STUDĒJOŠO ZINĀTNISKI PĒTNIECISKO RAKSTU KRĀJUMS

Sējums 1

BIZNESA VADĪBA

Rīga 2021

Studējošo zinātniski pētniecisko rakstu krājums, 2021(1)

ISSN 2500-976; e-ISSN 2500-977X

Studējošo zinātniski pētniecisko rakstu krājumā ir iekļauti Ekonomikas un kultūras augstskolas (EKA) un Alberta koledžas (AK) studējošo un absolventu valsts pārbaudījuma darbu fragmenti un studējošo zinātniskie raksti, kas tika iesniegti uz **Studentu starptautisko zinātniski praktisko konferenci „Studējošo pētnieciskā darbība: teorija un prakse'2021"**.

Sējumā ir iekļauti raksti, kuros ir atspoguļoti EKA maģistra programmas „Biznesa vadība" ārvalstu plūsmas studējošo veikto pētījumu rezultāti.

Izdevējs:

Ekonomikas un kultūras augstskola

Lomonosova 1/5, Rīga, LV1019, Latvija

SATURS

Olga Simenenko. PROBLEMS AND SOLUTIONS OF STAFF ADAPTATION TO DISTANCE WORKING IN LATVIA

EKA University of Applied Sciences, Master study programme „Business Administration“,

osimenenko@gmail.com

Scientific advisor: Dr. oec., Associate Professor O. Lentjušenkova

Abstract

Research relevance: Pandemic in 2020 changed the most fields of life including requirements and conditions of working. Accoroding to Eurostat, almost 90% of employed persons in Latvia never worked at home. However, already in April, almost 29% of employees in Latvia had to start working remotely that means that approximately every fifth employee worked for home according to Central Statistical Bureau. And their number continue to rise. This led to problems among non-trained for distance working staff including psychological, communicational and motivational and requires actions from both workers and management.

Research goal: To identify problems and develop solutions for staff adaptation to distance working.

Research methods: To develop the background of the study existing literature in the fields of personnel management, staff adaptation, working etiquette and working psychology as well as government recommendations to distance working is explored. For data collection, the survey of distance employees and their employers with the usage of snowball method is carried out. For processing results of the survey methods of descriptive and inferential statistics are used to define frequencies, compare independent variables and create a ranking of identifies problems.

Main findings: The study represents analysis of main problems connected with distance working during pandemic and recommendations for solving those problems among employees.

Keywords: *Staff adaptation; distance working; remote working; organization of work.*

Introduction

In 2020, world society faced many changes in everyday life including necessity to switch to remote work. Working from home became a challenge for those employees and employers who had no such experience previously. Many familiar processes and habits had undergone changes among which are working schedule, organization, communication, control and task performance. Companies' staff had to come to terms with new requirements; however, there are still many problems exist because of lack of knowledge and understanding by the side of both employees and their management of how to adapt to new working environment to work effectively and efficiently (Muluneh, 2017).

Working self-organization is one of the most crucial problems for staff that includes organization of personal working place, ability to control working time and productivity, ease of completing tasks in non-usual environment, ignoring distractions and usage of new technologies. One of the goal of this research work is to define to what extent this statement is actual.

H1: Employees have difficulties with organization of work.

H0: Working from home does not affect organizational working behaviors.

Been distanced from office also means communicational problems. For some employees it means difficulties of contacting through special programs, for others – lack of working and personal interactions, for some – shortage of management control.

H1: People working from home feel lack of communication.

H0: Working from home does not affect communicational level.

Lack of environment change, absence of balance between work and life, inability to tune out working mode or concentrate on tasks, grogginess in tomorrow increase level of stress. Employees feel more depressed when their home transforms from the safe place for relax into working space.

H1: People become more stressful working from home.

H0: Working from home does not affect stress level.

Literature Review

Before talking about distance working, different types of it should be identified. Researchers in the field distinguish telecommuting, also known as telework, and remote work. These concepts are quite similar; however, difference between them exists. Both definitions imply that employees work for their current employers and in accordance with accepted rules, requirements and schedules. Their work is performed through the Internet, and these workers are paid pre-determined salary (Brown, 2017; Rodgers, 2020). The main difference is that remote workers are those who do not visit an office – temporary, for example, during business travel, or permanently, if they are in another place (city, country, etc.). Unlike remote workers, teleworkers may visit an office for scheduled meetings or for other activities, including corporative events (Marzullo, 2019).

Today in many scientific and publicistic articles about distance working during COVID-19 pandemic another definition is frequently appears – working from home, or just WHF. However, it has quite another meaning than teleworking and remote work, as it implies working independently, usually as an owner of personal business, getting income on basis of personal decision of compensation rate and often does not involves usage of the Internet and special computer equipment (Brown, 2017).

While this research investigates changes in lives and emerging problems of all categories of workers who has to work not in an office, the term "distance working" is chosen to emphasize that the work is done on a distance of a worksite.

One of the burning issues of modern reality is adaptation of distance staff to new requirements and features of work. Both personal adaptability as a skill to change own behavior according to alteration of environment to solve problems and accomplish tasks (Boylan & Turnek, 2017; Burnell, 2019), and organizational adaptation as an ability to identify new challenges and create opportunities for organization and its staff to transform for development of required processes and finding the solutions for emerging difficulties (Robbins & Coulter, 2008, 137-138; Schulze & Pinkow, 2020) are highly important.

Many recommendations and guidelines for adaptation to distance working already exist. Reorganization of processes, reconstruction of working team, redesign of offices for those organizational events that cannot be carried remotely and modification of the office system as a whole are the four main steps proposed for companies as a part of reformation of work life during COVID-19 (Boland at al., 2020). Some researchers find the solution of adaptation problems in creating policies and working conditions which include provision of equipment and tools, organization of data protection and security, organization of compensations, expenses and strict responsibility for performance standards ("An employers' guide on working from home in response to the outbreak of COVID-19", 2020). Others see creation of organizational culture, values and trust as the key condition for successful staff adaptation during remote work ("How to Adapt Company Culture for Remote Work", 2020). Lane et al. (2020) provide such recommendations for employees as to communicate much, to use special time-management and self-control programs, to separate work and personal life and to create working space at home. However, all these recommendations are in general, require improvement according to the actual problems, and need of employees. For this special research was carried out to identify pain points of employees working on distance.

Methodology

To collect information about personal feelings and behavior, individual benefits and disadvantages of distance working a survey was created and conducted. A questionnaire consists of four parts: Section A provides personal information (gender, age, education, residence place, family status, children, occupation status, previous experience in distance working and future view); Section B contains questions about working process during remote work (such as schedule, working behaviors, organization of work); in Section C respondents had to evaluate statements about their feeling and behaviors working remotely by 1-5 Likert-scale point; in section D respondents had to mark benefits and disadvantages of distance working which are actual for them personally. The questionnaire consists of 10 questions in Section A, 9 questions in Section B, 43 statements in Section C, 15 statements for benefits and 13 statements for disadvantages in section D. Number of respondents: 25.

To process the information received, the next processing methods were applied: ranking, frequency analysis, independent variables analysis. Data processing analysis were carried out separately for section C, benefits in section D and disadvantages in section D.

Results

In the table below the main socio-demographic characteristics of the survey respondents are provided.

Table 1. The main socio-demographic characteristics (Source: author's collection)

Variable		Number	Percent
Gender	Male	10	40%
	Female	15	60%
Age	<21	0	0%
	21-30	15	60%
	31-45	6	24%
	46-64	1	4%
	>64	0	0%
Education	Secondary education	6	24%
	Higher education	19	76%

Occupation	Full-time	17	68%
	Part-time	2	8%
	Freelancer	3	12%
	Self-occupied	3	12%
Previous experience of distance working	Never worked remotely	11	44%
	Worked both in an office and remotely	13	52%
	Always worked only remotely	1	4%
Consideration of remote work opportunities in future	No, I am not considering	2	8%
	Yes, I am considering	17	68%
	Difficult to answer	6	24%

As for Section C that is about feelings and personal behaviors of employees, ranking was made for all types of marks. The highest results for each group obtained next statements:

Table 2. The highest results of marks chosen for statements about feelings and behaviors (Source: author's collection)

Point	**Statement**	**Number (from 25)**	**Percentage**
5 – Absolutely yes	I clearly understand tasks I should complete working remotely	18	72%
	I know whom to contact in some working cases	16	64%
	I clearly understand policies of distance working (working hours, duties, productivity, etc.)	15	60%
4 – Partly yes	I feel enough connection with my colleagues	11	44%
	I know and understand my company's plans for the future	9	36%
	I like working from home	8	32%
3 – Difficult to answer	My working efficiency has improved during distance working	14	56%
	I am too often distracted by non-working moments (side affairs, social networks, etc.)	13	52%
	Now I complete tasks faster than it was in an office	12	48%
2 – Partly not	I fell too much control from leaders' side	12	52%
	I feel lack of control from leaders' side	8	32%
	I feel like I have too many new obligation	6	24%

1 – Absolutely not	I feel shame taking breaks	16	64%
	I feel more tired after working day at home than it was in an office	11	44%
	I feel fear thinking how I would be coming back to usual working mode in future	11	44%

Upon the results of Mann-Whitney U test between two independent variables (in this case – men and women among respondents) in relation with dependent variables (in this case – statements about work, communication, free time habits, self-evaluation and feelings), there is no statistically significant differences, except the next statements (where $p<0,05$):

Table 3. Statistically Significant differences between independent variables for statements about feelings and behaviors (Source: author's collection)

Statement	**Gender**	**N**	**Mean Rank**	**Asymp. Sig. (2-tailed)**
I feel lack of control from leaders' side	Male	10	9,20	0,027
	Female	15	15,53	
I feel lack of environment change	Male	10	9,25	0,028
	Female	15	15,50	
I start my working day with greater pleasure than it was before start of distance working	Male	10	16,45	0,046
	Female	15	10,70	

It shows that women feel lack of control from leaders' side and lack of environment significantly stronger than men. At the same time, there is a significant difference between men and women who start their working day with greater pleasure than previously.

In Section D analysis was done for benefits and disadvantages of distance working separately. Only positive answers were calculated. The ranking for each group is the following:

Table 4. Ranking for benefits and disadvantages of distance working (Source: author's collection)

	Statement	**N (from 25)**	**Percent**
Benefits	Save travel time	22	88%
	Opportunity to do something parallel (listen to music, have a breakfast, etc.)	19	76%
	No need to think about clothes	15	60%
Disadvantages	Lack of personal communication with colleagues about working questions	19	76%

	Bad quality of Internet	12	48%
	Feeling of being closed at home, lack of change of environment	10	40%

Interesting, that in the previous Section 44% of respondents answered that they "feel enough connection with my colleagues" but in Section D this lack of communication obtained the highest rank among disadvantages that takes to conclusion that employees feel shortage of working contacts working from home.

According to Mann-Whitney U test, there is no statistically significant differences between two independent variables (genders) in relation with dependent variables (benefits and disadvantages separately), except the following dependencies (where $p<0,05$):

Table 5. Statistically Significant differences between independent variables for statements about benefits and disadvantages (Source: author's collection)

	Statement	**Gender**	**N**	**Mean Rank**	**Asymp. Sig. (2-tailed)**
Benefits	Independent desktop organization	Male	10	9,75	0,015
		Female	15	15,17	
Disadvantages	Difficulty to organize personal working desktop	Male	10	15,50	0,046
		Female	15	11,33	

Interesting that both benefit and disadvantage that have statistically significant difference are connected with organization of personal working desktop: for women this possibility is a bonus, while for men it is a shortcoming.

Conclusions

The research conclude that inconsistency exists: respondents mostly answered that they have enough connection to colleagues, know whom to contact if necessary and understand company's plans for future that reflects sufficient communication with top-management, but at the same time, the feeling of lack of communication with co-workers holds the leading position among disadvantages of distance working. Low number of survey participants can explain such discrepancy, and additional research should be done for results that are more accurate.

Another existing significant problem is lack of environment change. Among all respondents 7 and 2 marked it as "Absolutely yes" and "Partly yes" respectively, and 13 had difficulties with evaluation of this statement. At the same time, 40% of respondents mentioned "feeling of being closed at home" as disadvantage, and thus this statement took the third position in the disadvantages ranking. It can be assumed that further research would give more clear information about this case.

Attention also must be paid to organizational working questions, especially in the field of equipment and organization of working place. Bad quality of an Internet is in the top-3 of disadvantages during distance working for employees. At the same time, in Section 2 only

11 respondents have their working place at home that suits them while 6 have but their workplace does not meet their requirements and 8 do not have at all.

Continuous research would give more proper results. However, as for now it can be assumed that general recommendations and guidelines for managers and employees during remote working may not be appropriate for everyone and may not reflect real needs of their users. More personalized survey would help to identify those actual problems and give opportunities to find actual solutions.

References

An employers' guide on working from home in response to the outbreak of COVID-19 (2020). International Labour Organization. [viewed 22.12.2020]. Available: https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_745024.pdf

Boland, B., Smet, A.D., Palter, R., Sanghvi, A. (2020). Reimagining the office and work life after COVID-19. McKinsey & Company: Organization and Real Estate Practices. [viewed 24.12.2020]. Available: https://www.mckinsey.com/~/media/McKinsey/Business%20Functions/Organization/Our%20Insights/Reimagining%20the%20office%20and%20work%20life%20after%20COVID%2019/Reimagining-the-office-and-work-life-after-COVID-19-final.pdf

Boylan, S.A., Turner, K.A. (2017). Developing Organizational Adaptability for Complex Environment. *Journal of Leadership Education*, 2(16), 183-198.

Brown, E. (2017). Difference between Telecommuting and Working from Home. ezTalks. [viewed: 23.12.2020]. Available: https://www.eztalks.com/telecommuting/difference-between-telecommuting-and-working-from-home.html

Burnell, L. (2019). The science of adaptability: a white paper. Mindflick. [viewed 08.12.2020]. Available: https://www.sriexecutive.com/wp-content/uploads/2020/09/The-Science-of-Adaptability.pdf

How to Adapt Company Culture for Remote Work (2020). Distribute consulting, Zoom. [viewed 24.12.2020]. Available: https://zoom.us/docs/doc/How-to-Adapt-Company-Culture-for-Remote-Work.pdf

Lane, I., Mullen, M.G., Logan, D. (2020). Working from Home During the COVID-19 Pandemic: Tips and Strategies to Maintain Productivity & Connectedness. Transitions to Adulthood Center for Research, 5(17).

Marzullo, D. (2019). What's the Difference Between Remote Work and Telecommuting? Workest. [viewed: 23.12.2020]. Available: https://www.zenefits.com/workest/difference-remote-work-telecommuting/

Muluneh, G.S. (2017). The Impact of Change-Oriented Trainings on Employees' Adaptability to Organizational Changes: A Case in Amhara Regional State Education Bureau, Ethiopia. *Journal of International Cooperation in Education*, 2(19), 83-102.

Robbins, S.P., Coulter, M.A. (2008). *Management: International Edition*, 10th edition. New Jersey: Prentice Hall, Pearson.

Rodgers, S. (2020). What's the Difference Between Working Remotely, Telecommuting, and Working from Home? Virtual Vocations. [viewed 23.12.2020]. Available: https://www.virtualvocations.com/blog/telecommuting-job-search-help/differences-working-remotely-telecommuting-working-home/

Schulze, J.H., Pinkow, F. (2020). Leadership for Organisational Adaptability: How Enabling Leaders Create Adaptive Space. *Administrative Sciences*, 10(3), 1-22.

Adina Maikenova. THE EFFECTS OF GREEN MARKETING STRATEGIES ON CONSUMERS' BEHAVIOR IN LATVIA

EKA University of Applied Sciences, Master study programme "Business Administration",

adina_mm@mail.ru

Scientific advisor: Dr.phil., Professor Velga Vevere

Abstract

Research relevance: An environmental problem such as global warming, pollution, extinction of rare animal species, etc. affects society as a whole. Some companies are eager to incorporate friendly products to business strategies. Offering eco-friendly products can be a great tool to business. Sales of companies with a strategy to maintain green products increased by 4% (Nielsen, 2015). This thesis focuses on the impact of green marketing tools, such as the use of eco/bio/green labels, in Latvian market, on customer' choices.

Research goal: The purpose of this research is to determine the effect of green marketing tools on consumer's actual purchase behaviour in Latvia.

Research methods: In order to collect primary data, the survey with closed and Likert scales questions was created. Of course, analytical tools such as statistical software (SPSS, Excel) are implemented for analysing the data.

Main findings: The study assesses the impact of green marketing strategies on people's consumer behaviour and provides an overview of their preferences between conventional and eco-labelled products. This choice varies depending on age, gender and financial situation. With the growing awareness of the world's environmental issue, consumers are focusing more and more on buying organic products. Green consumer perspectives reflect the characteristics of eco-friendly consumers, purchasing behaviour and attitudes towards the environment. The resulting factors provide marketers with opportunities to introduce the philosophy of green marketing into business development in order to attract buyers and reduce harm to the Earth.

Keywords: *Green marketing; eco; environmentally friendly products; consumer purchase behaviour.*

Introduction

For several years, humanity has been struggling with the consequences of their own actions. Environmental issues like climate change, plastic pollution and food security rank high in terms of concern in 2020 (Earth.Org, 2020). This has had a worldwide impact on consumers who have become familiar with the planet's current problems and how people can influence this situation. Thus, according to statistics, the demand for products that do not affect the environment (green products) is increasing every year, for example, in 2014, overall sales was 104 billion dollars, and in 2020 it is expected to be about 140 billion dollars (Gelski, J., 2019).

These trends have influenced not only society, but also gained prominence in the business environment. With the increasing level of competition in consumer markets, companies are constantly trying to find new marketing solutions in order to create additional competitive advantages for products and differentiate products from competitors. Thus, the problems associated with the ecology of the planet and the increased demand for consumption have led to the need to create such a thing as green marketing. It is a set of different strategies and actions to promote environmentally friendly products and services. In recent years, the use of green marketing has attracted more and more different companies. For instance, sales growth by companies with a demonstrated commitment to sustainability was four times higher than competitors' sales: 4%, compared to less than 1% (Nielsen, 2015). Such well-known companies as McDonald, Nike, Apple, etc. use the green products line.

This paper is important because it is an attempt to fill the gap in research on attitudes, perceptions and behavior of consumers in the Latvian market in relation to green marketing. Therefore, the purpose of the research paper is to determine the impact of green marketing on consumers' decisions. From here, several hypotheses are presented:

- People prefer eco-friendly products to regular products
- Green marketing tools such as bio or eco label have a significant impact on consumers' purchase decisions

To carry out this work, a survey was created, then descriptive analysis was carried out using statistical programs. A product with an eco-label can attract the attention of a buyer, but a minority of the respondents are willing to pay more for eco-friendliness, despite the fact that almost everyone considers such products useful.

Literature Review

The term "green marketing" was first mentioned in 1960, however it gained popularity only in the early 80s. During this period, the American Marketing Association in its article defined green marketing as "the study of positive and negative aspects of pollution and depletion of energy sources". Henion and Kinnear expanded definition by adding philosophy, that it is not only about attracting customers to products but it is important for society as well. "As a philosophy, Green Marketing runs parallel to the societal marketing concept and espouses the view that satisfying customers is not enough and marketers should take into account ecological interests of the society as a whole" (Henion & Kinnear, 1976).

Business and the environment are closely intertwined. The environmental challenges that modern society is facing is partly the consequences of large corporations' actions. Many businesses implement green marketing, especially for reasons of opportunity, social and environmental responsibility, pressure from government and competition, and cost reduction (Moravcikova *et all*., 2017).

According to a study by Nielson, substantial numbers of people have adopted a back-to-basics mindset, opting for products that are simple, are fresh, and contain fewer or no preservatives or processed elements (Nielsen Company, 2017). Moreover, the use of green marketing strategies allows the business company to attract quality and loyal customers. Today's consumers (70%) would prefer an organization with eco-friendly products or services focused on helping the environment over competitors with a conventional offer (Haller *et all*., 2020). agreed with this, and also added that the use of eco-marketing increases sales and business profit (Ashe-Edmunds, 2015). In addition to tangible benefits, green marketing improves the overall image of the company, thereby differentiating from competitors and attracting more investors. However, some of researches has opposite point of view "… certain environmental investments are difficult to offset, at least in the shorter term, and do not contribute to the optimization of their economic performance" (Fraj *et all.,* 2011).

In Latvia, different local companies producing high quality products are existed. According to the research, Latvian customers prefer high quality local organic food, thus producers need to provide evidence for food origin and its compliance with national food system's standards. In the same study, the author came to the conclusion that given high competition in the Latvian market, many companies use resemblant logos and brand names, which leads to confusion among consumers. This case is an example of a poorly developed marketing strategy (Gutmanis & Grinberga-Zalite, 2017).

The term green marketing strategy was mentioned in works of Orsato R., Ginsberg J., and Bloom P. Researchers differentiated 5 main types of green marketing strategies closely related to pricing, placing, distribution and utilization (Orsato, 2006).

This article considers the influence and attitudes of consumers towards the price aspect, appearance (logo) and location of eco-products in stores. The main reason why consumers refuse to buy environmentally friendly products is the high price. The younger generation is more willing to pay higher prices for green products than the older generation. When choosing products, appearance plays a second role in advertising. Thus, advertising is the main factor in choosing ecological products (Delafrooz *et all*., 2014).

After analyzing literature, it can be concluded that in the face of existing environmental problems, many researchers are willing to help reduce the negative impact on the ecology of the planet. If it is possible to identify important factors influencing the pattern decision of consumers in favor of eco products, it will be possible to improve business income, as well as positively affect the state of the Earth and make a socio-cultural contribution.

Methodology

A quantitative approach using a questionnaire was taken to identify the impact of green marketing on consumer purchase pattern. It should be noted that the general nature of the study refers to a cross-sectional view. It is method of studying a diverse population at one time point in order to collect data about people at different stages of life or in different circumstances.

The questionnaire was divided into 2 sectors. The first sector includes demographic questions for identifying age, gender, monthly income and occupation, as well as attitudes towards the concept of eco-actions and green marketing in general. The second part is the main one, it contains questions using a five-point Likert scale, where 1 – strongly disagree, 5 – strongly agree.

In total, 30 respondents were interviewed, over 18 years old and living in the territory of Latvia. The questionnaire format is online, for a convenient way to disseminate and collect information, which is cost and time saving type of questioner. The content of the questionnaire was developed on the basis of scientific literature and works on a similar topic. To analyze the data obtained, statistical software (SPSS, Excel) were used.

Results

According to the result of the analysis and calculation using the statistical programs of the first part of the questionnaire, the following conclusions were made (Table 1). The survey involved the equal number of men and women, which indicates as 1: 1 ratio. More than 80% of the respondents belong to generation Z, people who were born in the period 1995-2012. Obviously, the dominant social status of survey participants is university students. 18

people are students, while 10 are employed and 4 are out of work. 34.4% have an income of up to 500 euros per month, the same percentage have no income at all. This is due to the fact that most of the respondents are of the younger generation who are just starting professional careers.

Table 1. Demographic characteristics (Source: Google forms)

Questions	Categories	F (16)	M (16)	Total (100%)
Age	18-25	13	13	81,3
	26-35	2	1	9,4
	36-50	1	2	9,4
Occupation	Student	9	9	56,3
	Worker	4	6	31,3
	Unemployed	3	1	12,5
Monthly income (euro)	No	7	4	34,4
	<500	7	4	34,4
	500-1000	2	5	21,9
	>1000	0	3	9,4

The results of the following surveys show, 53% of correspondents are familiar with the concepts of green marketing and products (Fig. 1). When 34.4% know a little about it. Thus, we can say that 87% of people are familiar with this concept. With regard to the division of gender, the familiarity with a topic among men and women is equal. 72% of respondents take actions to improve the positive state of the planet.

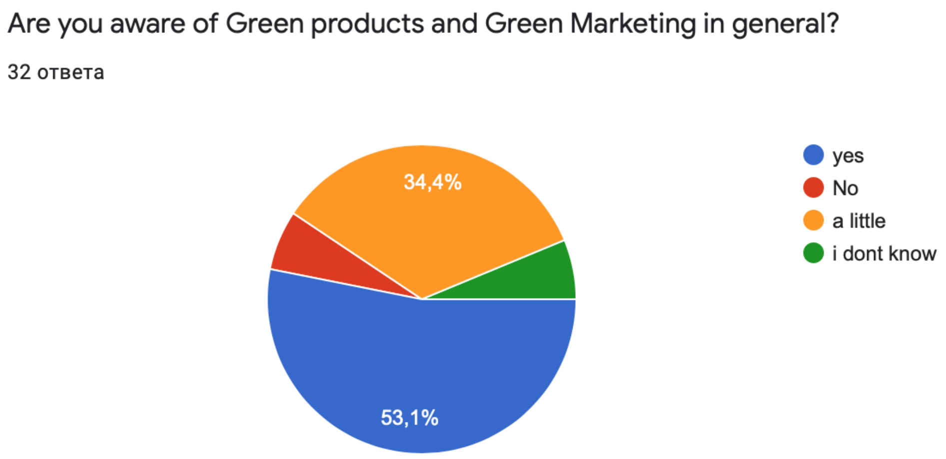


Fig. 1. Awareness of the green marketing (Source: Google forms)

The second part of the survey involved questions that were divided into the perception of eco-products, eco-label, advertising and prices.

Table 2. Perception of green products (Source: Google forms)

	SD	D	N	A	SA	Mean
Eco production useful for health and environment		3%	6%	41%	50%	4,3
Eco-products always have a high quality	3%	9%	28%	22%	38%	3,8
I currently buy eco-friendly products	9%	31%	19%	25%	16%	3
I will continue to buy from a company if I found out it practiced non-environmentally friendly actions	6%	31%	19%	25%	19%	3,1

91% of respondents agree that eco-friendly products are good for health and the environment (Table 2). The idea that eco-products are of high quality is supported by 60% of the respondents. The results showed that the perception of eco-products is positive. However, despite the positive attitude towards green products, the majority (31%) do not drip at the moment. The same percentage of respondents will remain with companies that are harmful to the environment.

Table 3. Eco-label (Source: Google forms)

	SD	D	N	A	SA	Mean
Products with eco-friendly logo get more attention		9%	13%	44%	34%	4
I perceive green logo as an eco-brand		12%		72%	16%	3,9

A leading number of respondents agree that the eco-logo gets more attention on the store shelves and that green is consistent with environmentally conscious brands. Thus, the average of the responses is 4.

Table 4. Green-advertising (Source: Google forms)

	SD	D	N	A	SA	Mean
I can remember example of eco-product advertising	9%	9%	38%	25%	19%	3,3
I believe advertising information about eco products	6%	31%	25%	25%	12%	3

In relation to advertising, controversial results emerged (Table 4). Most of the participants answered (38%) that they have a neutral attitude in the example of green advertising, but the total percentage of those who agree and fully agree is 44%. An equal number of respondents believe (37%) and do not believe (37%) in one of the marketing tools.

Table 5. Green-pricing (Source: Google forms)

	SD	D	N	A	SA	Mean
The green or environmentally friendly products are worth the money	3%	13%	28%	37%	19%	3,5
I am willing to pay more for green products	13%	13%	34%	37%	3%	3

As can be seen from the results, 26% do not agree to overpay for eco-friendly products, and 16% are not ready to increase costs due to the relatively high price settings for sustainable products. Despite this, more than 40% of those surveyed are ready to accept such prices.

Conclusions

The study assesses the impact of green marketing strategies on people's consumer behavior and provides an overview of their preferences between conventional and eco-labeled products. This choice varies depending on age, gender and financial situation.

Respondents demonstrated a high level of awareness of the concepts of both green product and marketing, and a significant number of people are doing good things to protect the environment. Also, respondents highly agree that eco-products are good for human health as well as for the planet. However, this number is different from the real reality. Many members refrain from making green purchases. This further proves the importance of using green marketing strategies and the need for more detailed research in order to increase the consumption of green products. This fact denies the first hypothesis. Indeed, consumers believe that green products are healthy, but in reality, they prefer conventional products.

One of the reasons is presumably the high set price for green products. This scares many buyers. It is worth considering that most of the people taking part in the survey were students with average earnings or no earnings. Thus, the pricing strategy can influence the choice when making a purchase.

The second hypothesis is that eco-labeling and eco-branding influence customer buying patterns. The survey showed that, indeed, the dominant number of respondents agree and fully agree that the eco-logo and overall appearance grabs their attention. At the same time, advertising has an average effect. Since many do not agree or completely disagree with the veracity of the content. Thus, the result shows that among Latvian consumers they prefer to get acquainted with the products live rather than through advertising. To conduct a better analysis, it is necessary to interview as many consumers as possible, preferably of different ages and occupations. Moreover, to deepen the research, it is possible to conduct analyzes of local companies, study case studies and identify what green strategies are used.

Thus, the average value of the answers ranged from 3 to 4, with a tendency towards the mark 3. This suggests that, on average, the attitude towards the problem of the environment among consumers is in the middle. Therefore, companies that want to develop in the green space need to carefully consider strategies for entering the market.

References

Ashe-Edmonds, S. (2015). What are the benefits of green marketing? [Accessed 28.12.2020]. Available from Internet: from http://smallbusiness.chron.com/benefits-green-marketing-68744.html

Bukhari, S.S. (2011). Green Marketing and its Impact on Consumer Behavior. *European Journal of Business and Management* (online), 3(4), 375-383. [Accessed 28.12.2020]. Available from Internet: from http://www.iiste.org/Journals/index.php/EJBM/ article/viewFile/322/211

Delafrooz, N., Taleghani, M., & Nouri, B. (2014). Effect of green marketing on consumer purchase behavior. QScience Connect, (1), 5. DOI:10.5339/connect.2014.5

Earth.Org (2020). The Biggest Environmental Problems Of 2020: - Past: Present: Future. [Accessed 28.12.2020]. Available from Internet: from https://earth.org/the-biggest-environmental-problems-of-our-lifetime/

Fraj, E., Martínez, E., & Matute, J. (2011). Green marketing strategy and the firm's performance: the moderating role of environmental culture. *Journal of Strategic Marketing*, 19(4), 339-355. DOI: 10.1080/0965254X.2011.581382

Gelski, J. (2019). Sustainable product market could hit $150 billion in U.S. by 2021. [Accessed 28.12.2020]. Available from Internet: from https://www.foodbusinessnews.net/articles/13133-sustainable-product-market-could-hit-150-billion-in-us-by-2021

Gheorghiu, A., Vidrascu, P. A., & Niculescu, M. D. (2013). The development of the Eco-marketing, green performance and corporate responsibility in a competitive economy. Calitatea, 14(5), 373.

Ginsberg J., Bloom P. Choosing the right green marketing strategy. MIT Sloan Management Review, 46 (1), 79-84.

Gutmanis, N., & Grinberga-Zalite, G. (2017). Promotion and Branding of Sustainable "green" Food Brands: Case Study of Latvia. Sofia: Surveying Geology & Mining Ecology Management (SGEM). DOI: http://dx.doi.org/10.5593/sgem2017/53)

Haller, K., Lee, J., & Cheung, J. (2020). 2020 consumers driving change. [Accessed 28.12.2020] Available from Internet: from https://www.ibm.com/thought-leadership/institute-business-value/report/consumer-2020

Henion, K. E., & Kinnear, T. C. (1976). *Ecological marketing*. Chicago: American Marketing Association.

Moravcikova, D., Krizanova, A., & Kliestikova, J. (2017). Green Marketing as the Source of the Competitive Advantage of the Business. *Sustainability*, 9(12), 2218.

Nielsen (2015). Consumer-Goods' Brands That Demonstrate Commitment to Sustainability Outperform Those That Don't. [Accessed 28.12.2020] Available from Internet: from https://www.nielsen.com/eu/en/press-releases/2015/consumer-goods-brands-that-demonstrate-commitment-to-sustainability-outperform/

Nielsen Company (2017). Capitalizing on health and wellness trends. [Accessed 28.12.2020] Available from Internet: from https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/health-wellness-report-feb-2017.pdf.

Orsato, R. (2006). Competitive Environmental strategies: When does it pay to be green? *California Management review*, 48 (2), 131.

Polonsky, M. J., & Rosenberger, P. J. (2001). Reevaluating green marketing: A strategic approach. *Business Horizons*, 44(5), 21-30.

Janaka Ranga Thilaka Ihalage. PERFORMANCE EVALUATION OF LEAN PRODUCTION IN THE APPAREL INDUSTRY IN SRI LANKA

EKA University of Applied Sciences, Master study programme "Business Administration",

jrangathilaka@gmail

Scientific advisor: Dr.phil., Professor Velga Vēvere

Abstract

Research relevance: The purpose of this paper is to evaluate the performance of lean production in the apparel industry in Sri Lanka and aims to generate knowledge for further research. There are 856778 million (Sri Lankan Rupee) Gross Domestic Production in 2018 with 304824 employees were engaged in the apparel industry in Sri Lanka. (Central Bank of Sri Lanka, 2019) and one of the major hubs in the apparel industry which exporting to the USA and Europe recognized brands. With a view of performance achievements in the leading factories are practicing lean in order to compete with the other similar factories worldwide. According to the literature, Lean is one such practice rarely adapted to changing manufacturing process which is aiming at productivity improvements. Non-cost performance improvements resulting from lean makes the inadequacy of traditional measurements for evaluating performance. (Perera & Perera, December 19, 2013)

Research goal: To identify the Performance evaluation of lean production in the apparel industry in Sri Lanka.

Research methods: To achieve this goal, the author conducted a survey distributed to the apparel industrial employees by using the cluster sampling for gathering data as the instruments in which counted 175 questionnaire and 05 expert interviews. The results will be evaluated by descriptive statistics, Regression analysis and ANOVA table performed by SPSS Statistics software.

Main findings: Knowledge of the performance of lean production, the neediness, awareness of lean and relationship between lean production and performance will be evaluated in the research.

Keywords: *Performance evaluation; lean production; lean manufacturing; apparel industry.*

Introduction

The most important contributor to the Sri Lankan economy can be recognized as the apparel industry. It is known as Sri Lanka's leading export industry since 1986 (Gamage, Vilasini, Nimesha, Perera, Chandana, & Wijenatha, Lakmini, September 2012). There are 856778 million (Sri Lankan Rupee) Gross Domestic Production in 2018 with 304824 employees were engaged in the apparel industry in Sri Lanka. (Central Bank of Sri Lanka, 2019) and one of the major hubs in the apparel industry which exporting to the USA and Europe recognized brands. Therefore, these statistical data prove that country is depending on the apparel industry for both exchange earnings as well as employment.

However, the boom of the industry is coming to an end, and with the end of the quota system in 2005, regional trade groups and bilateral free trade agreements expand and control nearly 33 percent of global trade, with China emerging as a major supplier for the apparel at a very competitive price (Kelegama, 2005). The cost leadership strategy competition among manufacturers and the less development of domestic infrastructure progress impair the external competitiveness (Gamage, Vilasini, Nimesha, Perera, Chandana, & Wijenatha, Lakmini, September 2012). Including the apparel industry, all the manufacturing industries were affected by global recession (Gamage, Vilasini, Nimesha, Perera, Chandana, &

Wijenatha, Lakmini, September 2012). Since later 2008. Not only that, but the Sri Lankan apparel industry is also facing huge competition within the region while it trying to recover from the economic situation. The industry requires to minimize costs of production while increasing quality improvements and delivery speed, upgrade technology, maintain high labour standards with domestic base inputs to survive with the competition (Gamage, Vilasini, Nimesha, Perera, Chandana, & Wijenatha, Lakmini, September 2012). As a result, many of the apparel industries were prepared to meet these challenges by redefining, redesigning, and improving their production systems. In this context, they studied different methods followed by different manufacturing sectors in different countries.

Lean production methodology is one of the concepts introduced to the apparel industry with the objective of eliminating waste, reducing inventory, improving product quality, reducing lead time, and increasing productivity etc. All these objectives will ultimately set one of the primary objectives of providing enhanced customer satisfaction while eliminating product waste activities. The concept of leanness is creating importance for the users since it is an amalgamation of the process of Just in Time (JIT), Total Quality Management (TQM), Supply Chain Management, etc. This is a strategic process that does not give short term benefits since the implementation of the lean process takes time. (Soriano-Meier & Forrester, 2002)

Lean manufacturing is still not well spread widely in the Sri Lankan apparel industry and it needs to be adapted accordingly to the apparel industry in a suitable way. But the huge factories like MAS Holdings, Brandix, Hydramani have already implemented lean practices extensively within their premises. Firstly, the paper presents a review of literature on lean manufacturing and lean production by previous researchers. Then the methodology results with difficulties and finally conclusions are discussed.

Objectives of the Study

- Identify the impacts of lean production
- Identify lean production principles and implementations

Literature Review

According to the definition of (Sanchez & Nagi, 2001) the lean concept is an operational practice, and it focuses on the productive use of resources. Both types of lean innovation product or process are extremely high for keeping and seeking a competitive advantage over the industry life cycle. Products innovations, product development or gradual improvements occur to diminish costs, shorten lead time, improve quality, and add more value to customers (Utterback, 1996). Lean has become a management approach for all aspects of production which includes improving operational and socio-technical performance, even though it used as a tool to improve the operational performance of automotive manufacturing industry at the early stage (Joosten, Bongers, & Janssen, 2009). As per the (Shah & Ward, 2007) suggestion, the lean is a combination of both the socio-technical systems. It eliminates the waste of both external variabilities in the supply chain and internal variabilities in the production process. However, according to the suggestion of (Womack & Jones, 1996), lean lies in continuous improvement with the purpose of increasing customer value and minimizing waste. To make the company more profitable directly by reducing costs or indirectly by improving productivity is the reason that many industries which including apparel manufacturers opt to use lean as a concept McGrath (2007). Observed data by (Mehri, 2006) and concluded the Toyota Production System (TPS) and found that the lean design has a negative effect on workers' potential for innovation and creativity, through focusing on waste minimization.

By the early twentieth century, the emphasis on performance appraisal was on budgeting and accounting controls. A system based on the financing of the 1950s. In the 1960s to 1980s status, time, flexibility, and functions related to customer satisfaction began to be created. (Ghalayini, 1996)

The various performance appraisals that need to be considered are multidimensional and require stakeholders to agree with the various performance expectations, which means showing the criteria and criteria required. (Ghalayini, 1996) (Nudurupati, Bititci, Kumar, & Chan, 2011). (Nudurupati S. , Bititci, Garengo, & Dörffler, 2012)(Thiel, Ensslin, S.R, & Ensslin, L, 2017).

That all the required components are met in a complete manner and cannot be obtained systematically.

It should also be noted that for many strategic purposes this system is not part of the criteria that give decision makers the opportunity to understand the consequences of their actions. (Vernadat, F., Shah, L, Etienne, A., & Siadat, A., 2013) (Thiel, Ensslin, S.R, & Ensslin, L, 2017)

This shows that many performance appraisal systems do not meet the criteria or organizational day-to-day needs of their users in the academic community, and the gap between what performance appraisal systems promise and what they actually deliver is defined by the concept of performance. (Roy, 1994). Lean Practical Assessment Enhance the development of lean products in a wide range of businesses and improve the customer based on them and minimize waste and gain a competitive advantage. (Womack J. a., 1996). Strategies related to mindfulness references mentioned in various research papers have been used in the study of practical activities, and various European American and Asian companies have conducted studies to consider the age-size, aspects of the company, and the results of the study have been highlighted in this study.

Methodology

For this study, information was collected through samples and a randomized test was performed using the questionnaire system. Materials for this study have been collected by obtaining information from research papers as well. The descriptive statistical technique is used on the information in the questionnaire used to analyse the data for further analysis. Hypothesis testing is also performed by hypothetical testing tools and methodology. Materials for this study have been collected by obtaining information from research papers as well.

This survey was done by gathering 19 responses among employees and majority of them were in apparel & manufacturing sectors. 100% believe that lean practices should be engaged in the production process.
Here the data are presented through a questionnaire. The veracity of the information was tested by a hypothetical setting. Only one hypothetical test was performed here. Hypothesis:

H1: There is a significant relationship between waste minimization and value for the customer

Results

Table 1. Descriptive Statistics (Source: Compiled by the author)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Gender	19	1.00	2.00	1.5789	.50726
Age_Grp	19	2.00	3.00	2.2105	.41885
Edu_Lvl	19	2.00	4.00	3.3158	.58239
Occu_Status	19	1.00	4.00	1.3684	.95513
Job_Title	19	1.00	3.00	1.7895	.71328
Desc_Org	19	1.00	4.00	2.5263	1.02026
No_Emp	19	1.00	4.00	2.1579	1.11869
Valid N (listwise)	19				

As mentioned in the table above, when considering gender, age, nature of employment, level of education, position, etc. negative skewness compartment can be seen in gender and educational level. A relatively high standard deviation can be seen in terms of job status

Considering the awareness of the Lean concept, according to the information obtained from the questionnaire, the chart below shows the employees' awareness of the concept of lean.

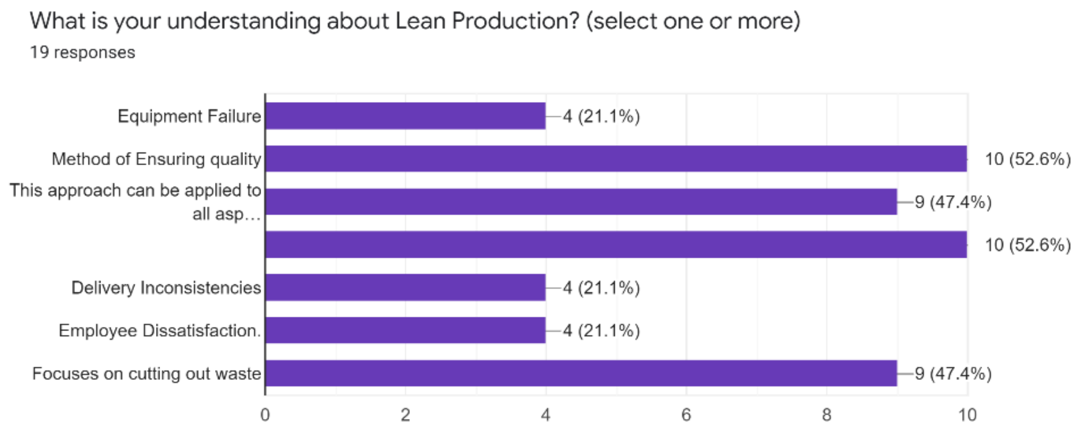


Fig. 1. Awareness about the lean production (Source: Compiled by the author.)

Understanding about Lean Production of Equipment Failure, Method of Ensuring quality, this approach can be applied to all aspects of a business, reduce production times and reduce total costs, Delivery Inconsistencies, Employee Dissatisfaction, focuses on cutting out waste. Many people have come up with a concept that is understood to be a method used to measure quality or, in addition, a method used to reduce time and cost, and to minimize waste and to apply this anywhere, anytime. There has been a response that it is possible.

H1: There is a significant relationship between waste minimization and value for the customer.

Table 2. Model Summary for H1 (Source: Compiled by the author)

Descriptive Statistics			
	Mean	Std. Deviation	N
Incr_Cus_Val	3.6842	1.29326	19
Undrs_LP_9.7	.4211	.50726	19
Ln_Elm_waste	4.1579	1.06787	19
Ln_Reduc_Cst	3.8421	1.30227	19
Ln_Tme_Reduc	3.7895	1.18223	19
Qlty_Attn	2.3684	1.11607	19
Reduc_Res_Sys	2.3684	1.01163	19

Table 3. Model Summary for H1 (Source: Compiled by the author)

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.961[a]	.924	.887	.43554	.924	24.450	6	12	.000
a. Predictors: (Constant), Reduc_Res_Sys, Ln_Elm_waste, Undrs_LP_9.7, Qlty_Attn, Ln_Tme_Reduc, Ln_Reduc_Cst									

There is a significant relationship between minimization and value for the customer by 89% of Adjusted R Square and the H_0 hypothesis is been rejected by 5% of confidence level.

Table 4. Model Summary for H1; ANOVA[a] (Source: Compiled by the author)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.829	6	4.638	24.450	.000[b]
	Residual	2.276	12	.190		
	Total	30.105	18			
a. Dependent Variable: Incr_Cus_Val						
b. Predictors: (Constant), Reduc_Res_Sys, Ln_Elm_waste, Undrs_LP_9.7, Qlty_Attn, Ln_Tme_Reduc, Ln_Reduc_Cst						

As shown in the ANOVA table above, the regression model shows a Sum of Squares 27.8, Mean Square of 4.638, and F value is 24.450. H0 hypothesis is been rejected according to the 0.05 confidence level.

Conclusions

There is a significant relationship between lean production performance and overall cost of the product as well as it leads to improve the performance of the employees and motivates the management to increase productivity. Although the topic was widely discussed, it was realized that the lean manufacturing concept is not still a widely used tool in the Sri Lankan apparel industry. The researchers believe that this is due to the difficulty of adapting to the lean culture in which an organized approach is essential. Performance evaluation of the lean production affect to identify non-value-added activities which can be avoid or minimize the engagement to save company time and cost. Employees involvement can be increase by increasing the awareness of the lean concept among employees.

References

Gamage, J., Vilasini, Nimesha, Perera, Chandana, & Wijenatha, Lakmini. (September 2012). Impact of Lean Manufacturing on Performance and Organisational Culture: A Case Study of an Apparel Manufacturer in Sri Lanka. ResearchGate, 423-436.

Ghalayini, A. a. (1996). The changing basis of performance measurement. *International Journal of Operations & Production Management*, 134-156.

Joosten, T., Bongers, I., & Janssen, R. (2009). Application of lean thinking to health care:issues and observations. *International Journal for Quality in Health Care* 21, 341–347.

Kelegama, S. (2005). Ready-made garment industry in Sri Lanka: preparing to face global challenges. *Asia-Pacific Trade and Investment Review*, 51–67.

Mehri, D. (2006). The darker side of Lean: An insider's perspective on the realities of the Toyota Production System. *Academy of Management Perspectives*, 21-42.

Nudurupati, S., Bititci, U., Garengo, P., & Dörffler, V. (2012). Performance measurement: challenges for tomorrow. *International Journal of Management Reviews*, 305-327.

Nudurupati, S., Bititci, U., Kumar, V., & Chan, F. (2011). State of the art literature review on performance measurement. *Computers & Industrial Engineering*, 279-290.

Roy, B. (1994). On operational research and decision aid. *European Journal of Operational Research*, 23-26.

Sanchez, L., & Nagi, R. (2001). A review of agile manufacturing systems. *International Journal of Production Research* 39, 3561 – 3600.

Shah, R., & Ward, P. (2007). Defining and developing measures of lean production. *Journal of Operations Management* 25, 785–805.

Soriano-Meier, H., & Forrester, M. (2002). A Model for Evaluating the Degree og Leanness of Manufacturing Firms. *Intergrated Manufacturing Systems*, 104-109.

Thiel, G., Ensslin, S.R, & Ensslin, L. (2017). Street lighting management and performance evaluation: opportunities and challenges. *Lex Localis – Journal of Local Self-Government*, 303-328.

Utterback, J. (1996). *Mastering the dynamics of innovation*.Boston. Harvard Business School Press.

Vernadat, F., Shah, L, Etienne, A., & Siadat, A. (2013). VR-PMS: a new approach for performance measurement and management of industrial systems. *International Journal of Production Research*, 7420-7438.

Womack, J. a. (1996). *Lean Thinking.* New York, NY: Free Press.

Womack, J., & Jones, D. (1996). *Lean thinking*. In Touchstone books. London, England: Banish waste and create wealth in your corporation.

Amila Rumesh Perera Usliyana Arachchige. CULTURAL ELEMENTS AND ITS IMPACT ON SRI LANKAN HOTEL INDUSTRY

EKA University of Applied Sciences, Master study programme "Business Administration",

amilarumesh87@gmail.com

Scientific Advisor: Dr.oec., Professor Jeļena Titko

Abstract

Research relevance: This study evaluates the impact of cultural events conducting by hotels as a marketing strategy to flourish with more customers in Sri Lankan Hotel industry which, is developed with a strong tourism industry due to the cultural aspects of the country that have been attracted by many tourists around the world. According to statistics from Sri Lanka Tourism Development Authority (SLTDA) Sri Lanka received 1.9 million tourists annually with over 240,000 visiting during the month of December whereas Sri Lanka's Tourism Revenue reached 4 USD bn in Dec 2019.

Research goal: Is to identify the impact of cultural elements in Sri Lankan Hotel Industry and the productivity that comes with it.

Research methods: To achieve a purpose of the research, five point Likert Scale questionnaire have asked as a tool of quantitative research, applied the method of descriptive statistics and the ranking procedure.

Main findings: The proper use of cultural elements can bring great success in the industry, The correct management that is a powerful factor influencing the development of the hotel, The quality of cultural elements, its diversity, which affects the development of the organization, It be more productive by providing services at a reasonable price while giving priority to customer needs.

Keywords*: Marketing; cultural; tourists; hotel; Sri Lanka.*

Introduction

The hotel industry is one of the fastest growing sectors in the world. In the hotel industry as it has been pointed out how they try to outdo each other by providing good service to customers using different marketing strategies. At the same time, it is a common sight to see hotels in Sri Lanka using the unique cultural elements of the country to promote their company, which has attracted a large number of local and foreign customers which is favored with seven UNESCO named world heritage cities and being a luxuriously bio-expanded land notwithstanding the diminutiveness of the nation. Sri Lanka is considered as perhaps the most appealing social and characteristic hotspots of the world. The hotel industry, which can't be confined from the travel industry, makes a definitive commitment for the improvement of the business. The tourism industry is being highly beneficiated from the hotel industry. Many tourists come to visit the place and hotel provide a better facility of living and taking rest. Hospitality sector offers a direct impact on the customer and linked with each other. As it directly affects customer satisfaction. If there are many excellent hotels with star rating than more high-income tourist come to spend their leisure time with their family which increase the economy of the country. The hotel industry captures tourist and grows the business market at a high rate. The flow of internal and foreign tourist start to increase in advance manner and raise the overall GDP and gross rate of a nation in a positive way. According the Central Bank of Sri Lanka, the hotel industry adds to just around 2 percent to the nation's Gross Domestic Product (CBSL, 2011).

As the data from Sri Lanka Tourism Promotion Bureau August is considered to be a key month for tourist arrivals as more tourists visit the world famous Kandy Perahera,(Major Cultural event in SL) Over 200,000 tourists visited Sri Lanka in August 2018 (Fernando, 2019). Sri Lanka, "the pearl of Indian Ocean", has a grand history of a very long time and rich culture which is appended and development with Buddhism. At the point when learn about the Sri Lankan culture, Sri Lankan traditional dance has been assumed a surprising position. Sri Lankan traditional dance has an enormous fascination of local and foreign tourists on account of its uniqueness, brilliance, and beat of instruments. Sri Lankan traditional dance can be known as one of the brilliant fortunes which shows the pride of country. On the other hand, it is using as a strategic method to get more tourist attractions. Cultural dance includes dance execution as well as colourful costumes, conventional music and instruments, and other attributes too. Sri Lankan traditional dance additionally sort of an incredible dance style alongside with brilliant history where the tourist must see.

The main aim of this research is to identify the impact of the cultural elements used as a marketing strategy in Sri Lankan hotel industry. Furthermore, there is a growing tendency for the use of cultural elements in the hotel industry at present, and to increase their sales, introduce the use of such elements for hotels that do not use those cultural elements. Both local and foreign tourists are interested in involving cultural elements which is unique to Sri Lanka.Therefore, customers are very excited to connecting with culture entertainments with gaining a new experience and making their vacation meaningful and enjoyable. The hoteliers, who understand the needs of those customers, work to enhance their business by using cultural elements as a marketing strategy to attract customers to their business. Moreover, the hotelier, with a general education, who have no experience in the field and not belong to the star concept, manipulate the cultural elements and trying to take their business to the next level by capturing the customers by overcoming those who have the higher education qualifications, remaining at the top in the star concept and having experience in the field.

The author of the paper emphatically accept that some of the hotel administration haven't yet realized the potential of using proper cultural elements. They strongly believe in the traditional marketing and hospitality methods to attract many customers. Therefore, the author of the paper came up with hypothesis that, there is a positive impact due to the use of formal and consolation cultural aspects for attracting local and foreign tourists, can increase in the number of customers in the hotel industry.

To accomplish of purpose behind the research five point Likert Scale questionnaire have used as a tool of survey to collect data via Google forms. Hotel Managers, Hotel Administration members were used as the target group and applied the method of descriptive statistics, regression analysis, and the ranking procedure. Survey answer will be presented in the forms of chart and table with a full description.

Literature Review

Culture is that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society (Tylor, 1871). Culture is a concept that has been used in several social science disciplines to explain variations in human thought processes in different parts of the world (Pathak -2004). Culture is the collective programming of the mind which distinguishes the members of one category of people from another (Harris, 2001). Culture is the total of human achievements, material and non-material, capable of transmission, sociologically, i.e., by tradition and communication, vertically as well as horizontally (Menon & Shweder, 1994).

Marketing strategy is an organization's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives (Varadarajan, 2010). Marketing strategy is the basic approach that the business unit will use to attain its goals and which comprises of elaborate decisions (strategies) on largest markets, market positioning and mix and marketing expenditure allocation. Moreover, the marketer should take care of the other two strategic aspects, viz., expected environment and competitive conditions while determining the marketing strategy (Kotler, 1987).

A marketing strategy consists of an internationally integrated but externally focused set of choices about the organization addresses its customers in the context of a competitive environment (Bradley, 2012). Strategic marketing means looking at the whole of a company's portfolio of products and markets, and managing the portfolio to achieve the company's overall goals (Jain & Girish, 2000). The term "marketing strategy" reflects the company's best opinion as to how it can most profitably apply its skills and resources to the marketplace. It is inevitable broad in scope. Marketing strategies are the means by which a company achieves its marketing objectives and are usually concerned with the 4 p's (McDonald, 1999). Marketing strategy is the basic approach that the business unit will use to attain its goals and which comprises of elaborate decisions (strategies) on largest markets, market positioning and mix and marketing expenditure allocation. Moreover, the marketer should take care of the other two strategic aspects, viz., expected environment and competitive conditions while determining the marketing strategy (Kotler & Keller, 2005).

Methodology

As a methodology of research, Five Point Likert Scale questionnaire have asked as a tool of quantitative research, consists of two parts with Six respondent profile questions and twenty six general questions and evaluated each statement by 1-5 point scale, where 1 is Never and 5 is Always. The main purpose of creating the questionnaire was to obtain information about the hotel management, star concept, as well as the successful or unsuccessful outcomes of productivity due to the cultural aspects of the hotel. In addition, Hotel Administration team / Managers were used as the target group and 35 people contributed for this task. A survey was conducted on the online platform Google forms were used to gather information. Further, to code the respondent's data applied the method of descriptive statistics and the ranking procedure. The study also provides a regression analysis, to understand the survey results along with tables and graphs were developed that show the main data related to this study.

Results

According to collected data, the given table and the bar graph, depicts the percentage of hotels which never used any cultural elements since the inception of the hotel is 20%. About 60% of the respondents said that rarely they have used most cultural elements of the hotel have been maintained from the very beginning. None of the hotels that assisted in gathering information have used cultural elements from the very beginning. Moreover, 14.3% of hotels have maintained cultural elements occasionally since its inception and 5.7% have maintained cultural elements very frequently from the very beginning.

Table 1. Cultural elements in hotels were in the beginning and present (Source: author's survey results summary)

	Never	Rarely	Occasionally	Very Frequently	Always
At The Beginning	20.0%	60.0%	14.3%	5.7%	0.0%
At Present	0.0%	2.9%	5.7%	22.9%	68.6%

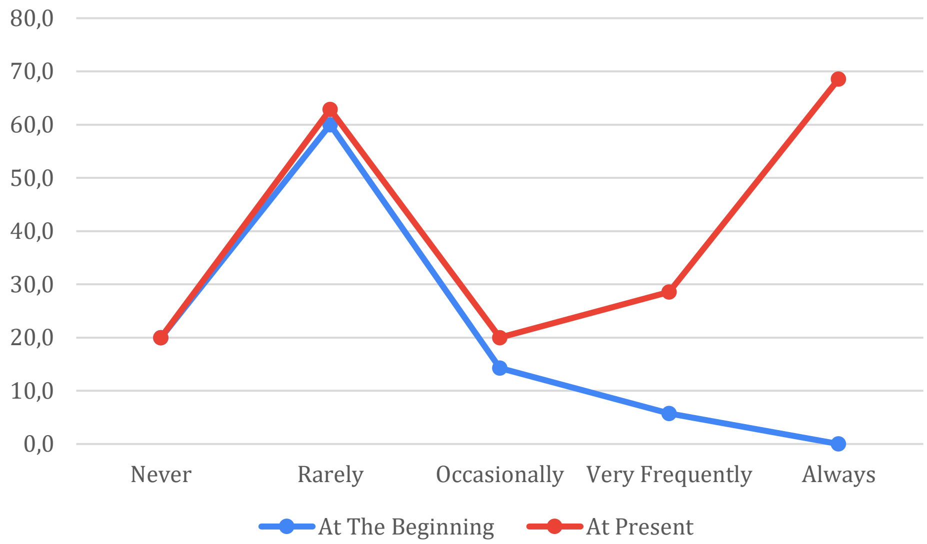


Fig. 1. Cultural elements in hotels were in the beginning and present (Source: author's survey results summary)

Of those who answered, 62.9% confirmed that they had artists always who were dedicated to the institution, while 25.7% said that they very frequently had artists. Furthermore, 5.7% said that there were no artists when they were confined to their hotel, while 2.9% said that they rarely have artists and that 2.9% confirmed that they have occasional artists.

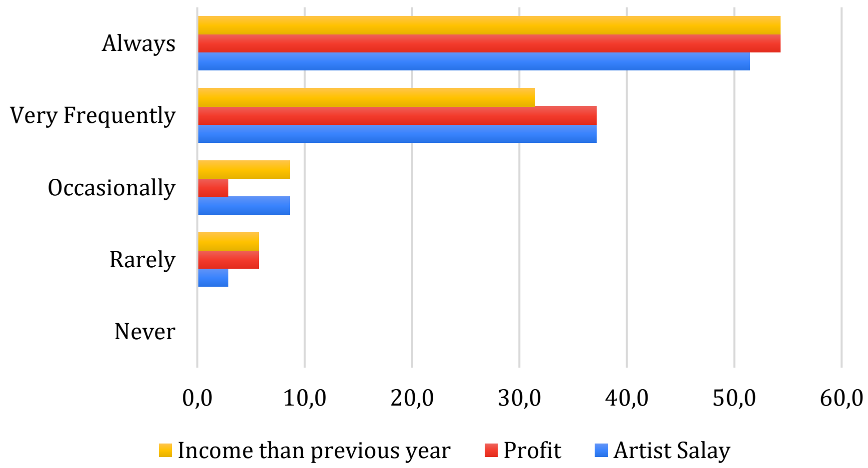


Fig. 2. Salary, Profit, and Income level over the previous year for hosting cultural events in hotels (Source: author's survey results summary)

According to the table above, 51.4% of the respondents said that they are always happy with the salary paid to the artists and the income they get as a result of them. In addition, 37.1% said that they were very frequently happy with the salaries paid to the artists and the revenue the company receives from them. None of the informants said that they never unhappy with the salaries paid to their employees and income get because of them. 8.6% said they were occasionally happy and 2.9% said they were rarely happy due to the fact that the salaries paid to the artist and the income gets through them. 54.3% reported that they always making a profit from cultural events, while 37.1% reported that they making a profit very frequently, 5.7% making a profit rarely, and 2.9% making a profit occasionally respectively. In addition to the above, no one has said that they are at a loss because of the presence of cultural elements. On the other hand, 54.3% of those who provided information said that they had earned more revenue this year than the previous year due to cultural events, while 31.4% said that they were very frequently earning more than the previous year. 8.6% occasionally and 5.7% rarely said they earned more than the previous year by maintaining cultural elements in their hotels.

Table 2. Statistical measured response of Hoteliers towards conducting Cultural Events. (Source: author's survey results summary)

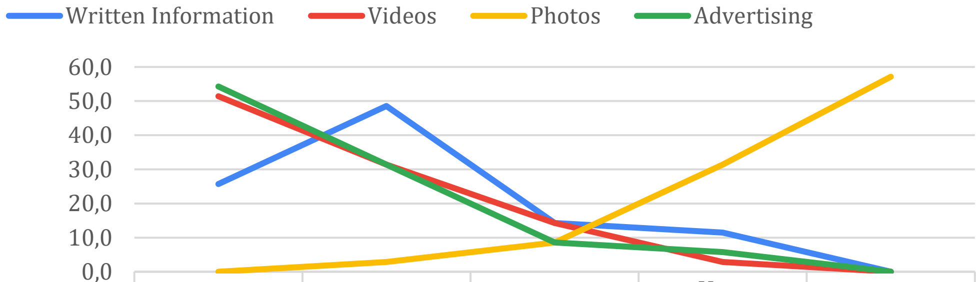
	Statement	Mean	Standard Deviation
1	Customers have an opportunity to participate in any cultural event in hotel.	4.82	0.70
2	Charge for the cultural events according to customer's nationality? (Local or Foreign)	1.48	1.17
3	Arrange cultural event daily.	3.17	1.27
4	Usage of special cultural events.	4.51	0.70
5	Cultural events according to the festivals in country.	4.62	0.77

- The majority (Mean- 4.82, SD- 0.70) of respondents said that customers have an opportunity to participate any cultural event in hotel.
- On the other hand, minority of respondents (Mean -1.48, SD- 1.17) have agreed that charging for the events according to the customer's nationality.

Table 3. Regression Analysis for solicit for customer feedback regarding cultural events and arrange events by customers' requirements. (Source: author's survey results summary)

Regression Statistics								
Multiple R	0.31710							
R Square	0.10055							
Adjusted R Square	0.07330							
Standard Error	0.95697							
Observations	35							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	1	3.378	3.378	3.689	0.0634			
Residual	33	30.22	0.915					
Total	34	33.6						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	3.334	0.478	6.960	5.89E-08	2.359	4.308	2.35952	4.3085
	0.248	0.129	1.920	0.0634	-0.0147	0.51158	-0.01471	0.5115

- The linear regression analysis established the fact that, hotel solicit for feedback from customers regarding cultural elements have a significantly influence on arranging cultural events by customers requirement.
- This is confirmed by the p-value of 0.06 which is higher than 0.05.



	Never	Rarely	Occasionally	Very Frequently	Always
Written Information	25,7	48,6	14,3	11,4	0
Videos	51,4	31,4	14,3	2,9	0
Photos	0	2,9	8,6	31,4	57,1
Advertising	54,3	31,4	8,6	5,7	0

Fig. 3. Methods used for marketing purposes via internet (Source: author’s survey results summary)

According to the figure 3, it is obvious that almost all of the respondents confirmed that they are working to enhance their marketing strategies by including photos of the hotel's cultural events on their web page. On the other hand, no one has ever posted videos of cultural events held by the hotel on their web page. Its value is 51.4%. In addition, 31.4% are rarely, 14.3% are occasionally and 2.9% are very frequently posted videos of cultural events held by the hotel on their web page. Furthermore, 48.6% of those who rarely enter written information about the cultural elements that they planning to organize or has organized their hotel. While, 25.7% none of the written information was entered.14.3% occasionally, and 11.4% very frequently confirmed that they are adding information is on their web page. 54.3% of those who have never posted a summary or any information of the cultural events organized by their hotel through the web page .In addition 31.4% said they publicize rarely, while 8.6% and 5.7% reported information occasionally and very frequently, respectively. Hence, the percentage of people who always publish information on their web site is 0%.

Conclusions

According to the collected data, some of respondents initially did not hold any cultural events in their hotels, while the majority, rarely, occasionally, and very frequently cultural elements have been maintained. However, from the information obtained, it appears that every hotel nowadays hosts cultural events, and it is clear that they arrange events rarely, occasionally, or very frequently. Therefore, it is correct to make sure that nowadays 100% of the hotels that are hosting cultural events in some way.

The hotels that responded, majority said they had regular artists limited to their company while the remaining hotels did not have permanent employees at the hotel. Hence, this shows that the people who understand the income that can be earned through cultural elements are trying to hire artists on a regular basis to earn an income through them and attract tourists to their hotels. On the other hand, it is comprehensible that employees are not permanently employed on the basis of misunderstanding of the use of cultural elements, lack of professional artist, or lack of misunderstanding of marketing strategies.

Several hotels are always satisfied with the wages paid to employees and the income earned through employees, while the others say, they are happy with the income, albeit slightly. There is a large proportion of hotels those who earn income always or very frequently through the cultural elements. Thus, it appears that the majority of hotels that host cultural events generate significant revenue. Moreover, greater number(94.4%) of hotels always or very frequently make a profit from hosting cultural events can confirm that it can be used as a successful marketing strategy and a successful revenue stream. It can be concluded, that this strategy is a successful method by stating more than half, that they always or very frequently earn a profitable income compare to the previous year by holding cultural event at their hotels.

It is perspicuous that giving the opportunity to all customers to participate in the cultural events held at the hotel equally, regardless of whether they are local or foreign, will help this marketing strategy to flourish. In Addition, it is also possible to enhance the theory that hotels can get more tourist attractions through organizing cultural events according to customer requirements and customer feedbacks regarding on the cultural events held.

To sum up, although the hotel uses a lot of cultural elements, if does not pass on the information about those elements to customers through its web page, which may prevent this method from reaching people. Overall those who supported the survey said that they would upload photos to their webpage, and if the majority could focus on videos, written information, and not stepping on ads, they could improve the revenue that hotels currently receive through cultural events.

References

Central Bank of Sri Lanka (2011). *Annual Statistical Report*. [Accessed 31.03.2011]. Available from Internet: https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2010

Fernando, B. (2019, August 09). Sri Lanka eyes 150, 000 tourists this month with Kandy Esala Perahera. *Daily Mirror Online*. http://www.dailymirror.lk/business__main/Sri-Lanka-eyes-150-000-tourists-this-month-with-Kandy-Esala-Perahera/245172566#:~:text=August%20is%20considered%20to%20be,Sri%20Lanka%20in%20August%202018.&text=In%20July%2C%20tourist%20arrivals%20improved,since%20the%20April%2021%20bombings

Harris, M. (2001). Cultural Materialism: the Struggle for a Science of Culture. Walnut Creek, AltaMira Press.

Jain, C., Girish, S. (2000). *Developing Marketing Strategy: A Framework. Marketing Intelligence & Planning.* Emerald Publishing.

Kotler, P., Andreasen, R. A. (1991). *Strategic Marketing for Nonprofit Organizations*. Englewood Cliffs, London Prentice Hall.

Kotler, P., Keller, K.L. (2005*). Marketing Management: Analysis, Planning, Implementation, and Control.* Prentice Hall.

Macdonald, J. (2005). Applying Sun Tzu's Terrain and Ground to the Study of Marketing Strategy. *Strategic Marketing*, (4), 285-293.

Menon, U., Shweder, R. A. (1994). *Cultural Psychology and the Power of Shame in Orissa, India*. Washington DC: American Psychological Association Press.

Phatak, A.V., Bhagat, R.S., Kashlak, R.J. (2004). *International Management: Managing in a Diverse and Dynamic Global Environment,* McGraw Hill, New York.

RAM Ratings Lanka Ltd (2011). *Annual Report on the Hotel Sector*. [Accessed 30.08.2012]. Available from Internet: https://ircsl.gov.lk/wp-content/uploads/2019/01/IBSL_Annual_Report_2011.pdf

Site of UNESCO. *World heritage list*. [Accessed 20.02.2019]. Available from Internet: http://whc.unesco.org/en/list/

Sri Lanka Tourism Development Authority (2010). *Annual Statistical Report*. [Accessed 08.05.2011]. Available from Internet: https://sltda.gov.lk/storage/common_media/ASR%2020101541160295.pdf

Tylor, E.B. (1871). *Primitive Culture: Researches in the Development of Mythology, Philosophy, Religion, Language, Art and Custom*. London: John Murray.

United Nation World Tourism Organization (2008- 2011). *World Tourism Statistics and Trends*. [Accessed on 20.01.2011]. Available from Internet: http://www.unwto.org

Varadarajan, R. (2010). Strategic Marketing and Marketing Strategy: Domain, Definition, Fundamental Issues and Foundational Premises. *Marketing Science*, (2), 119-140.

Antonina Tsoy. FACTORS AFFECTING CONSUMER LOYALTY ON COSMETICS RETAIL BUSINESSES IN UZBEKISTAN

EKA University of Applied Sciences, Master study programme „Business Administration",

antoninatsoy1904@gmail.com

Scientific advisor: Dr. oec., assist. Prof., Ksenija Ijevleva

Abstract

Cosmetics industry has a share of 135 billion dollars in the global market. And many players in the field are competing aggressively to capture more potential consumers. Uzbekistan is a developing country and the most populous country in Central Asia, experienced an annual market growth. Explosive growth of image and brand awareness for the beauty market has driven imports from leading global brands coming into the country through the growing certified retail channels and a shrinking gray market . The purpose of this article is to identify factors that influence consumer loyalty on cosmetics retail businesses in Uzbekistan. The result of this study will help foreign and domestic cosmetics companies, already existing in or planning to enter the Uzbek market, expand their marketing strategies.

Research goal: To elaborate the factors affecting the consumer loyalty in cosmetics retail businesses in Uzbekistan

Research methods: Data will be collected via questionnaires & survey, secondary data, five expert's interviews. The data processing methods which will be used are, graphics methods, frequency analysis, correlation analysis, transcription.

Main findings: the level of customer loyalty for implementation of building an overall strategy for increasing loyalty. Customers of retail chain stores to identify opportunities to improve the company's value proposition.

Keywords: *Customer loyalty; retail store; retail brand loyalty; cosmetics retail business.*

Introduction

Uzbekistan requires constant technological, organizational and economic restructuring, due to progressive changes in production, transport, distribution channels, as well as increasing competition in the market for intermediary services. It is required to adapt Western methods to domestic conditions and create new forms of management, taking into account the current market conditions.

The market trend will retain their positions only by those business entities that create an effective system of marketing management.

The use of marketing in modern conditions is explained by the loss of stable sales markets, a decrease in the purchasing power of the population, an increase in competition in traditional and potential sales markets, an increase in competition between manufacturers' brands and intermediary systems, and the need for the leadership of these manufacturers for up-to-date market information.

To achieve success in the market in Uzbekistan, the region of sales, the nomenclature of manufactured products, the development of a product promotion strategy, and the main criteria that ensures business processes and the environment are currently taken into account are consumer behavior research, analysis and management. Businesses are finding it increasingly difficult to compete for customer loyalty in an increasingly competitive marketplace, innovation and development in an environment of growth.

Improving life standards are creating strong consumer potential and the desire to look good, while the nation's buyer base has increased some stability with the range of beauty consumers expanded from traditional consumers, middle-aged women and youngsters, to moderately aged and young fellows.

Improvement of the market is additionally founded on rising worry about wellbeing, boosting sales of products such as baby care, hair care, oral hygiene, skin care and sun care. Hair care is the largest segment, and represented 37% of total sales in 2008. (Grishchenko, 2011)

International companies currently prevail in the country, notable in the 2008 upsurge in direct selling, with leading Oriflame Uzbekistan claiming 14.5% share of the country's beauty market. Direct seller networks now cover main urban areas, and are slowly entering rural areas with almost no competition. Companies that are centered around this territory fortified their positions while the progressing advancement of store retailing is slow (with locally produced cosmetics primarily distributed through pharmacies). (Grishchenko, 2011)

Literature Review

The concept of loyalty (from the English faithful, devoted) is used both in scientific literature and in practice. However, at the moment there is no single and generally accepted alignment for its interpretation.

Behavioral brand loyalty can be determined by the customer's desire to repeat purchases of a certain brand or the preference for the same place of service (Back, Sara, 2003). In this case, thoughts, feelings and attitudes are secondary in comparison with the behavioral aspect.

This view was prevalent in the 1950s and 1960s. However, this approach also has enough supporters among modern scientists and practitioners, including Byron Sharp, Anna Sharp, Malcolm Wright, William Neil, Dyshmitz (Adler, Turko 2006)

From the company's position, the motivation to buy is provided by the consumer value of its offer. The competitive advantage of successful retail chains is often shaped by the quality of service that contributes to customer value creation, which leads to increased satisfaction and aims to develop loyalty (Cronin et al., 2000). From the point of view of the client, the use value is a subjective assessment by the consumer of the ability of a product to meet his needs

in comparison with his own costs of purchasing and using (consumption) [Sheth, Newman, Gross, 1991; Woodruff, 1997].

Store loyalty is the single most vital issue in building retail success and store longevity. In general, loyalty is thought of to generate raised profits through increased revenues, and reduced prices to accumulate customers and serve them with a firm's services (Hallowell, 1996). Loyal customers are the lifeblood of an organization, regardless of its scale and business scope. In order to maximize business profit, it is critical to keep a customer with "ultimate loyalty" (Oliver, 1999).

In general, store attributes are significant for consumers for decision making where to shop. Impressions about the stores play a huge role for the customers as well as for retailers. In general , consumer favor stores whose image is corresponding with their self-perception and instinctive needs. Thus, store image and general attributes toward the store can influence shopping behaviour (Darley and Su-Lim, 1999). Consumers' preferences having particular attributes to choose the store they want to shop in (Erdem *et al,* 1999). The preferences for certain store attributes are explained by differences in consumer values.

Store attributes are targeted by retailers using specific market strategies. Stores must be offered according to the desires of consumers. The challenge to retailers is to identify which store is attributed comparatively more important to the targeted customers. Providing appropriated store attributes is not enough to satisfy consumers and guarantee loyalty toward the stores. Keeping the quality of the attributes is the difficult and most crucial task to survival in the competitive market of retailing.

Elements of store image and ways measuring them

The measurements of the store image are depending on the aim and objects of the studies. Customers make store images based on products, transmission of information, promotions/ advertising and shopping experience (Assael 1992). Store image consists of layout and architecture, symbols and colours, advertising and sales stuff. (Martineau 1958).

- Product (including the sub-dimensions of quality, selection or assortment, design, guarantees and pricing)
- Service (including the sub-dimensions of appropriable service, shop assistant service, self-service, ease of return, credit, delivery and phone orders),
- Clientele (including the sub-dimensions of social class appeal, self-image congruence and store personnel),
- Physical facilities (including the sub-dimensions of , store design, shopping ease and architecture),
- Convenience (including the sub-dimensions of convenience, locational convenience and parking),
- Promotion (including the sub-dimensions of self promotion, advertising, trading stamps),
- Store atmosphere (including the sub-dimensions of atmosphere or congeniality),
- Institutional (including the sub-dimensions of conservative/modern, reputation and consistency)
- Post-transaction satisfaction. James *et al*. (1976) reduced these to only six elements, namely, assortment, personnel, atmosphere, service, quality and price.

Store loyalty shows a Customer's patronage of a store, based on a cognitive attitude, making visits to the store again and again. Retailers and even marketers have an interest in knowing what are those factors associated with the ship that earns them their client loyalty. The figure shows 'The Store Loyalty Model' advised by Suja Nair in a very Retail Management book. As per the model, customer's store loyalty depends upon the 'what' factors and therefore the 'how' factors. 'What' factors talk to what product and services the client appears for and gets from the store, whereas 'how' factors indicate the method that the client goes through in the merchandise and services.

Methodology

Research design

This study is using quantitative approach, non-experimental and explanatory field study has been applied to analyze the relationship between marketing mix factors (product/service, place, promotion, price,) and lastly customer loyalty for the cosmetics retail businesses in Uzbekistan. The objective of the study is to ratify the one main research question and to provide the answer for the research questions that were defined in the earlier of the research.

In order to find out the important factors that have a reliable relationship with the variables, correlational study is chosen. Correlation study is commonly applicable for research that follows the normal routine or flow of work of the research process. It follows the least interference from the researchers at the natural circumstances of the entity. This study will apply the cross-section study which data is collected just once over a certain period. This study uses one-two month to collect all the required data.

Research Method

In order to classify customers according to the Dick and Baz methodology, it is necessary to measure the loyalty of consumers through the factors. To measure behavioral loyalty within the framework of this study, the following are determined: the share of visits (the number of visits to the place of purchase of cosmetics, in comparison with the total number of visits, in order to purchase cosmetics); value of each customer (monthly purchases);

The main method of researching the behavior of Uzbek buyers is questioning. The questionnaire was developed based on the analysis of approaches and methods for measuring loyalty.The survey instrument is a self- administered questionnaire, which is developed and adapted from several researches. Questionnaires from other researches are changed to suit this study objectives. The questionnaire consists of seventeen questions.

Data collection

Quantitative research is using a non-probability sampling technique: convenience process. A convenience sprocess is made up of people who are easy to be reached and not designated. The online and self-administered questionnaire is developed and sent to people through Facebook, Telegram , WhatsApp and other social media websites. Expected the fact that it is harder to reach other respondents from other regions, cities in the form of face to face. This approach will help to make the population of the respondents widely distributed across the country.

As a result, the total of people that receive them from social websites to fill up the online questionnaires are approximately ~450 people and estimated to collect roughly 106 responses with an estimated 30 percentage response rate.

Qualitative research was conducted based on semi-structured interviews with industry experts - heads of departments responsible for developing customer relationships in the cosmetic branding network.

Data Analysis

Data analysis can be conducted to determine the answers of research questions once the data collection is completed from the representative sample of the population. Data analysis is carried out with a software program known as SPSS. SPSS is a statistical software that has been used by researchers to perform statistical analysis.

These both platforms helped to analyze the descriptive statistics, correlation, transcription analyses, frequency distribution analysis and graphical representation.

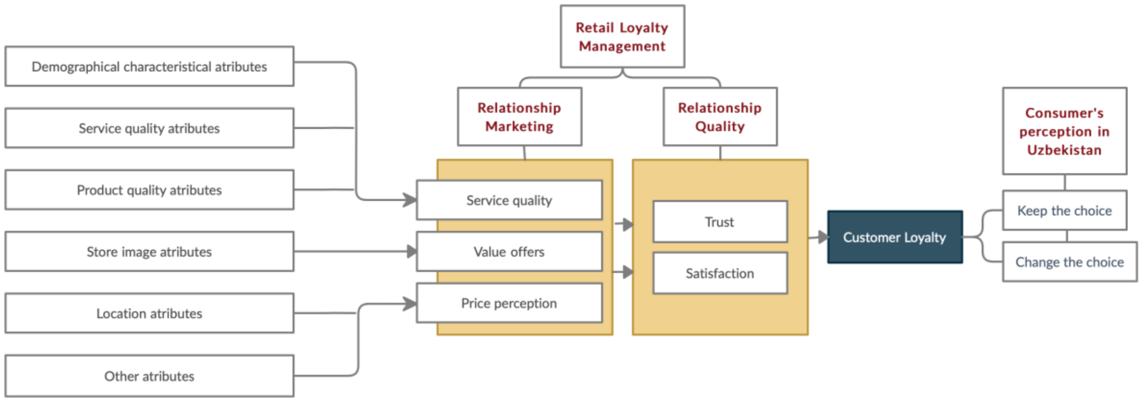


Fig. 2. Research methodology model (Source: compiled by the researcher)

This research methodology model describes the method that has been carried out for loyalty recognition in Uzbek market. According to this model the researcher's identified the factors affecting consumer loyalty in Uzbekistan toward cosmetics retail businesses. As well as develop and measure different types of customer loyalty using a comprehensive set of loyalty questions which help to optimize what Uzbek customers prefer regarding retail and products preferences.

Results

Total of approximately 450 people and estimated to collect roughly 106 responses with an estimated 30 percentage response rate through the channel of Social websites group, emails, etc

This research is using a non-probability sampling technique: convenience process. A convenience sprocess is made up of people who are easy to be reached and not designated. The online and self-administered questionnaire is developed and sent to people through Facebook, Telegram, WhatsApp and other social media websites. Expected the fact that it is harder to reach other respondents from other regions, cities in the form of face to face. This approach will help to make the population of the respondents widely distributed across the country.

In the main section of questionnaire - the factor which impact on consumer loyalty behaviour shows the next analysis for the current time, the result estimated that respondents having more importance while choosing the store in Wide range of assortment with higher estimation of 10- 53.8%, and 9-8- with overall 30%. The next factor chosen by almost half respondents is acceptable price level in the store with appr. estimation of 54.7 % respectively as well as prompt service with a total of 46.2% and the system of discounts in the shop with 34% of highest chosen importance.

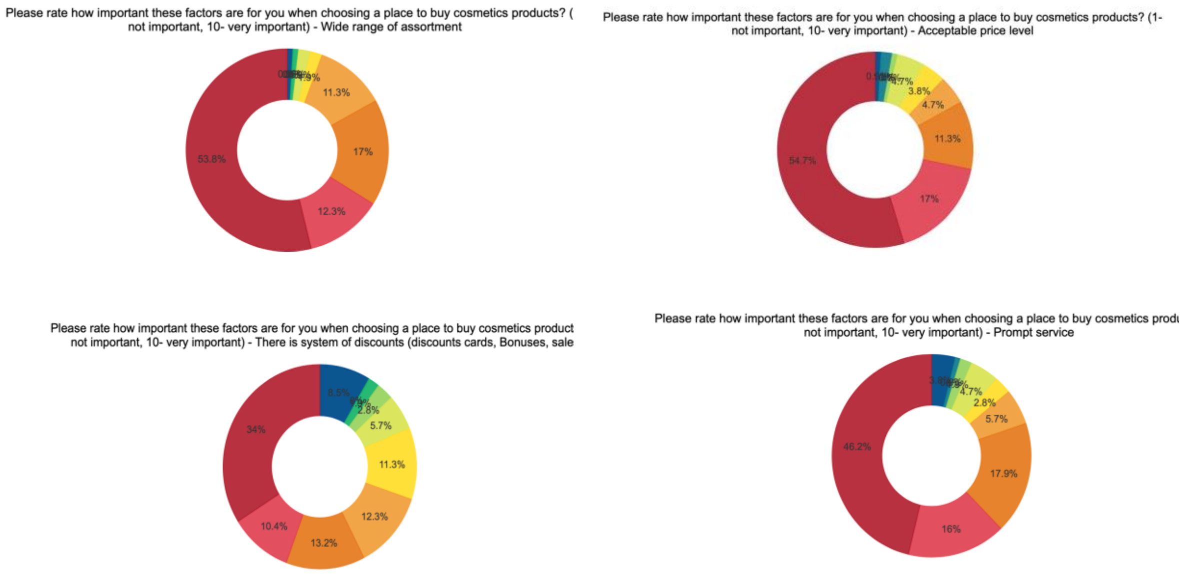


Fig. 3. Research results (Source: compiled by the author)

Conclusions

Customer loyalty provides many benefits. Firstly, a loyal consumer is less sensitive to the actions of competitors, therefore it is not so easy to entice him. Second, a loyal consumer tends to recommend which one is loyal to, or at least speak positively about it when asked. Thirdly, such a consumer will always forgive some errors in work and remain its client. Thus, developing customer loyalty is really necessary.

In the course of the study, the main parameters of the loyal group of cosmetic consumers were determined. As a result, loyal consumers accounted for 27% of all respondents. Based on the analysis of both loyal consumers and consumers in general, the main directions of developing a loyalty program were determined.

To improve customer satisfaction, the company needs to address key operational issues for its cosmetics chain stores. Since the tendency of aging of the main core of buyers has been identified, it is necessary to ensure measures to increase the number of loyal consumers at the expense of younger buyers. As a result of loyalty factors, it is aimed at maintaining the loyalty of the main core of buyers, as well as developing emotional loyalty among buyers with a neutral attitude towards the company, and forming emotional and behavioral loyalty among new, younger buyers.

References

Adler, Y., Turko, S. (2000). *A good consumer is a satisfied consumer, or what comes to mind when talk about satisfaction and loyalty*. RIA "standards and Quality"(in Russian)

Assael, H. (1992). Consumer behavior and marketing action. Boston : PWS-KENT

Back K.J., Sara C.P. (2003). A Brand Loyalty Model Involving Cognitive, Affective, and Conative Brand Loyalty and Customer Satisfaction. *Journal of Hospitality & Tourism Research* 27(4), 419-435.

Bearden, William O. (1977). Determinant Attributes of Store Patronage: ‘‘typical’’ store characteristics may play a more central role Downtown Versus Outlying Shopping Centers. *Journal of Retailing in affecting consumers’* emotional responses than the actual 53, 15–22, 92, 95.

Burt, S. and Davies, K. (2010). From the retail brand to the retailer as a brand: themes and issues in retail branding research. *International Journal of Retail & Distribution Management*, 38 (11/12), 865-878.

Chang, C.H. snd Tu, C.Y.(2005) Exploring Store Image, Customer Satisfaction and Customer Loyalty Relationship: Evidence from Taiwanese Hypermarket Industry. Journal of American Academy of Business, 7, 197-202

Cronin, J.J., Brady, M.K., & Hult, G.T. (2000). Assessing the effects of quality, value, and customer satisfaction on consumer behavioural intentions in service environments. *Journal of Retailing*, 76(2), 193–218.

Daniel J. Flint, Robert B. Woodruff, Sarah Fisher Gardial. (1997). Customer value change in industrial marketing relationships: A call for new strategies and research. *Industrial Marketing Management,* 26(2), 163-175.

Grishchenko J. (2011) *Central Asia: Cosmetics, Culture and Politics. Article* Available on: https://www.gcimagazine.com/marketstrends/regions/easterneurope/117359933.html?prodrefresh=y

Gwin, C. F., Gwin, C. R. (2003). Product Attributes Model: A Tool for Evaluating Brand positioning. *Journal of Marketing: Theory and Practice*, 11(2), 30-42.

Jagdish N. Sheth, Bruce I. Newman, Barbara L. Gross (1991). Why we buy what we buy: A theory of consumption values. *Journal of Business Research*, 22(2), 159-170.

Lal, R., Bell, D.E. (2003). The Impact of Frequent Shopper Programs in Grocery Retailing. *Quantitative Marketing and Economics* 1, 179–202. DOI: https://doi.org/10.1023/A:1024682529912

Martineau, P (1958). The Personality of the Retail Store. *Harvard Business Review*, 36(1), 47-55.

Miranda, Mario J, Konya, Laszlo and Havrila, Inka (2005). Shoppers' satisfaction levels are not the only key to store loyalty. *Marketing Intelligence & Planning*, 23(2), 220-232.

Mitchell, V.W. and Kiral, R.H. (1998). Primary and secondary store-loyal customer perceptions of grocery retailers. *British Food Journal*, 100(7), 312–319.

Naylor, G. and Frank, K.E. (2000). The impact of retail sales force responsiveness on consumers’ perceptions of value. *Journal of Services Marketing*, 14(4), 310-322.

Payne A. and Frow P. (2006). Customer relationship Management: from Strategy to Implementation. *Journal of Marketing Management*, 22, 135-168.

Rajaguru, R. and Matanda, M.J. (2006), “*Consumer perception of store and product attributes and its effect on customer loyalty within the Indian retail sector*”,Advancing theory, maintaining relevance, Australian and New Zealand Marketing Academy (ANZMAC), Brisbane, Queensland, pp. 1-8

Roope Uusitalo, (2001), Homo entrepreneurs? *Applied Economics*, 33(13), 1631-1638.

Verhallen, T. M. M., and G. J. de Nooij. (1982). Retail Attribute Sensitivity and Shopping Patronage. *Journal of Economic Psychology* 2, 39–55.

Uusitalo, O. (2001). Consumer Perception of Grocery Retail Formats and Brands. *International Journal of Retail and Distribution Management*, Vol. 29.

William K. DarleyJeen-Su Lim, (1999). Effects of store image and attitude toward secondhand stores on shopping frequency and distance traveled. *International Journal of Retail & Distribution Management*, 27(8), 311 – 318.

Nithin Talluri. PROJECT MANAGEMENT & PROJECT MANAGEMENT CERTIFICATION

EKA University of Applied Sciences, "Business Administration",

nithintalluri@gmail.com

Scientific advisor: Dr.oec., Professor Jeļena Titko

Abstract

Research relevance: This paper summarizes the reasons why, in the highly competitive world of this new Internet Era, modern project management (PM) is essential to all businesses today. It presents the findings of many current attempts to measure the importance of project management, as well as other methods that go beyond the return on investment to determine its value. The conditions for achieving these significant advantages are addressed, and the idea that PM is a core competency needed by all managers is introduced, along with several forecasts for the PM in the next five years. The primary conclusion is that for all companies, PM is a critical management discipline that needs considerable effort to obtain its significant benefits. (Morales, Roberto, 2003)

For those we keep in reverence and confidence, from all other human beings, all services, and all projects are of paramount importance. They are the way by which businesses are able to gain a large share of their earnings, such as when delivering sophisticated, innovative technological goods or systems to their clients. Projects are often used by companies to brainstorm about new ideas, often after creating a design idea, and then going on to the production process. In respect to our programs, modern or updated capital facilities and new information systems are obtained. Justice is controlled (Morales, Roberto, 2003).

For sustained efficient activity and growth, broad scope management programs, such as consolidation or reorganization, significant cost savings measures, plant or office relocation, and the like, are utterly crucial. The projects are instruments for growth and reform in governmental units from the city, to the district, to the state, to the provincial, and to the federal level. To add in, school systems, universities, healthcare systems and other bureaucratic aspects of the population and community will continue to build and improve their programs, products and facilities. More and more businesses are waking up to the fact that not all systems they have once known have disappeared, but have now become a part of their relative organisations and that they can now make sure to better manage and track them. (Bridges, Dianne N, 1999)

Research goal: Identify the importance of the project management and project management certification.

Research methods: The research strategy used in this study was a survey, with a deductive approach, and as such can be categorized as an exploratory and descriptive type of research. The data collection was done through document analysis and a questionnaire.

Main findings: Project management have been gaining increasing importance to organizations since they can contribute directly to the achievement of competitive advantages.

Keywords: *Project; project management; project management certifications.*

Why is Project Management Important?

Both companies, from the medium-sized to small, organise themselves in an untidy manner with several tasks going at once. Getting a basic plan would help them maintain tasks exactly as they are in an organized, comprehensive, and cost-effective fashion, and then they can still run them for profit. The true benefits of a project management platform is limitless. Until recently, three artifacts were widely used to symbolize project management software: a pencil, a piece of paper, and a procedure. Technology still marches on, but time does not stand still. The software programs used to administer projects are used to execute activities for the project, such as time control, distributing money, and change management. Project management software is considered one of the most useful technologies that can help companies become as effective as possible and distinguish them from the rest of the industry. (Ibbs, C. William, Justin Reginato, and Peter W. G. Marris).

1. Strategic Alignment

Every customer has a strategic target and the programs that we do are directly linked to advancing those goals. Project management is critical because part of a PM's duties is to ensure there's rigor in architecting projects correctly such that they suit well into the wider sense of our client's strategic frameworks. Good project management means that the aims of programs closely correspond with the corporate goals of the company (Bridges, Dianne N, 1999) (Ibbs, C. William, Justin Reginato, and Peter W. G. Marris).

2. Leadership

The most critical role of a project manager is to provide guidance and focus to projects.A nonexistent project management group will make a team like a ship without a rudder; making up its own schedule just to get by. In leadership, people are granted the ability to do their best work themselves. Project Management has many different applications. It includes leadership and vision, inspiration, eliminating roadblocks, counseling, and encouraging the staff to do their best work. (Ibbs, C. William, Justin Reginato, and Peter W. G. Marris).

3. Clear Focus & Objectives

Where project management is left to the team to figure out for themselves, you would not find teams to work on a project, without proper briefs and without a specified project management approach. Works lack emphasis upon their goals, may have ambiguous or nebulous objectives, and leave the team not even clear what they're going to be doing, or why. (Ibbs, William, Reginato Justin and Peter. The Misrule of Botanical Raiders on Laws of Proof & Civil Procedure. Available: http://www.wolterskluwer.com/L-G-B/T-MOBE/L-G-B/L-G-B.Footnotes.html. University of Leeds. 2010. Accessed 8 Mar 2012) W. G. Marris).

4. Realistic Project Planning

It's crucial that in the end there would be standards set for what will be delivered, where it will be delivered, and how much it will cost. Without careful supervision of forecasting and project management, budget forecasts, and project completion schedules can be set that are over-ambitious and lack of the necessary details in the way of equivalent estimating. Finally, effective project management means projects are often completed late, costing more than they should, and over budget. (Ibbs, C. William, Justin Reginato, and Peter W. G. Marris).

5. Quality Control

Projects management maintains the consistency of whatever is being delivered and to make sure that the mark, the intended outcome, is accomplished. It is natural to use these projects under immense pressure to be finished. As an executive, without a project manager with good executive management guidance and buy-in, projects and schedules frequently get overlooked, procedures are hurried and processes are tightened. The consistency of the beans that go into the coffee is not high and there is no regulation in place. (Sharon Florentine, 2019).

6. Risk Management

Project management is vital because it means risks are adequately handled and mitigated against to avoid being problems. Information communication technology (ICT) risk management is essential to project performance. Many of us would rather hope the concern will go away, rather than discussing the actual problems and I think it is a very typical approach. Having a robust mechanism around the detection, control and reduction of scale during growth is what helps avoid risk being a problem. Risk management is a vital aspect of project management and in dynamic projects, where different individuals have different thoughts and worries, risk management is where the importance of project management comes into play. (Cooper, Robert G., Scott J. Edgett, and Elko J. Kleinschmidt, 2nd Ed 2001).

7. Orderly Process

Therefore, ensuring proper project management is crucial, and it means the right people do the right thing, which it is done at the right times, and proper project procedure is followed during the project lifecycle.

I'm shocked to learn that many big and well-known organizations have reactive project management systems that aren't necessarily focused on the real project management techniques. (Center for Business Practices Research Report The Value of Project Management, January, 2001).

8. Continuous Oversight

Project management is crucial because it assures the success of the project—that it can be monitored and recorded properly.Before the status reports, certain people can feel that work is repetitive and overly detailed, and for those in charge, the status reports only serve to feel like recording to make reviewing the checklist fun. Yet regular project overview, maintaining that a project is in order and keeping up with the timetable, is crucial in order to guarantee that the project keeps running on track. (Bridges, Dianne N, 1999).

9. Subject Matter Expertise

Project management is key and it requires someone to determine whether someone else is doing all of the work at an acceptable degree of quality. Project managers will have expertise in a number of areas that all project managers will already be informed about. They will know all about some form of technology. They will consider the type of applications, procedures, and systems used by the organization, and will also comprehend the challenges that are likely to arise in reality. (PMI Today August).

10. Managing and Learning from Success and Failure

Project management is a means from which we can benefit about the successes and mistakes of the past.

Project management will break bad habits into smaller steps because when you're executing the tasks, it's important to do so in a consistent way. Project managers use retrospectives, lessons learnt, or post project assessments to find future problems, include new lessons, examination, or lessons learned from a project and change the preparation of the next project accordingly. (Archibald, Russell D., and Vladimir I. Voropaev, 2004).

What is a PMP certification?

As a project planner, accepting the technical credential PMP is a tremendous achievement. PMI, a non-profit agency named, is a current initiative that is provided by the Project Management Institutes. Since it is a well-known and highly recognized certification, being chosen for the PMP candidates is deemed important. Even, for those who want to spend less time smoking and more time with their colleagues . (PM workshops, 2019).

To make a viable IT project, you must have a highly experienced project manager to direct the project. Project managers keep the team on board by ensuring technology and infrastructure upgrades are carrying out, and that compliance problems have been resolved and that program creation and deployment is in progress.

About any IT professional will benefit from applying themselves to their list of IT credentials by adding a project management certification to their resume, showing that they know all the required roles involved in preparing, arranging, budgeting, executing, conducting and regurgitating a range of IT initiatives. In addition to the most traditional project management certifications, this year covering project management will help you learn a lot of new and different knowledge.

Top project management certifications

- Associate in Project Management
- BVOP Certified Project Manager
- Certified Associate in Project Management (CAPM)
- Certified Project Director
- Certified Project Management Practitioner (CPMP)
- Certified Project Manager (CPM)
- Certified ScrumMaster (CSM)
- CompTIA Project+
- Master Project Manager (MPM)
- PRINCE2 Foundation/PRINCE2 Practitioner
- Professional in Project Management (PPM)
- Project Management in IT Security (PMITS)
- Project Management Professional (PMP)

There are now a sufficient amount of organizations making the PMP Credential a prerequisite for entry-level positions so their employees can become project managers and advance within their company. As a result of that, A PMP or PMI-ACP certification will be highly helpful for your career. Doing so can help you be recognized by Project Managers with higher job responsibilities, oversee greater and more challenging jobs, get into PMI higher ranks and even be given more lucrative positions within their business. When you complete and finish a project it means you have taken the time to study the considerations that are important for conducting the project, the advantages of critical thought, and the benefits of planning a comprehensive and complete scope. You have also taken the time to learn about the value of a reasonable budget, and in the end you will be pleased with the progress of the mission. In addition, the credentials help make it clear to the management that they will be able to continue to strive to help the workers produce better quality and safer goods, and at the same time engaging with each other to increase the efficiency of their customer service. (Archibald, Russell D., and Vladimir I. Voropaev, 2004).

As the business world tends to become more and more dynamic, and standing out from among our rivals is critical for growth, getting managers on staff who are also accredited as such is becoming the standard in all types of industries. More and more governmental jurisdictions, as well as a few large companies, regularly mandate projects for PMI (Project Management Institute) compliance, which needs at least one professional on the project team to be PMP (Project Management Professional Accredited) certified. The reasons behind this rule, among others, are that following official management protocols help ensure that projects meet quality requirements and stakeholder needs, that project team members, on both the customer and contractor sides, know the checklists and procedures to use and that they grasp crucial terminology and meanings, such as ¨scope creep,” to eliminate contamination, delays and cost overruns (PMI Today August).

To summarize, project management is not only just for the qualified and/or accredited industry consultants who are working under a "professional services agreement," but being certified in project management is advantageous not just for the professionals employed on the project, but for the people on the team proposing or facilitating the project. The PM qualification is a ticket to a better life, one you will enjoy happily. If you have an intention to remain at your current job for the long term, or you have an intention to shift professions to one that would hopefully lead to an independent lifestyle, this qualification would in turn enable you to take advantage of the continuing career changes you're willing to make while working in these types of jobs. However, to ensure you are well prepared to take the test, review the content, and after getting the qualification get ready to take the work. (Bridges, Dianne N, 1999).

Methodology

The study has been conducted as the pilot survey to the main thesis considering results received from 25 distributed questioners from research and strategy and project managers. The main research expects to use the survey method, expert interviews, and secondary literature sources to collect primary and secondary data to achieve the research goal. The research has used Judgement (or Purposive) Sampling method which is a non-probability sampling method used in academic research. A questioner has been used as the survey method and it consists of a total of 20 questions including 19 structured questions and 1 open-end question. The answers were concluded in order to know what the project managers are answered.

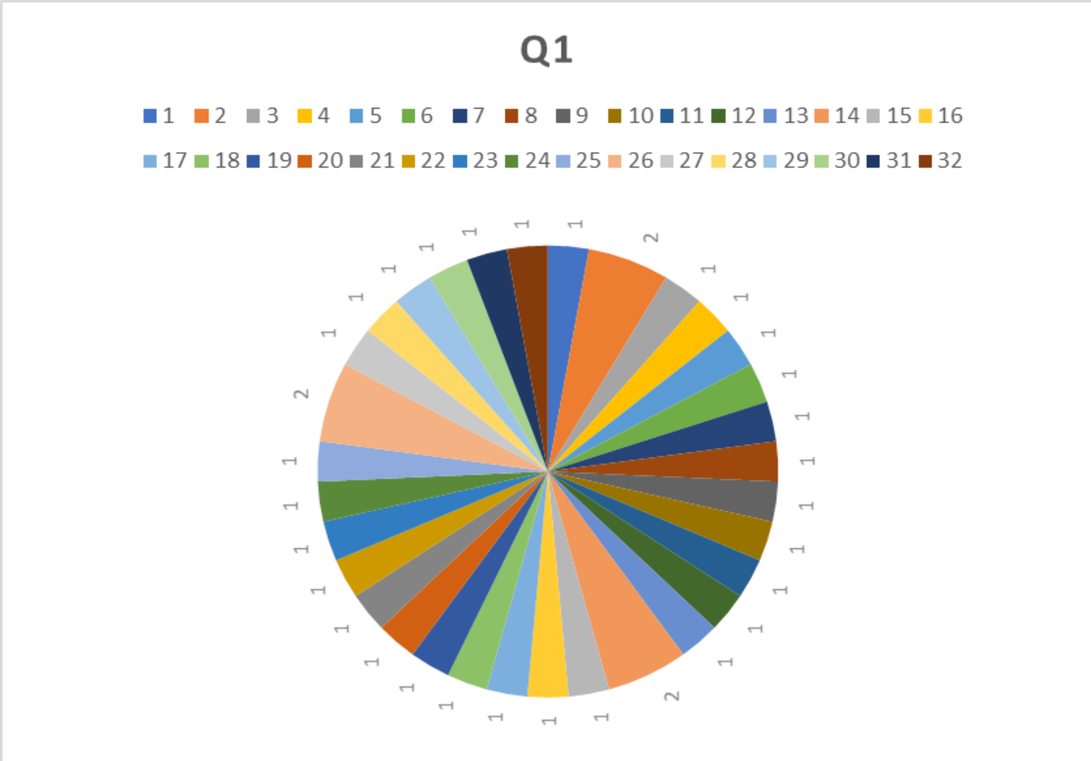


Fig. 1. Response of Project managers (Author constructed)

For the analysis, the research has used SPSS software to obtain frequencies and descriptive statistics including mean, mode, and standard deviation of the data set.

The key limitation of the study is, this has only been concerned with the project managers and getting the certificate of project management, due to this fact the study has come to know that many project managers are involved in getting the project management certification .

Table 1.Demographic information (Author constructed)

Demographic Information	Minimum	Maximum	Mean	Std. Deviation
Age of Respondent	2.00	4.00	3.1600	.55377
Gender of Respondent	1.00	2.00	1.2400	.43589
Marital Status	1.00	3.00	2.0000	.40825
Highest Educational Qualification	1.00	4.00	2.6000	.86603
Experience in the Project Management (Years)	2.00	3.00	2.2400	.43589

The mean value shows the average values of the answers. And the standard deviation measures the amount of variation or dispersion of a set of values. When considering the age limit if the respondents most they belonged to the “41-50” age limit. In gender-wise most respondents are “Males”. The mean marital status is “Married/ Living Together”. The mean education level is “Professional- Degree”. The mean experience in the Project Management is “10- 20” years.

The research has asked a direct question to know about the awareness about the project management certifications. The researcher has constructed the pie chart using the data set of the survey.

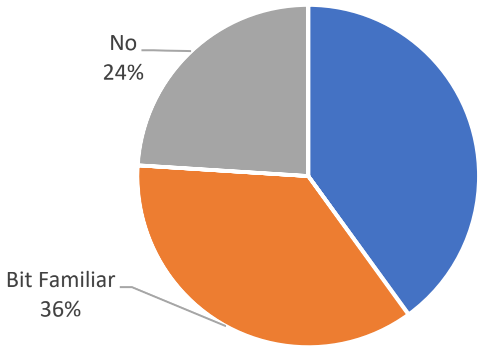


Fig 2 .Descriptive Statitics (Author constructed)

In this below Tabel we can see that the total answers known from the questionnaire results that the have strongly agreed for the project management certifications required.

Table 2 .Descriptive Statitics (Author constructed)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Age	30	1.00	2.00	1.1000	.30513
Gender	30	1.00	4.00	1.3667	.80872
Education	30	1.00	2.00	1.4667	.50742
Professional Experince	30	1.00	3.00	1.7667	.72793
What is your current primary role?	30	1.00	3.00	1.4000	.72397
Country	30	1.00	3.00	2.1333	.93710
Is the organization you work for in the public or private sector?	30	1.00	2.00	1.4667	.50742

Is the organization where you work a joint-venture or other form of alliance?	30	1.00	2.00	1.3667	.49013
Where is the head office of your organization located?	30	1.00	2.00	1.3667	.49013
Do the projects you usually work on involve more than one geographic region? Base your selection on one of the following categories.	30	1.00	3.00	2.1000	.54772
How would you describe the organizational structure in your operational area ?	30	2.00	5.00	4.6000	1.03724
How many employees work in your organization?	30	3.00	4.00	3.9333	.25371
How many employees of your organization are project managers?	30	3.00	5.00	4.9333	.36515
Which category best describes the project management activities/environment in which you work?	30	3.00	5.00	3.9667	.55605
What is your organization's primary business activity?	30	1.00	3.00	2.3667	.71840
The deliverable of your current primary project is of which of the following types?	30	2.00	5.00	4.3000	.87691

Which of the categories listed below best describes the level of maturity of the project management systems in your operational area?	30	5.00	5.00	5.0000	.00000
What is the typical value (in US $) of the projects you work on or manage, in your primary project role?	30	5.00	5.00	5.0000	.00000
How many projects do you typically work on, or manage, at one time?	30	1.00	3.00	2.2333	.72793
What level of authority do you have in your current primary project role?	30	1.00	3.00	2.4333	.72793
Valid N (listwise)	30				

Conclusions

Basically, all the corporate strategies entail bringing these techniques into motion, by executing these tasks and programs. Acting as the coordination, implementation, and maintenance of a range of "small projects" I like to call "projects". To reach the business scale, we will need to.. In order to be capable of achieving their future potential, leading ventures must better plan their activities. We must obey the correct principles, when dealing with this dispute. For all these practices and techniques, it is difficult to fail. We use and rely upon a range of resources and processes which are very important to us today. Following a conviction in Economic Return On Investment, studies have found that, by accounting for proper implementation, the concepts can be used to maximize profitability. Project management will deliver more results than it will cost. The profit of the project will greatly outweigh the cost of doing the project.

It is generally happening in this management practice.In order to make the best of new projects, companies have to understand these things.It is crucial for administrators to devote a great deal of time and resources into making the enterprise successful.implementing and upgrading the organizational structure, leveraging software for PM, and having the required environmentbeing educated and indoctrinated by employees of policy review/administration.The Discipline of Project Management (DPM) is not a separate occupation, but rather a part of the management field.This is a fundamental competency that all executives must provide in the era of the Internet. It should be an important part of the role of any excellent practitioners to continue to change. The span of time during which management can turn to a project oriented model will be quite limited.

Review complete sentences examples into sentences and adjective degree. The regional governments, working in a large region of the American continent, will have also an incredibly major effect in the process of unification in the region, so the challenge is to create these systems in regions that until now were local areas. While the main governments will be those of the U.S., Brazil, Colombia, Peru and Chile, other states of the region will also have an important task in the new process of integration, as shown, for example, in the example of Chile and the role in the process of integration of its president, Sebastián Piñera. In the region there are also other governments that to some extent participate in the process of integration, as is the case in Argentina, which has invested in this integration process with bases important, given our international presence of this country in Northern America.

References

Archibald, Russell D. (2003). Managing High-Technology Programs and Projects. Wiley NY.

Archibald, Russell D., and Vladimir I. Voropaev. (2004). Project Categories and Life Cycle. *Report on the 2003 IPMA Global Survey 18th IPMA World Congress*, 19-21.

Bridges, Dianne N. (1999). Project Portfolio Management: Ideas and Practices. *Project Portfolio Management, Selecting and Prioritizing Projects*.

Center for Business Practices Research Report The Value of Project Management. (January, 2001). *316 W. Barnard St., West Chester, PA 19382: PM Solutions' Center for Business Practices*.

Cooper, Robert G., Scott J. Edgett, and Elko J. Kleinschmidt. (2nd Ed 2001). Center for Business Practices Research Report: The Value of Project Management. In *: PM Solutions' Center for Business Practices.* 316 W. Barnard St., West Chester, PA 19382.

Ibbs, C. William, Justin Reginato, and Peter W. G. Marris. (n.d.). *Calculating the Value of Project.*

Morales, Roberto. (2003, October 24-25). Opening Remarks at the 2nd PMI-UNI National Congress on Project.

PM workshops. (2019, Nov 17). Retrieved from https://pm-workshops.com/the-importance-of-project-management-certification/

PMI Today August. (n.d.). *Newtown Square, PA: Project Management Institute.* 2003.

pmi.org. (2020). Retrieved from Project Management Institute: https://www.pmi.org/about/learn-about-pmi/what-is-project-management

Sharon Florentine. (2019, December 20). *CIO*. Retrieved from CIO: https://www.cio.com/article/3210765/top-project-management-certifications.html

Abdumalik Pardaev. COVID-19 DAMAGED EUROPEAN UNION PRODUCTIVITY AND ECONOMIC GROWTH

EKA University of Applied Sciences, Master study programme "Business Administration",

abdumalik0705@mail.ru

Scientific advisor: Dr.oecl., Professor Inga Šīna

Abstract

Research relevance: This research focused damage by Covid-19 European Union the productivity power and economic growth, author tries analysis aggregate production how felt that situation or how regulated, there statistical numbers indicate comparison of years. Changes of European Union productivity power and how impact remote system to save employment rate, a pandemic situation damage output of EU countries. Differences in GDP losses were between 30 and 50 percent down to lockdown strictness, between 35 and 45 percent to the quality of governance and between 15 and 25 percent down to tourism.

Research goal: Mainly to get which section of industry stopped in Covid-19 or decrease productiveness which part of Europe deeply felt more injury.

Research methods: Research designed qualitative date of Eurostat that special numbers collect by author to refer changes, for the analyses date researcher some European countries internal statistical bureau (for example DESTATIS).

Main finding: In this research used theories briefly defined and discussed in first chapter, so that chapter explain economic growth with theoretical approach. Second chapter indicate statistical information and analytic aspects of productivity. Third chapter describe empirical analysis and conclusion of chapters, there author provided recommendations.

Keywords: *Productivity power and economic growth; economic progress; analytic aspects; empirical analysis.*

Introduction

Covid-19 started effect our economy faster than we wait main idea going in the paper how is European Union trying safe own economic growth? Author used to explain employment rate and unemployment rate statistics, those information illustrate general statistics base, every number of the chart explained and discussed by author.

Economic growth indicates very specific idea of the rate of increase production, the rate of progress of a capitalistic economy, the rate of growth of productivity per man, the national income has shown remarkable constancy in development capitalist economy each section has general role to keep EU economy stabile, those indicators can be useful to find what we don't know.

Contextualization "Covid-19 damaged European Union productivity and economic growth" union productivity is not only talking one state or one focus national area but also several states productivity too. Productivity is non economy section which government try to safe own economy my innovative ideas and wants to grow up start up consist with various tech principles, conception is rise intensiveness of labour power and output power.

What known to us about Covid-19 economy, we are knowing several research articles which described very well, this paper describes by the mix station of them.

Purpose to study find which economic details are not working well and how can we accumulate them?! On that process European Union division and to show own hypothesis or objective view and define to reader how important economic growth to an EU.

1. Theoretical approach productivity, economic growth and natural damage

In the economy macro and micro economy playing general role. Inflation, unemployment and employment rate, exchange rate, immigration, economic growth, wage, government policies changing very actively on that process we are mentioning more deeply and finding some problematic section in the improvement we are calling generation, our society there defended as main point.

Historical economic growth and productivity rise described to us Adam Smith in his Book "Wealth of Nations" he observed how leader of society spend capital and Smith corrected and mention market policy and labour division, produce goods THE greatest improvement in the productive powers of labour, and the greater part of the skill, dexterity, and judgment with which it is anywhere directed, or applied, seem to have been the effects of the division of labour." His observation became most forward up state market. His major contribution was the development of economic policy and increase productivity, Smith division of Labour bring more revenue for producers and separation of wage among worker too impact of productivity.

Wealth of Nations deeply explain technology of production and those segments. Smith emphasized relationship between alliance can be bring more benefit to both side that area we should focused European Union and those members.

Economic growth: for Adam Smith that phrase was too general he explain how important division labour and free market, he tried to explain which society can be rise own economic growth "in every branch of business generally increases with the division of labour in that branch, or rather it is the increase of their number which enables them to class and subdivide themselves in this manner. " Book II "of the Nature, Accumulation, and Employment stock "

"The policy of some nations has given extraordinary encouragement to the industry of the country; that of others to the industry of towns." Adam Smith. Industry section could be bring income if state policy is stable, Adam Smith tries explain how important role of state policy and what benefit from these.

"On the Principles of Political Economy and Taxation" David Ricardo named own book, his ideas became from prediction of Adam Smith, he promoted comparative advantage in the Trade and Production, Smith, Karl, Malthus, Ricardo all ideas dictated division of labour, circulation capital, improve production power those movements illustrate productivity power.

David Ricardo focused mass production and from mass production government get profit, Smith mentioned production to involve more workers to accumulate capital and generate profit or revenue, those circulation bring to society benefits they can be work and can be sell and buy, that process increase state power.

All our classical economists approved to us how much important value production and productivity power, and mass production, specialization those factors became in the world as trade instruments but we forget only one thing massive production damage to environment.

Producers have being damaged our environment and we can not stop it because if population grows it means producer should rise producing output separating among people but we are sacrificing our natural life to get material. While these disasters by definition bring about severe losses, some studies have actually found that economic growth increases in their aftermath (Albala-Bertrand 1993; Skidmore and Toya 2002),

Benson and Clay (2004) attributed GDP increases following a natural hazard-induced disaster event to a catch- up effect and reconstruction activities rather than productivity increases. It bring society zero sum up theory if some ones gather some ones losing as producer we are losing or damaging.

1.1 Negative effect of producing or creation of virus and disasters

In the everywhere considered initial point of everything we have concern alternative effect of producing, have such hypothesis how virus became world but that way should predict how we are created this virus. To seek better living conditions. The loss of capital and labor following a disaster may be compensated by increased production efficiency and increased opportunities for new industries and workers.

Few studies have looked at the production efficiency effects of natural hazard-in- duced disasters, which may be of even more importance because production efficiency demonstrates how a country uses its resources by relating the quantity of its inputs to its outputs and is a key determinant of economic growth.

1.2 Covid-19 effect employment rate of EU countries

How European labour market regulate as catastrophic situation of the world, the impact of the lockdown is likely to take a proportionally greater toll on those with lower income, leading to increased poverty rates. Policy interventions aimed at protecting those most directly hit by the crisis would substantially cushion this downfall. Measures such as income subsidies, tax rebates and unemployment benefits could contain the toll on household income by 40%, and the increase in poverty could be reduced by 60%.

Employment activity among European states from 2016 and 2019 gone very well state invested capital to rise labour force general age of workers consisted 20-64 ages, effecting Covis-19 EU lost in many industrial section employs, long run term directed shifting those sectors again in maximum level.

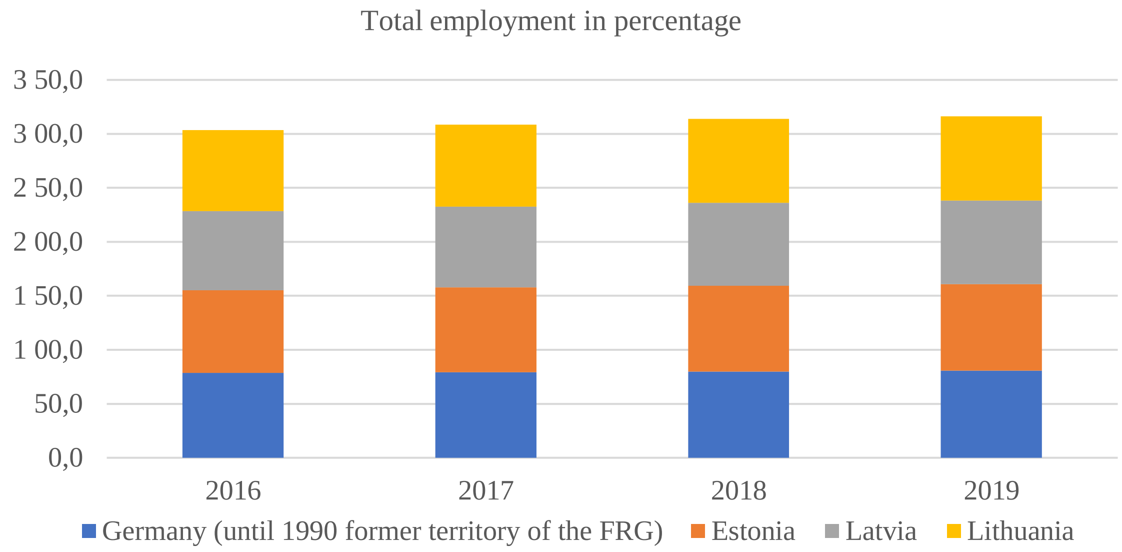


Fig.1. Total employment in the year

In EU area provided support to save small business EU funding**:** The EU continues to provide immediate liquidity to businesses affected by the crisis through the Coronavirus Response Investment Initiative, under shared management with Member States. In addition, the Commission has made available up to €8 billion in financing for 100,000 small businesses hit by the crisis, with the European Investment Fund. Saving jobs with up to €100 billion in financial relief from the SURE programme the SURE programme helps Member States cover the costs of national short-time work schemes and similar measures allow companies to safeguard jobs. The Commission also supports partnerships between employment services, social partners and companies to facilitate reskilling, especially for seasonal workers.

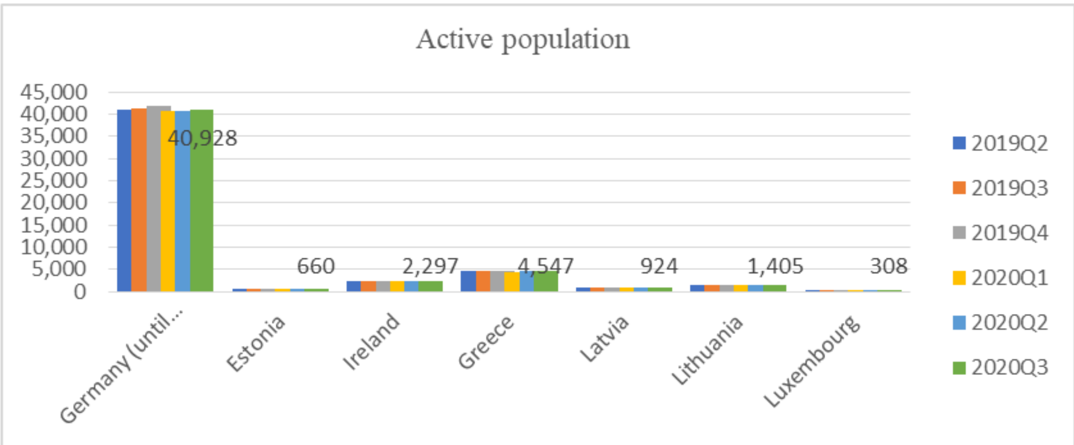


Fig.2. Activity of population among 2019-2020 years, effects of COVID-19

Note: Most results measure number of persons (thousands). Some indicators are reported as rates (employment, unemployment rates) or ratios (share of total population). Rates and ratios in the LFS Main Indicators do not correct the denominator for item non-response due to the additional seasonal adjustment step. This can lead to marginal differences in rates and ratios due to rounding in comparison with the same indicators published in the detailed tables section.

Regulation by EU lifting employment and adaptation a situation

In principle, remote working could be done anywhere and not necessarily in the worker's home (e.g. in a third-party hub or shared office, while travelling or on the road). Both dependent workers (such as employees and dependent contractors) and independent workers can be considered as remote workers if they perform part or all of their work away from their default worksite. Eurofound's ICT-based mobile work definition (Mandl et al., 2015) is similarly boundary free.

The high prevalence of homeworking in education – also observed in European Working Conditions Survey (EWCS) data – invites questions about exactly what type of work tasks are being carried out at home. It seems probable that teachers (correctly) consider preparing classes or grading papers from home as work from home, and that this explains the high sectoral incidence of occasional telework.

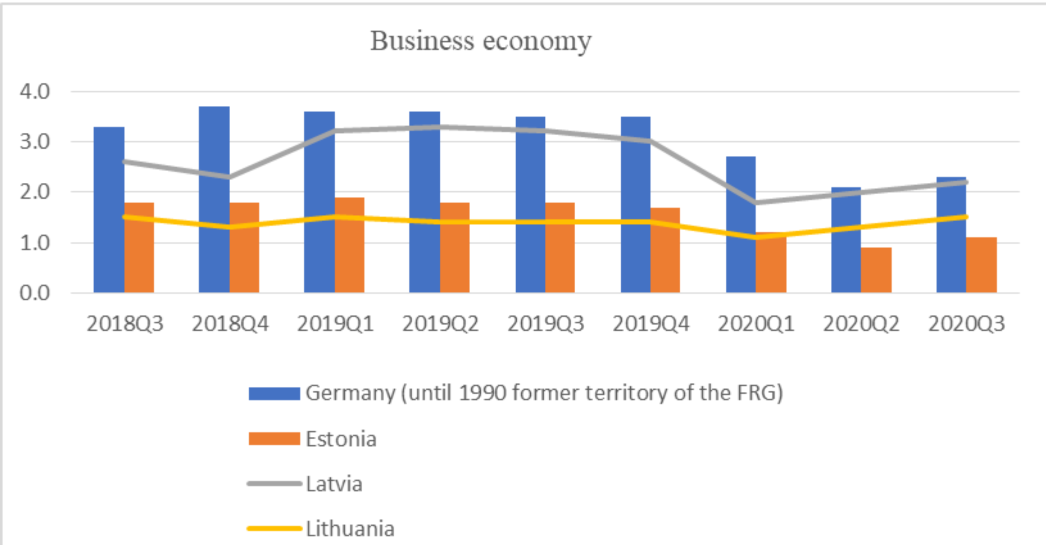


Fig.3. Business economy decrease between 2019-2020 in quarter

International trade in goods on time Covid-19 short term

Cumulative exports from the union totaled $ 1.9 trillion in 2020. The decrease in US dollars accounted for goods from the European Union in value terms of 16.3% Compared to 2019: Exports of goods increased by $ 372 billion (in 2019, goods were supplied from the European Union in the amount of $ 2.27 trillion).

Structure of the year from the use of the European trade union in 2020:

16.1% (307 billion USD): 84 - Nuclear reactors, boilers, equipment and mechanical devices; their parts.

11.3% (216 billion US $): 30 - Pharmaceutical products

9.63% ($ 183 billion): 87 - Ground vehicles, other than railway or tram rolling stock, their parts and accessories.

9.09% (173 billion USD): 85 - Electrical machinery and equipment, their parts; sound recording and reproducing equipment, equipment for recording and reproducing television images and sound, their parts and accessories.

6.03% ($ 115 billion): 90 - Optical, photographic, cinematographic, measuring, control, precision, medical or surgical instruments and apparatus; parts and accessories.

3.54% (67 billion USD): 27 - Mineral fuels, oil and products of their distillation; bituminous substances; mineral waxes.

3.17% (60 billion US $): 39 - Plastics and articles thereof

3.14% (59 billion US $): 29 - Organic chemicals

2.44% (46 billion US $): 88 - Aircraft, spacecraft, and parts thereof

2.23% ($ 42 billion): 71 - Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; bijouterie; coins

Where does the European Union import goods from?
The largest trading partners for the import of goods into the European Union in 2020 were

China with a share of 24% (442 billion US $)

USA with a share of 13.1% (234 billion US $)

Switzerland with a share of 7% (125 billion US $)

Russia with a share of 5.58% (100 billion US $)

Turkey with a share of 4.03% (72 billion US $)

Japan with a share of 3.55% (63 billion US $)

South Korea with a share of 2.82% (50 billion US $)

Norway with a share of 2.35% (42 billion US $)

Vietnam with a share of 2.21% (39 billion US $)

India with a share of 2.14% (38 billion US $)

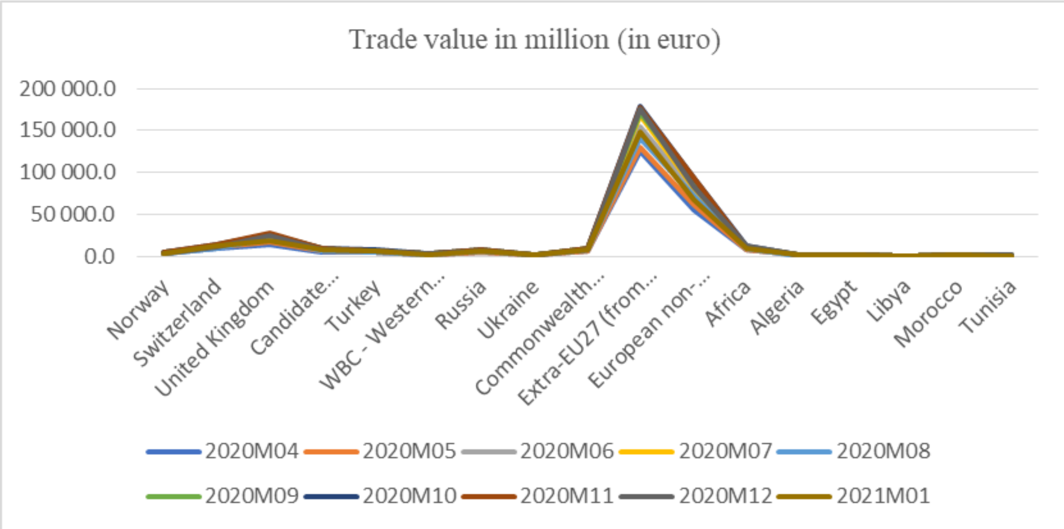


Fig.4. Trade value in million (in euro) Aggregate production value in 2020-2021 years

Conclusions

In result European Union aggregate production decreased 1.46 per cent European recovery plan trying safe economic sections, aggregate employment fell sharply from 73 per cent in last quarter 2019 to 72.1 per cent. Recovery plan 2020 accumulated that area just +1 per cent, results showing on covid time only aged 25-54 were more active than the other by the way 62 percentage of them felt Covid-19 crisis.

In European urban population slowdown and business area, service decreased 26 per cent. Many EU countries reduce activity, and the remote system is protected by the government side. In the papers described evolution of covid-19 in quarterly that evolution dramatic or epic rock was in 2019 in may more then 56 per cent EU firms and active services closed raised unemployment rate, social support by countries given high results in history.

The coronavirus pandemic has caused an unprecedented global economic bust. At the same time, it will likely accelerate structural changes, which in turn are driven by digitization, the energy revolution, decarbonization and demographic changes. Table 1 summaries some of the possible positive and negative effects of the COVID-19 pandemic. This article has identified the possible changes in production potential – with a focus on the production factors and production processes. Ultimately, the institutional framework conditions determine whether and how much is invested in the specific production factors. The international design of those institutions is central to the long-term effects of the coronavirus pandemic.

References

"Review Of Theories And Models Of Economic Growth" by Łukasz Piętak

Natural Hazard-Induced Disasters and Production Efficiency: Moving Closer to or Further from the Frontier? By Preeya S. Mohan Nekeisha Spencer Eric Strobl

"On the Principles of Political Economy and Taxation" David Ricardo

"An Inquiry Into The Nature And Causes Of The Wealth Of Nations" by Adam Smith

Teleworkability and the COVID-19 crisis: a new digital divide? By JRS technology reported [2020]

Bardt, H. and K. Lichtblau (2020), Industriepolitische Herausforderungen: Horizontale Ansätze und neue Aufgaben für den Staat, IW-Analysen, 139.

Demary, M. and M. Hüther (2020), Führt die Corona-Krise zu einer Bankenkrise? Anlass zu sorgsamer Beobachtung, nicht aber vorsorglicher Intervention, IW-Policy Paper, 17/20.

Edler, J., K. Blind, R. Frietsch, S. Kimpeler, H. Kroll, C. Lerch, T. Reiss, F. Roth, T. Schubert, J. Schuler and R. Walz (2020), Technologiesouveränität: Von der Forderung zum Konzept, Fraunhofer Institute for Systems and Innovation Research ISI.

Eichhorst, W., P. Marx and U. Rinne (2020), Manoeuvring Through the Crisis: Labour Market and Social Policies during the COVID-19 Pandemic, Intereconomics, 55(6), 375-380, https://www.intereconomics.eu/contents/year/2020/number/6/article/manoeuvring-through-the-crisis-labour-market-and-social-policies-during-the-covid-19-pandemic.html (January 2021).

Grömling, M. (2011), Strukturwandel – Dimensionen und Erklärungen, Wirtschaftspolitische Blätter, 58(4), 583-602.

Grömling, M. (2019), Industrieller Strukturwandel im Zeitalter der Digitalisierung, ifo Schnelldienst, 72(15), 8-12.

Grömling, M. (2020a), Langfristeffekte der Corona-Pandemie – eine Orientierung, IW-Report, 35.

Piyankara Niroshan, Pathiraja Mudiyanselage. IMPLEMENTATION OF CIRCULAR ECONOMY PRINCIPLES INTO THE BANKING BUSINESS IN SRI LANKA

EKA University of Applied Sciences, "Business Administration",

niroshanzpathiraja@gmail.com

Scientific advisor: Dr.oec., Professor Jeļena Titko

Abstract

Research relevance: The purpose of this paper is to identify opportunities to implement circular economy principles into the banking business in Sri Lanka. Further, it aims to cause knowledge for further researches. From 1977, Sri Lanka liberalized its economy and economic policies were more focused on the free-market concepts. The economy was more linear and profit motive. As a consequence, according to the Environmental Performance Index (EPI), Sri Lanka is listed in the 109 places with highly vulnerable statuses. And Sri Lanka ranked in the top 5 counties that polluting the oceans the most. (Statista, 2020). Adopting circular economic principles is the best solution to these challenges. Here, Banks can play a significant role in the economic transformation process in linear to circular. The Sri Lankan banking system is more oriented to the linear economy and it comprises 24 Licensed Commercial Banks (LCBs) and 6 Licenced Specialised banks (LSBs). The banking business dominates the finance system in Sri Lanka, its assets contribution has accounted for 62.1 percent at end of 2019. (Central Bank Sri Lanka, 2019). By applying circular principles to the banking business the economy can speed up the economic transition as the gain.

Research goal: Identify opportunities to implement circular economy principles into the banking business in Sri Lanka

Research methods: The main research expects to use the survey method, expert interviews, and secondary literature sources to collect primary and secondary data to achieve the research goal. The sample size is 150, it includes strategy and research managers of 24 Licensed Commercial Banks (LCBs) and 6 Licenced Specialised banks (LSBs) in Sri Lanka. The survey results will be evaluated by using SPSS software, as the analysis includes descriptive statistics, regression analysis, and reliability test.

Main findings: Opportunities to implement circular economy principles into the banking business in Sri Lanka

Keywords: keyword: *circular economy; banking business; sustainability.*

Introduction

Climate changes and environmental issues prove the failures of the traditional linear economic model which focused on utilizing limited resources with a "take-make-dispose" perspective (Mao, Li, Pei & Xu, 2018). The study has been done based in the island country, Sri Lanka which has listed as the 34 biodiversity hotspot in the world. According to the Environmental Performance Index (EPI), Sri Lanka is a highly vulnerable country and it has been listed in 109 places in the index. And according to statista.com as a result of mismanagement of industrial waste, Sri Lanka has ranked in the top 5th country (Statista, 2020) that polluting the oceans the most. Climate changes and environmental issues are prime sensitive factors to Sri Lanka. With the UN sustainable goals, the country has introduced new programs to make awareness of the business owners and to motive them towards how to apply SDGs concepts to the business. (CA Sri Lanka, 2020) Most public limited companies have added these SDGs goals to their social responsibility programs but these programs are not at the appreciable level. As a country, the Sri Lankans own an overall of + 66.9 scores from the SDG performance assessment, and the country rank is 94 (SDG Index, 2020). Compared to the other countries the performance level of Sri Lanka is not at the acceptable levels. Still, the country shows the necessity of a new economic model, especially for the business entities.

The introduced new economic model, the circular economy has a better solution to save the earth (Franco, Carpio & Bressers, 2018). The circular economy concept "based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems" (Ellen Mac Arthur Foundation,2020). The circular economy can closed loops of the insufficient consumption of resources in the linear economics system. The inefficiency of the economy happened due to the uneven consumption of resources and the accumulation of huge amounts of waste (Virginia, 2020) of the production processes.

The banking business is the main capital source of economic entities in the linear economic system. The business can contribute to the economic transition process by financing circular business models in the economy. It is a very important contribution especially when economies move forward with new economic models like the circular economy. As the main driver of the economy banking institutes can implement new economic principles to the business activities considering adding necessary changes to the regulatory system and the management of the banking business. The Central bank of Sri Lanka is the regulatory body of the money market of the country. The Sri Lankan banking system comprises 24 Licensed Commercial Banks (LCBs) and 6 Licenced Specialised banks (LSBs). This included public, private, and foreign banking entities.

This research study aims to identify an opportunity to implement circular economic principles in the banking business. The following hypothesis has been considered.

H1: Circular economic principles lead the banking business to be more innovative.

H2: Adopting circular principles, banks can gain the Competitive Advantage

H3: Adoption with circular principles enhance the Resilient Capacities of the banking business

H4: Circular banking products can enhance the profitability of the bank

H5: Digital / Green banking is a significant factor in the circular economy

Literature Review

The circular economy concept has more than a hundred definitions used in research and journals in diverse subject areas. Nonetheless, the core idea of the concept and the sense is more approximate in all definitions. The European Commission is one of the main active participants in events that promote circular economic principles. As per the European commission's explanation, the circular economy aims to keep the value of the product as it is while getting production materials and resources again and again as much as possible to the production process to reduce the waste in the production. It means that the circular production process consumes fewer resources due to its reusability for a production process. A circular business process leads to minimizing the consumption of resources and waste.

According to the Ellen MacArthur Foundation's definition circular economy is a restorative and regenerative industrial system. Circular economy is "an industrial system that is restorative or regenerative by intention and design. It replaces the 'end-of-life' concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse, and aims for the elimination of waste through the superior design of materials, products, systems, and, within this, business models''. The overall objective is to "enable effective flows of materials, energy, labour and information so that natural and social capital can be rebuilt'' (Ellen MacArthur Foundation, 2021) According to the Ellen MacArthur Foundation, there are three (3) circular economic principles that includes "design out waste and pollution", "keep product and, Martials in use", and "Regenerative natural systems" (Ellen MacArthur Foundation, 2021)

The ING bank (Netherlands) is more proactive to do research and study on this topic. According to the finding of the ING studies, they have outline opportunities and challenges that affected the banking business. Here ING bank suggested five main business models for businesses. The first model has aimed to transfer the production processes towards renewable sources or with sources that can fully recycle (ING, 2020). Here they are support eliminate industrial waste (Ellen Mac Arthur Foundation, 2020). The second model explained the re-use of the materials into a new production line to produce a new product. The third business model is to extend the life cycle of the product by repairing and improving its quality and durability. Here ING proposed to introduce a new business opportunity within the second-hand market or to allow the buyer to lease the products (Blom, 2021). The fourth business model is about to replacement of the individual use of different goods with a collective one(ING, 2020). For example rent a car, rent computer, etc. As they suggest the model is realistic with modern technology. The fifth business model is a fundamental change in the way someone looks at goods: from an asset owned by its owner to a service that is used only when necessary (Angelis, 2018).With the model, the efficiency of resource use will increase (Ellen Mac Arthur Foundation, 2020).

Further, the ING has adjusted its business operation as alien to the circular economic transformation process. They. According to the report published by ING bank *"Rethinking the road to the circular economy",* they have explained their commitment and already implemented actions within the ING banking business. (1) Build knowledge and Network, this covers continuous research, publications, and value chain creation between the private-public and non-government organizations. In 2018, ING published the Circular Economy Finance Guidelines together with ABN AMRO and Rabobank (ING, 2020). (2) Finance circular deals and investments, the bank is focusing to invest in cleantech companies also provided several loans to recyclers and companies and supported several green and sustainability bonds(ING, 2020). (3) Explore and develop beyond banking solutions, The bank is actively participating in banking solution development projects for example Circular Economy Business Simulation games and programs such as Circular Supply Chain Accelerator' targeting Small and medium businesses (ING, 2020).

Methodology

The study has been conducted as a survey using distributed online questionnaire. The sample size is 150, it includes 120 executive and managerial level employees representing 24 Licensed Commercial Banks (LCBs) and 30 executive and managerial level employees representing 6 Licenced Specialised banks (LSBs) in Sri Lanka. The research has used the Cluster Sampling method which is a non-probability sampling method used in academic researches. A questioner has been used as the survey method and it consists of a total of 30 structured questions. Q6-Q30 were Likert type of questions with 5 scales (1) - Strongly Disagree (2) – Disagree (3) – Neutral (4) – Agree (5) - Strongly Agree. The survey was conducted during the 2nd week of February to 3rdth week of March 2020.

For the analysis, the research has used SPSS software to test the reliability of the research and to obtain frequencies and descriptive statistics including mean, mode, and standard deviation of the data set.

The key limitation of the study is, this has only been concerned with the banking business in Sri Lanka, due to this fact the study has to ignore the other institutions in the money market such as microfinance, venture capital, and finance companies.

Results

The researcher has considered likert types of questions (25) excluding demographic questions to calculate the Cronbach's Alpha and to test the reliability of the data set. As the calculation shows the Cronbach's Alpha value is 0.904. It is more than 0.700 and close to the 1.000 and within the commonly accepted level of the test.

Table 1: Reliability Test (Author constructed)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.904	.903	25

The mean value of the data set was 4.389. The inter-item cover covariance's and the intra item correlations were respectively 0.069 and 0.271. The Hotelling's T Squared value was 29.290.

The first part of the questioner has focused to obtain demographic information of participants. According to the survey data and its frequencies, there were 120 participants from 24 LCBs and 30 participants from 6 LSBs. The following table shows the mean values and the Standard Deviation values of responses for the demographic questions.

Table 2: Demographic information (Author constructed)

Q1-Q5	**Mean**	**Std. Deviation**
Q1-Type of the Bank	1.2000	.40134
Q2-Employment Level	1.6333	.75455
Q3-Age of Respondent	2.3667	1.10166
Q4-Highest Educational Qualification	2.8400	.63542
Q5-Experience in the Banking industry (Years)	2.1533	.82524

According to the frequencies, the employment levels of respondents consisted of 80 Executives, 45 Managers, and 25 Senior Managers in the data set. Here 40 respondents were in age between 20-30 years, 45, 32, and 35 respondents were in age between 31-40, 41-50, and 51-60 respectively. The education level of respondents was categorized into four groups in the questioner. There were 44 respondents with Professional qualifications and 86 and 20 respondents were respectively with bachelors and master's degrees. The experience level in the banking sector also important for the research. As per the frequencies, 41 respondents were with less than 10 years of experience. 45 and 64 respondents were with 10- 20 years and 21-30 years of experience in the banking business.

The likert type of questions was covered question number 6 to question number 30. The questions

were designed to test hypotheses. Questions 6- 10 were to test the first hypothesis (H1). The question set covered opportunities to do innovation in banks with the circular economics perspectives. Digital Transformation of business processes and new banking product designs have been considered as the diverse factors for the innovation of the banking business. Reduce waste, Eco Circular product designs, new banking products for business with reusable, repaired, and remanufactured concepts have considered as circular solutions for the banking business. The average response for the question set was 4.4080. And the Q7 is marked as the highest mean value which is 4.4733. Based on results derived from the data set and also considering the average response for the hypothesis, Hypothesis 1 (H1) can accept.

Table 3: Innovation of Banking Business Q19 (Author constructed)

***H1**: Circular economic principles lead the banking business to be more innovative.*	Mean
Q6-Banks can implement digital technologies to reduce waste and Pollution of the banking service process (Eg: Paper, Energy).	4.3600
Q7-Banks can introduce new business finance schemes to promote environmentally friendly products and packaging designs.	4.4733
Q8-Banks can design new banking products to finance businesses that offer "reusable, repaired, and remanufactured" businesses	4.4067
Q9-Banks can direct lending and leasing schemes for businesses that capable to offer product which returning valuable nutrients to the soil (regenerate natural systems).	4.4200
Q10-Bank can use digital technologies such as augmented reality, social media/mobiles simulation games in marketing to convince the importance of the environment and its protection.	4.3800

Question 11 – 15 has dedicated to testing hypothesis 2 (H2) of the research. The question set has been designed by considering key factors that affected the competitive advantages in the banking business. Factors such as cost structures, branding strategies, accessibility for the banking services, Quality of the service offerings, and customer service have been evaluated with the circular perspectives, the highest mean value of 4.4200 marked for Q12, that highlight the commitment towards the environment for its marketing and branding campaigns. The average mean value of the data set was 4.3867 and based on this evidence Hypothesis 2 (h2) can accept.

Table 4: Competitive Advantage (Author constructed)

H2: *Adopting circular principles, banks can gain the Competitive Advantage*	Mean
Q11-Bank can reduce the operational cost due to the digital transformation of the process.	4.3800
Q12-Bank can highlight commitment towards the environment for its marketing and branding campaigns.	4.4200
Q13-Bank can use mobile and online banking facilities to enhance the accessibility of the banking facilities.	4.3733
Q14-Banks can invest instead of lend funds in businesses that offer new product designs, reusable, repaired, and remanufactured products to society.	4.3933
Q15-Banks can use green /eco-friendly banking practices to enhance the quality of the banking product offers	4.3667

Question 16- 20 has been designed to test hypothesis 3 of the research. Here it has considered core determinants of resilience such as commercial resilience, environmental resilience, financial resilience, operational resilience, and the future resilience (Weetman, 2020). (of the banking business. These factors have been evaluated with the circular perspectives considering the core circular economic principles. Question 16 (Q16) has the highest mean value of 4.4067 and it has fused on the commercial resilience of the banking business. It has proposed to use digital tools to retain existing customers and to get their feedback about the banking services. Also for question 17 (Q17) and question 19 (Q19) Responses have recorded a similar mean value. The average mean value of the data set was 4.38668. Considering these facts hypothesis 3 (H3) has accepted.

Table 5: Resilience of Banking Business (Author constructed)

H3: *Adoption with circular principles enhance the Resilient Capacities of the banking business*	Mean
Q16-Bank can use digital tools to retain existing clients and recruit new ones – including making use of customer feedback and investing in sales and marketing. (Commercial)	4.4067
Q17-Bank can gain self-satisfaction about the positive impact which makes through financing environmentally friendly products and business. (Environmental)	4.4000
Q18-Banks can strength the cash flow through introducing new banking product which promotes environmentally friendly business. (financial)	4.3600
Q19-Banks can streamline the business process with the digitalization of its service flow. (Operational)	4.4000

Q20-Banks can remain competitive in the future – taking into account societal/environmental change, technological advances, and product development. (Future)	4.3667

Question 21 – 25 has focused to obtain responses about the circular banking products and their impacts on the profitability of the bank. The scope of the questionnaire has covered hypothesis 4 of the research. Here the questions have been designed by considering circular banking products such as green financing products which focused to promote reusable, repaired, and remanufactured oriented business, green/sustainable bonds, New banking products to meet Millennial lifestyles, banking product to promote sustainable agriculture, and invest in green projects. The highest mean value of 4.3933 has marked to the Q22 that "Bank can support green and sustainability bonds". And the average mean value of the data set was 4.3760. Based on the statistics derived the hypothesis 4 (H4) has accepted.

Table 6: Innovation of Banking Business Q19 (Author constructed)

***H4**: Circular banking products can enhance the profitability of the bank*	Mean
Q21-Banks can enhance the turnover by introducing new green financing products targeting reusable, repaired, and remanufactured" businesses.	4.3733
Q22-Bank can support green and sustainability bonds.	4.3933
Q23-Bank can design new solutions by considering the changing purchasing patterns of Millennial/Youth communities in the country.	4.3600
Q24-Banks can design new banking products to support sustainable agriculture projects and farmers.	4.3867
Q25-Bank can consider issuing corporate bonds targeting more to invest in green projects, (EX: renewable energy)	4.3667

Question 26 – 30 has focused to evaluate the significance of digital/ green banking services in the circular economy. The questions have considered factors such as mobile/internet banking facilities, green investments, perception about the sustainable future, and business risk reduction in the banking business, and CSR activities of banks. The highest mean value of 4.4267 has marked for the question 29 (Q29) that "Adoption of green approach is more than just becoming environment friendly as it is associated with lots of benefits like reduction in the risk as well as the cost of the bank." The average mean value of the set was 4.3893. After considering the responses and their mean value the hypothesis 5 (H5) has accepted.

Table 7: Significance of Digital/Green Banking (Author constructed)

***H5**: Digital / Green banking is a significant factor in the circular economy*	Mean
Q26-Online/Mobile banking can reduce the waste of the banking process	4.3933
Q27-Green banking encourages environment-friendly investment.	4.3867
Q28-Green banking is a proactive and smart way of thinking towards future	4.3800

sustainability	
Q29-Adoption of green approach is more than just becoming environment friendly as it is associated with lots of benefits like reduction in the risk as well as the cost of the bank,	4.4267
Q30-Bank can encourage green banking products as a core value driver in bank's CSR activities	4.3600

According to the statistics derived from the likert type of questioner, all average responses were above 4.000 which consider being as the "Agreed" for the statements. The following chat shows the mean values of the received responses for each question.

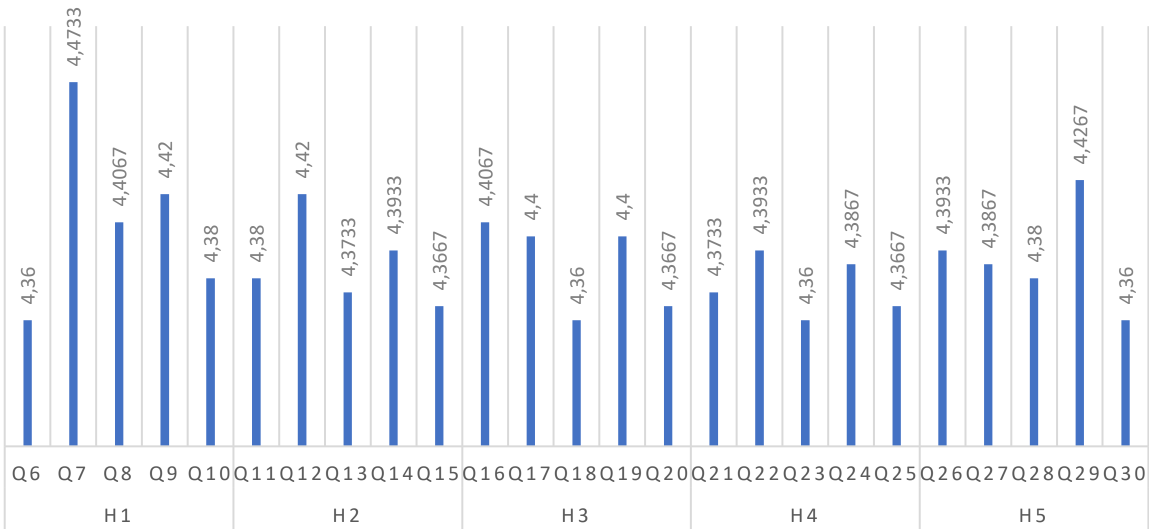


Fig. 1. Mean values of the questioner (Source: Author's constructed)

Statements, "Banks can introduce new business finance schemes to promote environmentally friendly products and packaging designs"(Q7)," Adoption of green approach is more than just becoming environment friendly as it is associated with lots of benefits like reduction in the risk as well as the cost of the bank" (Q29), "Banks can direct lending and leasing schemes for businesses that capable to offer product which returning valuable nutrients to the soil (regenerate natural systems)" (Q9), "Bank can highlight commitment towards the environment for its marketing and branding campaigns" (Q12) "Banks can design new banking products to finance businesses that offer "reusable, repaired, and remanufactured" businesses" (Q8), and "Bank can use digital tools to retain existing clients and recruit new ones – including making use of customer feedback and investing in sales and marketing. (Commercial)" (Q16). Have marked the highest mean values from the questioner. And hypothesis 1 (H1), "Innovation of the banking business" was the factor that identified as the significance for the circular banking transition process.

Conclusions

The research was conducted to identify opportunities to implement circular economic principles in the banking business in Sri Lanka and it was tested with five (5) hypothesis. As per the received response to the distributed questioner, all hypothesis has accepted. Results of the research have confirmed the importance to implement circular principles in the banking business in Sri Lanka. The banking business can lead the economic transition process liner to circular effectively than to the other business entities in the economy with its inherent credibility and strength (Tonelli & Cristoni, 2018).The banks can accelerate the process by adopting new technologies to the business. To succeed with the implementation of new solutions within the banking business, the highest level of education about the circular principles and the co-concept is will important.

Sri Lankan banking business needs to adapt the circular economic principles such as "design out waste and pollution", "keep product and, Martials in use", and "Regenerative natural systems" to the business process by considering the requirements and the capabilities of the banks. Top Management can bring circular concepts to the board rooms and discuss more the practicality and the appropriateness to the strategic plan of the business. As a result, the banking business can gain innovativeness to the business, competitive advantage, enhanced resilience capacities, enhance profitability, and green/digital banking enhancements to the business. Understanding the importance is the concepts the banking management can adapt to the new economic model and lead the economy toward sustainability and human wellbeing.

References

Angelis, D. R. (2018). *Business Models in the Circular Economy: Concepts, Examples and Theory* (1st ed. 2018 ed.). Palgrave Pivot.1-108

Blom, M. M. B. (2021). *Rethinking the road to the circular economy*. ING Think. https://think.ing.com/reports/circular-economy-rounding-up-the-costs-and-benefits/

Central Bank of Sri Lanka, *Annual Report 2019*. (2020). https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports

Ellen MacArthur Foundation (2021), *Circular Economy Case Studies*.

https://www.ellenmacarthurfoundation.org/case-studies

Franco-García, M., Carpio-Aguilar, J. C., & Bressers, H. (2018). *Towards Zero Waste: Circular Economy Boost, Waste to Resources (Greening of Industry Networks Studies, 6)* (1st ed. 2019 ed.). Springer.1-265

Mao, J., Li, C., Pei, Y., & Xu, L. (2018). *Circular Economy and Sustainable Development Enterprises* (1st ed. 2018 ed.). Springer. 1-303

Statista. (2021). *Environmental sustainability score South Asia 2019 by country*. https://www.statista.com/statistics/1103093/south-asia-environmental-sustainability-score-by-country/

Tonelli, M., & Cristoni, N. (2018). *Strategic Management and the Circular Economy (Routledge Research in Strategic Management)* (1st ed.). Routledge.2-221

Weetman, C. (2020). *A Circular Economy Handbook: How to Build a More Resilient, Competitive and Sustainable Business* (2nd ed.). Kogan Page.2-52

Zhelyazkova, V. (2021). The Role of Banks for the Transition to Circular Economy. *Circular Economy - Recent Advances, New Perspectives and Applications*, 5–15.

Steve Hans. FACTORS EFFECTING THE PROFITABILITY OF THE MANUFACTURING COMPANIES IN INDIA

EKA university of applied sciences, Master's Business Administration

stevehans@ymail.com

Scientific advisor: Dr. oec., Professor Vita Zarina

Abstract

Research relevance: The health of a company can be determined by its power of revenue generation and actual profitability. In this highly competitive time, manufacturing companies in India battling to achieve a good profitability. India's manufacturing companies are the major contributor of Indian economy which contributes almost 13.72% of its gross domestic product. Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr. Narendra Modi, launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. Government aims to create 100 million new jobs in the sector by 2022. Therefore, many new manufacturing companies are emerging.

Research goal: The aim of this research paper is to recognize the factors which plays vital role in Indian manufacturing companies for boots their profitability while minimizing the costing to the company. This article will examine how distinct factors impact the profitability in manufacturing companies.

Research methods: Research literature reviews and historical data of manufacturing companies is used. The secondary data has been gathered of the Indian manufacturing companies listed under Center for Monitoring Indian Economy, the financial statements are extracted from the "money control" database, and the interviews conducted with financial managers and other company officials.

Main findings: The study has revealed that firm size in terms of total asset and total sales have positive impact on the profitability of Indian manufacturing companies, and with the increase in cash conversion cycle return on assets will decline.

Keywords: *Indian manufacturers; factor effecting profitability; working capital; capital structure; firm size.*

Introduction

Manufacturing has conventionally had a vital role in the economic development of developing countries, several reasons shows it's important for any country, for an instance, manufacturing industry creates tons of jobs, many companies are running because of manufacturing industry since, every production and manufacturing company depends on another company for raw materials. Apart from this, most services depend on the act of using manufactured goods. The wholesale and retail, which make up more than 10% of the economy, involve selling and buying of manufactured goods.

According to the "The Economics Times of India", India ranks third in the list of most demanding locations for global manufacturing among 48 countries in terms of cost competitiveness and operating conditions, according to assets advisor Cushman & Wakefield. China and the US retain the top two positions, whereas India has moved one place above to rank third, said Cushman & Wakefield in its Global Manufacturing Risk Index (MRI) report.

India always been a suitable place for setting up the manufacturing factories because many reasons primarily suitable labor cost and easy availability of raw material. Recent initiative of Indian government has given a hike in manufacturing sector right after the formation of new government in 2014 with the slogan of "MAKE IN INDIA", taking India is on a path of becoming the hub for hi-tech manufacturing, several globally renowned companies are setting up their manufacturing sites in India. India is a market of more than billion consumers which encourage foreign companies to enter into India because of its continuously increasing purchasing power.

The increasing competitiveness of Indian manufacturing industry is reflected in the country's ranking worldwide in terms of competitiveness as per the 2016 Global Manufacturing Competitiveness Index, which is prepared by the US Council on Competitiveness and Deloitte on the interval of five years. This index factors in the market dynamics ad policy issues that influence the manufacturing industry. In the year of 2016 Indian manufacturing ranked on 11th place in the world ranking and in 2020 it positioned at 5th place.

2016 (Current)		
Rank	Country	Index score (100=High) (10 = Low)
1	China	100.0
2	United States	99.5
3	Germany	93.9
4	Japan	80.4
5	South Korea	76.7
6	United Kingdom	75.8
7	Taiwan	72.9
8	Mexico	69.5
9	Canada	68.7
10	Singapore	68.4
11	India	67.2
12	Switzerland	63.6
13	Sweden	62.1
14	Thailand	60.4
15	Poland	59.1
16	Turkey	59.0

2020 (Projected)			
Rank	2016 vs. 2020	Country	Index score (100=High) (10=Low)
1	(▲ +1)	United States	100.0
2	(▼ -1)	China	93.5
3	(⟷)	Germany	90.8
4	(⟷)	Japan	78.0
5	(▲ +6)	India	77.5
6	(▼ -1)	South Korea	77.0
7	(▲ +1)	Mexico	75.9
8	(▼ -2)	United Kingdom	73.8
9	(▼ -2)	Taiwan	72.1
10	(▼ -1)	Canada	68.1
11	(▼ -1)	Singapore	67.6
12	(▲ +6)	Vietnam	65.5
13	(▲ +4)	Malaysia	62.1
14	(⟷)	Thailand	62.0
15	(▲ +4)	Indonesia	61.9
16	(▼ -1)	Poland	61.9

Country ranking (Source: www2.Deloitte.com)

Future of Indian Manufacturing Sector

As mentioned above, India has become globally popular destination for the foreign investment in the manufacturing sector, numerous world class companies are entering into India for establishing their manufacturing plants. India manufacturing industry has the potential to achieve one trillion USD by the 2025. A new reform in Indian taxation with the implementation of Goods and Services Tax (GST) will make India a 2.5 trillion USD GDP.

Literature Review

Factors of a profitability can be analyzed from various characteristics, with the application of distinct methodologies and within diverse theoretical frameworks. This study is to find out the factors effecting the profitability of Indian manufacturing companies, as mentioned there exist plethora of determinants of profitability of a company, out of which this study will be focusing on capital structure, working capital management, firm size. Theoretical reasoning for each of the factor has been analyzed into subsequent paragraphs.

Capital Structure

Capital structure is defined as the mix of debt and equity or additional long-lasting sources of funds used to finance a company's venture and operational activities. The capital structure of a certain company replicates its financing decisions. Capital structure is the percentage of various long-lasting sources of funds. The proportion of the various sources of funds depends upon their cost structure, their accessibility and the volume of funds required by the company. Basically, capital structure of a company signifies its mix of Debt-Equity Ratio, i.e., how much debt and how much equity the company uses.

Ogebe et.al (2013) inspected the effect of capital structure on firm performance in Nigeria from 2000 to 2010. He evaluated the effect of some key macroeconomic variables such as gross domestic product and inflation on firm performance. The traditional theory of capital structure was employed to regulate the consequences of the influence and macroeconomic variables on company's performance. The study makes a qualified analysis of the selected companies which are classified into highly and lowly geared companies setting a leverage threshold of above 10 percent as being highly geared. A statical panel analysis was used to accomplish the objectives of the study. By utilizing fixed effect regression estimation model, a relationship was established between the performance (represented by ROI) and leverage of the companies over the period of 10 years. The results were provided with the robust findings in support of the traditional theory of capital structure which emphasizes that the leverage is a significant determinant of company's profitability. Apart from this, the results also showed that there is a significant negative relationship established between leverage and profitability. He strongly recommended that firms should use more of equity than debt in financing their business activities; the matter of the fact is that the value of a business can be boosted with debt capital, it gets to a point that it becomes disadvantageous. Each firm should establish with the aid of professional financial managers, that particular debt-equity mix that maximizes its value and minimizes its weighted average cost of capital.

Miller & Modigliani Theory of Insignificance, Modigliani and Miller (1958) presented that the company value is independent of the capital structure. Their study discovered that a lot of opportunities are for the excellence of the capital market if the value of the industry depends on its capital structure. Furthermore, if the stakeholders can regulate the capital structure decisions, then both the investors and companies can lead to borrowing at the same rate of interest. Therefore, the theory is out of scope, nevertheless, it provides the basics theoretical background for further research. Trade-off Theory also gives the ideas of the firm for the selection that how much the financial debt and equity by using the balance of cost and benefits. This theory recommends the value of levered company and the value of unlevered in which plus the current value of the interest tax shields.

Working Capital

Corporate finance theory can be discussed under three main areas: capital budgeting, capital structure and working capital management. The Capital budgeting and capital structure results are related to financing and managing long-term investments and their returns. Working capital management is a very important component of corporate finance theory and deals with managing short-term financing and investment decisions of the firm. Working capital management directly affects the liquidity of the company because of direct relation with the management of current assets and current liabilities that are crucial for successful business. Effectiveness in working capital management is essential in manufacturing companies since, it accounts more than half of its total assets. For a trading or distribution company, working capital constitute even more than half of total assets; therefore, it has a direct effect on the profitability and liquidity of the company (Raheman and Nasr, 2007).

Kesseven (2006) uses a set of 58 small manufacturing firms in Mauritius with 340 firm-year observations from 1998 to 2003. The study confirms that firms with more receivables and higher levels of inventory are less profitable. The author analyzed a comparative analysis of five major industry groups, and asserts that working capital has a negative correlation with ROA. The study accomplishes that the efficient management of working capital increases profitability.

Firm Size

The size of a firm is an important determinant of its profitability, "the size of a firm is very essential in today's world due to the phenomenon of economies of scale. Larger companies can manufacture items on much lower costs as compared to smaller firms. Firms of the modern era look to increase their size so as to get a competitive edge on their competitors by lowering production costs and increasing their market share" John and Adebayo (2013).

Ample of studies have been conducted on the influence of firm size on profitability and have been found positive direction between firm size and profitability. Furthermore, a positive relationship between firm size and profitability was found. (Vijayakumar and Tamizhselvan, 2010). The authors conducted different measures of size such as sales & total assets and profitability such as profit margin & profit on total assets and they applied the model on a sample of 15 firms operating in the South India in their study, that was based on a simple semi-log arithmetic description of the model.

Pervan and Višić (2012) analyze in his study on Croatian manufacturing industry between the years 2002 to 2010, the effect of firm's total assets on return on assets performance by utilizing the fixed effects regression. The results revealed that the size of the firm, natural logarithm of firms' total assets, stimuluses return on assets (ROA) completely and significantly.

Methodology

The research methods that have been used for this study are qualitative and quantitative. Data collection has been done for the purpose of research is as such, research literature reviews, and the official financial reports. The secondary data has been gathered of the Indian manufacturing companies listed under Center for Monitoring Indian Economy, the financial statements are extracted from the "money control" database. Data processing methods are, Ratio analysis and other statical analysis such as correlation analysis.

The study is limited to 5 Indian manufacturing companies registered under the Center for Monitoring Indian Economy. In addition to that the data used from the time period to analyze the financial statements starting from 2015 to 2020 fiscal year. Since the latest data is available on the public databases of the selected companies.

The selected companies are as follow:

Table.1. List of selected manufacturing companies (Source: author's collection)

Companies	Sector
Cadila Healthcare	Pharmaceuticals
Cipla	Pharmaceuticals
Dabur	Pharmaceuticals
Hindustan Uniliver	Consumer Goods
Bombay Dyeing	Textiles

A telephonic interview was conducted with the financial personals of the companies the precise questions know about what their companies doing to make the company profitable. The questions were as below:

1. What is your role in the company?
2. How is the current performance of your company financially?
3. What are the challenges your company facing to keep it profitable?
4. What do you think, what is really important to make tremendous profit for a company, working capital, capital structure, or the scale and size of a company?
5. How do you think size of a company can bring more revenue to the company?
6. How do you think effective management of working capital can make a company more profitable?
7. What are your strategies for managing the working capital?
8. What are your expansion plans?

Results

Impact of Firm size on profitability

Table.2 Statistical analysis (Source: author's collection)

Variable	Minimum	Maximum	Mean	Standard Deviation
Net profit	7.096	16.714	12.3524	4.123825506
Return on Assets	24.238	175.684	70.614	64.11394199
Log Total Assets	5.216678449	6.097279206	5.749208985	0.404552371
Log Total Sales	4.885432132	6.526978172	5.762693496	0.600026371
Asset Turnover	0.772	5.236	1.848	1.90977695

Table.1 shows the results of descriptive statistics about the independent and dependent variables used in the study. As shown in table 1, the profitability ratios measured by Net profit and Return on Assets averaged 12.35% and 70% respectively. The size indicators as measured by log of Total Assets and Total Sales were found to be 5.75 and 5.77 respectively. It is understandable from the table that the minimum and maximum values for Net profit and Return on Assets varies significantly among the selected listed manufacturing companies in India.

Table. 2 Correlation matrices (Source: author's collection)

	Net profit	Return on Assets	Total Assets	Total Sales	Asset Turnover
Net profit	1				
Return on Assets	-0.313873558	1			
Total Assets	0.190304664	0.639039165	1		
Total Sales	0.487179655	0.290873013	0.885443453	1	
Asset Turnover	0.393173746	-0.358342382	0.414224384	0.727208489	1

Table 2 shows the existence of statistically insignificant association between the indicators of firm size and the measures of firm profitability. It is clear that the correlations between Return on Assets and other variables are significant. According to the results in the table. 2, size both in terms of Total assets and Total sales are positively correlated with Return on Assets; however, Asset turnover and net profit are negatively correlated.

Impact of Working Capital on profitability

Profitability is generally depending on working capital management, thus working capital indicators such as ICP, DCP, CCP and CCC should have a relationship with profitability indicators. In order to test the relationships, the correlation analysis was carried out.

Table. 3 Correlation matrices (Source: author's collection)

Variables	Cash conversion cycle (CCC)	Inventory conversion cycle (IC)	Debt conversion cycle (DC)	Credit conversion cycle (CC)
ROA	-0.116864093	-0.01136912	0.560896516	0.528993673
IC	0.941351886	1		
DC	0.298501783	0.522542154	1	
CC	-0.43516136	-0.136548649	0.698472269	1

It is clearly visible that the cash conversion cycle is negatively correlated with the return on assets which is -0.1168; therefore, the return on assets will decrease with the increase in cash conversion cycle.

Interview results

According to an interview with a Finance Director of "Dabur" a pharmaceutical and consumer goods company; he explained that the major challenge for a company is to managing and arranging the short-term financial obligations. He also stressed that, for making a company more profitable its operational cycle must as smooth as possible and should not be delayed even for a day. Therefore, Dabur company has its special department only for account receivables and accounts payables. Where they, lure the debtor to settle the payment faster, and luckily company has got some luck.

Conclusions

In this study three main profitability factors have been considered out of many in manufacturing companies. From the several casual talks with managers and financial advisors in India, the author realized that the companies have problem with managing the capital. The three company level profitability determinants have been chosen as, Capital structure, Working capital, and Firm size.

The variables used to access the profitability in the manufacturing companies are return on assets, return on equity, gross operating profit, as the dependent ones. Whereas, the total assets, total inventories, net profit, return on equity, debt to equity, debt to assets, total turnover, total sales, accounts receivables, accounts payables, Inventory conversion cycle are the independent variables to understand the effects of working capital, capital structure, the impact of size of a company on its profitability.

The research concludes that among the profitability factors that is working capital and firm size. ROA has been used for the purpose of measuring profitability. The study has revealed that firm size in terms of total asset and total sales have positive impact on the profitability of Indian manufacturing companies. Apart from this, Return on Assets and Cash conversion cycle is negatively correlated which means with the increase in cash conversion cycle the return on assets will decline.

References

An article https://economictimes.indiatimes.com/news/economy/indicators/india-ranks-3rd-in-global-manufacturing-locations-among-48-countries-shows-report/articleshow/77000413.cms

https://www2.deloitte.com/global/en/pages/manufacturing/articles/global-manufacturing-competitiveness-index.html.

India Brand Equity Foundation: https://www.ibef.org/industry/manufacturing-sector-india.aspx.

John , Akinyomi Oladele and Adebayo, Olagunju. (2013), "Effect of Firm Size on Profitability: Evidence from Nigerian Manufacturing Sector", Prime Journal of Business Administration and Management (BAM) , Vol. 3(9), pp. 1171-1175.

Modigliani, F. and M.H Miller (1958). "The Cost of Capital, Corporate Finance and the theory of investment."

Padachi, Kesseven. (2006). Trends in Working Capital Management and its Impact on Firms' Performance: An Analysis of Mauritian Small Manufacturing Firms. International Review of Business Research Papers, 2.

Patrick Ogebe and Joseph Ogebe and Kemi Alewi , " The Impact of Capital Structure on Firms' Performance in Nigeria".

Pervan, M. and Višić, J. (2012). Influence of firm size on its business success. Croatian Operational Research Review, 3(1), 213-223.

Raheman, A., & Nasr, M. (2007). Working capital management and profitability-case of Pakistani firms.

Vijayakumar, A., & Tamizhselvan, P. (2010). Corporate Size and Profitability: An Empirical Analysis. College Sadhana-Journal for Bloomers of Research, 3(1), 44–53.

Viktoryia Sedova. OPPORTUNITIES TO INCREASE CUSTOMER SATISFACTION IN COMMERCIAL BANKS IN LATVIA

EKA University of applied science, MBA,

viktoryia.sedova@gmail.com

Scientific advisor: Dr. oec., Professor J. Titko

Abstract

Research relevance: According to P. Kotler, if one customer of the company has a negative experience, 11 people could find out about it from them. That is the number of potential buyers with negative information about a company will grow. Identification of this indicator the bank can find out the level of satisfaction of its customers in order to retain existing customers by meeting the needs for which they apply to the bank.

Research goal: Based on information about customer satisfaction of commercial banks in the world to identify opportunity to increase customer satisfaction in commercial banks in Latvia.

Research methods: For the identification customer satisfaction in commercial banks the author used data collection method – questionnaire and data processing methods – descriptive statistic, graphic analysis and correlation analysis.

Main findings: The research described the customer satisfaction in commercial banks in Latvia and the sector of commercial bank in general. Also in the research described the customer satisfaction with bank products and services.

Keywords: *Customer satisfaction; commercial bank; level of customer satisfaction; Latvia.*

Introduction

According to Kreituss research for customers in Latvia still important convenient remote services (Internet banking, telephone banking, mobile banking), service quality, and banking costs (Kreituss et al, 2020). In other words, comfort is important for bank customers and based on how the customer feels when using a product or service, the customer's satisfaction with the bank as a whole depends.

The aim of the research is to identify opportunities to increase customer satisfaction in commercial banks in Latvia.

The hypotheses of this research are:

H0: satisfaction influence to company reputation;

H1: satisfaction and importance for customer have positive correlation.

Statistical tools such as mean, mode, and median were used in the study. Thus, survey and correlation analysis.

According to the survey results, many respondents rate their satisfaction with the bank as 4 and the average level of customer satisfaction with its main commercial bank in Latvia is 3.5, Mo = 4; Me = 3.5.

Literature Review

According to the Cambridge dictionary, “customer satisfaction is a measure of how happy customers feel when they do business with a company” (Cambridge dictionary, 2020). Another author says that customer satisfaction is a means of evolution quality. If customer satisfaction is high, the company’s profit will grow (Cengiz, 2010).

As for the definition of satisfaction, Chang says that “satisfaction referred to a consumer’s judgment that a product or service feature, or the product or service itself, was providing a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment” (Chang et al., 2010).

Companies need to focus on the customer-oriented and measure customer satisfaction to ensure the prosperity of the company at the expense of generating high profits.

There are various models for measuring customer satisfaction, one of them is the PROSERV (Prosumership Service Quality Model). This model, divided into two parts: Value and Experience (Ciavolino et al., 2017).

Value:

Value means the result of the company's transaction with the client and further divided into (Ciavolino et al., 2017):

1. utility: this concept implies that the client is not interested in the internal qualities of the customer but in its usefulness;
2. co-construction: this aspect means that customers perceive the offered service as a transaction, meaning that the company can amend the terms of the transaction, if something does not meet the customer's goals. Thus, the main aim of this aspect is a cooperation between the company and the client.

Experience:

1. In the PROSERV model experience refers to a state in which the customer associates with a relational exchange with a company. Also, divided into three aspects (Ciavolino et al., 2017):
2. devices: this quality refers to the material side of the service and used in this theory for the reason that it affects the aesthetic satisfaction, security level and other subjective qualities of the customer experience;
3. process: It is characterized as a procedure related to a transaction between the customer and the company and means that aspects of the service can affect the client's subjective experience, that is, the attitude to the service in the company;
4. front-office: this aspect refers to the feelings that the customer feels after using the product or service. This aspect is not considered in the process because the service may be intangible.

David Aaker created the brand guidelines or Aaker’s model, which also described the behavior of companies to meet customer satisfaction. This principals consist of (Aaker, 2012):

- creating associations with brand (anchors);
- creating awareness with brand that customers may follow with other people;

- collecting customers reviews for working process improvement;
- creating a brand with more extensions because customers brands with more extensions;
- building attitudes with customers.

There is a theory that customer satisfaction influenced by the company's decision-making strategy (Figure 1). Jane Machin explains this theory as “Rejecters, looking for reasons to eliminate options, will generate more negative thoughts about the ultimately foregone alternatives, relative to selectors. It the foregone alternatives are salient, following a product or service failure, these initial decision-thought differences will prompt counterfactual thoughts in different directions. Compared to selectors, rejecters will generate more downward counterfactual thoughts, leading to relatively greater satisfaction (or, in the context of a product or service failure, less dissatisfaction) with the actual consumption experience” (Machin, 2016).

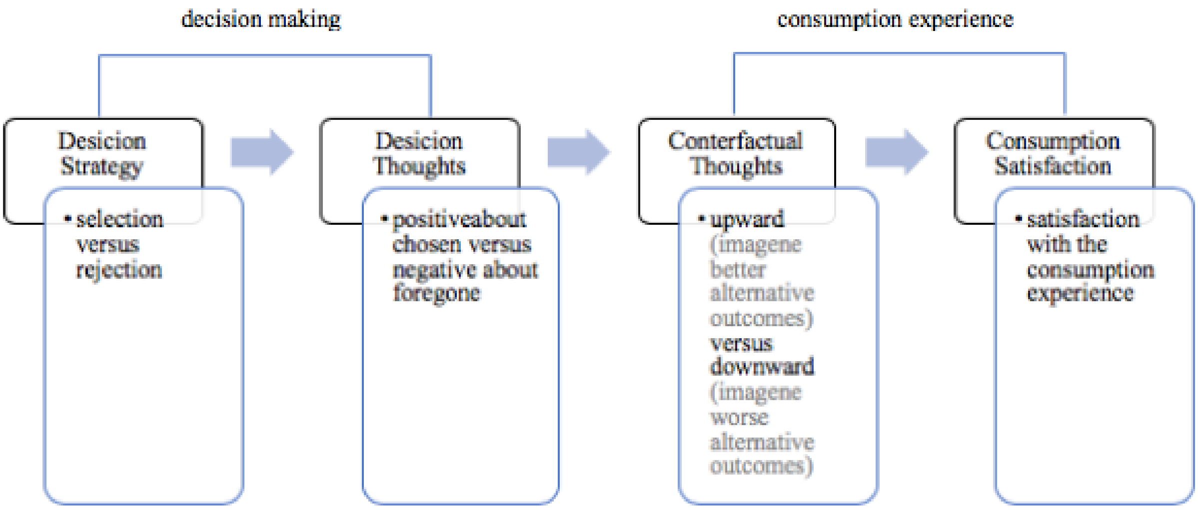


Fig. 1. Model of influence of decision strategy on satisfaction (Source: Machin, 2016)

The developed financial system of the state ensures the successful development of the commercial banking sector at the same time as the banks themselves affect the same financial system thus, a vicious circle in which commercial banks are an integral part in the social-economic issues of the country (Kalpana & Rao, 2017).

The importance of commercial banks are (Idiab et al., 2011):

1. accept all types of deposits namely term, current, certificates of deposit, savings deposits and other financial transactions;
2. the importance in the sphere of public services (to save money, the enrichment of their resources and wealth);
3. types of credit: short-term, medium-term and long-term;
4. providing services to all clients without exception;
5. development and support of the national economy;
6. compilation of national savings and investing them in economic projects;

7. the prevalence of banks in society helps people to get the necessary services and meet their needs.

To assess customer satisfaction, banks measure it using various methods (Mistry, 2013). For example, The SERVQUAL which means quality of service. SERVQUAL is divided into five dimensions and responses to which are subsequently evaluated on a five – point scale, where 1 – strongly disagree and 5 – strongly agree (Mohammad & Alhamadani, 2011):

1. reliability (e.g. "Bank employees are dependable in handling customer's service problems");
2. responsiveness (e.g. "Bank employees provide prompt service to customers");
3. empathy (e.g. "Bank employees giving customers individual attention");
4. assurance (e.g. "Bank employees instill confidence in customers");
5. tangibles (e.g. "The bank has modern equipment").

In the modern world, it is impossible to imagine a person who does not use the Internet, and the many resources it provides, one of them is social networks. A social network is a convenient way to share information about yourself with people around a person and find out what is going on in their friends' lives. In other words, it is a great method for informing a huge number of people at the same time. For this reason, almost all commercial companies, famous people, government organizations, and politicians have social networks. And in the end, they can change the opinion of blog followers about a particular event and action. In other words, thanks to social networks, bloggers can influence the opinions of people than commercial companies successfully use.

Methodology

The survey conducted on the online platform Google Forms to determine customer satisfaction, in which 10 respondents took part. In addition, the following statistical tools were used to analyze the survey results: average, mode and median. The study also provides processing methods such as a correlation analysis between two indicators, satisfaction with the bank and the ability to recommend it to other people and to visualize the information, graphs were developed that show the main data related to this research. In the research author used 5 point scale where 1 is low result and 10 is high result.

Results

During the research the author provided the survey where participated 10 people and their image is 24 years old man which live in Latvia, his family consist of 2 people and monthly salary around 400-700 euro.

In the survey the author to offer the respondents evaluate how they satisfied with services in the main bank (Figure 2) in 5 point scale where 1 is not satisfied and 5 is completely satisfied. The higher result received *Bank card for salary, scholarship, etc.* and Mobile banking – 3.9 points, and the lowest result received *Credit card* and *Other serviced* – 1.1 points.

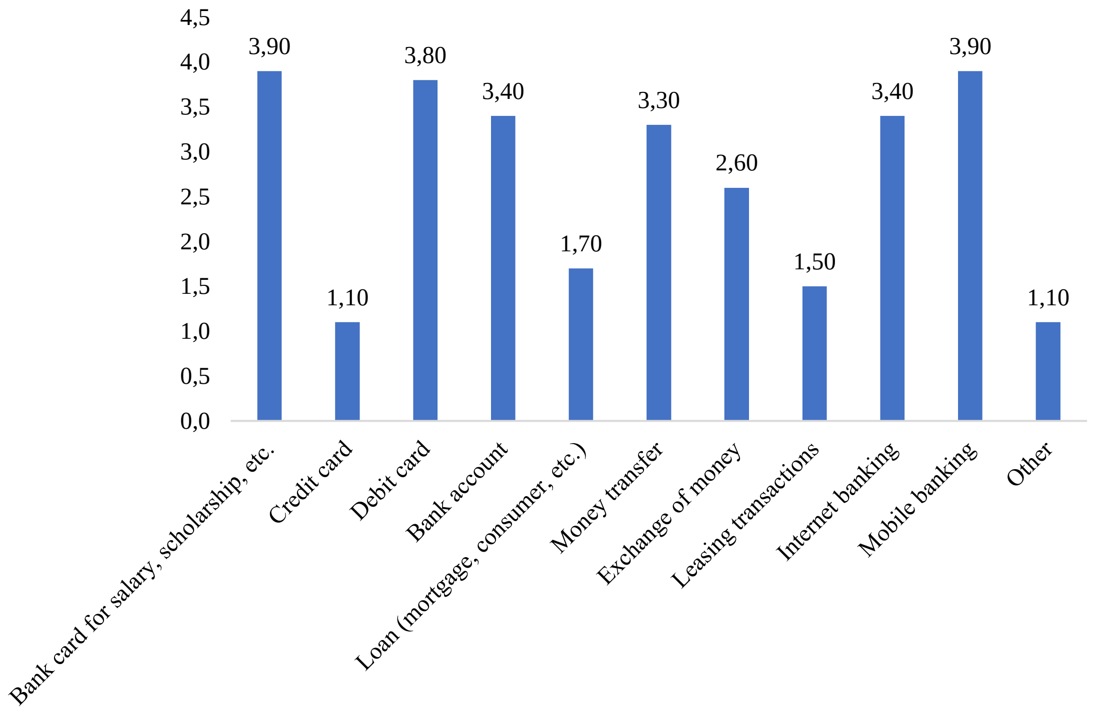


Fig. 2. Satisfaction with services in the main bank in Latvia (Source: author's collection, 2020)

To conduct this study, the author decided to identify how important the services provided by banks are to respondents and how satisfied they are with them (Figure 3). According to the survey results more importance service is *The opportunity to get help from the staff at the call center* – 4.3 points and less importance is *Variety of loan offers* – 2.3 points. Thus respondents more satisfied with *Variety of bank card offers* – 3.9 points and less satisfied with *Speed of operations in the bank branches* – 3.1 points.

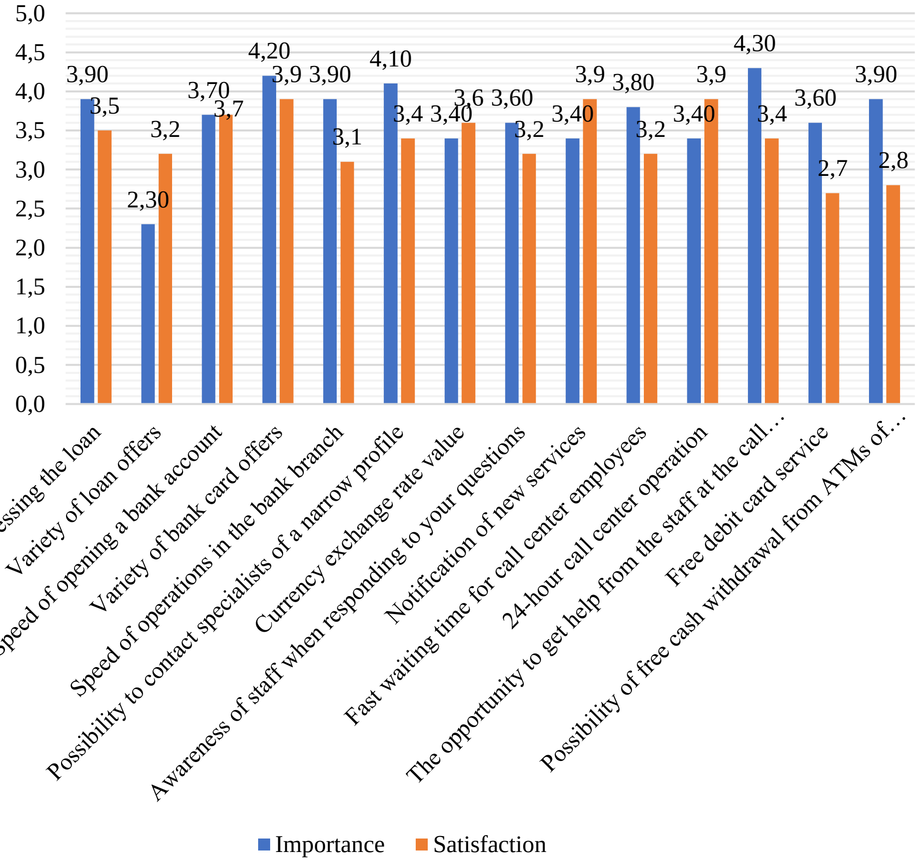


Fig 3. Importance and customer satisfaction in commercial banks in Latvia (Source: author's collection)

Moreover the author calculated correlation between importance and customer satisfaction with the services in commercial banks and received the low result – 0.09 which mean banks in Latvia should provide campaign for improvement of service provided because respondents expect more from the services provided by banks than they are now.

Conclusions

In average respondents satisfied with commercial banks in 3.5 points, Mo (Mode) 4, Me (Median) 3.5. and will recommend their bank in 3.8 points, Mo 4, Me 4. Correlation between importance and customer satisfaction in commercial banks is 0.09.

The higher result with service satisfaction in the main bank received Bank card for salary, scholarship, etc. and Mobile banking are 3.9 points.

According to the author research for respondents more important in commercial banks is the opportunity to get help from the staff at the call center (4.3 point) and respondents more satisfied with variety of bank card offers, notification of new services and 24 hours call center (3.9 points).

References

Aaker, D. A. (2012). Building strong brands. Simon and Schuster.

Cambridge dictionary (2020). Customer satisfaction. [viewed 22.12.2020]. Available: https://dictionary.cambridge.org/dictionary/english/customer-satisfaction

Cengiz, E. (2010). Measuring customer satisfaction: must or not. Journal of Naval Science and Engineering, 6(2), 76-88.

Chang, N. J., Fong, C. M. (2010). Green product quality, green corporate image, green customer satisfaction, and green customer loyalty. African Journal of Business Management, 4(13), 2836-2844. [viewed 22.12.2020]. Available: https://academicjournals.org/article/article1380724467_Chang%20and%20Fong23.pdf

Ciavolino, E., Salvatore, S., Mossi, P., & Vernai, M. (2017) Quality and Prosumership. Proserv: A new tool for measuring the customer satisfaction. International Journal of Business & Society, 18(3), 409-426.

Idiab, A. I. M., Haron, M. S., & Ahmad, S. (2011). Commercial banks & historical development. Journal of Applied Sciences Research, 7(7), 1024-1029.

Kalpana, B., & Rao, T. V. (2017). Role of Commercial banks in the Economic Development of India. International Journal of Management and Applied Science, 4(3), 10-15.

Kotler, P., & Armstrong, G. (2010). Principles of marketing. Pearson Education.

Kreisrus, I., Strazda, A., & Cirule, I. (2020). Development of youth entrepreneurship in Latvia: A comparison of youth's and experts' opinions. Journal of Business Management, 18, 26–52.

Machin, J. E. (2016). Choosing by selecting or rejecting: How decision strategy influences consumer satisfaction. Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior, 29, 5–29.

Mistry, D. S. H. (2013). Measuring customer satisfaction in banking sector: with special reference to banks of Surat city. Asia Pacific Journal of Marketing & Management, 2(7), 132–140.

Mohammad, A. A. S., & Alhamadani, S. Y. M. (2011). Service quality perspectives and customer satisfaction in commercial banks working in Jordan. Middle Eastern Finance and Economics, 14(1), 60-72.

Aydos Danegulov. THE EFFECT OF ADVERTISEMENT ON CONSUMER BEHAVIOR

EKA University of Applied Sciences, Master study programme „Business Administration“,

aydos.ismagulovich@gmail.com

Scientific advisor: Dr. oec. Ksenija Ijevļeva

Abstract

Research relevance: Advertisement plays an important role in business sector in rapidly advanced and technological world. Advertising is a method of communication with its sole aim to convince an audience or viewers to purchase a product or take some action over the information or services relayed. There isn’t a world yet where a company has gone on to become a well-known brand without having to invest on promotional campaigns. Advertisements serve as a major tool in creating product awareness in the mind of potential customers. Their primary mission is to reach prospective customers and influence their awareness, attitudes and buying behaviour.

Research goal: Examine the impact of advertising on buying behaviour’s. It also deliberates the perception of customers towards ad promotions.

Research methods: The primary data of the study is collected through questionnaires and secondary data was collected through internet, journals and business magazines. The analysis has been done for 41 participants in a questionnaire form where participants should provide answers. The survey consists of demographic questions, perception factors and also listed some statistical data in order to identify the reasons of advertisement in daily life of people.

Main findings: By accomplishment of results, it discloses that majority of applicants believe that advertisement is crucial and it reflect their perception attitude and shopping trends. Besides, it illustrates that most of participants get influences from social media sources which mostly true in current globalization period. Also, respondents were asked to provide personal experience in their daily life, such as the regularity of shopping, aspects of encouragement and level of satisfaction concerning their behaviour. Customers mainly influenced the way of how advertising used to attract target audience and consumption pattern, and also emotional part plays key role in the relationship between customers and businesses.

Keywords: *Advertising; consumer behaviour; business; promotion; perception.*

Introduction

Currently no one can escape from the wide impact of broad communications such as papers, TV, promoting, recordings, films, announcements music, motion pictures, magazines, and the web. Among the entire promoting instruments, the promoting is recognized for the proceeding with sway on the onlooker's psyche as its effect is more extensive. Fundamentally commercial is a device of the special blend that incorporates the 4p's of the advertising blend just as product, price, place and promotion. Presently a day's commercial is an extraordinary hotspot for advancing the business in the entirety market. The results of commercial keep on quickening by consistently. Ad use to develop the item's solid picture in customer's mind. Spreading of ad has become a fundamental issue and brought up that allure of advertising is the fundamental thought of a commercial, and to stand out enough to be noticed of the crowd. Presently in twenty first century the messages can be conveyed by various methods of media that comprise of paper, radio, magazines, mail request, standard mail, outside displays, social network and even word of mouth. Berkowitz, Allaway, and D'Souza (2001) posited that over a period of time, the effect of different media platforms on consumers' memory varies. For instance, initially TV advertisements have a substantial impact on consumers' memory, but in the long term, it fades away. In contrast, a magazine initially has a low but persistent impact on consumers' memory because the readers can read a magazine at their own pace.

Literature Review

Advertisements are successful when they are integrated with other media and environments in which they are completely submerged. It is advocated that it is not the content of the ad that makes them persuasive, but the incorporation of media to amalgamate actions and fictions. The media defines the excitement and addiction by expanding and strengthening neutral responses (Williams, 1962).Since 1950th years the most piece of writing concerning contemplating of conduct of buyers was under development on two presumptions. To begin with, it is viewed as that the purchaser conduct firmly depends and is shaped by various components (Engel, 1993). Nature (a social class, culture, families/companions and help gathering and a circumstance), character (learning, the connection, the identity, esteem and a lifestyle), brain science (the connection, change of conduct, recognition) have a place with these elements. Furthermore, customers are additionally considered as the people settling on choices which have the capacity or a few abilities, information fundamental for guaranteeing sequential basic leadership process for accomplishment of the ideal decision among every single accessible option (Engel, 1993). While basic leadership process by purchasers created since the 1960s various scientists, for example, Engel, Blackwell, and so on.

The primary aim of advertiser is to reach consumers and influence their awareness, attitude and buying behavior. Their major preoccupation is to keep individuals interest in their product through spending on advertising. They also need to understand what influence customers behavior. Advertising has the potential to contribute to brand choice of consumers (Latif & Abideen, 2011).

Besides, preferences of the buyer are utilized most importantly to pick choice which has the best expected an incentive among various choices of the customer to meet his/her necessities or wants. Settings show the decision of unbiased or progressively critical choices. The preference of the customer is consequence of their conduct which they appear amid pursuit, buy and usage of items (Patel, 2014)

Dunn, S.W. and A. Barban (1987) defined advertising as a paid, non-personal communication through various media by business firms, non-profit organizations and individuals who are in some way identified in the advertising message and who hope to inform persuade member of a particular audience.

Consumer behavior is affected by social and cultural factors that affects individuals buying decision but determines the kind of product to buy (Arnould & Thompson, 2005).

Hawkins (2009) defined consumer behaviour as "behaviour that consumer displays in searching for purchasing, evaluating, using or disposing a particular product that they expect will satisfy their needs". Moreover, consumer behaviour is found to be more focused on how individual make a certain decision to spend their resources such as effort, time and money on their consumption related product (Hawkins, 2009).

Consumer buying behaviour has been defined as the mental, emotional and physical activities that people engage when selecting, purchasing using and disposing of products and services in order to satisfy need and desires (Schiffman & Kanuk-2009).

Methodology

The questionnaire was prepared to identify the effects of advertisement on consumer behavior and satisfaction. The survey consisted of three sections where the first part was about demographic related questions, then next part was about personal experience on shopping and how they behave in certain situations, and finally it inquires general questions where respondents should reply on exactly how far they do agree or not. Current research is aimed to respond to set goals that characterize the linkage between marketing with customers behavior. For this purpose quantitative analysis is appropriate research methods to investigate in what extend customers behavior can be varied in dependence of their choices and marketing strategy. Quantitative analysis will be beneficial for gathering numerical data based on respondents' feedback and distribute them by independent and dependent variables which will facilitate for further collocation. Being one of the main technique for measuring data of quantitative analysis method, questionnaire enables to amass easily needful numbers of respondents.

Results

Table below illustrates the result of respondent's demographic profile. Majority of respondents are male with around 80,48 %, while female only 19.52 %. The proportion of age shown that around 60.9 % respondents between age 18 and 25, while 39,1 % from 26 to 45 respectively. The striking point in education level demonstrates that 70,73 % of respondents get bachelor degree, follows with secondary level with 17,07 %, and the least acquired proportion relates to Masters. In interesting to note that all respondents are employed, however their monthly allowance differs. The average point exemplifies less than seven out of ten receives fund around 500 – 900 Euros per month, and it follows around less than a fifth from 1000 – 1499 Euros, and finally approximately 17, 03 % respondents earns below 499 Euros per month. Current research has been conducted in Riga, Latvia till first week of January 2021.

Table 1. Demographic data of respondents (source: Google form)

Gender	Age	Education level	Occupation	Monthly salary (EUR)
Male (80,48 %); Female (19.52%)	18-25 (60.9%); 26-45 (39.1 %)	Secondary (17.07%) Bachelor (70.73 %) Master (12.27%)	Employed (100%)	499 & below (17.03 %) 500 – 999 (63.4 %) 1000 – 1499 (19.51%)

Total: 41 respondents.

Numbers in columns above indicate the total number of respondents.

It table describes the perception level of buyers. Most of buyers agree that ad impact their shopping activity. In second column, opinion differs regarding their frequency of shopping. Majority of people, go to storing once in a month, follows by twice a week regularity. Others, prefer two times in a month and once a week. Besides, it is important to note that around 27 respondents spends approximately 300 Euros in a month, while other respondents spend more than 500 euros during the period. Roughly 23 people purchased items after seeing promotion, while other provide negative answer with 18 respondents respectively. Even though, majority of them satisfied with purchase whether they do it after or before.

Table 2. The preferences and experience of respondents (source: Google form)

Ads influences shopping trend	Frequencies of shopping	Spend amount	Preferences of brands	Purchased after coming across of ad	Satisfaction after purchasing
31 – Yes 10 – No	12 – Once a month 14 –Twice a week 4 – Two or more in a month 11 – Once a week	27 – till 300 EUR 11 – till 500 EUR 3 – till 1000 EUR	24 – Yes 17 - No	23 – Yes 18 – No	32 – Satisfied 9 – Neutral

The level of satisfaction and perception that affected their purchasing behavior condition. The number in the columns shown – how many respondents select exact point.

Table 3. The preferences and perception of respondents (source: Google form)

	General Questions	The level of agreement				
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Adverts present only for attracting consumers	17	10	12	2	-
2	The comfort and necessity of products impacts on final decision	25	15	1	-	-
3	The price reference is priority for me	12	14	7	8	-
4	The place of purchasing plays a significant role	16	9	7	7	2
5	The way of advertising influences on my behavior	9	11	8	7	6
6	I often purchase items on impulse	5	8	19	3	6
7	Typically I make a decision on brands beforehand	7	23	9	2	-
8	The customer service influences my	18	14	8	1	-

	buying perceptions					
9	After viewing the ad, I would consider purchasing the product	12	3	18	4	4

As for main findings to the perception level of consumers, mostly the effect of adverts play vital role on consumer's choice. For this also includes, the place where to buy and how customer service treated appropriately referring to brand and shops. Additionally, whether the convenience of buying selected product will affect the final decision of customers. The last, but not least will be buying on impulse and considering to purchase after advertisement play relatively neutral position in terms of customer choice and experience.

Conclusions

Today customers are irritated by wellbeing and improvement. Thus it considerably affects consumer buying behaviour. Numerous looks into demonstrated that customers care for good wellbeing as they intend to keep up high calibre of life. The target of this examination comprised in better comprehension by customers and the elements affecting their aim to purchase promoted by businesses. This examination likewise demonstrated that the most noteworthy percent of customers get impacted by advertisement as the way the perceive it. As indicated by it, there is an immense potential of marketers to go through their way of conducting and promoting items for consumers in a manner of interest and necessity. Obviously, it will be very helpful in creating and shifting the consumer's buying behavior that is a very positive sign for the advertising and marketing companies.

References

Berkowitz, D., Allaway, A., & D'Souza, G. I. L. E. S. (2001). The impact of differential lag effects on the allocation of advertising budgets across media. Journal of Advertising Research, 41 (2), 27–27

Dunn, S.W. and A. Barban. 1987. Advertising, It's Role in Modern Marketing Advertising, Its Role in Modern Marketing. Hindsdale, Illinois, U.S.A.: Dryden Press.

Engel, J. F., Kollat, D. T., & Blackwell, R. D. (1993). *Consumer behavior*. New York: Holt, Rinehart, and Winston.

Hawkins, D., & Mothersbaugh, D. (2009). *Consumer behavior: Building marketing strategy*. New York, NY: McGraw-Hill

Moriarty, S. et al., (2014). *Advertising: Principles and practice*. Australia: Pearson.

Schiffman, L.G. & Kanuk, L.L. (2009). Consumer behavior. New Jersey: Pearson Prentice Hall, (Chapter 5, 10).

Solomon, M. (1995). *Consumer Behavior*. New Jersey: Prentice Hall.

Yale, L., & Gilly, M. C. (1988). Trends in advertising research: A look at the content of marketing-oriented journals from 1976 to 1985. *Journal of Advertising,* 17, 12-22.

Arnould, E. J., & Thompson, C. J. (2005). Consumer Culture Theory (CCT): Twenty Years of Research. Journal of Consumer Research, 31, 868-882.

Kehinde Akintaju. FACTORS AFFECTING SOCIAL ENTERPRENUERSHIP IN NIGERIA

EKA University of Applied Sciences, Master study programme "Business Administration",

kendy4care@yahoo.com

Scientific advisor: Dr. oec., Professor Tatjana Tambovceva

Abstract

Social entrepreneurship is broadly acknowledged as being an important factor of society's development and growth. Both governments and researchers have therefore shown a keen interest in exploring this phenomenon. The study's objectives include: Influences of Social entrepreneurship developments and growth, identifying key social entrepreneurship challenges in Nigeria, identifying current trends in social entrepreneurship in Nigeria, analysing the factors affecting social entrepreneurship in Nigeria, and conduct survey, questionnaire and secondary data analysis among entrepreneurs in Nigeria. Aim is to analyse about entrepreneur's perception about social entrepreneurship developments and growth.

Research relevance: The idea of social entrepreneurship includes recognizing social problems and implementing innovative and entrepreneurial approaches to provide short-term and long-term solutions. Furthermore, a proper understanding of how social entrepreneurship and social entrepreneurial programs influence national development would clearly enable every nation's state or government to be at an advantage in predicting the positive effect this will have on national development.

Research goal: The Goal of this research work is to define factors affecting social entrepreneurship in Nigeria.

Research methods: The research method that will be used in this dissertation is quantitative method. Since primary data will be used for analysis, data collection will be done through survey (questionnaires).

Main findings: It was observed that economic factors, political factors, cross country factors socio-cultural factors and technological factors are the major challenges faced by social enterprises in Nigeria.

Keywords: *social entrepreneurship; social entrepreneurs; economic development; growth; Nigeria.*

Introduction

Development remains one of the key challenges in most underdeveloped and developing countries (including Nigeria) and has been identified as a major bottleneck to its socio-economic growth and sustainable development. In order to enhance the quality of life and well-being of the people, the government of these countries has over-time established policies and many steps to counter these challenges. Yet growth has remained insignificant or completely absent. This shifts the concerns of many researchers and even governments, especially those from underdeveloped and developing countries, to emphasize the need for holistic involvement and cooperation between stakeholders as measures to ensure rapid and sustainable growth in the country. This illustrates the emergence and development of many social enterprises, in particular non-profit organizations working side by side with the government to ensure productive development in this countries Nigeria to be precise.

Social entrepreneurship is considered as one of the steps that may be workable in Nigeria to complement government efforts to improve efficient, sustainable and rapid growth. This is important because it is not enough for the government alone to provide all the necessary resources intended for growth. In order to achieve that, there is a need for private sector and Non-Governmental Organization (NGO) collaborative relationships. As a concept, social entrepreneurship generates significant enthusiasm and involvement among scholars and researchers as a platform for positive social change. In the effort to solve observed problems in society, social entrepreneurs incorporate social innovations. it is without question that if the world's social challenges are to be solved sustainably, innovations and new technologies and methods are required. Dees (2008a) suggested that new approaches favoring "entrepreneurial, market-oriented approaches are being adopted as an integral component of sustainable social change creation." But it is important to emphasize that market-based solutions or approaches cannot address all social issues efficiently and effectively (Oghojafor, 2011). This is particularly true in the case of low-income developing economies where it is very difficult to solve the issue of poverty through market-based approaches alone, Dees (2008a).

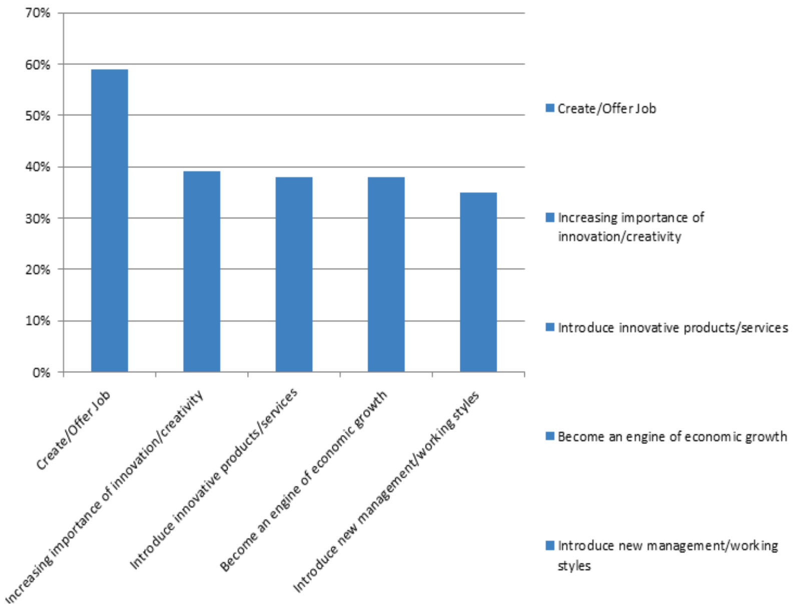


Fig 1. How entrepreneurs can help develop the economy (Source: Entrepreneurship and Economic Growth in Sub-Sahara Africa, Omoruyi et al., 2017)

Porlay (2008) clearly indicates that poverty and unemployment are linked at the same time. The Nigerian government therefore needs an urgent move to mitigate this scenario as poverty and joblessness have a spiraling economic impact. Unemployed youths are now being indicted with crimes, political violence, terrorist acts.

Aim of the research:

The Goal of this research work is to define factors affecting social entrepreneurship in Nigeria.

In order to accomplish this set goal and objective, the following tasks are needed to be fulfilled:

1. Influences of Social entrepreneurship developments and growth.

2. Explore the trends in social entrepreneurship development in Nigeria (theoretical issues).
3. Explore the trends in social entrepreneurship development in Nigeria (methodological issues).

4. Analyze the Factors affecting social entrepreneurship in Nigeria.

5. Conduct survey, questionnaire and secondary data analysis among entrepreneurs in Nigeria. Aim is to analyze about entrepreneur's perception about social entrepreneurship developments and growth

6. Defining research problems in social entrepreneurship development and growth in Nigeria

Research hypothesis:

H1. The significant role of social entrepreneurship in the society is widely known by Nigerians.

H2. Social cultural factor is the major factor hindering the development and growth of social entrepreneurship in Nigeria in a large extent.

H3. Social entrepreneurship has no positive impact on Nigerians through job creation and poverty alleviation

Qualitative research method was used for this work, collection of data was done through online survey, our target audience included both entrepreneurs who own a company and individuals who have been involved in some way in supporting, beginning, or owning a business venture.

Literature Review

Empirical study revealed that some social enterprises and commercial organizations have adopted social entrepreneurship programs using the best social entrepreneurship model to empower and train people in Sweden and China for job development and creation (Lei and Zhu 2010; Mulgan and Landry 1995). The government and the organized private sector have struggled to meet public expectations on job creation issues and the fight against extreme poverty in Nigeria. With over 170 million people in Nigeria (Olokor, 2012), it's worrisome to have over 40 million of its population unemployed. Therefore, the problem of the study is to explore how social entrepreneurship could help solve the problem of job creation and wealth creation in Nigeria. Accessible indigenous relevant studies have shown that Nigeria is in the social entrepreneurship incubation stage as most social programs are organized and executed by non-governmental organizations (NGOs). Based on its unique situation, Nigeria is trying to develop its own social entrepreneurship, while the government is actively or unconsciously trying to promote social entrepreneurship conduct and promote social entrepreneurship. NGO activities cover a wide range of activities, such as the HIV/AIDS and Sexually Transmitted Diseases (STD) awareness campaign; empowering local women through micro-credit/information; seminars on good governance; and gender issues, among others. With the unstable economic situation in the country and a deep understanding of the subject matter in the conventional environment, it is believed that NGOs or social entrepreneurs not only consecrate society, but also gain income at the same time. Nigeria's total population stands at around 170 million people (Olokor, 2012). By most measures, Nigeria's human development indicators have been. Although systemic corruption undermined the efficacy of numerous public spending schemes, it was comparable to that of other least developed countries (Okonjo-lweala & Osafo-Kwaako, 2007).

Nigeria is the sixth largest oil producing country, but with more than 40 million or 28.57% of the population unemployed, it continues to face daunting youth unemployment. Among other violent crimes, there is an upsurge in crimes such as abduction, armed robbery, cultism and religious rebellion, which is believed to be largely due to unemployment (World Bank Report 2009). The study is concerned about the factors affecting social entrepreneurship which may increase high unemployment rate and its associated lack of economic wealth creation in the country and sought to investigate whether social entrepreneurship could be a forum for the creation of jobs and wealth using non-profit organizations.

Generally, the positive feedback of performance and attention would inspire new entrepreneurs, promoting social entrepreneurship projects that are more and more successful. However, when working in Nigeria, there are enormous obstacles and difficulties that many social entrepreneurs face and that impede the entry of new social entrepreneurial projects. Some of the big problems are:

- Lack of Education in Entrepreneurship:
- Lack of Financial Assistance
- Comparative Disadvantages to Business
- Lack of Government Support
- Lack of Skilled Manpower

Methodology

Research approach

Thesis Research will be accomplished in an inductive way, inductive research "involves the search for observational patterns and the development of theories for these patterns through a series of hypotheses" (Bernard, H.R. 2011). The primary objective of the inductive approach is to allow research results to emerge, without the constraints imposed by formal methodologies, from the frequent, dominant, or significant themes inherent in raw data. In our studies, I wish to study about the factors affecting social entrepreneurship in Nigeria, I plan to acquire my data through a quantitative data collection method, in which data will be acquired from entrepreneur in Nigeria. This technique displays an in deductive stance.

Research Method

The research method can be categorized in quantitative and qualitative research (Bryman & Bell, 2011). Quantitative research usually involves gathering and converting data into numerical form so that it is possible to make statistical calculations and draw conclusions, While Qualitative research is the approach typically associated with the social constructivist model that emphasizes the socially constructed existence of reality. The data and information will be collected directly from entrepreneurs in Nigeria, as an overall conclusion, in a study of social reality, the quantitative data and statistical evaluation hold the goal idea. For this master thesis, based on the characteristics of the data collected and analyzed, quantitative research method is more appropriate for this work.

Data Collection

As mentioned above, for this master thesis, the quantitative analysis method is more suitable, but the source or level of knowledge and the data collection used for the theoretical and practical part of this master thesis must be determined or established. The framework for a thesis is literature and data sources. Literature assets can allow researchers to gain a good understanding of previous research and can be divided into three classes: primary, secondary and tertiary (Saunders et al., 2009, 68). Primary data is data collected specifically for a research assignment by a researcher. Data collection was done through online survey.

Data Processing:

The methodology entailed collecting data from respondents through an online survey that included a questionnaire. Our target audience included both entrepreneurs who own a company and individuals who have been involved in some way in supporting, beginning, or owning a business venture. The majority of the questions in our research instrument (the questionnaire) were nominal in nature, requiring responses of "yes," "no," or "I don't know," and some were answered on a 5-point Likert scale, with possible responses of "Very Small Extent," "Small Extent," "Undecided," "Large Extent," or "Very Large Extent." Responses from the survey questionnaire were computed using "IBM SPSS 27". In order to calculate data from the survey, it was needed to transform data (Strings) into Numeric type. This questionnaire contains Social demographic (gender, Age, Business type, Capital of busines and how long they been in business) and also investigated the level of public awareness of social entrepreneurship in Nigeria, the challenges of social enterprises in Nigeria, and the factors impeding the development of social entrepreneurship in Nigeria. Out of 150 expected copies of questionnaire distributed, 104 were received and theses were analyzed. In other to achieve our results or findings, Firstly I performed a reliability analysis to determine the reliability review of the questionnaire. In prospect the following Data Processing method will be used to analyse data or variables in this research;

- Descriptive analysis
- Factor analysis
- Graphical analysis

Results

Reliability Analysis

To determine the extent of accuracy of responses in assessing the factors of concern, the questionnaire items were subjected to reliability review. Cronbach's alpha is calculated by adding the variance for all individual item scores to the total score for each observation (usually individual survey respondents or test takers). And below is the SPSS output:

Table 1: Cronbach's Alpha realizability test (Source: Author computation using SPSS)

Cronbach's Alpha	N of Items
.680	18

The Cronbach's Alpha value of 0.680 indicates that the items are reliable since true estimation accounts for 68% of the variances and error variance accounts for the remaining 32%.

Table 2. Awareness about Social Entrepreneurship and the roles it plays in a society (Source: Survey, Author computation using SPSS)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	94	90.4	90.4	90.4
	No	10	9.6	9.6	100.0
	Total	104	100.0	100.0	

The descriptive statistics in table 2 shows the awareness about social Entrepreneurship and the roles it plays in the society, According to Table 2, 90.4% of respondents (94 respondents) acknowledged that they were aware of social entrepreneurship and the importance in the society.

Table 3. Factors hindering the development of social entrepreneurship in Nigeria (Source: Survey, Author computation using SPSS)

Source	VSE	SE	U	LE	VLE	Mean	Std.	Rank
Economic Factors	5(4.8%)	23(22.1%)	26(25%)	31(29.8%)	19(18.3)	3.54	1.230	1
Technological Factors	8(7.7%)	8(7.7%)	26(25%)	34(32.7%)	28(26.9%)	3.31	1.373	3
Political Factors	5(4.8%)	15(14.4%)	22(21.2%)	34(32.7%)	28(26.9%)	3.43	1.320	2
Socio-cultural Factors	3(2.9%)	16(15.4%)	20(19.2%)	27(26%)	38(36.5%)	3.25	1.275	4
Cluster Mean						3.38	1.300	

Note: VSE = Very Small Extent; SE = Small Extent; U = Undecided; LE = Large Extent; VLE = Very Large Extent;

VSE = 1; SE = 2; U = 3; LE = 4; VLE =5

Table 4. Social entrepreneurship can significantly help reduce the country's unemployment rate by job creations and also help in poverty alleviation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I don't Know	14	13.5	13.5	13.5
	No	18	17.3	17.3	30.8
	Yes	72	69.2	69.2	100.0
	Total	104	100.0	100.0	

Factor Analysis

Factor analysis is a method for compressing a large number of variables into a smaller number of factors. This method takes the highest common variance from all variables and converts it to a single ranking. We may use this score as an index of all variables for further study. We are going to perform factor analysis for two research questions from our survey “Factors hindering the development of social entrepreneurship in Nigeria” and “Challenges of social enterprises in Nigeria” using Scree plot.

Firstly, for the factors hindering the development of social entrepreneurship in Nigeria”

The Scree plot in fig. 2 shows the component number in relation to the eigenvalues. The result shows that one component was extracted for the analysis, as shown below. The one extracted component explained about 45.6% of the system's variances, as noticed in the plot only eigenvalues greater than 1 (>1) are extracted.

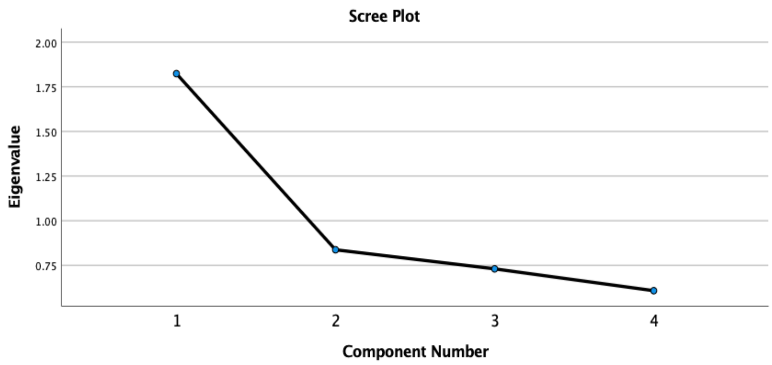


Fig. 2. Scree plot of survey variables for the factors hindering the development of social entrepreneurship in Nigeria (Source: Survey, Author computation using SPSS)

Table 5. Total Variance Explained. Extraction Method: Principal Component Analysis (Source: Survey, Author computation using SPSS)

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.824	45.601	45.601	1.824	45.601	45.601
2	.837	20.932	66.533			
3	.731	18.264	84.798			
4	.608	15.202	100.000			

Table 6. Component Matrix. Extraction Method: Principal Component Analysis (Source: Survey, Author computation using SPSS

Economic factors were extracted in the first component, as seen in the component matrix above, it is having the highest value of 74.7%.

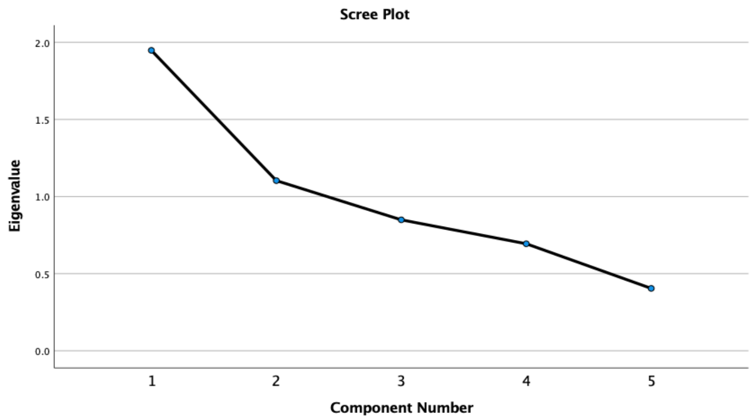


Fig. 3. Scree plot of survey variables for the challenges of social entreprises in Nigeria (Source: Survey, Author computation using SPSS)

As the graph levels off after the second component, the scree plot indicates that two components are extracted and considered significant in the analysis. The two components explained more than 61% of the system's overall variances, so they're considered acceptable.

	Component
	1
(Socialcultural Factor)	.646
(Technological Factor)	.650
(Political Factor)	.653
(Economic Factor)	.747
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Table 7. Total Variance Explained. Extraction Method: Principal Component Analysis (Source: Survey, Author computation using SPSS)

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.948	38.964	38.964	1.948	38.964	38.964
2	1.104	22.070	61.034	1.104	22.070	61.034
3	.849	16.985	78.019			
4	.694	13.884	91.903			
5	.405	8.097	100.000			

Table 8. Communalities. Extraction Method: Principal Component Analysis (Source: Survey, Author computation using SPSS)

	Initial	Extraction
(Lack of Finacial Assistance)	1.000	.498
(Lack of Government Support)	1.000	.513
(Lack of Education)	1.000	.727
Comparative disadvantage to Business	1.000	.754
(Lack of Skilled manpower)	1.000	.560

According to the communalities matrix above, the most significant challenge to entrepreneurship in Nigeria is Comparative disadvantage to business.

Table 9. Component Matrix, 2 components extracted. With Extraction Method: Principal Component Analysis (Source: Survey, Author computation using SPSS)

	Component	
	1	2
(Lack of Finacial Assistance)	.699	-.098
(Lack of Government Support)	.693	-.182
(Lack of Education)	.288	**.802**
Comparative disadvantage to Business	**.765**	-.412
(Lack of Skilled manpower)	.559	.497

The component matrix reveals that Component 1 extracts Comparative disadvantage to business, while Component 2 extracts Lack of Education.

Research hypotheses

The Kolmogorov-Smirnov goodness of fit test was used to test the three research hypotheses posed in null form. It's suitable because it's a non-parametric method for determining how well ordinal data fits together (Cooper and Schindler, 2000). This test examines the degree of agreement between the observed value distribution and a given theoretical distribution (expected frequencies), with the largest value of deviations between observed and theoretical proportions being the target. It considers each observation separately, and thus, unlike the Chi-Square (c2) test for a single sample, it does not lose information due to category combining. As a result, it outperforms the c2 measure. The Kolmogorov-Smirnov test is defined as follows:

$$D_N = \max_x |F|^o(x) - F_O(x)\ | \qquad (1)$$

Where,

F is the number of observations
$F°(x)$ is the specified (or theoretical) cumulative frequency distribution under Ho for any value of X,
$F_O(x)$ is the observed cumulative frequency distribution of a random sample of N observation for any value of X.

The measures are as follows: Indicate the null hypothesis, the degree of importance, and the decision principle. The degree of freedom was estimated at a significance level of 95%. For a sample size of N>35, the critical value of D is:

$$\frac{a}{\sqrt{N}} \tag{2}$$

The decision rule is that Ho will be rejected if the calculated D (Dcal) is greater than the tabulated D(Dtab) under the deviation level of 5%.

Table 10. Kolmogorov-Smirnov Frequency Table for Hypothesis 1.

Parameter		**Yes**	No
F = Number of observations according to their views that there is general awareness of the of role of social entrepreneurship in the general society		**94**	10
$F°(x)$ = theoretical cumulative frequency distribution under Ho		**1**	1
$F_O(x)$ is the observed cumulative frequency distribution of sample to be observed under Ho		**0.904**	1
$\|F\|^o(x) - F_O(x)$ I		**0.096**	-

Hypothesis 1. The significant role of social entrepreneurship in the society is widely known by Nigerians

To test this hypothesis, we used the response to Item No. 8 on the survey questionnaire, which is shown in Table 2. The presentation of this result using the Komolgorov-Smirnov goodness of fit test is shown in Table 10. Total same size in our study is N=104. The estimated D value for Hypothesis 1 is the point of greatest divergence between the cumulative observed and cumulative theoretical distributions, which is 0.096, according to the Kolmohorov-Smirnov Frequency Table. For sample size N>35, the test table is as follows:

$$D = \frac{\alpha}{\sqrt{N}} = \frac{1.36}{\sqrt{104}} = 0.133$$

The null hypothesis would be approved if the computed D is less than the tabulated D, according to the decision rule. Dcal > Dtab (i.e., 0.096 > 0.133), hence the null hypothesis which states that the significant role of social entrepreneurship in the society is widely known by Nigerians, is Approved, implying that Nigerians are aware about the importance of social entrepreneurship in the society.

Hypothesis 2. Social cultural factor is the major factor hindering the development and growth of social entrepreneurship in Nigeria in a large extent.

Table 11. Kolmogorov-Smirnov Frequency Table for Hypothesis 2.

Parameter	VSE	SE	U	**LE**	VLE
F = Number of observations according to the factors hindering the development of Social entrepreneurship	5	15	20	**27**	38
$F°(x)$ = theoretical cumulative frequency distribution under Ho	0.029	0.183	0.375	**0.635**	1
$F_O(x)$ is the observed cumulative frequency distribution of sample to be observed under Ho	0.029	0.154	0.192	**0.26**	1
$\|F\|^o(x) - F_O(x)\ \|$	**-**	0.029	0.183	**0.375**	-

Note: VSE = Very Small Extent; SE = Small Extent; U = Undecided; LE = Large Extent; VLE = Very Large Extent;
VSE = 1; SE = 2; U = 3; LE = 4; VLE =5

In order to test this hypothesis, we used the response to Item No. 9 from the survey questionnaire, which is shown in Table 3. The presentation of this result using the Komolgorov-Smirnov goodness of fit test is shown in Table 11. Total same size in our study is N=104. The estimated D value for Hypothesis 2 is the point of greatest divergence between the cumulative observed and cumulative theoretical distributions, which is 0.375, according to the Kolmohorov-Smirnov Frequency Table. For sample size N>35, the test table is as follows:

$$D = \frac{\alpha}{\sqrt{N}} = \frac{1.36}{\sqrt{104}} = 0.133$$

The null hypothesis would be rejected if the computed D is greater than the tabulated D, according to the decision rule. Dcal > Dtab (i.e., 0.375 > 0.133), hence the null hypothesis which states that Social cultural factor is the major factor hindering the development and growth of social entrepreneurship in Nigeria in a large extent, is rejected.

Hypothesis 3. Social entrepreneurship has no positive impact on Nigerians through job creation and poverty alleviation

Table 12. Kolmogorov-Smirnov Frequency Table for Hypothesis 3.

Parameter	I don't know	**No**	Yes
F = Number of observations according to their views that there is general awareness of the of role of social entrepreneurship in the general society	14	**18**	72
$F°(x)$ = theoretical cumulative frequency distribution under Ho	0.333	**0.667**	1
$F_O(x)$ is the observed cumulative frequency distribution of sample to be observed under Ho	0.135	**0.173**	1
$\|F\|^o(x) - F_O(x)$ |	0.198	**0.494**	-

In order to test this hypothesis, we used the response to Item No. 11 from the survey questionnaire, which is shown in Table 4. The presentation of this result using the Komolgorov-Smirnov goodness of fit test is shown in Table 11. Total same size in our study is N=104. The estimated D value for Hypothesis 2 is the point of greatest divergence between the cumulative observed and cumulative theoretical distributions, which is 0.494, according to the Kolmohorov-Smirnov Frequency Table. For sample size N>35, the test table is as follows:

$$D = \frac{\alpha}{\sqrt{N}} = \frac{1.36}{\sqrt{104}} = 0.133$$

The null hypothesis would be rejected if the computed D is greater than the tabulated D, according to the decision rule. Dcal > Dtab (i.e., 0.494 > 0.133), hence the null hypothesis which states Social entrepreneurship has no positive impact on Nigerians through job creation and poverty alleviation is rejected, indicating that social entrepreneurship has played a major role in reducing unemployment and alleviating poverty.

Conclusions

The goal of this research is to define factors affecting social entrepreneurship in Nigeria. From the analysis descriptive statistics method was perform on survey data for the factor hindering the development of social entrepreneurship. It was observed that Economic factor was rank 1 based on the fact that is has the highest mean value, since we can't only rely on descriptive analysis, we also performed analysis using scree plot (extraction method), the component matrix in table 6 shows that economic factors were extracted in the first component it is having the highest value of 74.7%. Basically, from this result economic factor is the major factor hindering the development of social entrepreneurship in Nigeria.

Kolmogorov-Smirnov test was used to analysis our hypothesis, it came to result that hypothesis 1 was approved whereby our null hypothesis states that the significant role of social entrepreneurship in the society is widely known by Nigerians, which implies that

Nigerians are aware about the factors of social entrepreneurship. Hypothesis 2 was rejected, null hypothesis states that Social cultural factor is the major factor hindering the development and growth of social entrepreneurship in Nigeria in a large extent. Hypothesis 3 was also rejected, the null hypothesis which states Social entrepreneurship has no positive impact on Nigerians through job creation and poverty, this implies that social entrepreneurship has played a major role in reducing unemployment and alleviating poverty.

The development of social enterprise in Nigeria has been observed to be influenced by political, economic, socio-cultural, and technological factors. Education in entrepreneurship, lack of financial assistance, comparative disadvantages in industry, lack of government funding, and a lack of qualified manpower were also described as major challenges in Nigerian social entrepreneurship. Social enterprise capital funding should be developed solely for the purpose of promoting start-ups that apply creative solutions to the country's social problems. Grants and loans from the government could also be expanded to help them expand their capital base. Donations from the private sector to the social sector should be welcomed as a source of additional support. Since social entrepreneurs are said to be swimming against the tide of societal stereotypes and prejudices, there should also be a concerted public policy aimed at changing the negative image of the social sector. Social entrepreneurship should be known as a mechanism for promoting social change in government development policies. The political institutions should make every effort and attempt to ensure its effectiveness. Furthermore, the government should promote social innovation and create an enabling climate for social innovation and entrepreneurship to flourish. The government should make it a point to identify and reward outstanding social entrepreneurs.

References

Oghojafor, et al., (2011). Corporate entrepreneurship and firms' performance in the manufacturing sector in Nigeria. *International Journal Of Business And Globalisation*, *6*(2), 182.

Omoruyi, et al., 2017 (2017). Entrepreneurship and Economic Growth: Does Entrepreneurship Bolster Economic Expansion in Africa?. *Journal Of Socialomics*, *06*(04).

Haugh H (2007). New strategies for a sustainable society: the growing contribution of social entrepreneurship. *Bus. Ethics Q.,* 17(4): 743-749.

Ogunyemi, K. (2012). A Social Entrepreneurial Model from Nigeria. *ACRN Journal of Entrepreneurship Perspectives*, 1(1), 137-148.

Dees, G. J. (2008a). Philanthropy and Enterprise: Harnessing the Power of Business and Social Entrepreneurship for Development. *Innovations*, *3*(3), 119-132.

Zahra S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A Typology of Social Entrepreneurs: motives, search processes and ethical challenges. *Journal of Business Venturing,* 24, 519-532.

Akshay Thottuvayil Jose. THE ROLE OF HUMAN RESOURCE MANAGEMENT IN AUGMENTING ORGANIZATIONAL PERFORMANCE IN KOCHI REGION

EKA University of Applied Sciences, Master study programme "Business Administration",

akshaytjose@gmail.com

Scientific Advisor: Dr.Sc.Pol. Inese Abolina

Abstract

Research relevance: The COVID-19 pandemic presents a different challenge and highlights the role of another corporate function. Never before have more firms needed hard-headed human resource management. Studies said that the importance of human resource management is a much-needed management function during this pandemic period for enhancing organizational performance in the Kochi region. The study concluded that Human Resource Planning has a strong relationship with the performance of a particular Institution. Thus, effective HR planning leads to good performance and ineffective HR planning leads to the poor performance of a particular Institution.

Research goal: To identify The Role of Human Resource Management in Augmenting Organizational Performance in Kochi.

Research methods:

– Study different research papers and analyze theoretical and practical aspects.
– Process survey results and survey shall be conducted with members from middle management in organizations.
– Reliability analysis of organizational performance and different HRM practices

Main findings:

– Understand the Mediating role of Organizational Innovation between HRM-Practices and Organizational Performance.
– HR knows about psychology and sociology processes.HR Can coordinate and facilitate regular meetings between different departments in an organization to set up regular formal joint sessions, training, information exchanges, and think tanks to mediate the cross-flow of information and ideas between the two groups.
– The major findings show that the meager planning of HR has an impact on organization performance as the response from the respondents shows insufficient priority for HR planning

Keywords: *human resource management; organizational performance; human resource work practices; statistical analysis.*

Introduction

The planning of human resource originates from human resource management. A commonly used human resource management, though a new nomenclature as a field of study in today 's context existed in some form with the evolution of the human organization. Nevertheless, it is a systematic study that started with the development of the field of management at the beginning of the 21st century.

Organizational innovation has been acknowledged as an important tool to compete in the competitive world. I have selected the city Kochi in the country India to do my research on my topic, In the various industrial sector in India strive to transform their business model from labor demanding to knowledge demanding, which be going to thrust themselves into higher value-added activities such as, developing a new product, the process in which and services which continue in the sustain of competitiveness. One of the factors in which area of organizational innovation is effective human resource management practices and effective data management. The study examined the direct association of human resource management practices such as performance evaluation, career management, training, reward system, recruitment, and employee recognition and Organizational Innovation. Moreover, this has examined the mediating role of knowledge management in between other departments in an organization that values the direct relationship. Human resource planning from its origin empowers workforce planning, or personnel planning, that get ahead and makes the provision of the movement of people into, within, and out of the workgroup. Its primary determination is to enable the workgroup to maximize the utilization of its human resources by making sure that the right number of people, of the right capabilities, is available to do the task in reliably right job positions at the right time.

Human resource planning helps workgroups to implement their short and long- term organization plans. Due to the vital role of human resources in the performance of the company, human resources planning is a very important part of the strategic plan of any workgroup. Human resources planning being one of the rising areas of speculative study, various organizations regard their human resource as their core capability because it would lead towards its better performance. Human resource planning normally gives reproduction to the performance of a particular organization according to prior studies all of which depend on its efficiency. Inefficient and ineffective human resource planning both have become a major problem in most group works performance in Kochi notwithstanding various reforms taking place. It is caused by a big number of underperforming organizations as designated in Daily News. As in the local government and private sectors, always there exists a shortage of workers mostly in the health and education departments. The problem exists at Kochi city Council as well and that ‘s why the study is carried out.

The study aims to identify The Role of Human Resource Management in Augmenting Organizational Performance in Kochi. Effective planning is important for human resources (HR) professionals today, nevertheless, just having a human resource philosophy of service to the organization is not enough. It all starts with a business plan.

The study focuses on the contribution of human resources planning towards organizational performance, and the elementary aim is to determine the key determinants of human resources that contribute to organizational performance in the private sector. Data collected from various levels of respondents will be the base of measurement for performance and human resources planning, and some criteria for organizational performance will be job satisfaction, efficiency, employee motivation, as well as a positive relationship.

Literature Review

It was realized there are given different phrases for HRM systems such as a High-performance work system (Boxal & Macky, 2009) or high-involvement work practices (Huselid, 1995) or high-performance HR practices (Kehoe & Wright, 2013) or high-commitment (Huselid, 1995). However, they can be a substitution of one other and their definitive essence is to affect performance outcomes (Wall & Wood, 2005). Many scholars in strategic HRM have claimed that an organization can use HR practices in its system form to drive organizational performance (Boselie, Dietz, & Boon, 2005) (Huselid, 1995). In HR empirical literature, it is concluded that HR practices are suitable in-service settings. To end this, the current study used the term HRM systems to refer to high commitment HR practices, suggesting as a fortune of HRM practices combined as rational systems that ultimately affect organizational performance which is reliable with previous studies (Lepak, Liao, Chung, & Harden, 2006). Regarding the HR practices engaged, different researchers and scholars applied different sets of practices in their study. There is no commonly recognized theoretical underlying principle for selecting HR practices, similarly, recent meta-analysis reviews exposed that the utilization of HR practices differs dramatically from one study to another (Boselie, Dietz, & Boon, 2005).

Notwithstanding the varying number of HRM practices, It is suggested that on average intellectuals can include five to six HR practices in building the HRM system (Combs, Liu, Hall, & Ketchen, 2006) and scholars are more cognizant of the research context while selecting the HR practices because public services are different from private sectors in terms of objective and HR practice utilization (Knies, Gould, Boselie, & Vaandenbeele, 2016). Following the prior studies, the current HR practices comprise six majors widely used HR practices in the service sector (Recruitment and Selection, Training and Development, Performance and Appraisal, Compensation and Reward, Autonomy, and Employee participation). These HR practices are selected using the AMO theory (Elgar, 2019) (Appelbaum, Bailey, Berg, & Kalleberg, 2000). With the help of AMO theory and autonomy and employee participation together with other practices formed the opportunity-enhancing practices and eventually combine all practices to establish a well-developed HRM system (Subramony, 2009). The central issue of the models to build the HR system by categorizing the HR practices into ability, motivation, and opportunity enhancement and which considerably influence performance through employee reaction (Boxal & Macky, 2009) and it is noted that HRM systems working actually through its effects on employee's skill, and knowledge, their readiness to employ effort and their opportunity to their job and organization (Sun, Aryee, & Law, 2007).

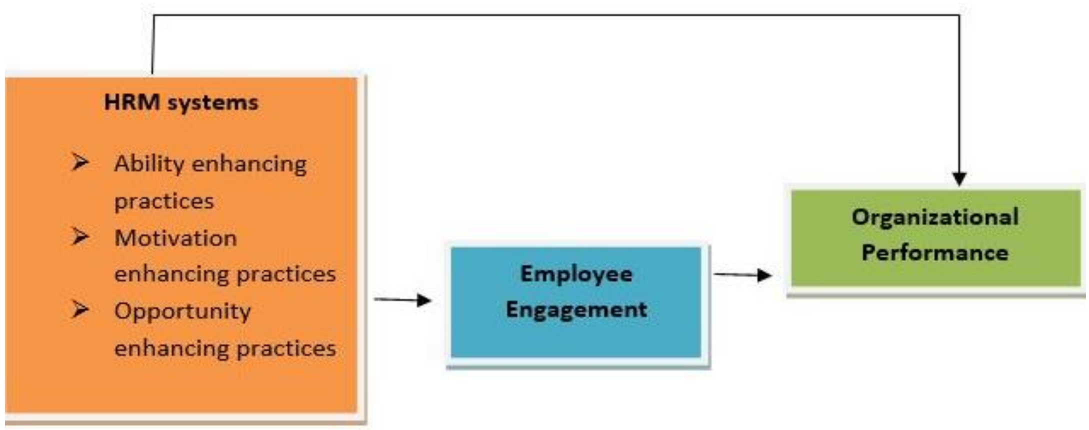


Fig 1. Conceptual model. (Source: Author)

The term organizational innovation is defined as the implementation of a new idea for product improvement, new organizational processes, or the application of different methods in organizations, groups, workplaces, and operations (Mortensen & Bloch, 2005). These innovations theoretically and practically indicate the continuation of different kinds of organizational innovation (Donate & de Pablo, 2015). Moreover, organizational innovation is mainly interrelated to four activities, which including new product development, new production process, creative strategy, and economic organization, by considering all economic factors (Baregheh, Rowley, & Sambrook, 2009). In an organization, all these four factors are linked to four levels of management, those are, research and development department, Production manager, marketing department, and sales department. Thus, organizational innovation is considered multi-tasked processes containing newly emerged digital techniques, highly developed processes, practical implementations, more compound structure, more advanced technological strategies, and creative product production (Leonard & Waldman, 2007) (Donate & de Pablo, 2015). However, previous literature studies more frequently discussed a conventional manner of organizational innovation (Brettel & Cleaven, 2011). Organizational advancements influence the implementation of the business processes, more specified responsibilities of employees, internal and external decision-making processes are also identified (Le, Mothe, & Nguyen-Thi, 2010) and more defined interpersonal relationship with other organization. Moreover, according to different study results regarding innovational organizations (Mothe & Uyen, 2010), If the organization is not willing to implement innovation in its business (Ambruster, Bikfalvi, Kinkel, & Lay, 2008), its internal and external expressive power would be less than the innovative organization and it has less chance of organizational success. Thus, in the ruthless organization competition, each organization has to develop a dynamic organizational scenario that will muddle-through within the market competition. Furthermore, organizations are trying to maintain market performance by adopting practical implementation. They have learned from past performance, skills, experiences, and are trying to adopt new innovative technologies to achieve an innovative environment. It requires continuity in the progressive work environment (Garcia, Jimnez-Barrionuvo, & Gutiérrez-Gutiérrez, 2012), development in the employee's knowledge skills, implementation of new technological equipment, inventive ideas thinking, and innovative solution (Salavou, Baltas, & Lioukas, 2004). Moreover, Organizational development has been defined (Porras & Robertson, 1992) as "a set of behavioral science-based theories, values, strategies, and techniques aimed at the planned change of the organizational work setting to enhance individual development and improve organizational performance, through the alteration of organizational members' on the job behaviors". Moreover, there is still an uncharted research area about particular organizational practices that may influence organizational innovation. An organization 's approach to HRM practices has an influential effect on organizational innovation. HRM practices set the character and condition of the employer-employee relationship, which can persuade the employees to become more innovative (Rousseau & Grellar, 2006). If HRM practices properly re-allocated, it can play a very important role in contributing to the management of organizational knowledge, and innovation will be realized through the ability to use the knowledge to identify and pursue the opportunity. This hypothecates that knowledge management effectiveness allowing employees to generate knowledge within their sphere of persuading, and the extent of shared knowledge influences the organizational (Dobni, 2006). Against this background, the goal of this study was to examine the role of knowledge management effectiveness mediating the relationship between HRM practices (performance appraisal, career management, training, reward system, recruitment) and organizational innovation (product innovation, process innovation, and administrative innovation) has been widely defined as the construction of a new idea and new behavior to the organization (Mendelson & Pillai, 1999).

Hypothesis I (H I): There is a positive and important relationship between HRM system and organizational performance.

Hypothesis I A (H I A): There Is a positive and important relationship between the individual relationship HR practices and organizational performance.

Methodology

Research methodology refers to the process stage which explains how the research was conducted.

1. Aim of the research

This study paper aims to identify The Role of Human Resource Management in Augmenting Organizational Performance in the Kochi region

2. Area of study

The study was conducted on private and co-operative organizations in Kochi, one of the prominent cities in Kerala a federal state in India. Most of the organizations headquartering in the economic capital Kochi. The city is one of the major hubs in southern India where many organizations and non-governmental organizations are concentrated. Moreover, the purpose of this study is to investigate the relationship between HRM practices and organizational performance, in the context of manufacturing production and human resources robust.

3. The sample size

This research has covered a total number of 20 respondents and this sample of 20 respondents was taken intending to cover the research as planned. Among these workers at the operational middle level, and from the top level of management.

Table 1: Demographic information of respondents (Source: field data)

Item	Contents	No: of samples	Percentage
Gender	Male	8	40%
	Female	12	60%
Age	23-28	7	35%
	29 and above	13	65%
Job position	Middle-level manager	18	90%
	Top-level manager	2	10%

4. Measurement of variables and measurements.

To test the validity of the Hypothesis, it is argued that the constructs under study should be measured. The current study studied a validated and developed standard questionnaire from previous research studies conducted in the private sector was used to measure all the study variables that are possible (Hasdhim, 2010). To avoid possible problems, the studies were carried out in six organizations. After the required corrections according to the recommendations from managers and the company's financial data. The final questionnaire is conducted to study the different operating management systems from the middle and upper-level managers.

5. Data collection method and scale validation

Answers from respondents to all questionnaire items were given on a five-point Likert scale in which 1 “Strongly disagree” and 5 “Strongly agree”. As the official language of Kerala is Malayalam, but the questionnaires were administered in the English language. This study consists of a random sampling procedure that was affianced by an aspect of the type of sectors as strata. The private and co-operative organizations were categorized into three major sectors and distinctively selected six organizations.

Results

1. Reliability test result.

The items are questions that were asked in the survey and survey questions are included in the appendix.

Table 2: Reliability Statistics(Source: Field data)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.970	.976	6

To check the internal consistency of the variables, Cronbach’s alpha was used. This study was 0.970 indicating appropriate consistency.

2. Intercorrelation between the data and measurement of the suitability of the data.

Table 3: KMO and Bartlett's Test (Source: field data)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.891
Bartlett's Test of Sphericity	Approx. Chi-Square	188.122
	df	15
	Sig.	.000

The value of KMO in this study is 0.891 which is more than the prescribed value which indicating further analysis can be done.

3. Component relation matrix result

Table 4: Discriminant validity of independent and dependent variables (Source: field data)

	HRM practices	Organizational performance
HRM practices	0.853	
Organizational Performance	0.953	0.999

In this study, the discriminant validity shows that the evidence of the measure of two variables of constructs is related to other theoretically that is proved by prior research studies and practically proved by this study. Thus, the findings of this study paper include the relation between the implementation of HRM practices have a strong relationship with organizational performance in the Kochi region.

Conclusions

As for the solution gotten from the research questions and recommendations offered by respondents, the conclusion is established hereunder. Categorically, in the context of human resources planning is the source of the effective organization performance of private sector organizations as particularized by findings and affects more the institutions within outlying regions together with the Kochi city council. It affects all levels of employees from the top managerial level to the lower level, thus leading to the meager performance of the institution. This study emphasized to show some high-performance work systems impact organizational performance. This study responds to prove the validity of deeper insights into high-performance work systems. Previous studies in the HRM- Organization performance equation was focused on developed and emerging economies. The objective of this article was to investigate the underlining mechanism through which HRM System affects the performance of private service organizations in Kochi city in Kerala, one of the developing cities in India. Drawing on AMO and social exchange theory, the present study hypothesized to examine the effect of HRM Systems on employee engagement and other HRM work practices and alleged organizational performance and exploratory the mediating effect of employee engagement on the HRM- Organizational performance research. In this respect, all the hypotheses were accepted. Similarly, the present study found a positive and substantial link between HRM work practices and performance, which is reliable with prior studies The main point here is that employee engagement is a strong predictor of performance of private service organizations since an engaged workforce is happy, motivated and henceforth can boost organizational performance And also speculated out employee engagement as a significant factor for organizational effectiveness (productivity, profits, quality, and customer satisfaction). That means an engaged workforce can fully contribute to performance with happiness, dedication, and motivation. The conclusion of this study is reliable with the oracle mechanism in that system of HRM practices first affects employee engagement and then in return affects operational performance outcomes such as productivity, customer satisfaction, and quality, and accordingly on. And also the issue of oracle in the relationship between HRM and Organizational Performance was treated through employee engagement and other HRM work practices, signifying that the result of this study is steady with the AMO theory

Hence my findings and recommendations from this study paper are listed below.

- Understand the Mediating role of Organizational Innovation between HRM-Practices and Organizational Performance.

- HR knows about psychology and sociology processes.HR Can coordinate and facilitate regular meetings between different departments in an organization to set up regular formal joint sessions, training, information exchanges, and think tanks to mediate the cross-flow of information and ideas between the two groups.
- The major findings show that the meager planning of HR has an impact on organization performance as the response from the respondents shows insufficient priority for HR planning.

References

Ambruster, H., Bikfalvi, A., Kinkel, S., & Lay, G. (2008). Organizational innovation: The challenge of measuring non-technical innovation in large-scale surveys. Technovation, 28, 644-657.

Appelbaum, E., Bailey, T., Berg, P., & Kalleberg, A. (2000). Manufacturing Advantage: Why High-Performance Work Systems Pay off. NY: ILR Press,Ithaca.

Baregheh, A., Rowley, J., & Sambrook, s. m. (2009). Towards a multidisciplinary definition of innovation. Manag. Decis, 1323-1339.

Boselie, p., Dietz, G., & Boon, C. (2005). Commonalities and contradictions in HRM and. Hum. Resour. Manag., 67-94.

Boxal, P., & Macky. (2009). Research and theory on high-performance work systems:. HRM J. 19, 3-23.

Brettel, M., & Cleaven, A. J. (2011). Innovation culture, collaboration with external partners and NPD performance. Creat. Innov. Manag., 253-272.

Combs, J., Liu, Y., Hall, A., & Ketchen, D. (2006). How much do high-performance work. Person. Psychol. 59 (3),, 501-528.

Dobni, C. B. (2006). The innovation blueprint. Business Article, 329-339.

Donate, M. J., & de Pablo, J. S. (2015). The role of knowledge-oriented leadership in knowledge management practices and innovation. J. Bus. Res., 360-370.

Elgar, E. (2019). AMO theory in HRM. Retrieved 06 21, 2020, from Researchgate: https://www.researchgate.net/publication/333405972_Ability_Motivation_and_Opportunity_theory_a_formula_for_employee_performance

Garcia, M., Jimnez-Barrionuvo, & Gutiérrez-Gutiérrez. (2012). transformational leadership influence on organizational performance through organizational learning and innovation. J. Bus. Res., 65, 1040-1050.

Hasdhim, J. (2010). Human resource management practices on organizational commitment. Personnel Review, Volume: 39, Issue: 6, 785-799.

Huselid, M. A. (1995). The impact of human resource management practices on. Acad. Manag. J. 38, 635-672.

Kehoe, R., & Wright, p. M. (2013). The impact of high-performance human resource practices. J. Manag. 39 (2),, 366-391.

Knies, E., Gould, W., Boselie, D., & Vaandenbeele. (2016). Strategic human resource management in public sector . Int. J. Hum.Resour. management, 1-14.

Le, B., Mothe, C., & Nguyen-Thi, T. U. (2010). The differentiated impacts of organizational innovation practices on technological innovation persistence. Eur. J. Innov. Manag, 13, 313-332.

Leonard, J. A., & Waldman, C. (2007). An empirical model of the sources of innovation in the US manufacturing sector. Bus. Econ., 33-45.

Lepak, D., Liao, H., Chung, Y., & Harden, E. (2006). A conceptual review of human resource. Res. Person., 217-271.

Medina, c., Cabrels, L., & Cabrera, V. (2011). Leveraging the innovative performance of capital through HRM and social capital. .International Journal of Human Resource Management 22(4), 807-828.

Mendelson, H., & Pillai, R. R. (1999). Information age organizations, dynamics, and performance. Journal of Economic Behavior Organization, 38, 253-281.

Mortensen, P. S., & Bloch, C. W. (2005). Oslo Manual-Guidelines for Collecting and Interpreting Innovation Data: Proposed Guidelines for Collecting and Interpreting Innovation. Paris,FR: Organisation for Economic Cooporation and.

Mothe, C., & Uyen, N. Y. (2010). The link between non-technological innovations and technological innovation. Eur. J. Innov. Manag, 13, 313-332.

Porras, J., & Robertson, P. (1992). Organizational development: Theory, practice, and research. Handbook of industrial and organizational psychology, 719-822.

Rousseau, D. M., & Grellar, M. M. (2006). Psychological contracts and human resource planning. Human Resource Management 33(3), 383-384.

Salavou, H., Baltas, G., & Lioukas, S. (2004). Organisational innovation in SMEs: The importance of strategic orientation and competitive structure. Eur. J. Market, 1091-1112.

Subramony, M. (2009). A meta-analytic investigation of the relationship between HRM bundles and firm performance. Hum. Resour. Manag. 48, 745-768.

Sun, L. Y., Aryee, S., & Law, K. (2007). High-performance human resource practices citizenship behavior, and organizational performance: a relational perspective. Academy of management, 558-577.

Wall, T. D., & Wood, S. J. (2005). The romance of human resource management and business. Hum. Relat. 58 (4),, 429-462.

Athira Peter. CUSTOMER SHOPPING BEHAVIOUR IN RIMI SUPERMART

EKA University of Applied Sciences, Master study programme "Business Administration",

athirapeter8@gmail.com

Scientific advisor: Dr. oec., Professor Jeļena Titko,

Dr.phil., Professor Velga Vēvere

Abstract

This study will help to understand customer shopping and the customer's perception about the store. Study regarding customer shopping behaviour in Rimi help to achieve the goal. Signifies the customer perception about the store which help the company to improve the quality of the business.

Research relevance: Importance of research is to analyse the methods for improving products and service quality of Rimi Supermart. This findings can help to grow their market share. In order to improve the sales and service of the company, customer should be satisfied with the service quality.

Research goal: To study and understand the customer shopping behavior, various factors which influence and the relationship between the personal factors of the customer and suggest the measure for improvement.

Research methods: Includes nature & population, population is all the customers of Rimi Supermart among which some has been randomly chosen to analyze. The type of sampling used in this research is convenience sampling. In order to collect the necessary data, the researcher administered the questionnaire personally to the respondents.

Main findings: customers are more in Rimi try to provide reward and recognition to them so that they feel motivated and turn to loyal. Hence families visit more on Rimi the offers and discount must to attract the family customer. Discount offers also has to give more importance. They also seems average. Availability of the product also must give importance. Majority of the customer have high income level so the different variety of the product can introduce to the store they are affordable to those customer. Most visited section must give more importance and also need to give other section more importance to increases the service quality.

Keywords: *Customer shopping behaviour; customer perception; service quality; improve sale; store structure.*

Introduction

Research is a systematic study of a problem. This study follows a pattern of research which attempts to find out some conclusive evidence on the subject matter which is being discussed, i.e., 'A Study on Customer shopping behavior in Rimi hyper market'.

This study gives an overview about how customer perception about the each department in Rimi, which is a chain of department stores in Latvia currently with 100 outlets, run by ICA Gruppen, Rimi Baltic is one of the fastest growing retailers in the Baltic States. It operates four chains that are favorite among customers Rimi Hyper, Rimi Super, Rimi Mini and Rimi Express. Rimi is designed as an agglomeration of Latvian markets with clusters offering a wide range of merchandise including groceries and appliance, food products, general merchandise, food and vegetables and home appliances sections. Rimi was launched purely as a fastest growing retailer over the years and has included a wide range of products and service offerings under their retail chain.

This study is done, basically, to analyze how customer are shop in the Rimi hypermarket and the people's perception about the store. This study was conducted within a period of one months by collecting information and analyzing this to reach the conclusions given in this report.

The study was done as a part of descriptive research. Convenience sample technique was customer for selecting the sample. The primary data was collected by means of the questionnaire. The secondary data was collected from the various research and company website. Structured questionnaire was given to customers and the data was collected on the same. The data was analyzed using MS office. The analysis leads over the conclusion of various shopping behavior of the customer. Comparison of various factor are also recorded. Valuable suggestion and conclusion are also given to the store for better prospects.

Theme of the Paper: A Study on Customer shopping behavior in Rimi hyper market.

Aim of the Paper: To Create report on shopping behavior in Rimi hyper market

Research Question:

1. What are the various factor which influence customer behavior purchasing in Rimi hyper market?
2. What are the relationship between the personal factors of the customer with the shopping behavior?
3. How the customer perception influence the service quality?
4. What are the measure for improvement?

Tasks:

- To analysis the customer shopping behavior.
- To analysis various factor which influence customer shopping behavior
- To analysis the relationship between the personal factor of the customer (Gender, Age, monthly income, Occupation, Family status) with shopping behavior.
- To identify the perception of the customer towards the service quality.
- To suggest the measure for improvement.

Literature Review

For the survey of existing literature, the research papers published in Journals, reference books, Magazine, internet, government report etc. were referred.

"The concept of store image, considered as the way consumers see the store in their minds, based on tangible and intangible attributes, attracted a great deal of academic and empirical attention, during the past four decades. The importance of studying image is based on the assumption that the store possessing the most congruent attributes with the image desired by consumer will have a better chance of being selected and patronized Therefore, the store image can be used as a `marketing tool a or as a `competition tool" (Engel et al ;1995)

Considered the social stimulation provided by malls, finding that the mall served as an outlet for social behavior. Further examination of this issue was made by Lots, East lick who studied the similarities and differences between mal l entertainment seekers and mall shoppers. Their results supported hypotheses that there are different motivations for individuals who visit a mall for entertainment activities versus those who visit for shopping purposes. (Feinberg, *et al*; 1989) CRM as an action that creates and employs marketing activities through the proposal that a firm donates a designated sum of funds to a chosen social cause in exchange for revenue-providing activities through purchase of the company's products or services. The increased adoption of CRM by many organizations has mainly been due to the various benefits that companies could gain, such as improved sales and profits as well as enhanced corporate and brand image (Kay Tze Hong1 *et al).* Shopping motivation may be due to buyer leisure and an important factor to this can be attributed to be attitude to time by diverse consumers on special occasions. This assertion has had some exploring work on them. (Davies, *et al*., 2007). In the study considered several characteristics of shoppers - such as functional shopping motivation, deal proneness, recreational shopping motivation, age, income and family size, to be a significant influence on mall shopping frequency. (Roy; 1994) For a merchandise retailer, competitive success is and will continue to be driven to a large extent by consumer perceptions of the quality of service ."The demand for high-quality customer service is increasing as consumers have become more value conscious and seek hassle-free shopping atmosphere" (Lewison; 1995: 115).

Consumer behavior can be defined as "the study of individuals, groups or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society." (Hawkins, *et al.,* 2018, p7.). Consumer is the study "of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires" (Solomon et al; 1995) "Consumer behavior is the study of how people buy, what they buy, when they buy and why they buy". (Kotler; 1994) "The entire process by which an individual becomes aware of the environment and interprets it so that it will fit into his or her frame of reference."(Walters *et al*; 1989, p. 333–consumer perception).

Methodology

<u>Structure of the questionnaire:</u>

Questionnaire for a Study on customer shopping behavior in Rimi super market, Riga.

1. Gender: Male Female

2. Govt. empl. business person- pvt. employed student

3. Family status: young single married with no children married with children old single unmarried with children

4. Monthly house hold income: less than 500 500-1000 1000-3000 above 3000

5. Age: below 15 16 – 25 26 -35 above 36

6. How often you purchase in Rimi?

Weekly Monthly Quarterly Unplanned basis during special events

7. Which day you prefer to visit Rimi?

Sun Mon Tue Wed Thu Fri Sat

8. With whom do you normally go shopping in Rimi?

Friends family self others

9. Are you aware of the promotional offers of Rimi?

 Yes No

10. Tick what matches each attribute

Attribute	Poor	Below average	Average	Good	Excellent
Ambience					
Arrangement/product assortment					
Billing					
Convenience					
Discount offers					
Price					
Product availability					
Quality of product					

Data Collection process: This study is mainly focused on following a descriptive form of research as the data used are secondary in hand. Therefore the nature of this study is secondary. Also the population of the study is all the customers of Rimi Hypermart among which some has been randomly chosen to analyze how effectively Customer shopping is carried out so as to reach a validated result. The universe of the research study entitled "A study on customer shopping behavior at Rimi Hypermart" is aggregate of customers of Rimi Hypermart.

Respondent profile: The type of sampling used in this research is convenience sampling in which all members of the group (population or universe) have an equal and independent chance of being selected. Primary data is collected from a sample of customers of Rimi Hypermart. In order to collect the necessary data, the researcher administered the questionnaire personally to the respondents. The respondents were requested to provide the relevant information after sufficiently explaining the nature and purpose of the study. They were assured that the information provided by them would be kept strictly confidential and would be used only for academic purpose.

Data processing methods: Data analysis has been done through comparison and by using MS Excel for graphical analysis. Basically the trends have been measured using graphs for the time period for which data has been collected. The data collected was tabulated and analyzed using pie diagram, pie chart and frequency, bar tables.

Limitations: This investigation about the store arrangement of Rimi takes a gander at the framework and its impacts essentially through the eyes of the scientist, who is a director in the organization at the basic level. This may have caused some measure of scientist inclination in the outcomes because of own hopes of the analyst. Like the student of history overall gets the sort of realities he needs, it is conceivable that this exploration discoveries are impacted by in any event sub-cognizant musings and view of the analyst.

Results

Table 1. There is information about the gender of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	5	50.0	50.0	50.0
	Female	4	40.0	40.0	90.0
	Total	9	90.0	90.0	

This table includes the data where number of individuals participated in the survey. According to this table where the graph is created.

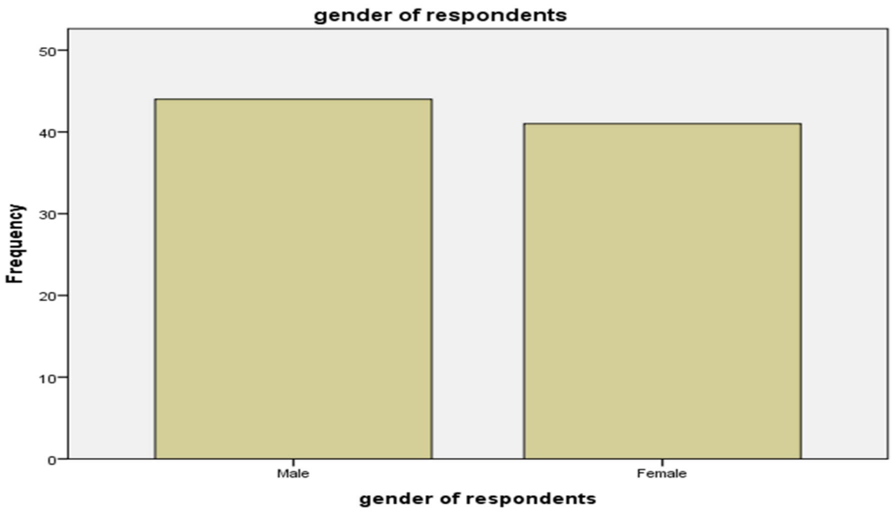


Fig. 1. Figure showing details on the gender of the respondents

Inference: Out of the total sample selected for the study 50% of the respondents were males and the rest 40% were females. This implies that there is not much difference between the gender quotients. So the offers and product can applicable to both the category of customer.

Table 2. There is information about occupation of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Gov. employee	2	20.0	20.0	20.0
	Business person	3	30.0	30.0	50.0
	Pvt.employee	4	40.0	40.0	90.0
	Student	1	10.0	10.0	100.0
	Total	10	100.0	100.0	

Table showing the information about the occupation of the respondents, where based on this graph were formulated under the table.

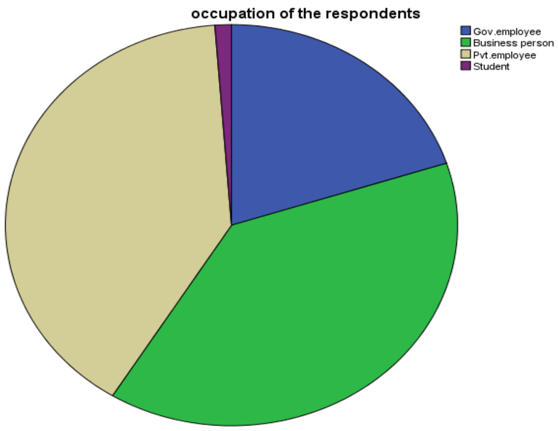


Fig. 2. Figure showing details on the occupation of the respondents

Inference: 40% of the respondents fall under the category of Private employees. 30% of the respondents are Business person. 20% of the respondents fall under the category of Government employees. Only 10% fall under students. This indicates that the main customer segment who comes to Rimi are Private employees.

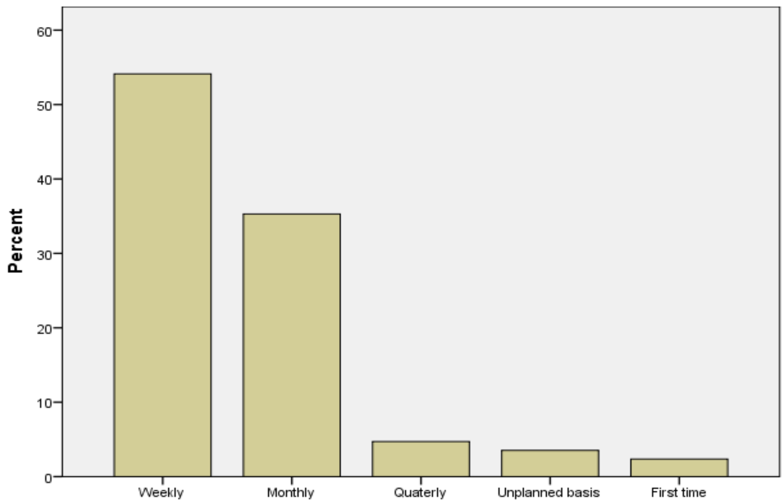


Fig. 3. Figure showing details on the visiting occasion of the respondents

Inference: It is evident from the graph that the respondents who visit the store weekly and 55% visits the store on weekly basis. Rest of the customers fall under quarterly, unplanned basis, and first time. Therefore the company must try focusing more on concentrating to attract customers visiting the store weekly.

Table 3. With whom customer like to shop

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Friends	2	35.0	35.0	35.0
	Self	4	40.0	40.0	40.0
	Family	3.5	20.0	20.0	20.0
	Others	.5	5.0	5.0	5.0
	Total	10	100.0	100.0	

Table showing the information about with whom the customer prefer to shop, according to the table following chart is formulated

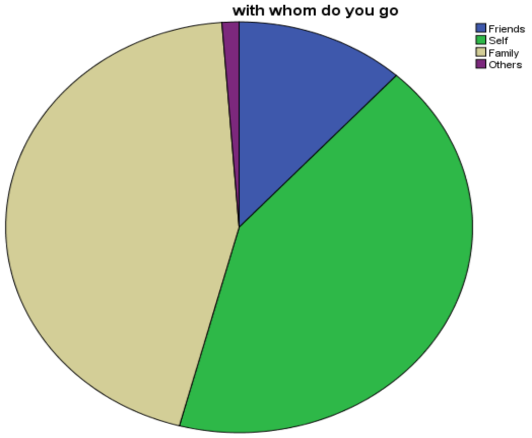


Fig. 4. Figure showing details on the visiting occasion of the respondents

Inference: From the study it is understood that the respondents make a purchase mainly (i.e. 40%) are prefer to shop alone. It was followed by family i.e., (20%), friends (35%), and others 5%.

Table 4. Showing details of time of visit.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 pm - 3 pm	1.3	12.9	12.9	12.9
	3 pm - 6 pm	3.4	34.1	34.1	47.1
	6 pm - 10 pm	5.3	52.9	52.9	100.0
	Total	10	100.0	100.0	

Table showing the details about the time of visit of the customer and according to the information in table following chart is created.

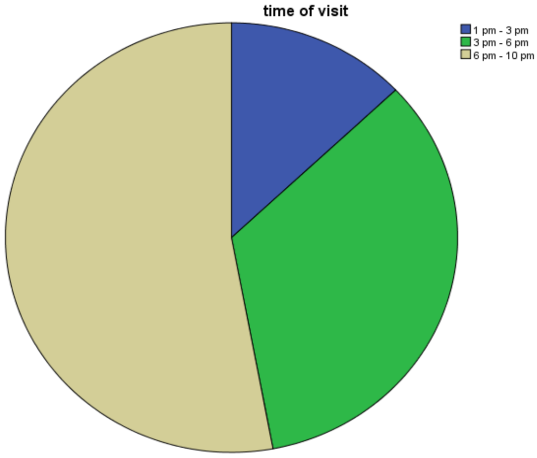


Fig. 5. Figure showing details on time of visit of the respondents

Inference: It is noticed that the most preferred time to visit is from 6pm to 10pm i.e., 52.9%.3pm to 6pm were preferred by nearly 34% respondents .and only 12% of the customer choose 1pm-3pm.

Table 5. Showing section more visited by respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	home appliances	3	30.0	30.0	30.0
	fruits & vegetables	2	20.0	20.0	50.0
	Alcohol	2	20.0	20.0	70.0
	personal care & cosmetics	1	10.0	10.0	80.0
	provision and grocery	1	10.0	10.0	90.0
	Stationary	1	10.0	10.0	100.0
	Total	10	100.0	100.0	

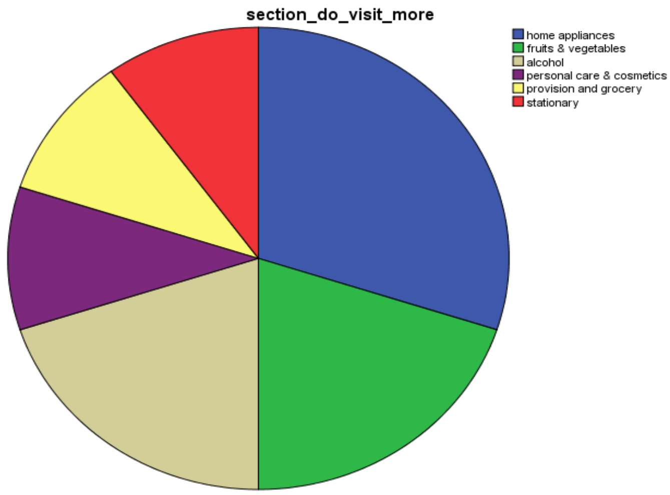


Fig 6. Figure showing details on the section do visit more of the respondents

Inference: Results says that home appliance section and fruit and vegetable section are more visited by the respondants.so the more product can introduces in this section. And also other section has to bring more discounts and offers it will increases the overall sales of the shop.

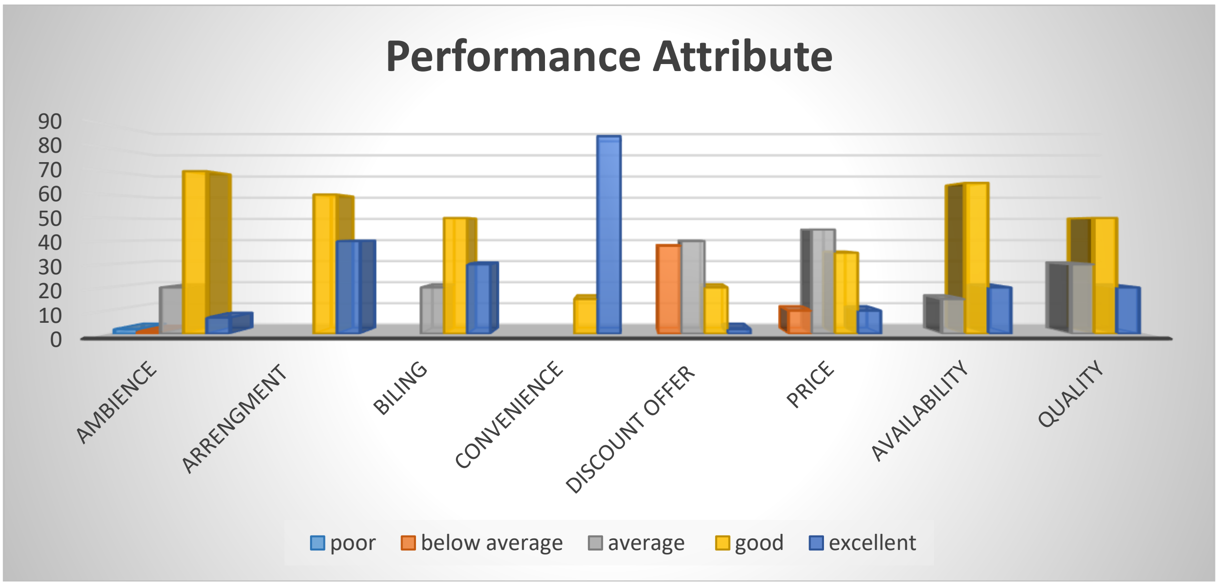


Fig 6. Figure showing performance attribute of the store

Inference: Most of the people think that rimi is more convenient. The ambience, arrangement and availability of products is also good. Billing and discount offers are seems to average according to the respondents view.

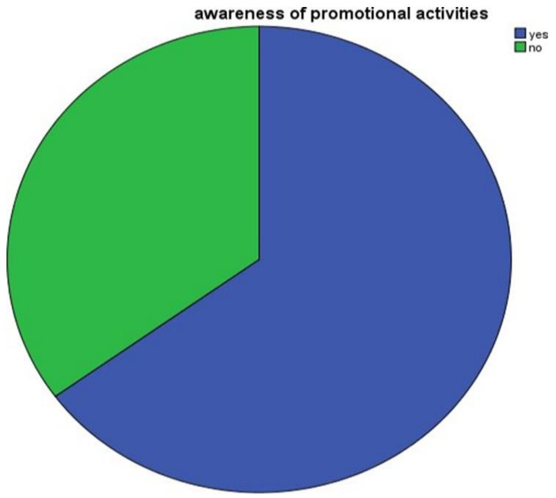


Fig.7. showing the details of the awareness about the promotional activities of Rimi Hypermart

Inference: More than half of the respondents are aware of the promotional activities (65%) and 35% of the customers are unaware of the promotional activities.

Analysis depicting the mode of awareness of the respondents

Table 6. Mode of awareness of the respondents

Mode of awareness	No : of respondents	Percentage
Mobile	23	23%
Notice	39	39%
Tv	5	5%
Website	7	7%
Word of mouth	26	26%
	100	100.0%

Table showing the information about mode of awareness of the respondent and their percentage value.

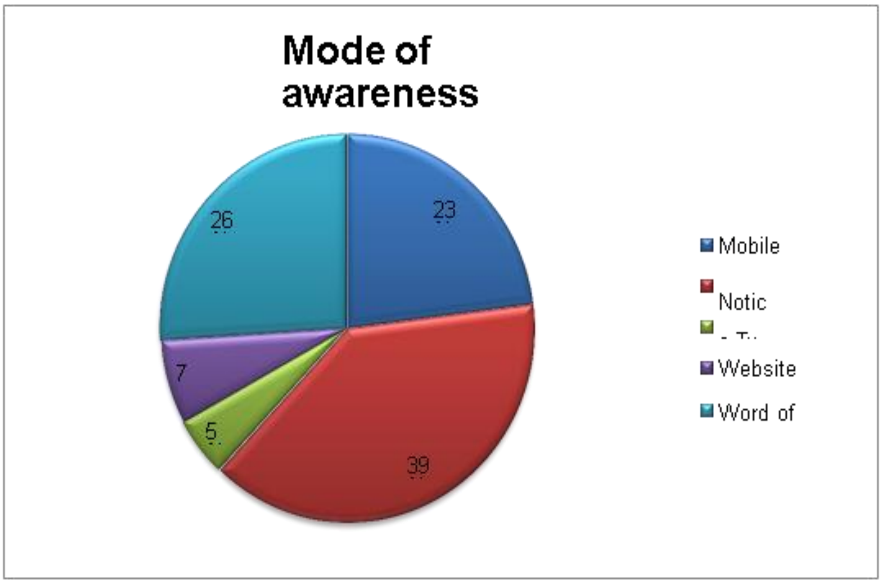


Fig. 8 showing details on mode of awareness of the respondent

Inference: Majority of the customers depends on the notice (i.e.39%) to get aware of the promotional activities of Bismi. 26% depends on word of mouth and 23% depends on mobile messages. Website and Tv are the least preferred mode of awareness

Table 7. Promotional activities and need for improvement in promotional activities.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.710	.522		1.361	.177
Considering promotional activities very high	.350	.136	.242	2.570	.012
need for improvement promotional activities	.380	.114	.313	3.330	.001

Table showing the details on analyze the promotional activities and need for improvement in promotional activities of Rimi Hypermart based on 4 scale rating.

Interpretation: Here the anova table reveals that the regression model is significant. It is interpreted that14% variation in probability of recommendation of Rimi is based on the rating of promotional activities and the levels of improvement on promotional activities. Here the beta value is .710. It is the value of the intercept of the regression line Y=a+bx.

Where,

Y=.710+.242(rating of promotional activities)

Y=.710+.313(improvement in promotion activities)

For a unit increase in rating of promotional activities, there is a .242 times increase in the probability of recommendation.

Inferences: Among the two attributes of perception about promotional activities and level of improvement on promotional activities, perception is the more important factor contributing 24.2%

Conclusions

The project study has been conducted in Rimi which chain of department stores in Latvia, currently with 100 outlets. It is the fastest growing chain of hypermarket stores. The study was done as a part of descriptive research. Convenience sample technique was customer for selecting the sample. The primary data was collected by means of the questionnaire.

Hence male customers are more in Rimi try to provide reward and recognition to them so that they feel motivated and turn to loyal. Hence families visit more on Rimi the offers and discount must to attract the family customer. Discount offers also has to give more importance. They also seems average. Availability of the product also must give importance. Majority of the customer have high income level so the different variety of the product can introduce to the store they are affordable to those customer. Most visited section must give more importance and also need to give other section more importance to increases the service qulity. This pointers the importance promotions and offers have on Rimi's existing customers and the prospective customers. Strategies and plans should be developed in such a way that they give relevant promotional schemes to customers in the years to come. Continuing the existing features along with relevant promotional schemes, Rimi would continue to be the customers shopping choice. And the questions that I discussed in the beginning where answered throughout the research and that where interpret on the result of the research.

References

Davies, *et al*., 2007 (2018). Consumer Shopping Decisions and Behaviour. Available from Internet: https://ukdiss.com/examples/consumer-shopping-behaviour.php?vref=1

Engel *et al,* (1995). Consumer and retailer perceptions of hypermarkets and traditional retail stores in Portugal (*Journal of Retailing and Consumer Services*) 7(4):197-206

Feinberg, R. A., *et al.* (1989). There's something social happening at the mall. Journal of Business and Psychology, 4(1), 49–63. Available from Internet: https://doi.org/10.1007/BF01023038

Hawkins, *et al.,* p7.Essays. (November 2018).Literature review 2.1. Definition of Consumer Behaviour. Available from Internet https://www.ukessays.com/essays/marketing/definition-of-consumer-behaviour-marketing-essay.php?vref=1

Kay Tze Hong1 *et al.,* Increasing Consumers' Hypermarket Visit Intention through Cause-Related Marketing. *A Perspective from the Theory of Planned Behaviour.*

Kotler, P. and Keller, K. (2011) *Marketing Management* (14^{th} edition), London: Pearson Education

Lewison. (1995) consumer perception of supermarket service quality: scale development and validation 8, *South African journal of economics and management science (SAJEMS)*. (01):424-436

Roy (1994) .A study of Consumer Behaviour Approach towards Shopping Mall Attractiveness with special reference to the city of Ahmadabad.

Solomon, M. (1995).*Consumer Behavior*. (3^{rd} edition), New Jersey. Prentice Hall

Walters *et al*, (1989).consumer perception. *University of Pretoria* p. 333

Diana Lakshmi Malawara Arachchige. RELATIONSHIP BETWEEN EMPLOYEE MOTIVATION AND JOB PERFORMANCE IN SRI LANKA

EKA University of Applied Sciences, Master study programme "Business Administration",

marachchidiana@gmail.com

Scientific advisor: Dr. oec., Professor Jeļena Titko

Abstract

Research relevance: Human resource is one of the most important among all the other resources an organization owns. Employees are the human capital to the organizations, and performance of them within an organization which can lead to organizational prosperity or failure (Salleh et al., 2011).

To improve an efficient and experienced workforce in an organization is very crucial in the overall performance

Research goal: To identify the relationship between employee motivation and job performance in Sri Lanka.

Research methods: The labour force population is approximately 7,977,000 and Sample size should be 385. The analysis consists of the Manufacturing Industry and Government Organization proportionally. Questionnaire-based data collection and expert interviews will be used for statistical data analysis. Because of the dependent and independent variables Regression, Covariance, Coefficient, ANOVA, Chi-square testing will be considered, and the basic understanding is obtained by descriptive summation methods.

Main findings: The research will be given the understanding the aspect of neediness of the motivation and performance which need to be considered. How to improve productivity by the motivation of an employee and as a result of that the overall performance can be enhanced.

Keywords: *human resource; employee motivation; job performance; labour force.*

Introduction

Job satisfaction and job productivity, as many scholars refer to in their research papers, are a clear indication of the situation in Sri Lanka. In view of this, two main areas can be identified in Sri Lanka as government employment and private employment and this study is expecting to cover both of these areas. Control strategies affect job satisfaction organizational performance. However, the deficit empirical evidence of control mechanisms affects job satisfaction and the employee. Performance of the Garment Industry in Sri Lanka Sri Lanka represents a significant gap in literature. (Priyanath & Priyanganie, April 2020)

The main contributor to the Sri Lankan economy is the private sector, which is definitely comparable to the public sector. This is evidenced by the fact that many experts in private sector job productivity and employee motivation surveys as well as research reports. This study takes into account both key aspects and provides a clear understanding of the attitudinal status of employees in Sri Lanka. The large-scale industry is a major manufacturing activity in the country, especially while the private sector contributes a great deal to the Sri Lankan economy. The global market is very competitive in the apparel industry and is changing rapidly day by day. It is one of the largest industrial sectors in the

Sri Lankan economy as well as globally. The world's economies employ over 25 million people. Sri Lanka's privet industry grew. Since the introduction of the free trade policy in 1977, it has contributed rapidly to both in the last four decades for the wealth and jobs of the generation. (Ekanayake, September 2016)

Due to globalization, the Sri Lankan industries also had to contend with foreign competitors. Many developing countries have lower labour costs as a competitive advantage. However, the Ceylon apparel industry has won the hearts of their buyers not only by cost factor but also by a quality product. And Ceylon cinnamon and tea still in the highest place in the world. Therefore, the most powerful factor affecting cost, quality and livelihood is the employees' productivity in production. So companies in the privet industry are also at a high-level depends on employee performance. In fact, the government which has different agenda and time to time the changing authorities and government can be leads to lack of employee performance and demotivation. There are many scholars have mentioned several factors that affect employee performance. In the study, it has mentioned the gap between employee experience and management rhetoric. And the supervisor has a strong influence on the productivity empowerment of employees. (Greasley, 2005)

Human resource is one of the most important among all the other resources an organization owns. Employees are the human capital of organizations and their activities in an organization that can lead to organizational prosperity or failure. (Salleh et al., 2011). In the study aims to improve an efficient and experienced workforce in an organization is very crucial in the overall performance. Therefore, to make the organization competitively more value-added and more profitable the employee motivation can be considered a leading factor. There is a significant knowledge between employee motivation and job performance where the organization need to touch. It is a crucial and universal factor which need to be considered.

Aim of research is to examine the relationship between employee motivation and job performance in Sri Lanka.

Research Objective - The general objective of this study is to examine the relationship between employee motivation and productivity in their work environment in Sri Lanka. The private sector as well as the public sector are considered here as most of the studies are based on the private sector only. Then it shows the inability to interpret the whole picture in Sri Lanka.

Therefore, in this study, information is collected from the private sector as well as the government sector, and the knowledge imparted through the study of preliminary data and literature is also collected.

- The purpose of this study is to measure the relationship between employee performance and motivation.
- It also aims to study the extent to which employees' productivity contributes to the development of the organization.
- The study also aims to ascertain the extent to which the organization has an opportunity for employee advancement, guidance and a plan to move forward.

Literature Review

There is no need to declare that the productivity and creativity of the employees directly affect the overall contribution to the growth of the organization. (Lunsford, 2009). He emphasizes that employees' motivation cannot be created, taught, or installed and that it can only be done through support and constant updating. He further emphasizes that motivational factors are different and vary from person to person and that these are motivational factors that may vary naturally or for some reason. Employee Motivation is a Principle of Understanding Discovery as well as Employee Motivation The organization's managers and first-tier supervisors play a significant decisive role on the other hand because the motivation of the employee and the performance of his or her tasks are also a decisive factor in the success or failure of the organization.(Kim, 2006). Humans are most important because they prove to be unique dynamic values and an essential part of the institutional context. The employee is a unique factor in the organization and they differ from each other in technical capital and material values, which is why they should be treated differently. Also, the business world has identified that the competitive advantage that causes the difference between the way individual acts in one organization or another may differ from the way individual acts when considering two institutions.

Considering the many resources available in the organization, the most important is the employee resources in the organization. The employee is unique, and their values, beliefs and attitudes vary from person to person and are an asset to the productivity of this organization that is more important than the cash mechanics liquidity schemes. Therefore, all organizations need to recognize this and understand that it plays a unique role.

(Jayarathna, April 2014) has mentioned the definition of other scholars' ideas of motivation. According to (Ugah, 2008) & (J.M Higgins, 1994), Motivation, they say, is a state of being created from within, describing hope, wishes, desires, and drives, etc. (J.H. Donnelly, 1995) stated about mmotivation and is defined as the way in which all those internal endeavours are described as wishes, employee desires, and drivers. The job of a manager in an organization is to work with employees to achieve its goals and objectives. To do this, managers must have the ability to change to motivate their employees To understand motivation, one must understand human nature. One of the main concepts that can be considered here is that human nature is very simple and very complex. Therefore, by understanding and appreciating, the motivation of the effective employee can be established in the organization as well as effective management and leadership. (J.H. Donnelly, 1995)

Motivation is the deliberate desire to satisfy a mechanical driver in a way that allows him or her to meet specific needs in order to create a tendency for the behaviour he or she wants. Here he introduces specific and unmet needs that have been met and satisfied with an internal drive and vice versa. (Kreitner, 1995)

Productivity is defined as the relationship between output goods and services and inputs resources involved and the use of human resources or non-human resources as a ratio to the production process. (Standards, March 1998). His study emphasizes that the importance of productivity cannot be overstated by any for-profit organization. He further points out that the existence of any organization depends on performance and if productivity is to be increased on a competitive basis it is essential for all managers to pay clear attention to productivity. (Olomolaiye, 1990). He further stated that labour inputs are divided into labour productivity as a whole product which shows the extent to which a company's human capital can effectively produce output. (Olomolaiye, 1990)

Methodology

The purpose of this study is to measure the relationship between employee motivation and job performance through hypothetical formation. Here hypotheses are used to explain dependent variability or employee motivation to predict the outcome of employees' work. The study clarifies whether there is a strong relationship between the type of investigation and whether there is a general relationship or not, as it is done in the settings examined here. Since the study is not taken into consideration the whole of Sri Lanka, only the Western Province is studied. The Western Province was selected for the study as the majority of the Sri Lankan workforce is serving in the Western Province.

The study was conducted in December 2020. The questionnaire is used to collect data and randomly distribute the questionnaire, including questions based on the hypotheses required to form the chapter. The response rate was 100% and SPSS version 22.0 was used to analyse the collected statistical data. In addition, further submissions and updates were made through the use of scientific research papers.

The labour force population is approximately 7,977,000 and Sample size should be 385. The analysis consists of the Manufacturing Industry and Government Organization proportionally. Questionnaire-based data collection and expert interviews will be used for statistical data analysis. Because of the dependent and independent variables Regression, Covariance, Coefficient, ANOVA, Chi-square testing will be considered, and the basic understanding is obtained by descriptive summation methods

Hypothesis

H1- There is a significant impact for employee satisfaction factors for the performance of employees.

H2-- There is a significant impact on employee performance evaluation for the motivation of employees.

H3- There is a significant relationship between Job performance and occupational status

Results

A summary of the information obtained from the questionnaire used in this study was made here. Graphs and tables summarize the data in the form of descriptive statistical data and inference statistics. The questionnaire used by the author was 73.3% female and the other party was male. This is clearly shown in the chart below. The following scattered dots also reflect the performance test.

The respondent percentage is as per below.

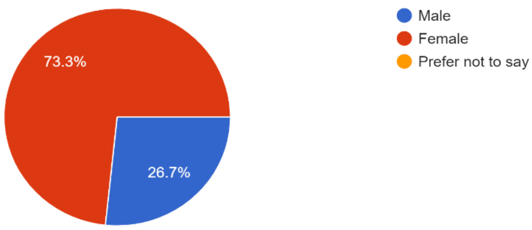


Fig. 1. Results (Source: author's compilation)

According to the data obtained from this study, 73.3% are females and 26.7% are males. The information obtained from the questionnaire in the feedback on performance appraisal methods in this study can be indicated by the scattered dot chart below. It also presents a line obtained by the complementary method of the scattering nature of the data. It appears that the linear relationship between the way most of the results are obtained is positive.

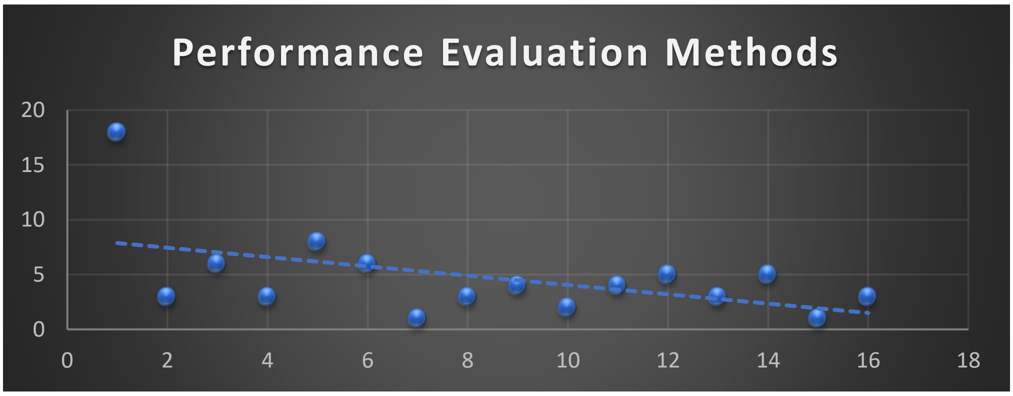


Fig. 2. Results (Source: author's compilation)

The following are some of the things that have been asked about performance levels. One-Page (One-Way) Performance Review; Faced a two-way conversation; Mid-Year Performance Review; Annual Performance Review; Self-Assessment; Peer Review; Upward feedback (employees to share their perspective on what their manager is doing; Team Performance; 360 Performance (work most closely with every day.) ; Professional Development; Performance Improvement; Behavior Change; Compensation Check-In (Asked from your salary is enough and understanding of ; 90-Day Review; Simple 1-on-1 Progress Check. The given idea of these questions can be seen above scattered plot. Two-way conversations are the most common performance evaluation factor which is using according to the data. Second highest method is annual performance review. Here mentioned about the satisfaction level and dissatisfaction reasons.

Fig. 3. Results (source: author's compilation)

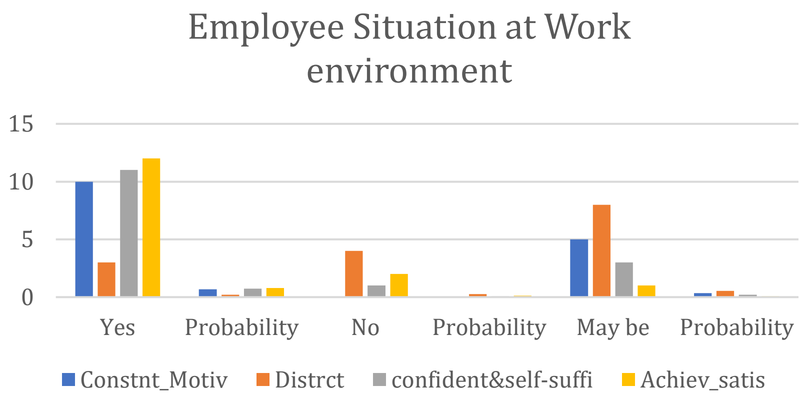


Fig. 4. Results (Source: author's compilation)

There will be favoritisms for some employees within the organization which will lead to dissatisfaction and help to narrow down the job performance. Not only that because of the low salary and pressure of the work also increased the low job performance. Above mentioned all seven factors are considered high and the trend line shows the level of stage among one another where the impact for the employee performance.

According to the above figure 04, the employee motivation factors can be stated where the employee needs consistency motivation, and they will be sometime distracted, and always think self-sufficient and they did not have a minor feeling about themself and when something achieved will be a satisfaction reason. Here we can identify that the situational factors have not occurred about lack of confident or self-insufficient. As human nature employees cannot be satisfied completely and need the consistent motivational factor or driven factor force for employee performance. Employee motivation capabilities vary. Employees are not as motivated as we think and are not always able to motivate them the way we want them to be. By asking what they do and share the goals of big picture companies who do not like to work and respond to their questions. Identify their goals and invest in their career growth.

Table 1. Employee motivation factors - descriptive statistics table (source: author's compilation)

		Inspired	recognized	accomplished	Enjoyment	remembered	Rewards
N	Valid	15	15	15	15	15	15
	Missing	0	0	0	0	0	0
Mean		.6667	.7333	.6000	.7333	.4667	.5333
Median		.6667[a]	.7333[a]	.6000[a]	.7333[a]	.4667[a]	.5333[a]
Mode		1.00	1.00	1.00	1.00	.00	1.00
Std. Deviation		.48795	.45774	.50709	.45774	.51640	.51640
Skewness		-.788	-1.176	-.455	-1.176	.149	-.149
Std. Error of Skewness		.580	.580	.580	.580	.580	.580
Kurtosis		-1.615	-.734	-2.094	-.734	-2.308	-2.308
Std. Error of Kurtosis		1.121	1.121	1.121	1.121	1.121	1.121
Sum		10.00	11.00	9.00	11.00	7.00	8.00

a. Calculated from grouped data.

Conclusions

Considering the relationship between employee motivation and employee performance, it can be pointed out that there is a positive relationship. This study provides a basic understanding of the relationship and identifies the relationship between employee motivation and employee productivity.

The age range of the study is over 18 years and it is contributed by the unemployed student community and the employed. Also, 46.3% of the graduates or postgraduates are qualified for higher education considering their level of education. Much of this information can be considered structured conceptual information. According to the summary information obtained here, their salary range shows a significant level. In Sri Lanka, 46.7 percent earn more than 50,000 rupees and 40% earn between 40,000 and 50,000 rupees. Furthermore, as this study has been conducted based on the Western Province, the results can be stated as 86.7 percent. Since 93.3% of this data is from employees, they appear to be middle-level executives or workers as well as executive-level executives, and the majority appear to be general service personnel. Also 60% representing the private sector and 33.3% representing the public sector. It is noteworthy that when considering the work experience of the employees, the information is received from people with more than 60% experience. Here, in their opinion, they have shown good response in considering employee motivation and satisfaction and it has been pointed out that it is a normal level.

In addition, it provides an overall picture of the prevailing employee attitudes in the country. Studies have shown that there is a high level of employee dissatisfaction in the public sector. It also provides an opportunity to compare the wages and pressures of private-sector employment. It also identified the motivation that inspires, to give them recognition within the organization, to achieve success by giving them a chance, to entertain within the organization, to identify employees, and to motivate them by giving them a certain identity within the organization. It can also give a significant motivation by giving the employee some privilege value or appreciation within the organization. Therefore, providing such opportunities can be pointed out as an action that can be taken by an organization to enhance the productivity and quality of the employee's work. Performance appraisal factors have not significantly influenced motivation or satisfaction that there are factors that need to be further developed within the organization, and studies have shown that there is a need to create answers to employee hygiene factors, in addition to the nature of the job or age or job performance level was found to have no significant effect.

The following is a summary of the three main hypotheses considered in this study. Employee satisfaction factors have a significant impact on employee performance.

H1- There is a significant impact for employee satisfaction factors for the performance of employees.

H2- There is a significant impact on employee performance evaluation for the motivation of employees.

H3- There is a significant relationship between Job performance and occupational status

Here this H1 - hypothesis is accepted and the (H_0) null hypothesis is rejected. That is, it states that a significant relationship effect can affect performance on employees' job satisfaction factors.

The H2- second hypothesis also refers to the significant impact of employee performance appraisal methods on employee motivation. It also rejects (H_0) this hypothesis and H2- alternatively states that the evaluation process of employees' performance levels has an impact on employee motivation. But it does not seem to have a strong knee and connection.

Therefore, it states that there is no strong correlation between the employee evaluation process and employee motivation. It also points out that there is a strong link between the value given to a job and the status given to them by giving them responsibilities.

H3 is significant and It can be said that the performance level of the employees can be enhanced by increasing the positions in the job and promotions. It can be said that the attitude of Sri Lanka is not only money but also the unique value of the job which can enhance the performance of the employees.

While the hypothesis of employee performance level and job status expressed by the third hypothesis is acceptable, the ANOVA Table and the Pearson Correlation also show a strong positive correlation.

References

Bedeian, A. (1993). *Management, 3rd ed,.* New York : Dryden Press.

Ekanayake, I. (September 2016). Impact of Organizational Culture and Job Attitude on Employee Performance (A Case of a Sri Lankan Apparel Firm). *7th International Borneo Business Conference* (pp. 1-11). Sabah, Malaysia: ResearchGate.

Greasley, K. B. (2005). Employee perceptions of empowerment. Employee Relations. *Emerald Group Publishing Limited*, 354-368. Retrieved from http://doi.org/10.1108/01425450510605697

J.H. Donnelly, J. G. (1995). Fundamentals of management. *9th ed, Chicago: Irwin*.

J.M Higgins. (1994). The management challenge. *2nd ed, New York: Macmillan*.

Jayarathna, S. M. (April 2014). An Empirical Investigation of the Impact of Employee Motivation and Productivity of Executive Employees with Special Reference to the Apparel Industry in Sri Lanka . *International Journal of Science and Research (IJSR)* , 749-754.

Kim, D. (2006). "Employee Motivation: Just Ask Your Employees". *Seoul Journal of Business*, 20-34.

Kreitner, R. (1995). *Management 6TH Edition.* Boston: Houghton Mifflin Company.

Lunsford, C. (2009). *"Survey Analysis: Employee Motivation by Generation Factors", Florida 33637* . Retrieved from USA:,www.achieveglobal.com

Olomolaiye, P. (1990). "An Evaluation Of The Relationships Between Bricklayers' Motivation And Productivity". *Construction Management and Economics*, 259–283.

Priyanath, H., & Priyanganie, R. (April 2020). Governing Mechanisms, Job Satisfaction and Employee Performance: An Empirical Study of Employees in Apparel Industry in Sri Lanka. *Asian Journal of Multidisciplinary Studies*, 108-120.

Standards, C. f. (March 1998). *Centre for the Study of Living Standards.* Ottawa, Ontario K1P 5B5: Centre for the Study of Living Standards.

Ugah, A. (2008). Availability and Accessibility of Information Sources and the Use of Library Services. *Michael Okpara University of Agriculture. Library Philosophy and Practice*.

Emin Huseynzade. FACTORS AFFECTING THE SERVICE QUALITY IN THE LOGISTIC INDUSTRY IN AZERBAIJAN

EKA University of Applied Sciences, Master study programme "Business Administration",

hemin034@gmail.com

Scientific advisor: Dr.phil., Professor Velga Vevere

Abstract

Research relevance: Logistics as an industry incorporates the sourcing of merchandise, producing, stock, taking care of/sortation, transportation, stockpiling Further, logistics cost lines can incorporate IT, as far as the trading of data and information, just as the expense of security.

An online survey for the data collection method, use of the Importance-Performance Analysis, Structural Equation Analysis and Case study have been completed. Descriptive statistics, content analysis, ineffective statistics, and reliability analysis were used to analyze the results. The main documents are collected from scientific articles, Internet sources and published books.

Research goal: The historical development of logistics has been briefly mentioned and different definitions of logistics have been discussed.

Research methods: Science journals, Internet databases, and written books are used to compile the primary documents. Assess the efficacy of the scales used in the analysis was investigated in the studies of many foreign scientists and researchers. Finally, the SERVQUAL Score was measured and customer satisfaction was evaluated, which indicates the disparity between industrial businesses' standards and opinions of logistics service providers' efficiency

Main findings:

1. Review academic literature on service efficiency and its application to the logistics industry.

2. Evaluate comparative data on Azerbaijan's logistics sector.

3.Create a web-based questionnaire

4. Perform an online poll of the target audience and specialist interviews

5. Conduct a factor analysis

Keywords: *logistics; logistics center; logistics management; supply chain management; globalization; feasibility of logistics center.*

Introduction

The logistics industry encompasses merchandise procurement, production, stock, handling/sortation, shipping, and stockpiling. Furthermore, transportation expense lines may involve IT, such as data and information trading, as well as security costs.

This study aims to identify factors affecting service quality in the logistics industry in Azerbaijan and prepare service quality guidelines.

Object of Research: Research object - logistics industry in Azerbaijan.

Subject of Research: Research subject - service quality factors in the logistics industry in Azerbaijan.

The world's most sophisticated traffic networks have been built and diversified, technical technology has expanded, transportation speed, communication, and efficiency have risen, all countries have been affected, and globalization has been unstoppable. This fast flow has fuelled the growth of the logistics industry in tandem with these innovations.

Logistics centres are specialized hubs where various operators on a national and international basis carry out all logistics-related operations including various modes of transportation. A model was proposed and applied in Azerbaijan to assess the establishment areas of six future logistics centres in this study. The study findings are presented and debated.

The purpose of the work is to analyse the architecture and phases in chronological order. The main tasks of the work are:

An online survey was conducted for the data collection process, Importance-Performance Analysis, Structural Equation Analysis, and Case study. The findings were analysed using descriptive statistics, content analysis, inefficient statistics, and reliability analysis.

Literature Review

The fact that the world's competition goes from the national and local dimensions to the global dimension forces the enterprises to maximize the quality of their products and services and minimize their costs. Due to this stable competitive environment and the differentiation of consumer desires and desires, businesses are increasingly forcing change in the direction of their interests. To sustain their existence in an intensely competitive environment, they must deliver their products and services to consumers much faster and at a lower cost. Logistics activities have the effects of reducing the prices of goods and services, increasing their production and quality, and most importantly, providing customer satisfaction. Due to these factors, we can say that the logistics industry provides a competitive advantage for other sectors around the world. The developments between globalization and international trade and the transportation sector developments draw a two-way road.

According to this view, on the one hand, actions in the transportation sector affect global business; on the other hand, international trade leads to new transportation systems. It is possible to define logistics briefly as 7D (seven rights). According to this definition, which is a simple definition and also expressed as the Layperson definition, logistics; It means delivering the exemplary product/service in the right amount, in the right conditions, at the right place, at the right time, to the right consumer, at the right price. In this definition, consumer desires and desires are made necessary. Because logistics plays a vital role in satisfying consumers, another critical factor emphasized here is to ensure maximum quality in all activity stages (Osman, 2003: 8). It is possible to say that logistics' primary purpose is to meet customer desires and desires. In this direction, logistics centers around the world have gained significant importance. Logistics centers that gather logistics activities in single-center increase productivity and make processes more accessible and faster 2 affect the country’s foreign trade to a large extent. Therefore, governments are cautious in choosing a logistics center. Due to its geopolitical location, Azerbaijan is a country suitable for creating and developing a large-capacity logistics center. Everyone knows that the most developed sectors of the country are the oil and natural gas sectors. However, a tiny part of the scientific researchers can be used by those who perform the management profession.

Therefore, to increase business and management education programs' effectiveness, one should recognize that these programs are a professional field, just like medicine and law. One of the basic elements of professional professions is that they have ethical principles that can be applied and controlled. Institutions offering business education should first determine their ethical principles and provide training in line with these principles. Since the 1980s, increasing global competition has pushed businesses to realize their economic goals in an illegal framework in their behavior and decisions. Making this determination, the American Assembly of Collegiate Schools of Business (AACSB) (American Business Schools Certification and Lending Organization) leads the presentation of subjects such as "Business and Society," "Business Ethics," or "Management Ethics" as courses in business programs. "Business schools aim to train students in a way that can lead the business world and society in general and undertake social responsibility by equipping them with a wide range of knowledge and skills. Business schools' curriculum should respond to social, economic, and technological developments. Also, business programs should train students capable of implementing changes in economics and behavioral sciences. " (AACSB, 1993).

Methodology

In this study, a model study has been carried out on the choice of logistics centre for Azerbaijan. In the study, the model used in 2010 by Maria Boile , Sotirios Theofanis and Preston Gilbert was examined. The authors discussed the Delphi method together with the "multi-criteria weighting" approach in their studies. In their study, the authors firstly determined the main and sub-criteria required for site selection using the "Multi-criteria weighting" technique. Delphi method was used for scoring and for this, they scored the region in consultation with independent experts. The evaluation criteria based on the "multi-criteria weighting" technique are shown in Table 1 in Azerbaijan.

In our research based on the criteria in Table 1, a separate value was obtained for each alternative region by using the coefficients suitable for the significance level of these criteria. This value is used to compare alternative locations. As a result of the research, the region with the highest value has been determined as the region with the greatest potential for choosing a logistics centre.

Table 1: Criteria Used in Logistics Center Evaluation

MAIN CRITERIA	SUB-CRITERIA
A- Land Suitability	A1- Size
	A2- Land Structure and Arrangement
	A3- Further Enlargement Potential
	A4- Public Services Infrastructure
	A5- Environmental Situation
	A6- Developable Area
	A7- Security
B- Infrastructure Activities and Facilities	B1- Current Activities That Can Be Included
	B2- Included Existing Facilities
C- Access and Transport Network	C1- Highway Access

Connections & Infrastructure	C2- Railway Access
	C3- Seaway Access
	C4- Airline Access
	C5- Ease of Access
D- Ownership Conditions	D1- Price of the Land
	D2- Land Zoning Plan
	D3- Land Preventing Free Use
	Contracts
	D4- Use of Surrounding Lands and Conflicts
	D5- Fixed Costs
	D6- Neighbors' Attitude
E- Location and Related Business Activities	D7- Pressures of Existing Users
	E1- Proximity to Important Consumption Sources
	E2- Retailer and Logistics Service
	Proximity to Providers
	E3- International Freight Transport Asset - Regional Freight Transport Asset

But it should also be said that the resulting values are always open to interpretation.

In addition, in the model put forward by the authors, some special conditions of Azerbaijan have been taken into account and therefore some modifications have been made in the criteria and their weights.

The important advantage of the model based on research is its ability to generate numerical data for several potential logistics centres and to compare between options. The model will determine the region with the highest value as the best possible area for the logistic centre based on the results of the research.

Results

Although around 150 million tons of transit cargo was transported on the East-West corridor in 2015, Azerbaijan`s share here is small. If the cargo volume in the Central Asia and Black Sea region was 9.9 million tons in 2015, this figure will be 13.8 million tons in 2020.

It is estimated to reach tons. Central Asia's current trade volume with Europe is close to 40 million tons, and this indicator is estimated to be more than 56 million tons in 2020. With this corridor, a total of 9.5 million tons of transit freight was transported from Azerbaijan in 2015. In addition, the annual trade volume between Russia and Iran (especially through the Caspian Sea) along the North-South corridor is 4 million tons, and between Iran and the Black Sea basin countries is 2.3 million tons. The potential for increasing the volume of transit freight transport in the region is enormous, and it is envisaged that by 2020, the freight transport volume will be transported through Azerbaijan (http://www.stat.gov.az, 2017).

In addition, if we look at the corridors one by one, until 2020 the government of Azerbaijan is 40% on the Central Asia and Black Sea route, 25% on the Central Asia and Europe route, 3% on the China and Europe route, 40% on the Russian and Iranian route, It aims to bring 25% cargo to the country (http://azpress.az, 2017).

As a result of these great developments in the logistics sector, it is expected that the real GDP of Azerbaijan will increase by a total of 605 million Manats, 400 million Manats directly and 205 million Manats indirectly, in 2020. There will be a total of 18,900 new workplace opportunities in this sector, with a total of 10,900 direct.

Conclusions

The logistics sector has also become globalized in the competitive environment that changes and becomes more difficult day by day with the effect of globalization. For example, with the disappearance of the borders of the country, the consumption of the goods and services of a company in the United States, which does business with a supplier in Africa, by selling their own goods and services in a different continent outside of America and Africa has also improved logistics mobility. Noticing these developments, some countries have evaluated this situation in which the logistics sector has come and made it even more advantageous for themselves.

Considering the importance of logistics costs, the delivery of goods and services to consumers by traditional methods makes businesses even more disadvantaged against their competitors in the global competitive environment and businesses cannot compete in the long term. Therefore, the existence of an effective and efficient logistics network is one of the most important conditions for the success of the countries that do not want to lose the competitiveness of themselves and their national businesses.

Countries that are at very important points in geopolitical terms pay more attention to logistics centres where all activities related to the logistics sector are combined in one centre and they make a large profit to their countries from global trade. Logistics centres are of great importance in terms of realizing the logistics movements in large cities quickly, with low cost and with the least transportation flow, and minimizing the negative effects on the city by combining the logistics functions in regular and planned places.

In logistics centre structuring, all the components needed by the sector are gathered in one hand, efficiency in transportation increases and disconnections in the supply chain are eliminated. Therefore, time-consuming processes such as management, supervision and bureaucratic become faster and easier.

Azerbaijan is located on a geopolitically important trade crossroad. Therefore, it is inevitable to develop the logistics sector in the country and to make large investments in this sector. Therefore, the "Strategic Road Map" was adopted and it was stated in this roadmap that the logistics infrastructure should be developed to the highest level in a few years. According to the road map, the country should be turned into a logistics "base" in the region. Therefore, a large regional logistic center should be established and necessary actions should be taken for the trade flowing from north to south and east to west to pass through this center.

In the strategic road map, the names of 6 cities / regions where the logistics center can be established are given. These locations are intended to be areas with one or more potential logistics centers planned to be established in the country. However, in the short term, at least one logistic center should be established urgently. Therefore, in the application part of the study, a model trial has been carried out for 6 potential cities. In the evaluation, the regions of Alat (7.181), Yevlah (7.030), Khachmaz (6.166), Astara (6.822), Red Bridge (5.956), Nakhchivan (4.172) were scored respectively. Alat and Yevlah have become two potential candidate sites with the greatest values.

References

Abalo, J. Varela, J. ve Rial, A. (2006). El Análisis De İmportancia-Valoración Aplicado A La Gestión De Servicios, Psicothema: Universidad de Oviedo. Departamento de Psicología, Colegio Oficial de Psicólogos del Principado de Asturias, 18: 730–737.

Aghayev Z.A. (2008), Evaluation of the Azerbaijani Market in terms of Logistics Management, Dokuz Eylul University Institute of Social Sciences, Izmir.

Ala Sheikh (2013), "Evaluation Of The Potential Locations For Logistics Hubs: A Case Study For A Logistics Company", Degree project in Transport and Location Analysis, Department of Transport Science Stockholm.

Albayrak, T. ve Caber, M. (2011). Önem-Performans Analizi: Destinasyon Yönetimine Dair Bir Örnek, Ege Akademik Bakış Dergisi, 11(4): 627-638

Arabatzis, G. ve Grigoroudis, E. (2010). Visitors' Satisfaction, Perceptions And Gap Analysis: The Case Of Dadia-Lefkimi-Souflion National Park. Forest Policy and Economics, 12(3): 163-172.

Asian Development Bank (2009), Azerbaijan: Trade Facilitation and Logistics Development Strategy Report.

Azerbaijan State Program (2016), "Strategic Roadmap for the Development of Logistics and Trade in the Republic of Azerbaijan".

Bloomberg, D.- Lemay, S. – Hanna, J. (2002), Logistics, New Jersey: Pearson Education, International Edition.

Boile M., Sotirios T., Preston G. (2010), Feasibility of Freight Villages in the NYMTC Region, The State University of New Jersey.

Campos, D., F., and No´brega, K., C. (2009). Importance and the zone of tolerance of customer expectations of fast food services. Journal of Operations and Supply Chain Management, 2 (2), 56–71.

Cho JJ.K, Ozment J and Sink H. (2008). Logistics capability, logistics outsourcing and firm performance in an e-commerce market. International Journal of Physical Distribution & Logistics Management Vol. 38 No. 5, 2008 pp. 336-359.

Christopher Martin, Logistics & Supply Chain Management, 4 ED, UK, 2011.

Chu, R. K. S. ve Choi, T. (2000). An İmportance-Performance Analysis Of Hotel Selection Factors İn The Hong Kong Hotel İndustry. A Comparison Of Business And Leisure Travelers. Tourism Management, 21: 363-377.

Cunningham L., Young C. ve Lee M. (2000). Methodological triangulation in measuring public transportation service quality. Transportation Journal, Vol. 40, No. 1 (FALL 2000), pp. 35-47.

Damen, J.T.W. "KPN Research", http://www.zefdamen.nl

Davis E.R. (2006). The role of logistics service quality in creating customer loyalty. University of Tennessee, 2006.

Denzin, N. K., & Lincoln, Y. S. (2003). The landscape of qualitative research: Theories and issues (2nd ed.). Thousand Oaks, CA: Sage

Drewe P., Jansen B. (2005), "What For The Future? From Mainports To Ports As Nodes Of Logistics Networks", European Regional Science Association, 36th European Congress, Switzerland, 1996. EDWARD Sweene, "Perspectives on Supply Chain Management and Logistics Definition", The Journal of the National Institute for Transport and Logistics, Vol 7, No 3.

Emerson, R., Fretz, R., & Shaw, L. (1995). Writing ethnographic fieldnotes. Chicago, IL: University of Chicago Press

Enterprise Integration Laboratory, "The Integrated Supply Chain Management Project", Deparment of Industrial Engineering University of Toronto, https://books.google.com.tr/books?isbn=1591400023

Esterberg, K. G. (2002). Qualitative methods in social research. Boston, MA: McGraw-Hill.

Feng, C. M. ve Jeng, K.Y. (2005). Analyzing Airline Service İmprovement Strategy Through İmportance And Performance Analysis. Journal Of Eastern Asia Society For Transportation Studies, 6: 782-797.

Fung P. and Wong A. (1998). Case study: managing for total quality of logistics services in the supply chain. Logistics Information Management Volume 11 · Number 5 · 1998 · pp. 324–329.

Gil-Saura I. and Ruiz-Molina M.E. (2011) Logistics service quality and buyer–customer relationships: the moderating role of technology in B2B and B2C contexts, The Service Industries Journal, 31:7, 1109-1123.

Green, J., Camilli, G., & Elmore, P. (2006). Complementary methods in educational research. Washington, DC: American Educational Research Association.

Gulc A. (2017). Models and methods of measuring the quality of logistic service. Procedia Engineering 182 (2017) 255 – 264.

Hair, J.F., Black, W.C., Babin, B.J. ve Anderson, R.E. (2009). Multivariate Data Analysis. ABD, New Jersey: Prentice-Hall.

Hamzeh F., Iris T. and others (2007), Logistics Centers to Support Projectbased Production in The Construction Industry, Proceedings IGLC-15, Michigan.

Hemmasi, M. Strong, K. C. ve Taylor, S. A. (1994). Measuring Service Quality For Strategies Planning And Analysis İn Service Firms. The Cornell Hotel And Restaurant Administration Quarterly, 38(4): 24-34.

Higgins Club, Meworth F. (2012), "Varieties of Logistics Centres: Developing a Standardized Typology and Hierarchy".

Huang Y.K., Kuo Y.W. and Xu S.W. (2009). Applying importance-performance analysis to evaluate logistics service quality for online shopping among retailing Delivery. International Journal of Electronic Business Management, Vol. 7, No. 2, pp. 128-136.

Kavaliauskienė I.M., Aranskis A. and Litvinenko M. (2014). Consumer satisfaction with the quality of logistics services. Procedia - Social and Behavioral Sciences 110 (2014) 330 – 340.

Emmanuel Chinwendu Onwukwe. **THE ASSOCIATION BETWEEN CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OF THE NIGERIAN BANKING SECTOR**

EKA University of Applied Sciences, Master study programme "Business Administration",

study@eka.edu.lv

Scientific advisor: Dr. oec., Professor Jelena Titko

Abstract

This study intends to examine the impact of Corporate social responsibility practices on the financial performance of the Nigerian banks. For this purpose, we first determined the relationship between sustainable development and CSR practices based on the findings from previous research. We also examined some key financial and non-financial performance index (FPI) as these are considered the most important factors to maintain the banks performance with its various measurements. To test the hypotheses of this study, we used a survey data collected from fifty bank employees and five experts from Nigeria. Other data used in this study were obtained from published annual reports and websites of the respective banks, investor's guide, published Journals, newsletters of the banks and from Central Bank of Nigeria website. We used regression and correlation analysis to determine the relationship between different financial parameters. The result concludes that Nigerian banks recognized the importance of corporate social responsibility for sustainable development and they are performing their obligation to the society. The findings also suggest that little amount was spent on social responsibility compared to the amount of profit generated by the banks. The study recommends that government need to implement new law that will fix minimum percentage out of profit of organisation that will be spent on corporate social responsibility.

Research relevance: Examined some key financial and non-financial performance index (FPI) as these are considered the most important factors to maintain the banks performance with its various measurements.

Research goal: To examine the impact of Corporate social responsibility practices on the financial performance of the Nigerian banks

Research methods: Survey data collected from fifty-one bank employees including experts from Nigeria were used to test the hypothesis of the research study

Main findings: The result concludes that Nigerian banks recognized the importance of corporate social responsibility for sustainable development and they are performing their obligation to the society.

Keywords: *corporate social responsibilit;, financial performance; sustainable development; sustainable banking.*

Introduction

Over the last few years, Corporate Social Responsibility (CSR) as a concept has drawn the attention of the majority of management scholars, with studies of Corporate Citizenship, Ethics and Social Responsibility appearing with greater frequency. CSR as a term is often used interchangeably in these studies with such concepts as corporate responsibility, corporate citizenship, social enterprise, sustainability, sustainable development, triple-bottom line, corporate ethics and, in some cases, corporate governance (Bassen, Hölz &

Schlange 2006). These interchangeable terminologies have influenced the various ways in which actors understand and define CSR. Consequently, varied definitions of the concept have been put forward by various observers (governments, companies, business associations, business consultants, non-governmental organizations, shareholders, employees, consumers and communities) in an effort to endorse, encourage or criticize its practical implications. These definitions are based on the different values and expectations that each of these stakeholders bring to their relationship with corporations (Moon 2007). The abundance of different definitions of CSR has increased confusion regarding the concept (Margolis & Walsh 2003). In the final report to the International Standards Organization's Committee on Consumer Policy (ISO/COPOLCO) on Desirability and Feasibility of ISO CSR Standards, it was noted that 'corporate social responsibility' or 'social accountability' are approximately equivalent terms, however, 'corporate responsibility' is the most inclusive concept for reflecting the focus on a firm's triple bottom line as well as a firm's social engagement and interaction with stakeholders in society for economic, social and environmental purposes (ISO Working Group 2002). Notwithstanding the foregoing, the proliferation of definitions reveals the widespread attention being paid to CSR, not only by organizations, but also governments, international institutions and other stakeholders. Some of these actors have further developed structured principles, standards and frameworks by which CSR activities can be governed (Branco & Rodrigues 2006; Kashyap, Rajan & Stein 2008). Moreover, several indices have been developed by CSR rating institutions, such as the Dow Jones Sustainability Index (DJSI), the Financial Times Stock Exchange's FTSE4Good, the Fortune 500 and the Johannesburg Securities Exchange (JSE) index. These indices rate firms based on various criteria including, but not limited to, human rights, environmental protection, worker health and safety, labour standards, marketing, accountability and supply-chain management. The applicability of these standards, principles and indices in different geographical, cultural, political, economic and environmental conditions has been questioned (Halme, Roome & Dobers 2009). This is down to the fact that much of the research and extant literature on CSR have been focused on the developed world, where institutions are effective and efficient, whilst limited research attention on the subject has been observed in developing countries and regions (Arli & Lasmono 2010). Blowfield and Frynas (2015) therefore call for, as a necessity, a critical CSR research agenda focusing on developing countries. The African region in particular is the most under-researched and the region's uptake on CSR in comparison with Europe is very low. Visser (2005), for instance, has revealed that only 12 of Africa's 53 countries have had any research published in core CSR journals, with 57% of those articles focused on South Africa and 16% on Nigeria. Thus, the applicability of the standards, principles and practices designed in the developed world is questionable in an African setting. In this vein, Muthuri and Gilbert (2011) advocate the development of an 'Africanized' CSR agenda.

Moreover, of the limited published papers on CSR in the region, many have thrown more light on philanthropic, ethical and corporate governance issues (Abor 2007; Kyereboah-Coleman & Biekpe 2007; Ofori 2007a), whilst others have examined wholesale CSR typology issues (Ofori 2006, 2007b; Ofori & Hinson 2007), leaving other important aspects completely unexplored. For instance, no existing study has explored empirically the impact of CSR practices on companies' financial performance (return on assets [ROA] and return on equity [ROE]). This is an important issue worth exploration considering the generalized argument that CSR benefits not only stakeholders but also the organizations themselves. The aim of this article is thus to cover this lacuna in the CSR research agenda in the region, by examining empirically (1) bank managers' and CSR officers' views on CSR, (2) their motives for engaging in CSR practices and (3) the impact of the CSR activities on their financial performance (ROA, ROE). This was done using the Nigerian banking sector as the empirical setting. The banking industry was selected for the study because, as profit-orientated businesses, executives of banks have a responsibility to maximise profits. Moreover, banks are also faced with the added responsibility of fulfilling the increasing demands of diverse and complex stakeholder groups. Another reason for selecting the banking sector is that the Nigerian Banking Survey (2007) report raised questions about the motives of Nigeria banks in developing and implementing CSR practices. This study therefore explores the views of Nigerian banks on CSR practices, the motives behind their CSR activities and the relationship between CSR practices and their financial performance. the next section reviews the existing literature, followed by the methodology and data analysis. The results are subsequently presented and discussed, leading to a discussion of their theoretical and practical implications. The article concludes with a recommendation regarding future research agendas.

Literature Review

CSR is about companies taking responsibility for their social and environmental impact and taking action beyond compliance to do. Over the last ten decades, CSR has been developing, evolving and reevaluating its purpose and value within the company and the society at large. And that is the interesting thing about it. It is designed to flow with business trends, to fit-in to market patterns and to measure with societal interpretations of the concept. As such, it has gone through major evolutions from early inceptions of philanthropy and gift giving. Today, the idea of CSR is associated with a self-regulatory function (as it relates to tax, compliance, etc.). It can be seen as a method of inclusion of public interest into corporate decision making (Hackett, 2017) and as a means of recognizing and protecting stakeholders by taking their needs and concerns into consideration while making corporate decisions. More recent developments have centered on the role of business within the sphere of human rights, and the 'corporate responsibility' to protect human rights has further embedded the language of CSR into a business, legal and governance space (for example, the UN Guiding Principles on Business and Human Rights).

In today's society corporations are expected to take more responsibility. This expectation is part of others shown in a survey conducted by Environics International in 2001, which states the same facts about corporations' expectations to take more responsibility. The majority of the respondents in the survey asks that corporations see beyond the profit maximization and take more responsibility toward its stakeholders. Some of the key findings in the survey were: a significant number of investors take a corporation's social responsibility into consideration when making investment decisions, that corporations that do not take CSR issue under consideration will lose consumers and that consumers are becoming more and more aware of whether or not the corporation takes social responsibility (Environics International, 2001). What the survey by Environics International shows is that the concept of CSR has received greater legitimacy in society and among corporations, as a way to conduct business today. This fact demands corporations to invest in stakeholders needs and contribute to socially acceptable goals.

Relationship between sustainable development and CSR

United Nations, (2015) On September 25th, 2015, 193 countries agreed and adopted a set of goals as part of a new global sustainable development agenda. The Sustainable

Development Goals (SDGs) describes global priorities for 2030 and represent an opportunity to put the world on a sustainable path.17 goals were set in total, each with a number of targets, 169 targets across the 17 goals. The Goals cover the three dimensions of sustainable development: economic growth, social inclusion and environmental protection. The aim is to address inequalities, economic growth, jobs, cities and human settlements, industrialization, oceans, ecosystems, energy, climate change, sustainable consumption and production, peace and justice.

The birth of sustainable development has gained ground in different of corporations, one of the reasons might be because of the long-term goals for the future which are much more acceptable for the business sphere than the responsibility idea that requires immediate actions or than the critical approach of business ethics Karoly, (2015). In fact, the economic pillar of sustainability in many cases can provide an evasion for the companies from environmental and social responsibility and also from doing the right things. Those companies which take responsibility are heterogeneous; they have the characteristic of learning constantly where they focus on best practice examples.

We can experience several practical initiatives. The Partnerships for SDGs (2015) platform was created to encourage global engagement around multi-stakeholder partnerships and voluntary commitments in support of the Sustainable Development Goals. The platform contains 1941 initiatives in connection with the 17 goals. In order to integrate business into the sustainable development Global Reporting Initiative, the UN Global Compact and World Business Council for Sustainable Development established an international network of professionals as well as perspectives of forward-thinking companies from around the world in 2015. The aim of it was to produce an implementation guide on impact assessment, KPI selection and goal setting, a publication that will support businesses in assessing their impacts, aligning their strategies with the SDGs and setting company goals. World Business Council for Sustainable Development, (2015).

These initiatives show that it is becoming clear that companies play important role in achieving sustainable development goals. However, based on an international survey including 2,045 sustainability professionals only 46% of corporate SD professionals would be engaging in the new SD Goals. The most popular ones are climate change, 63 percent of the respondents deal with it, decent work and economic growth (52%) and also sustainable consumption and production (51%). Companies are least engaged in the following topics: reduced inequality (28%), peace, justice and accountable institutions (23%), life on land (22%), end poverty (22%), end hunger (20%) and life below water (16%) (Ethical Corporation, 2016).

Methodology

The obtained data from the questionnaire were entered into an analytical software: The Statistical Package for Social Sciences (SPSS, version 17). To explore the banks' view on CSR activities as well as their motives, both descriptive and inferential statistics, including mean scores, standard deviation, and analysis of variance (ANOVA) analyses, were used. For a meaningful interpretation of the mean scores, the following intervals adopted from Gravetter and Wallnau (2009:278–302) were used 1 – strong disagreement, 2 – disagree, 3 – not sure, 4 – agree, and 5 – Strongly agreement. Again, for the examination of the relationship between CSR and banks' performance, both descriptive and inferential statistics, including Pearson correlation and multiple regressions (in addition to the methods mentioned above), were employed. In this regard, the mean scores of banks' CSR practices were aggregated into one independent CSR variable and, based on the scores, dummy variables of 1 or 0 were assigned for Strategic CSR or Non-strategic CSR respectively. The dependent variables ROA and ROE measured the financial performance of the banks. To observe effectively the association of CSR activities and banks' performance, other control variables were included in the regression model. These control variables include debt ratio (DR), origin (ORIG), size (SIZE) and growth (GROW), as shown below.

Regression equation:

$$ROA = \beta 0 + \beta 1 \text{ (size)} + \beta 2 \text{ (DR)} + \beta 3 \text{ (origin)} + \beta 4 \text{ (grow)} + \beta \text{ (CSR)} + \varepsilon \text{ (error)}$$

$$ROE = \beta 0 + \beta 1 \text{ (size)} + \beta 2 \text{ (DR)} + \beta 3 \text{ (origin)} + \beta 4 \text{ (grow)} + \beta \text{ (CSR)} + \varepsilon \text{ (error)} \quad \text{[Eqn 1]}$$

Where:

ROE = earnings after interest and taxes/total equity for firm

ROA = earnings before interest and taxes/total assets for firm

SIZE = size of the firm (log of total assets) for firm

GROW = growth in sales for firm

DR (debt ratio) = total liability over total assets

ε (error) = the error term

$\beta 0$ = the average performance of the bank in the absence of the control factors

The results of the analyses are shown and discussed below.

For ethical reasons, respondents were not persuaded into filling the questionnaires; they did so out of their free-will. Again, the data were not collected undercover, as permission was sought from management of the banks to enable me distribute the questionnaires to their employees. The individual identity of respondents was not mentioned anywhere in the study.

The analyses and discussion of findings of the study are all based on the data collected, as well as other secondary information obtained from the banks. I was as objective as possible in reporting my findings.

Results

In this paper, we used the mean score to examine banks' views on their CSR activities. Table 1 below shows banks' perspectives about their CSR practices. Following on from Gravetter & Wallnau's interpretation of mean scores (Gravetter & Wallnau 2009: 278–302), our results indicate that banks strongly believe that CSR activities improve their socioeconomic development (3.84) and also promote their long-term profitability (3.72). Moreover, on average banks agree that CSR activities helps to simulate and sustain customer demands (3.29), increases the value of bank (3.72), improves bank customers loyalty (3.58), to improve bank customers' satisfaction (3.15). Thus, in order to rank the strength of agreement, the view that CSR 'practices help in socioeconomic development' ranks top, followed by 'promote long-term profits for banks', 'increases the value of the bank, 'improve bank customers' loyalty', 'to stimulate and sustain customer demand'. The standard deviation figures further suggest that respondents and, for that matter, banks have the most closely-related view regarding the fact that CSR practices help in socioeconomic development, as it records a low standard deviation (1.04). On the other hand, the highest standard deviation, obtained for 'practices improve bank customers' loyalty' (1.13), suggests that respondents have the most diverse views with regard to that issue.

Item Statistics

Table 1. Summary statistic for banks' view of corporate social responsibility Practices. (Source: SPSS analysis)

	Mean	Std. Deviation	N
Engagement of a bank in CSR practices promotes long-term profits of a bank	3.7255	.96080	51
Engagement of a bank in CSR practices improve bank customers' satisfaction	3.1569	1.10223	51
Engagement of a bank in CSR practices improve bank customers' loyalty	3.5882	1.13449	51
Engagement of a bank in CSR practices increases the value of bank	3.7255	1.13276	51
Engagement of a bank in CSR practice helps to stimulate and sustain customer demands	3.2941	.87850	51
Engagement of a bank in CSR practices help in socioeconomic development	3.8431	1.04638	51

However, the general agreement with all these statements reveals the potential benefits of CSR to firms and underscores the strategic nature of CSR activities. Additionally, these perspectives are captured by the contemporary view on CSR (Branco & Rodrigues 2006; Brønn & Vidaver-Cohen 2008; Crane et al. 2008; Quazi & O'Brien 2000). It supports the finding of Holmes (1976) in his study of executives' perception of CSR in the USA, that more than half of the managers strongly agreed that corporate social activities enhance corporate reputation and goodwill. Similarly, Abdul and Ibrahim's (2002) study reveals that about 70% of their respondents disagree with the view that 'business already has too much social power and should not engage in social activities that might make it more'. Finally, the Least Significant Difference (LSD) test was used to find out whether the difference between the various views on CSR was significant statistically. The results indicate that there was a significant difference $F = 2.802$, $p = 0.005$, at a 95% confidence level, between banks' views on their CSR practices. This means that the responses to the contemporary view of CSR practices are not due to errors but are rather a true measure of differences in responses. Again, all of these reflect the strategic nature of CSR activities in contemporary times (Branco & Rodrigues 2006; Carroll 1979; 1991; 2004; Galbreath 2009; Kashyap et al. 2008; Meehan et al. 2006; Wood 1991).

In Table 2, the main motives for banks to engage in CSR activities are scored according to the means. The results reveal that Rightful motive is the dominant motive behind banks' CSR activities as it has the highest mean (3.79) and a standard deviation (0.9). This is followed by the sustainability driven motive (3.6) and, finally, profit driven motive (3.37).

Consequently, analysis of variance (ANOVA) was employed to determine if there are any significant differences between the mean scores of the right motive, profit driven motive and sustainability driven motives. At a 95% confidence interval, there was no significant difference p = 0.395; < 0.05 observed for profit driven motive, Rightful motive and sustainability driven motives. Thus, the results revealed that there is no significant difference the Nigerian banking sector. This implies that banks in Nigeria are motivated to practice CSR for legitimacy reasons as much as they are motivated by profit protecting and sustainability reasons.

Item Statistics

Table 2. Summary statistic for banks' motives for corporate social responsibility Practices (source: SPSS analysis)

	Mean	Std. Deviation	N
Profit driven motive	**3.6471**	**.8772**	
Engagement of a bank in CSR practice helps to create financial opportunity.	3.8824	.79113	51
Engagements of banks in CSR practices helps to meet shareholders' demands.	3.1765	. 91007	51
Engagement of bank in CSR practices helps to remain competitive.	3.8824	.93053	51
Rightful Motive	**3.7974**	**.90176**	
Engagement of bank in CSR practices help to improve its reputations	4.2157	.90142	51
Engagement of banks in CSR practices helps to serve a long-term objective.	3.8039	.98020	51
Engagement of bank in CSR practices help to fulfil stakeholder expectations.	3.3725	.82367	51
Sustainability driven motive	**3.6993**	**.92744**	
Banks should engage in CSR practices because of the concern for society's future.	3.8627	.98020	51
Engagement in CSR practices can prevent future business problems	3.2157	.96569	51
Engagement in CSR practices can strengthen global network	4.0196	.83643	51

Conclusions and Implications

Corporate Social Responsibility practice within a strategic scope is integral to corporate strategy. An organization's concern for profit does not exclude taking into account the interests of all who have a stake in the firm (stakeholders). This study has explored banks' views and motives for CSR practices as well as its association and contribution to financial performance of banks in Nigeria. Results from the study show that banks in Nigeria in general view CSR activities as being a strategic move in socioeconomic development and promote long term profits. Additionally, the study found a positive relationship between banks' CSR activities and their profitability (ROA and ROE). However, the regression results depict that banks' CSR activities in their current form are not a dominant predictor of their profitability as compared with their size, growth, debt ratio and origin. hence, firms engaging in CSR practices should do so in synchrony with other factors that have a significant impact on financial performance. These findings have important theoretical and practical implications. Theoretically, this study has contributed to the literature in a number of ways. Firstly, it validates empirically the association between CSR activities and financial performance, in that firms perceive CSR activities as a way of gaining and retaining legitimacy which is strategic. Secondly, it adds the Nigerian perspective of CSR to the growing sub-Saharan African literature on CSR, thereby enhancing our present understanding of how banks in Nigeria view the impact of CSR activities. Practically, the study findings imply that managers should spend more effort and resources on their CSR activitiesas their organizations will be rewarded with legitimacy by stakeholders and, in the long run, perhaps financial performance. Additionally, the initiation, development and implementation of CSR activities should be strategic, not haphazard, in order to gain the associated positive benefits.

References

Akpansung, A. & Gidigbi, M. (2014). Recent Banking Reforms in Nigeria: Implications on Sectoral Credit Allocation and Economic Growth. *International Journal of Business and Social Science*. 5. Retrieved from: file:///C:/Users/dell/Downloads/2014_2RecentBankingReforms10.pdf.

Behringer, K. & Szegedi, K. (2016).The Role Of CSR In Achieving Sustainable Development – Theoretical Approach. *European Scientific Journal*, ESJ. 12. 1857-7881. DOI: 10.19044/esj.2016.v12n22p10.

Biswas N., Sustainable Green Banking Approach: The Need of the Hour, *Business Spectrum*, 1(1), 32-38 (2011).

Blasco, J.L. The Road Ahead. The KPMG Survey of Corporate Responsibility Reporting. Retrieved from: https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/kpmg-survey-of-corporate-responsibility-reporting-2017.pdf.

Bordo, M., Eichengreen, B., Klingebiel, D., and Martinez-Peri, M. (2001). Is the Crisis Problem Growing More Severe? Economic Policy, April 2001, Volume 16, Number 32, pp. 51-82. doi:10.1111/1468-0327.00070. Retrieved from: http://dx.doi.org/10.1111/1468-0327.00070.

Bourke, P. (1989). Concentration and other determinants of bank profitability in Europe, North America and Australia. Journal of Banking & Finance, 13(1), 65-79.

Carroll, A. B. (2016) Carroll's pyramid of CSR: taking another look. *Int J Corporate Soc Responsibility* 1 (3). Retrieved from: https://doi.org/10.1186/s40991-016-0004-6

Carroll, A. B. (2018) Corporate Social Responsibility (CSR) and Corporate Social Performance (CSP). Retrieved from: https://www.researchgate.net/publication/334173400_Corporate_Social_Responsibility_CSR_and_Corporate_Social_Performance_CSP.

Chartered Management Institute (2020), Leadership to unlock long-term growth. Retrieved from: https://www.managers.org.uk/~/media/Angela-Media-Library/pdfs/HE/Marketing-Toolkit/Research/Management-2020---Leadership-to-unlock-long-term-growth---full-report---July-2014.pdf.

Corporate Social Responsibility. Executive Report. Environics International, 2001. Retrieved from: file:///C:/Users/dell/Downloads/010080Miller.pdf.

De Andres, P., and Vallelado, E. (2008). Corporate governance in banking: The role of the board of directors. Journal of Banking & Finance, 32(12), 2570-2580. Retrieved from: https://econpapers.repec.org/article/eeejbfina/v_3a32_3ay_3a2008_3ai_3a12_3ap_3a2570-2580.htm.

Dash R. N. (2008) Sustainable Green Banking: The Story of Triodos Bank. CAB CALLING, 26-29.

Effective CSR Plans: "5 Elements". Gordie's Business Blog. November 19, 2011. Retrievd from: https://blogs.ubc.ca/gordiedutka/2011/11/19/effective-csr-plans-5-elements.

Elouali, J. & Lahsen, O. (2018). Factors Affecting Bank Performance: Empirical Evidence from Morocco. *European Scientific Journal*. 14. 255-267. Retrieved from: https://www.researchgate.net/publication/330039356_Factors_Affecting_Bank_Performance_Empirical_Evidence_from_Morocco.

Eltinay, N. & Masri, R. (2014). Understanding Impact of Financial and NonFinancial Measurements in Sudanese Banks' Performance. Retrieved from: