. This indicated that the variance was influenced by the three-dimensional exogenous variables, which include transformational, transactional, and laissez-faire leadership styles. According to Cohen (1988), the R^2 value can be considered moderate, where an R^2 of 0.02 to 0.12 is considered weak, 0.13 to 0.25 as moderate, and

0.26 and above as strong. An R^2 score of 0.697 suggests that these three leadership styles can explain 69.7% of the variation in job satisfaction. Nevertheless, two characteristics of leadership styles showed significant effects (P-values < 0.05) on employee satisfaction. In contrast, the transactional leadership style showed no significant impact on employees' job satisfaction in the pharmaceutical sector of Bangladesh (Table 8).

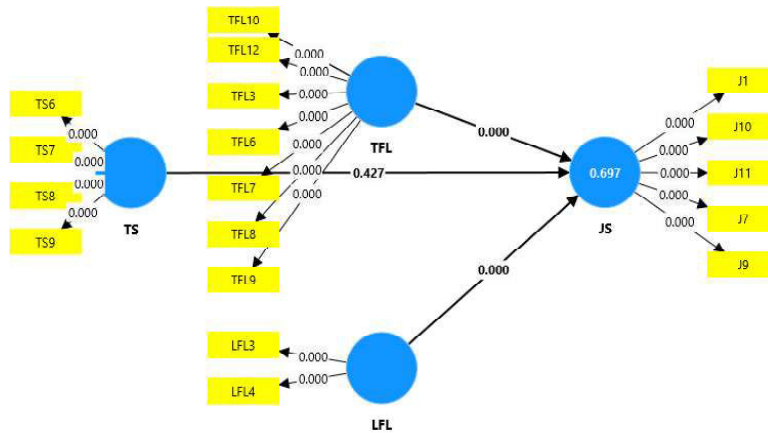


Figure-3: Structural Model

Source: Researchers' own calculation, 2024

(Here, TFL=Transformation Leadership, TS= Transactional Leadership, LFL=Laissez-Faire Leadership, and JS=Job Satisfaction)

Table 8: Path Coefficient and Hypothesis Testing

Hypothesis	Direct Path	Std. Beta	Std. Error	t-value	P-Values	Decision
H ₁	Transformational Leadership->Job Satisfaction	0.849	0.030	25.965	000	Supported
H ₂	Transactional Leadership->Job Satisfaction	-0.053	0.038	0.794	0.427	Not Supported
H ₃	Laissez-faire Leadership->Job Satisfaction	-0.156	0.042	3.727	000	Supported

Source: Researchers' own calculation, 2024

The following conclusions can be made in light of the data shown in Table 8: (1) A statistical T-value of 25.96, which is greater than 1.96, and a P-value of 0.000, which is less than 0.05, show that the transformational leadership style has a positive and substantial impact on job satisfaction among employees in Bangladesh's pharmaceutical industry. In other

words, a higher transformational leadership style is associated with higher job satisfaction, whereas a lower transformational leadership style is associated with lower job satisfaction. (2) A P-value of 0.427, which is higher than 0.05, a T statistic of 0.794, which is lower than 1.96, and a positive path coefficient of 0.026 all indicate that the transactional leadership style has an insignificant impact on job satisfaction for employees in Bangladesh's pharmaceutical sector. It would appear from this that differences in transactional leadership style have little effect on job satisfaction. (3) A P-value of 0.000, which is less than 0.05, a T statistic of 3.727, which is greater than 1.96, and a negative path coefficient of -0.154 demonstrate that the laissez-faire leadership style significantly impacts job satisfaction in Bangladesh's pharmaceutical industry. These findings suggest that a laissez-faire leadership style is linked to higher job satisfaction.

10. DISCUSSION

According to the research's first findings, a substantial positive association ($r = 0.769$) exists between employee job satisfaction and transformational leadership style in Bangladesh's pharmaceutical sector. The first hypothesis was confirmed, with findings aligning with earlier studies (Munir et al., 2012; Fatima et al., 2011). According to the second hypothesis, the transactional leadership strategy does not considerably impact workers' job satisfaction in Bangladesh's pharmaceutical industry. PLS-SEM and SPSS analyses both resulted in the rejection of this hypothesis. This conclusion is supported by other studies (Hartog et al., 1997; Hater & Bass, 1988; Bryant, 2003). Employee work satisfaction in Bangladesh's pharmaceutical business was significantly correlated with laissez-faire leadership approaches. These findings echo earlier research (Jamaludin & Chek, 2024). It was noted that a laissez-faire leadership approach positively affected employees' overall satisfaction in highly technical and task-oriented roles (Chaudhry & Javed, 2012). Most of the jobs included in this study were in technical and skilled areas, such as production, marketing, costing, and HR specialists. Additionally, employers who adopt a laissez-faire leadership style engage their employees in the decision-making process, which fosters a sense of ownership, encourages initiative in fulfilling tasks, and ultimately contributes to the organisation's success (Anugwu & Okolocha, 2023). Finally, the current findings also explored that supervisors' attitudes, recognition of achievement, and empathy are essential factors for employees' job satisfaction in Bangladesh's pharmaceutical industry.

11. LIMITATIONS OF THE STUDY

Current research includes a few unavoidable abridgements, which could be areas for further work. Firstly, from a methodological perspective, a standard method variance was inevitable as this study was conducted using self-reported data from a limited number of employees in the pharmaceutical sector. Secondly, all the respondents were considered officers from various pharmaceutical companies rather than other categories such as workers, office assistants, operators, clerks, etc. Thus, the findings may face simplifying difficulties in the future for other employees in this sector. Thirdly, convenience sampling

has several drawbacks, even though it could be an affordable and practical option to gather data. For example, the participants who are easily accessible might not necessarily accurately reflect the target population. Fourthly, this study considers only one job satisfaction driver, which is leadership style, but other job satisfaction drivers, such as employees' workload, tangible benefits, and working environment, were not considered.

12. RECOMMENDATIONS FOR FUTURE WORKS

The weaknesses of any study outline the necessity for further work. Firstly, this study used a convenience sample technique with a generalisation issue. Future researchers in the pharmaceutical industry could investigate job satisfaction and leadership style in this field by employing simple random sampling. Secondly, since eight pharmaceutical companies in Bangladesh were considered to conduct the current study, this methodology process limits the scope of the findings. Even though future researchers may apply this study outcome to other aspects of social norms, thirdly, this study considered only three variables that could impact job satisfaction. Future studies may look into more factors or mediating variables. Fourthly, the small sample size might only accurately reflect some populations. Therefore, a larger sample size should be considered for future researchers to get more valid findings.

13. CONCLUSION

According to the study's findings, three important leadership philosophies in Bangladesh's pharmaceutical industry are linked to job satisfaction. Employers can improve employee work satisfaction by implementing transformational and laissez-faire leadership styles. The primary goal of this study was to evaluate the effects of various leadership philosophies on worker job satisfaction in Bangladesh's pharmaceutical sector. The results of Smart PLS-SEM show significant relationships between job happiness, laissez-faire leadership, and transformative leadership. The standardised coefficients of the model, $\hat{\alpha}=0.849$, also show that the transformational style contributes more than the transactional and laissez-faire leadership styles. These findings also support the previous conclusions (Shibru & Darshan, 2011; Darshan, 2011). A total of 206 respondents participated in the current survey, which does not represent the country's entire population. Nevertheless, the research's findings may help better understand employee perceptions. Employers and leadership of any organisation can utilise the implications of the present study to manage their workforce. Future researchers may also benefit from these helpful suggestions for overriding project implementations.

REFERENCES

- Abasilim, U., Gberevbie, D., & Osibanjo, O. (2018). Does leadership styles relate with personnel commitment in private organisations in Nigeria? Paper presented at the 14th European Conference on Management, Leadership and Governance, HU University of Applied Sciences, Utrecht, Netherlands.
- Abolnasser, M., Abdou, A., Hassan, T., & Salem, A. (2023). Transformational leadership, employee engagement, job satisfaction, and psychological well-being among hotel

- employees after the height of the COVID-19 pandemic: A serial mediation model. *International Journal of Environmental Research and Public Health*, 20(4), e2998. <https://doi.org/10.3390/ijerph20042998>[Accessed 23 Jun. 2024]
- Akhila, N. (2018). *Impact of leadership styles on employee job satisfaction and organisational commitment – A study in the construction sector in India* (Master's thesis, Western Kentucky University, Bowling Green, Kentucky).
- Akter, S., Alam, M., & Rubel, M. R. B. (2016). *Perceived Organizational Support and Accounting Professionals' Performance in Bangladesh: Mediating Role of Organizational Commitment*. <https://core.ac.uk/download/234627064.pdf>
- Ali, M., & Ullah, M. (2023). Role of laissez-faire leadership in talent management: Evidence from the pharmaceutical industry of Bangladesh. *Heliyon*, 9(6), e17945. <https://doi.org/10.1016/j.heliyon.2023.e17945>[Accessed 23 Jun. 2023].
- Al-Maaitah, D., Majali, T., Alsoud, M., & Al-Maaitah, T. (2021). The role of leadership styles on staff job satisfaction in public organisations. *Journal of Contemporary Issues in Business and Government*, 27(1), 2251-2261.
- Al-Nashmi, M., & Farhan, M. (2017). Transformational and Transactional Leadership Impact on Organisational Performance in the Pharmaceutical Industry in Yemen. *The Journal of Social Studies*, 23(4), 143-163.
- Ather, S., & Nimalathasan, B. (2006). Association between quality of work life (QWL) and job satisfaction (JS): A study of academic professionals of private universities in Bangladesh. *The Chittagong University Journal of Business Administration*, 21, 9-23.
- Aziri, B. (2011). Job satisfaction: A literature review. *Management Research and Practice*, 3(4), 77-86.
- Bass, B., & Avolio, B. (1995). MLQ multifactor leadership questionnaire. Redwood City, CA: Mind Garden.
- Banks, G. C., McCauley, K. D., Gardner, W. L., & Guler, C. E. (2016). A meta-analytic review of authentic and transformational leadership: A test for redundancy. *The Leadership Quarterly*, 27(4), 634-652.
- Bentler, P., & Bonett, D. (1980). Significance tests and goodness of fit in the analysis of covariance structures. *Psychological Bulletin*, 88(3), 588-606.
- Bryant, S. E. (2003). The role of transformational and transactional leadership in creating, sharing and exploiting organisational knowledge. *Journal of Leadership & Organizational Studies*, 9(4), 32-44.
- Burns, J. M. (1978). *Leadership*. Harper & Row.
- Byrne, B. (1994). Testing for the factorial validity, replication, and invariance of a measuring instrument: A paradigmatic application based on the Maslach Burnout Inventory. *Multivariate Behavioral Research*, 29(3), 289-311.

- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Hillsdale, NJ: Lawrence Erlbaum Associates, Publishers.
- Cooper, D., & Schindler, P. (2011). *Business research methods* (11th ed.). McGraw-Hill/Irwin.
- Chin, W. (2010). How to write up and report PLS analyses. In V. E. Vinzi, W. W. Chin, J. Henseler, & H. Wang (Eds.), *Handbook of partial least squares: Concepts, methods and applications*, Springer, 655-690.
- Duarte, P., & Raposo, M. (2010). A PLS model to study brand preference: An application to the mobile phone market. *Quality & Quantity*, 44(5), 813-832.
- Efti, Y. (2023). Medical representative turnover intention: A growing concern in Bangladesh's pharmaceuticals industry. *The Financial Express*.
- Fatima, S., Tabassum, A., & Ahmad, S. (2011). Impact of transformational leadership on job satisfaction in the banking sector. *Journal of Business Studies Quarterly*, 3(4), 26-34.
- Gebauer, J., & Lowman, D. (2009). Closing the engagement gap: How great companies unlock employee potential for superior results. New York: Portfolio.
- Hair, J., Hult, G., Ringle, C., & Sarstedt, M. (2014). A primer on partial least squares structural equation modeling (PLS-SEM). SAGE Publications.
- Haque, A. U., Faizan, R., Zehra, N., Baloch, A., Nadda, V., & Riaz, F. (2015). Leading Leadership Style to Motivate Cultural-Oriented Female Employees in IT Sector of Developing Country: IT Sectors' Responses from Pakistan. *International Journal of Academic Research in Business and Social Sciences*, 5(9), 280-302.
- Hartog, D. N., Muijen, J. J., & Koopman, P. L. (1997). Transactional versus transformational leadership: An analysis of the MLQ. *Journal of Occupational and Organizational Psychology*, 70(1), 19-34.
- Hater, J. J., & Bass, B. M. (1988). Superiors' evaluations and subordinates' perceptions of transformational and transactional leadership. *Journal of Applied Psychology*, 73(4), 695-715.
- Henseler, J., Ringle, C., & Sarstedt, M. (2009). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115-135.
- Herman, M., & Qiu, B. (2024). Building resiliency: Essential leadership principle for 2024. *Pharmaceutical Executive*, 45(1), 28-29.
- Howladar, M. H. R., Rahman, M. S., & Uddin, A. (2021). Servant leadership and its impact on job satisfaction and organisational citizenship behaviour: Evidence from private

- commercial banks in Bangladesh. *Journal of Business and Management*, 23(1), 1-12. <https://doi.org/10.5539/ijbm.v23n1p1> [Accessed 10 Aug. 2012].
- Hussain, A., & Alharafsheh, M. (2023). The impact of leadership styles on organisational performance for Yemeni pharmaceutical companies: The mediating role of job satisfaction. *American Journal of Business Management, Economics and Banking*, 9, 33-43. <https://americanjournal.org/index.php/ajbmeb/article/view/411> [Accessed 23 Jun. 2024].
- Islam, N., Tabassum, A., Nahian, A., Islam, T., Abbas, S., Huda, R., & Mubassira, Q. (2019). An evaluation of job satisfaction of the restaurant employees in Bangladesh. Paper presented at the International Conference on Business, Education, Innovation and Social Sciences (ICBEISS), Seri Pacific Hotel, Kuala Lumpur, Malaysia.
- Jansen, J. J., Vera, D., & Crossan, M. (2009). Strategic leadership for exploration and exploitation: The moderating role of environmental dynamism. *The Leadership Quarterly*, 20(1), 5-18.
- Jamaludin, J., & Chek, B. (2024). Laissez-faire leadership style on job satisfaction: A case study on pharmaceutical salespersons. *Proceedings of Science and Management*, 1, 48-66. Centre for Research and Development, Asia Metropolitan University.
- Judge, T. A., Piccolo, R. F., & Ilies, R. (2004). The forgotten ones? The validity of consideration and initiating structure in leadership research. *Journal of Applied Psychology*, 89(1), 36-51.
- Khan, H., Hayyat, A., Ziaullah, M., Rehman, Z., & Shafiq, M. (2024). *Brain drain in Pakistan's pharmaceutical industry: Factors and solutions*. Weley.
- Khan, A., & Adnan, N. (2014). Impact of leadership styles on organisational performance. *International Journal of Management Sciences*, 2(11), 501-515.
- Liu, J., Siu, O., & Shi, K. (2010). Transformational leadership and employee well-being: The mediating role of trust in the leader and self-efficacy. *Applied Psychology*, 59(3), 454-479.
- Lewin, K., Lippitt, R., & White, R. (1939). Patterns of aggressive behaviour in experimentally-created "social climates." *Journal of Social Psychology*, 10, 271-299.
- Minh Ha, N., & Luong, T. (2019). The role of transformational leadership toward work performance through intrinsic motivation: A study in the pharmaceutical field in Vietnam. *Journal of Asian Finance, Economics and Business*, 6(4), 201-212.
- Munir, R., Azam, R., & Khan, S. (2012). Transformational leadership and job satisfaction: A study of the banking sector in Lahore, Pakistan. *International Journal of Business and Social Science*, 3(7), 259-265.
- Muttalib, M., Rahman, A., & Khalid, S. (2023). The impact of leadership styles on employee satisfaction: A case study analysis. *Journal of Business Management*, 11(2), 110-125.

- Purwanto, A., Asbari, M., & Budi Santoso, P. (2019). Influence of transformational and transactional leadership style toward food safety management system. *Journal of Business Innovation*, 7, 180-185.
- Rahman, M. S., & Ferdausy, S. (2012). An empirical study on components of transformational leadership and job performance of private university students in Chattagram. *International Journal of Business and Management*, 7(18), 155-162. <https://doi.org/10.5539/ijbm.v7n18p155>[Accessed 10 Aug. 2012].
- Rahman, S., Ferdousy, S., & Bhattacharjee, S. (2014). Assessing the relationships among transformational leadership, transactional leadership, job performance, and gender: An empirical study. *ABAC Journal*, 34(3), 71-91.
- Ribe, L. (2011). Leadership styles and organisational effectiveness: A study of the impact of leadership styles on organisational performance in non-profit organisations (Unpublished doctoral dissertation). University of Phoenix.
- Robbins, S. (2005). *Organisationalbehaviour*. Upper Saddle River, NJ: Prentice-Hall.
- Saleem, H. (2015). The impact of leadership styles on job satisfaction and the mediating role of perceived organisational politics. *Procedia-Social and Behavioral Sciences*, 172, 563-569.
- Som, A. (1995). Organisational response to liberation: Impact of environmental change on organisational structure and culture (Unpublished doctoral dissertation). *Indian Institute of Management, Ahmedabad*.
- Spector, B. (2000). The corporate culture survival guide: Sense and nonsense about culture change. *Academy of Management Perspectives*, 14(1), 156-157.
- Szymon, T., Manuela, I., & Marina, Z. (2020). Employees' job satisfaction and their work performance are elements influencing work safety. *CzOTO*, 2(1), 18-25.
- Tareque, M. I. (2021). The relationship between leadership styles and productivity in the Ready-Made Garment (RMG) sector of Bangladesh. *Journal of Management and Sustainability*, 11(2), 45-54. <https://doi.org/10.5539/jms.v11n2p45> [Accessed 23 Jun. 2024].
- Tasnim, M. (2022). Assessing job satisfaction levels at Square Pharmaceutical Company. *Bangladesh Journal of Business Research*, 10(4), 90-105.
- Tasnim, Z. (2022). A report on "An extensive study on the employee job satisfaction in SQUARE Pharmaceuticals Ltd (CHQ Branch)". *BRAC Business School, BRAC University*.
- Tanvir, A., & Shahi, M. (2012). Factors affecting job satisfaction, motivation and turnover rate of medical promotion officer (MPO) in the pharmaceutical industry: A study based in Khulna city. *Asian Business Review*, 1(1). Retrieved from file:///C:/Users/User/Downloads/2.7.pdf.pdf [Accessed 23 Jun. 2024].

- Tosun, C., Parvez, M., Bilim, Y., & Yu, L. (2022). Effects of green transformational leadership on employee green performance through the mediating role of corporate social responsibility: Reflections from North Cyprus. *International Journal of Hospitality Management*, 103. <https://doi.org/10.1016/j.ijhm.2022.103218> [Accessed 23 Jun. 2024].
- Wilkinson, D. (2018). Leader differences and their impact on leadership outcomes. *The Oxford Review*.
- Yukl, G. (2013). *Leadership in organisations* (8th ed.). Upper Saddle River, NJ: Pearson.

Md Nurul Hasan¹

The Centre for Higher Studies and Research,
Bangladesh University of Professionals,
Dhaka, Bangladesh
(E-mail: nrl_hasan@yahoo.com; msrahman@cu.ac.bd)

Md. Sahidur Rahman, PhD²

Department of Management, University of
Chittagong, Chattogram, Bangladesh
(E-mail: nrl_hasan@yahoo.com; msrahman@cu.ac.bd)