

# **STUDĒJOŠO ZINĀTNISKI PĒTNIECISKO RAKSTU KRĀJUMS**

**Sējums 2**

**MAĢISTRA STUDIJU PROGRAMMA:  
Business administration**

**Rīga 2024**



## **Studējošo zinātniski pētniecisko rakstu krājums, 2024(2)**

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, kā arī EKA, AK un citu augstskolu studējošo zinātniskie raksti, kas tika iesniegti uz **Studentu starptautisko zinātniski praktisko konferenci „Studējošo pētnieciskā darbība: teorija un prakse’2024”**.

Sējumā ir iekļauti raksti, kuros ir atspoguļoti Ekonomikas un kultūras augstskolas maģistra programmas „Business Administration” studējošo veikto pētījumu rezultāti.

### **Rakstu krājuma galvenā redaktore:**

Jeļena Titko / Ekonomikas un kultūras augstskola

### **Rakstu krājuma tehniskā redaktore:**

Kristīne Užule / Ekonomikas un kultūras augstskola

© Ekonomikas un kultūras augstskola, 2024

© Alberta koledža, 2024\

### **Izdevējs:**

Ekonomikas un kultūras augstskola

Pērnavas 62, Rīga, LV1009, Latvija



## Saturs

Muhammed Juneer Panikkaveetil Rasheed. IMPACT OF CREDIT RISK MANAGEMENT AND ITS IMPACT ON PROFITABILITY OF COMMERCIAL BANKS IN INDIA .....	4
Qiu Ran. POSSIBILITIES OF PRESENTATION OF CHINESE TRADITIOANL CULTURE IN LATVIA.....	14
Parthiban Masilamani. ANALYSIS OF THE IMPACT OF CUSTOMER BEHAVIORAL CHANGE ON RETAIL INDUSTRY IN INDIA.....	21
Sathish Nagarajan. DEVELOPMENT OF A BRANDING STRATEGY FOR INDIAN LUXURY GOODS COMPANIES BASED ON CONSUMER PERCEPTION AND PREFERENCES.....	29
Sruthi Lekshmi. DEVELOPMENT OF BRAND PORTFOLIO STRATEGY FOR THE TEXTILE INDUSTRY IN INDIA .....	41
Hetti Kankanamge Duleeka Shamali Gunawardane- IMPACT OF SOCIAL MEDIA MARKETING ON CUSTOMER BRAND LOYALTY TO TELECOMMUNICATION COMPANIES IN SRI LANKA .....	51
Janitha Madhuhansa Wijesinghe Manannalage. FACTORS AFFECTING STAFF SATISFACTION IN TELECOMMUNICATION INDUSTRY IN SRI LANKA .....	59
Liyantage Dilki Nimesha Perera . INTEGRATION OF ARTIFICIAL INTELLIGENCE IN CONTENT MARKETING STRATEGY OF SMALL AND MEDIUM ENTERPRISES IN SRI LANKA .....	66
Ilkin Huseynzade. FACTORS AFFECTING TO PERFORMANCE OF HOTEL BUSUNESS IN LATVIA .....	73
Chathura Vimukthi Malawara Arachchige. THE FACTORS AFFECTING THE ENVIRONMENTAL SUSTAINABILITY OF LARGE SCALE APPAREL MANUFACTURERS IN SRI LANKA .....	79
Magalage Chathurangi Harshila Perera. FACTORS AFFECTING EMPLOYEE TURNOVER IN SOFTWARE DEVELOPMENT COMPANIES IN SRI LANKA .....	86
Prashant Dev Tiwari. IMPACT OF CHANGE MANAGEMENT ON THE GROWTH OF SME'S IN INDIAN DAIRY INDUSTRY.....	94
Gurpreet Singh Mishan. INDIAN DIVERSE CULTURE IMPACT ON ECONOMIC DEVELOPMENT .....	112
Vimalanand Bijoy. THE FACTORS OF DIGITAL MARKETING AFFECTING COMPETITIVENESS OF IT COMPANIES IN LATVIA.....	119



## **Muhammed Juneer Panikkaveetil Rasheed. IMPACT OF CREDIT RISK MANAGEMENT AND ITS IMPACT ON PROFITABILITY OF COMMERCIAL BANKS IN INDIA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: juneermohd3@gmail.com  
Scientific Advisor: Dr.oec., Assistant Professor Vita Zariņa*

### **Abstract**

**Research relevance:** Loans are the most apparent and substantial source of credit risk in most institutions. In some circumstances, loan default is a risk connected with a transaction that may be foreseen, assessed, and controlled. Variations and changes in assets or liabilities, as well as income from assets, payments and obligations, or cash withdrawals and inflows, all cause risk in financial organizations. In this new framework, profitability is now a gauge of the banking industry's competitive advantage.

**Research goal:** To identify the impact of credit risk management on profitability of commercial banks in India.

**Research methods:** Data gathering methods include reviewing previous literature, conducting surveys, and conducting interviews. To assess the impact of credit risk management on commercial bank profitability. Survey analysis using expert survey data, descriptive statistics, inferential statistics, reliability analysis, and multiple regression analysis, as well as ANOVA analysis. IBM SPSS and Microsoft Excel were used to accomplish the analysis.

**Main findings:** Credit risk management has a bearable influence on profitability, according to the findings of this study. Commercial bank profitability is influenced by credit risk management. On the other hand, the impact of CRM on management efficiency and productivity could be explored. The current study could be broadened to

Incorporate additional risks such as operational risk, market risk, and so on, in addition to credit risk management

*.Keywords: credit risk management; profitability; loan defaults; efficiency; productivity.*

### **Introduction**

The well-being and effectiveness of a nation's banking industry is tightly entwined with the nation's overall financial environment. This is true for every nation. The commercial banking sector plays a vital role in guaranteeing the smooth flow of funds, promoting economic growth, and handling the complex web of financial transactions in India, which is one of the economies in the world that is developing at one of the quickest rates and is one of the most dynamic economies in the world. The management of credit risk is an essential component that plays an essential role in the operations of commercial banks and has the potential to considerably impact both their profitability and their overall financial health.



The process by which financial institutions evaluate, monitor, and attempt to reduce the risk that borrowers may fail to meet their commitments is known as credit risk management. The appraisal of creditworthiness, the setting of lending standards, the structuring of loans, the design of risk mitigation techniques, and the continual monitoring of borrowers' financial health are all components of this comprehensive field. Because a badly managed credit portfolio can result in considerable losses, erosion of capital, and, in the worst situations, the collapse of financial institutions, the efficient management of credit risk is essential to the continued existence of a bank.

The evaluation of credit risk management is given even more relevance in the context of India as a result of the country's diversified economic environment, a fast developing loan market, and shifting regulatory frameworks. Commercial banks in India have displayed extraordinary resiliency and adaptation over the course of their history. As a result, they have been able to effectively navigate the obstacles given by a dynamic economy and a diversified customer. When placed in this framework, the efficiency of credit risk management methods becomes a cornerstone for guaranteeing not just the stability of individual banks but also the soundness of the greater financial system as a whole.

This study begins an investigation of the credit risk management practices of Indian commercial banks, with a specific emphasis on the role that these practices have in determining the profitability of these organizations. We want to provide insights that help guide strategic decision-making and policy development by diving into this important factor in the hopes that it would allow us to untangle the complicated dynamics that underpin the functioning of banks in India.

There is no possible way to overestimate the significance of credit risk management in India. Commercial banks in this country provide to a broad and diverse clientele, ranging from sole proprietors and small businesses to multinational conglomerates and government agencies. A complex task lies ahead when attempting to manage credit risk in an atmosphere with so much variety. In addition, during the past several years, the banking industry in India has been subjected to substantial legislative shifts as well as technology advancements, all of which have contributed to an increase in the complexity of credit risk management.

The conclusions of this research will make an important addition to the ongoing discussion regarding the stability and expansion of the banking industry in India. It intend to create a road map for banks, regulators, policymakers, and other stakeholders in India's banking industry by shedding light on the connection between credit risk management and profitability. This will enable these groups to make well-informed decisions that will contribute to India's banking sector's sustained growth and prosperity. In this day and age of lightning-fast economic expansion and cutting-edge financial technology, the necessity for efficient credit risk management is of the utmost importance, and the contribution it makes to profitability simply can't be understated.

## **Literature Review**

Funso conducted a study to examine the influence of credit risk on the efficiency of the Nigerian banking system during an 8-year period from 2000 to 2010. Over a span of eight years, the researchers conducted an analysis of five commercial banking enterprises, principally relying on a descriptive survey methodology. The drivers of the profitability function were determined using panel model analysis. The results of the study indicate that default risk has a consistent and significant influence on the performance of banks, as measured by the Return on Assets metric. The observed impact is consistent among Nigerian banks, however the analytical approach employed in the study does not fully capture the specific magnitude of the effect on individual banks. A doubling of non-performing loans results in a decrease



in profitability (as measured by return on assets) of around 6.8 percent. Similarly, a doubling of credit risk leads to a decrease in profitability of about 0.78 percent. Conversely, a doubling of total bank funding is associated with an increase in profitability of approximately 9.6 percent. (Funso, 2012).

Harrison and Joseph (2021) conducted a study to examine the impact of credit risk management on the profitability of banks operating in rural communities inside Liberia's Belgaum District. Between the years 2008 and 2012, an analysis was conducted on the financial records of 10 banks located in rural areas. The estimation process employed a sample regression model. A robust positive correlation was shown between non-performing loans and the profitability of rural banks, suggesting that despite experiencing significant loan losses, these banks nonetheless manage to generate profits. It was also found that rural banks have deficiencies in their credit risk management systems, characterized by a lack of strength and efficiency. Non-performing loans have the potential to adversely impact the profitability of rural banks. However, if the increase in non-performing loans is equal to the profitability, it suggests that rural regions are lacking sufficient institutional measures to effectively manage credit risk (Harrison & Joseph, 2021).

Vincent and David conducted an analysis to examine the impact of lending policies on the performance of banks in Zambia. The study utilized data obtained from a sample of commercial banks. The researchers evaluated the efficacy of the banking sector, taking into account its growth trajectory, profitability, and efficiency, in the context of post-liberalization policies. This assessment was conducted using a comprehensive approach that encompassed quantitative data collection, administration of questionnaires, and analysis of existing literature. The most recent findings indicate an increase in the level of activity exhibited by financial institutions in Zambia. In order to optimize their profits, they engage in the practice of opening additional accounts, expanding their customer base, and enhancing their financial metrics. Nevertheless, the banking business has seen significant spreads due to a dearth of competition. According to their perspective, banks exhibit significantly wide and increasing average interest rate spreads and interest rate margins, suggesting a dearth of competitiveness and inefficiency. Additionally, it was found that problematic debts continue to exist, albeit at a reduced magnitude, and it is recommended that banks enhance their lending protocols (Vincent, 2012).

Abdulrahim conducted an examination of the challenges and emerging strategies for managing credit risk among Saudi banks in Saudi Arabia. The expert utilized a descriptive and analytical methodology. The CAMEL Model was employed as a framework for evaluating the efficacy of credit risk management. The study has concluded that, in contrast to the impact of bank size, which has a significant negative effect on the effectiveness of credit risk management, cash has a notable beneficial influence. The efficacy of credit risk management is minimally influenced by criteria such as the adequacy of capital, the quality of assets, the integrity of management, and profitability. Effective credit risk management is faced with a range of challenges, including subpar corporate governance, diminished capital quality, and restricted credit diversification. Additional concerns encompass the absence of comprehensive financial analysis, the omission of a risk premium for high-risk loans, and inadequate credit officer oversight. The prioritization of profitability supersedes the consideration of safety, while federal subsidies are given priority over creditworthiness. Improving the effectiveness of credit risk management may be achieved by several critical measures, including the training of credit officers, the enhancement of asset quality, the promotion of corporate governance, the expert evaluation of a company's financial status, and the utilization of banking bureau information. (Abdulrahim, 2013).

The study conducted by Charles and Kenneth aimed to examine the impact of credit risk management and asset sufficiency on the profitability of Nigerian banks. Nigerian financial institutions have recently allocated significant financial resources towards the implementation of risk management strategies, aiming to optimize profitability by mitigating total risk through loan loss provisioning. The data from



annual reports of the chosen banks was collected and analyzed using a moving average method. This approach provides a more objective basis for examining the influence of credit risk management approaches and capital adequacy criteria on the performance of banks in Nigeria. The researchers found that the financial performance of commercial banks was positively influenced by competent credit risk management and capital adequacy during the research period. However, it was observed that loans and advances had a negative association with bank profitability (Charles, 2013).

Abiola conducted a six-year investigation on the impact of credit risk management on the performance of commercial banks in Ghana. The study involved the analysis of financial reports from eight commercial banking institutions throughout the period of 2006 to 2012. In this study, a panel regression model was utilized for the analysis. The researchers found that the management of credit risk exerted a significant impact on the financial performance of commercial banks operating in Ghana (Abiola & Olausi, 2014).

Tamara conducted an analysis of the capitalization, risk, and liquidity decisions made by commercial banks in the United States during the period from 2001 to 2009. The study conducted an expansion of the concurrent equation model with negotiated solution inside the domain of mortgage. It aimed to examine the relationship between liquidity management, equity, and risk adjustment. It was shown that the concurrent coordination of relatively small capital changes by banks has a negative effect on short-term adjustment. During the crisis, companies engage in the modification of their liquidity, leverage, and risk profiles, both in normal and distressed situations. During times of crisis, it is seen that liquidity and investment evaluation rates tend to be higher. This indicates that banks are more likely to achieve their desired cash flow and mitigate risks during a crisis compared to the post-crisis period. During the period of economic crisis, it was observed that the rate of capital adjustment was comparatively lower, suggesting that banks had challenges in effectively aligning their capital ratios with desired levels (Tamara & Dorota, 2014).

Ali conducted a study examining the relationship between credit risk management and the profitability of twelve commercial banks in Syria during the period from 2006 to 2014. The research conducted revealed that the management of credit risk significantly influences the profitability of commercial banks in Syria. This impact was assessed by analyzing the Return on Assets (ROA) and Return on Equity (ROE) using two distinct statistical models. The research further revealed that the credit risk management strategies employed in this study have a significant influence on the operational effectiveness of Syrian commercial banks. It has been recommended that banks improve their credit risk management practices in order to boost their profitability. The assessment of credit risk management should include important indicators such as the ratio of non-performing loans to gross loans, provisions for facilities loss to net facilities, and profitability ratios. Banks ought to incorporate sustainability considerations into their credit risk management policies through the implementation of rigorous credit assessments prior to granting loans to customers. Additionally, banks should establish an effective risk management system by creating an appropriate credit risk environment, adhering to accredited procedures, and maintaining credit administration practices encompassing monitoring, preparation, and reporting. (Ali, 2015).

Felix conducted an analysis to establish the connection between credit risk management and financial performance. Additionally, he examined the challenges faced by credit risk managers in effectively managing process improvement in credit risk. The study utilized a combination of qualitative and quantitative research methods, using both descriptive and statistical analyses. The research employed a sample size of 200 individuals. The staff of BPR Ltd participated in a survey in order to collect primary data. The collection of secondary data involved the utilization of several sources, including books, periodicals, newspapers, and web-based resources. It has been determined that BPR Ltd possesses a



credit management system, which the researchers deem necessary to assess and revise in order to align with the prevailing economic conditions. Moreover, it has been found that there exists a correlation between credit risk management and the profitability of commercial banking (Felix & Shukla, 2015).

Kodithuwakku (2015) performed an empirical study to examine the impact of credit risk management techniques on the financial performance of commercial banks in Sri Lanka. The study involved conducting interviews with nine commercial banks in order to gather primary data. The selection of the sample was based on the company's exceptional financial success over a span of five years, specifically from 2010 to 2014, and the availability of dependable data. To obtain insights on the issues and potential answers, a series of personal interviews were held with pertinent agencies. The collection of secondary data involved sourcing information from several reputable sources, such as the annual reports of certain commercial banks, relevant academic papers, books, and journals. The relationship between credit risk management and financial performance was analyzed by using a five-year dataset obtained from chosen institutions. The study run a predictive model analysis in order to determine the relationship between risk management and financial performance during the duration of the research period. Profitability is adversely affected by non-performing loans and provisioning. Therefore, it is recommended that banks employ suitable tools and procedures to effectively manage the risk of default (Kodithuwakku, 2015).

Lalon conducted a study to investigate the impact of credit risk management on the level of capital adequacy. The study served as a tool to establish acknowledgment for the performance of Bangladeshi banks in managing credit risk, while also providing a definite standard for investigating how customer relationship management (CRM) strategies aid commercial banks in improving revenue and long-term sustainability. This study analyzed secondary data pertaining to the financial status of Basic Bank Ltd. and identified a positive correlation between customer relationship management (CRM) and the bank's income. Consequently, effective customer relationship management (CRM) might potentially yield favorable outcomes in terms of capital adequacy (Lalon, 2015).

Michelle conducted an analysis on the adherence of credit risk management policies of Ghana's publicly listed companies to the Basel-II compliance standards. A survey will be conducted in order to collect primary data. It was found that the listed banks in Ghana exhibited effective credit risk management measures. The only differentiation is in the responsibility of the council of administrators in determining the allowed categories of loans and the maximum durations for each specific loan category. The Ghanaian listed banks express concerns on the credit risks associated with the issuance of corporate bonds by both industrial and small companies, as well as the implementation of security measures to mitigate possible credit losses. Therefore, this study is contemporaneous, and its findings are crucial for the efficient administration of credit risk in the banking sector (Michelle, 2016).

Riaz observed that the performance of risk assessment in the banking business of Bangladesh is impacted by several elements. From 2009 to 2013, a panel regression analysis was conducted, utilizing a stratification approach to account for both time series and cross-sectional fluctuations of macroeconomic and financial institution variables. The results of the study indicate a positive correlation between financial performance and liquidity, profitability, operating excellence, mergers, and economic development. However, there is an inverse relationship between asset portfolio risk and inflation expectations (Riaz, 2015).

## **Research Methodology**

The rationale of this research study is that risk management, particularly credit risk management, requires greater attention in the banking industry than it now receives. Not only would a good credit risk



management system help banks minimize credit risk, but it would also help them prepare remedies to operational issues.

The following hypothesis are put forward for testing.

**H1:** There is statistically significant impact of credit risk management on the ROA of commercial banks.

In order to analyze the profitability variables, the author has chosen three variables and they are ROA and ROE. The definition and formulas are shown below.

**ROA:** The ratio of net income to total assets, or ROA, is a metric that measures how profitable and efficient a bank's management is based on total assets. The equation for ROA has shown below in Equation 1.

$$ROA = \frac{Net\ income}{Total\ assets} \quad (1)$$

**ROE:** This is the amount of net income made after taxes for each dollar invested by the bank's shareholders in equity capital. The equation for ROE has shown below in Equation 2.

$$ROE = \frac{Net\ income}{Total\ equity\ capital} \quad (2)$$

The author has been used mainly three indicators in this research study and it has shown below.

**CAR:** The capital adequacy ratio is a percentage of a bank's risk-weighted credit exposures that reflects how much capital the bank has on hand. The idea is to guarantee that banks have had enough capital on hand to sustain a certain number of losses before going bankrupt. The equation for CAR has shown in Equation 3.

$$CAR = \frac{Tier\ 1\ capital + Tier\ 2\ Capital}{Risk\ weighted\ Assets} \quad (3)$$

**NPLR:** Ratio of non-performing loans A high ratio indicates that the bank has a larger risk of loss if the unpaid loan amounts are not recovered, whilst a low ratio indicates that the outstanding loans provide a minimal risk to the bank. The equation for NPLR has shown in Equation 4.

$$NPLR = \frac{Non\ performing\ loans}{Total\ loans} \quad (4)$$

**LPNPL:** Banks utilizes their capital to absorb these losses: when a bank books a provision, it takes a loss and decreases its capital by the amount it will not be able to recover from the customer. The bank's NPL coverage refers to the fraction of non-performing loans that are covered by provisions. The equation has shown in Equation 5.

$$LPNPL = \frac{Total\ nonperforming\ loans}{Total\ Outstanding\ loans} \quad (5)$$

The author analyzed the indicators of both credit risk management and profitability to analyze the impact of credit risk management on profitability of commercial banks.

Prior to doing regression analysis, it is vital to gather data pertaining to the variables that will be utilized. The variables of interest in this study include ROA (Return on Assets), NITA (Net Interest Margin), CAR (Capital Adequacy Ratio), NPLR (Non-Performing Loan Ratio), and LPNPL (Loan Portfolio Non-Performing Loans). Data from annual reports was collected by examining the websites of several sample banks. The manual search started by examining the internet pages of "investor's relationship" as well as the database of the Reserve Bank of India. We are in search of bank annual reports or financial results on the investor relations website. After obtaining each annual report, a search was performed utilizing search engines on web platforms or by retrieving a pdf file.

It must create regressions in order to determine the links between dependent and independent variables. "The regression analysis evaluates the model's statistical strength as anticipated." Ordinary Least Squares is the method we choose to employ to construct the model (OLS). The general version of OLS creates an estimated equation from a set of data, such as:

$$Y = \beta_0 + \beta_1 X + \varepsilon \tag{6}$$

Where I denote from 1 to n observations;  
 X . is the independent variable;  
 $\beta_0$  . is the intercept;  
 $\beta_1$  is the slope;  
 and  $\varepsilon$  is the residuals.

### Results

The results for the Model - Dependent variable – ROA – are provided below.

The regression equation to find the ROA is as follows in equation 7.

$$ROA_t = \beta_1 + \beta_2 \times CAR_t + \beta_3 \times NPLR_t + \beta_4 \times LPNPL_t \tag{7}$$

The regression model summary is shown in Table 8.

**Table 8.** Model summary (Source: Created by the author)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993 <sup>a</sup>	.986	.965	.04342

a. Predictors: (Constant), LPNPL, CAR, NPLR

For the model 1, in the Table 8 of model summary, the author has gotten the adjusted R square value 0.965 and which means that 96.5% of variance of dependent variables has explained by independent variable.

**Table 9.** ANOVA (Source: Created by the author)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.263	3	.088	46.472	.021 <sup>b</sup>
	Residual	.004	2	.002		
	Total	.267	5			

a. Dependent Variable: ROA

b. Predictors: (Constant), LPNPL, CAR, NPLR

Table 9 shows outputs of ANOVA analysis. Model 1 is statistically significant because the p-value (Sig.) is .021 and which is less than 0.05.

Table 10 shows the model coefficients.

**Table 10.** Coefficients (Source: Created by the author)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.748	1.138		1.536	.264
	CAR	-.054	.091	-.051	-.591	.614
	NPLR	-.260	.028	-.915	-9.204	.012
	LPNPL	.003	.002	.124	1.214	.349

a. Dependent Variable: ROA

Based on the findings shown in Table 10, it can be concluded that the independent variable NPLR exhibits a statistically significant association with the dependent variable ROA, as evidenced by a p-value of .012. In contrast, the variables CAR and LPNPL have not demonstrated any statistically significant relationship with the dependent variable ROA. The unstandardized coefficient indicates that a one-unit change in NPLR is associated with a decrease of -0.260 in ROA. Furthermore, it is worth noting that there exists an inverse relationship between NPLR and ROA, as indicated by the coefficient value of -.260. impact on ROA.

The optimal model has shown in Table 11 shown below.

**Table 11.** Coefficients (Source: Created by the author)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.748	1.138		1.536	.264
	NPLR	-.260	.028	-.915	-9.204	.012

Table 11 shown above illustrates the optimal model coefficients and which explains clearly NPLR has significant impact on ROA.



## Conclusion

In summary, this research study has undertaken a comprehensive examination of credit risk management within the commercial banking sector in India and its subsequent influence on their financial performance. The justification for conducting this study is based on the argument that credit risk management deserves heightened focus in the banking sector due to its significance in mitigating credit risk and formulating efficient approaches to tackle operational challenges.

The study involved the formulation and examination of a hypothesis, specifically investigating the influence of credit risk management on the Return on Assets (ROA) of commercial banks. In addition to the aforementioned analysis, this research also investigated various financial indicators such as Return on Equity (ROE), Capital Adequacy Ratio (CAR), Non-Performing Loan Ratio (NPLR), and Loan Portfolio Non-Performing Loans (LPNPL). The purpose was to obtain a comprehensive comprehension of the correlation between credit risk management and profitability.

The findings of the regression study indicate a statistically significant relationship between the Non-Performing Loan Ratio (NPLR) and the Return on Assets (ROA) of commercial banks in India. This discovery indicates that there is a negative relationship between the non-performing loan ratio (NPLR) and the return on assets (ROA). Nevertheless, the study could not identify any statistically significant correlations between the Return on Assets (ROA) and other variables, including the Capital Adequacy Ratio (CAR) and the Loan Portfolio Non-Performing Loans (LPNPL).

In summary, this research provides insights into the interdependent association between credit risk management and profitability in the context of commercial banks in India. It serves as a valuable resource for making well-informed decisions and formulating strategic plans within the financial industry. This statement emphasizes the significance of ongoing monitoring and review of credit risk management policies in order to secure the enduring viability and competitiveness of Indian banks within a dynamic and developing economic context.

## References

- Abdulrahim, K. T. (2013). Effectiveness of credit risk management of Saudi banks in the light of global financial crisis: A qualitative study. *Asian Transactions on Basic and Applied Sciences*, 3(2), 79-83.
- Abiola, I., & Olausi, K. A. (2014). The impact of credit risk management on the commercial banks performance in Nigeria. *International Journal of Management and Sustainability*, 3(5), 295-315.
- Ali, S. A. (2015). The effect of credit risk management on financial performance of the Jordanian commercial banks. *Investment Management and Financial Innovations*, 12(1), 338-345.
- Charles, O. (2013). Impact of credit risk management and capital adequacy on the financial performance of commercial banks in Nigeria. *Journal of Emerging Issues in Economics, Finance and Banking (JEIEFB)*, 2(3), 703-717.
- Felix, S., & Shukla, J. (2015). Assessing credit risk management practices and performance of commercial banks in Rwanda. *International Journal of Social Science and Humanities Research*, 3(1), 225-235.
- Funso, K. T. (2012). Credit risk and commercial banks' performance in Nigeria: A panel model approach. *Australian Journal of Business and Management Research*, 2(2), 31-38.



- Harrison, O. A. (2021). *Credit risk management and profitability of selected rural banks in Ghana*, 1-18. <https://econrsa.org/workshops/papers/2012/credit-risk-management-and-profitability-selected-rural-banks-ghana>
- Kodithuwakku, S. (2015). Impact of credit risk management on the performance of commercial banks in Sri Lanka. *International Journal of Scientific Research and Innovative Technology*, 2(7), 24-29.
- Lalon, R. M. (2015). Credit risk management (CRM) practices in commercial banks of Bangladesh: A Study on Basic Bank Ltd. *International Journal of Economics, Finance and Management Sciences*, 3 (2), 78-90.
- Michelle, A. M. (2016). Credit risk management of Ghanaian listed banks. *International Journal of Law and Management*, 58(2), 162-178.
- Riaz, S. (2015). Investigating the factors affecting risk management efficiency of commercial banks. *Pakistan Business Review April*, 68-75.
- Tamara, K., & Dorota, D. (2014). The relationship between capital, liquidity and risk in commercial banks. *The 9th Young Economists' Seminar to the 20th DEC Croatian National Bank*, 43-47.
- Vincent, A. (2012). The effects of credit policy on bank performance: Evidence from selected Rwandan commercial banks. *Rwanda Journal*, 26-B, 116-118.



## **Qiu Ran. POSSIBILITIES OF PRESENTATION OF CHINESE TRADITIONANL CULTURE IN LATVIA**

*EKA University of Applied Sciences  
Master's Study Program "International Culture Project Management"  
E-mail: qiuran052@gmail.com  
Scientific Advisor: Dr.phil., Professor Velga Vēvere*

### **Abstract**

**Research relevance.** Culture is the most important soft power of a country and a nation. The dissemination of culture to the outside world is the key to establishing a good national image. With the development of China's economy and the improvement of its international status and influence, China's image has been vilified and distorted. China has rich and colorful cultural resources. Promoting Chinese culture going global is an important part of China's foreign policies. However, judging from the current status of international communication, Chinese culture still has a series of problems in the process of going global. Through organizing Chinese culture festivals and events in Latvia, it might be possible to identify the best way to present Chinese culture in Latvia.

**Research goal:** To integrate the Chinese perspective and local opinions to establish a guideline for presenting Chinese traditional cultural festivals and events in Latvia.

**Research methods.** The following research methods were employed in this study: survey (26 questions in a questionnaire), expert interviews (4 experts from Latvia and China), analysis of documents (government reports, documents, regulations, statistical data, etc.) and focus group interviews. The study employs frequency calculation, ranking, interview transcription, and graphical methods.

**Main findings.** Based on analysis and conclusions of the results obtained, a proposal is to introduce Chinese traditional culture events in Latvia, guidelines provided but the same time geopolitical situation should be monitored.

*Keywords: culture difference; globalization; Chinese traditional culture; international project management; international communication.*

### **Introduction**

China is a big country located on the Eastern part of the Eurasian continent, while Latvia is a small state in the northeast part of the Europe, located on the east coast of the Baltic Sea. A big distance that separates two countries, never mind the differences in size, culture, language etc. does not make them obvious partners of cooperation. According to statistics, 88% of Latvians believe that their country has a unique culture that should be increasingly protected (The Subjective Security Perception of the Inhabitants of Latvia: Influence on Security Policy Making). Since 1991 when the formal relations between Latvia and China were established. What are the cultural exchanges and communicate between Latvia and China? What is the motivation for cooperation between the two countries, how to spread Chinese traditional culture and build good relations between China and Latvia in the future? Who will take on the role of spreading Chinese traditional culture in abroad? What potential challenges are faced? These are the research questions of this paper.



## Literature Review

By studying the communication mechanism of Support mechanisms for export of Chinese traditional culture from China and the support mechanism of Chinese traditional culture in Latvia, the author got results and solutions. The overseas mechanism to support the dissemination of Chinese culture is relatively simple, relying too much on government actions and ignoring the power of private institutions and individuals to disseminate. The limitations of communication thinking lead to rigid expressions. There are differences in the connotations and expression paths between publicity, communication and cross-cultural communication. China's political system is based on the principle of democratic centralism. Local governments, especially municipal governments, are increasingly focusing on the role of creativity in enhancing competitiveness, and are actively formulating culture-oriented development strategies. Institutions that spread Chinese traditional culture overseas mostly rely on government agencies, such as the Chinese Embassy, the Chinese Cultural Center, and the Confucius Institute.

In Latvia, the establishment of the State of Cultural Capital Foundation (SCCF) is an important milestone in the history of cultural policy development in Latvia, which has completely changed the funding model in the cultural field- in 2012. 3890 projects were submitted to the SCCF with the total financing requested EUR 17 994 137. From them 52% or 2021 projects were supported, granting 26% from the requested financing - EUR 4 603 037. Active creation process in all fields of art is ensured with the support of the SCCF-Data: Central Statistical Bureau of the RoL, MoC. In Latvia, there are many non-governmental organizations that support cultural communication, including great support for folk artists. Cooperation with non-governmental organizations is very significant, especially in the sector of creative industries, such as Design Innovation Center<sup>1</sup>.

China has also established different types of new cooperation mechanisms in various regions around the world. The most well-known and insightful initiative is the “Belt and Road” global development strategy. The "One Belt, One Road" initiative is a concept proposed by China to promote common prosperity and development in the world. The author analysed the risks and opportunities of the Belt and Road Initiative from previous foreign scholars. Improvement's in infrastructure have increased the ease and volume of trade. World Bank researchers used the gravity model and comparative advantage model in international trade theory to analysed the impact of the “One Belt, One Road” initiative on imports and exports. (Baniya et al., 2020) The study found that the “One Belt, One Road” initiative effectively shortened shipping time, a crucial factor in the global value chain, and increased the total trade between participating countries by 2.5% to 4.1%; for time-sensitive sectors Or in sectors where demand changes more frequently, this effect is more significant. Another World Bank empirical study based on 1,000 cities in 191 countries around the world showed that the “One Belt, One Road” initiative can shorten global cargo transportation time by an average of 1.2% to 2.5% and reduce total trade costs by 1.1% to 2.2%. ( De Soyres et al., 2019) British scholars estimate through the structural gravity model that if the transportation cost between China and the EU is reduced by 30%, EU consumer welfare will increase by about 1%; if the “Belt and Road” initiative is combined with a deep free trade agreement Combined, it will increase EU consumer welfare by about 3%. Through a quantitative analysis of the relationship between transportation costs and trade volume, Belgian scholars found that for every 10% reduction in railway, aviation, and shipping costs, trade volume will increase by 2%, 5.5%, and 1.1% respectively. The sum of the various transportation cost savings can increase the trade volume of EU countries (especially the landlocked countries in Eastern Europe) by 8%. (Herrero & Xu, 2017)

---

<sup>1</sup> <https://www.latarh.lv/>

## Research Methodology

The author' questionnaire's introduction and the purpose of the researching. The basic purpose of selecting and creating the questionnaire is to understand, capture and collect the knowledge and acceptance of traditional Chinese culture by the native Latvian population, including experiencing or participating in festivals and events related to culture and art during the visit, as well as identifying ideas for people wishing to participate in more traditional Chinese cultural festivals and events in Latvia.

There are 26 questions, the questionnaires were distributed in different ways, with a focus on social networking platforms such as Facebook, Red book, etc., and the questionnaires were distributed to students of the Chinese Cultural Center in Riga and the Confucius Institute. The social networking platform Facebook is considered to be the basic platform for distributing questionnaires because it can conveniently reach a predetermined group of people.

### Experts Interview

To find out the problems and success stories of present Chinese traditional culture in Latvia, author choose the expert method of interview 4 people ( 2 Chinese, 2 Latvian). The four interviewees will be interviewed on questions in different capacities and perspectives.

- Jekaterina Bai - Professional Artist (Mg.Art), professional art teacher (B.C.PAed), certified yoga teacher, Professional art therapist, linguist (B.C.Phil.), poet, singer, model. Book illustrator.
- Janis Udris - Latvia local writer, author of 9 historical novels, Philosopher and historian.
- Honge Zhang - Mary Zhang Latvia, Joint representative of IWS Latvia Branch and Russian Theatre Chekhovriga, registered urban planner and art curator in China.
- Wang Yun Guo - the Chinese traditional culture research expert, Chinese Tea company ASSAMICA founder in China.

## Results

The results of the frequency analysis of demographic data are provided in Table 1.

**Table 1.** Frequency of respondents age, occupation, background. (Source: Created by the author)

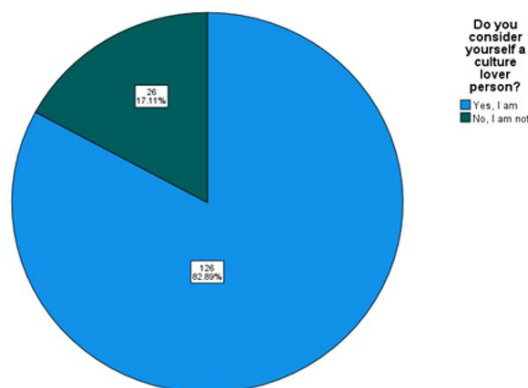
Demographic indicators		Frequency	Percent	Cumulative Percent
Age	18-25	72	47.4	47.4
	25-35	43	28.3	75.7
	35-45	18	11.8	87.5
	45-55	9	5.9	93.4
	55-65	1	0.7	94.1
	Older than 65	2	1.3	95.4
	Don't want to share	7	4.6	100
Occupation	Employed	34	22.4	22.4



	Pensioner	2	1.3	23.7
	Self-employed	15	9.9	33.6
	Student	96	63.2	96.7
	Unemployed	5	3.3	100
Background	Artistic field	12	7.9	7.9
	Govenmental or social work	6	3.9	11.8
	Humanitarian	22	14.5	26.3
	IT	13	8.6	34.9
	Medical field	28	18.4	53.3
	Technical field	17	11.2	64.5
	Other	54	35.5	100

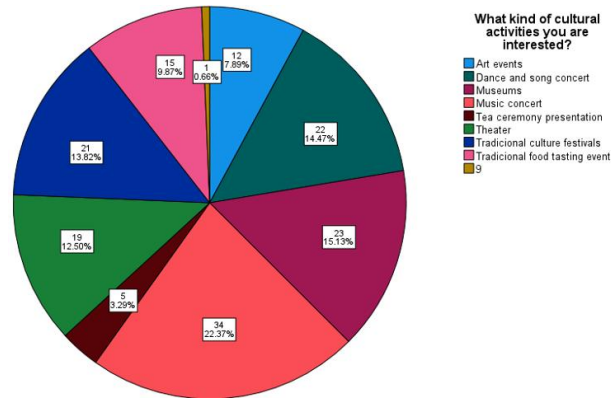
In this part, the collected data and findings of the study are displayed in the graphs and tables to facilitate the readers easily following the content. In addition, the meaningful descriptions are also provided to support the graphs in explaining the contents to the readers. The following sections are clarifications of primary data collected from the survey questionnaire. 153 valid questionnaires were collected. As Table 10 shows, the most frequent age group of people were aged between 18 and 25 (47.4% of 153). It is the age group of young students and employees and they usually are interested different cultures. The most frequency group is students. Respondents are 96 (63.2% of 153) students, then 34 (22.4% of 153 ) are employed. From of all 153 respondents, medical field is 28 (18.4% of 153), technical field are 17(11.2% of 153), humanitarian field are 22 (14.5% of 153), 7.9% work in artistic field, and 3.9% governmental or social work.

Fig.2 shows that 82.89% respondents are culture lovers, only 17.11% are not interested culture activities. Which means almost people are interested culture activities. This data gives this article the confidence to continue research.



**Fig.2.** Culture lovers Ranking (data from Q4) (Source: Created by the author)

Fig.3. provides answers to the question about the kind of cultural activities that peopel are interested.

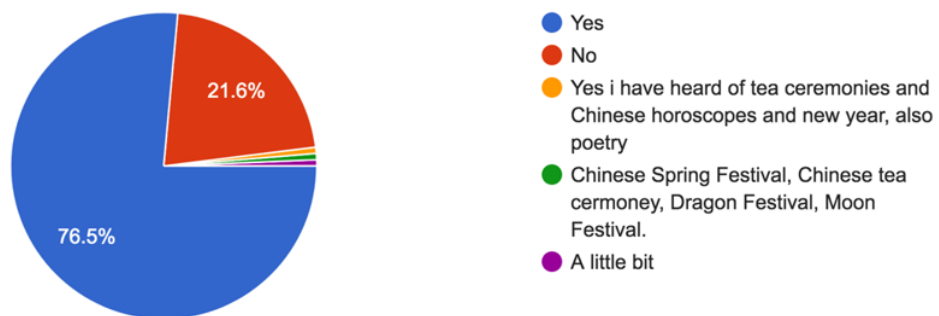


**Fig.3.** Ranking ( data from Q5) (Source: Created by the author)

The above results show the knowledge about Chinese traditional culture, most popular event is 34 (22.37% of 153) music concert, the second popular event is museums 23(15.13% of 153 ), the third one is dance and song concert 22(14.47% of 153), the fourth is traditional festival 21(13.82 of 153). Judging from these rankings, people's love for traditional Chinese cultural activities is only ranked fourth, especially for traditional Chinese food and Chinese tea ceremony, with little interest. This proves that the spread of Chinese traditional culture overseas is not enough. Chinese food is famous all over the world, and cultural activities such as the Chinese Spring Festival and Lantern Festival are also very common overseas. However, judging from the understanding of Chinese culture by local people in Latvia, the author believes that Chinese traditional culture Cultural activities did not spread as universally and successfully. These data also confirm the limitations of the spread of Chinese traditional culture overseas and the directions in which efforts need to be made in the future.

Have you heard about Chinese traditional culture?

153 responses



**Fig.4.** Ranking ( data from Q7) (Source: Created by the author)

Fig.4. shows 76.5% people from the respondents are heard about Chinese traditional culture, meanwhile, this data is very positive to support there is possibility to present and developing Chinese traditional culture in Latvia.

**Table 2.** Cross Ranking (data from Q4 + Q7) (Source: Created by the author)

Question	Responses	Have you heard about Chinese traditional culture?		Total
		YES	NO	
Do you consider yourself a culture lover person?	Yes, I am	98(77.80%)	28(22.20%)	126 100%)
	No, I am not	21 (80.80%)	5 (19.20%)	26 (100%)

Table 2 provides cross-questions 4 and question 7, do you consider yourself a culture lover person? And question 7, have you heard about Chinese traditional culture? 98 (77.8%), 98 people are culture lovers and have heard of traditional culture as well.

The author asked the general questions, such like - Do you have experience in international cultural cooperation projects, and can you please give an example of your success story? How do you think the best way to spreading your own culture? What are the difficulties and risk encountered in the process of international cultural projects and how to solve them? How to keep the traditional culture?

Jekaterina Bai , shared her personal success story: hat she have great inspiration from Chinese culture and share it with joy. She believe that beauty is always born at the intersection of cultures, and therefore I study this area especially carefully. Such phenomena in Europe as Orientalism, Chinoiserie and the influence of Chinese art on European art. She interested in creating some kind of intercultural space where representatives of both cultures will understand each other on an equal basis. That is, for example, at the same exhibition, standing in front of the same painting, a Chinese and a Latvian will look at it and see something familiar and understandable, and on the other hand, something new and unusual for themselves. She believe that this is a point of mutual understanding and also a point of birth of new ideas that expand consciousness. So she created a series of calligraphic abstractions in the style of Chinese cursive writing Caoshu, but she wrote a poem by the Latvian poet Rainis. She also cut out custom red seals for paintings in the Chinese style, but also using an ancient Latvian ethno-pattern. She also paint paintings in the Chinese style and with Chinese composition and scroll design, but using Latvian elements of nature and plants<sup>2</sup>.

Talking about the best way to spread culture, Mary Zhang said for her own experience, she found a great way to do it is through art. After all, people are attracted to beauty as a way to relax and be filled with new energy.

The risk encountered in the process of international cultural projects, young expert Wang Yun Guo, he said he always do risk management, before invest he do budget cucullate, in his company, he went though the COVID, diversifying investments, finding professional partners, and forming a professional team are the keys to success.

Janis Udris, the writer analyzed the importance of traditional culture from a historical perspective. He believed that this is a quality that cannot be discarded by a country and nation, that is inheritance. Young people need to understand the country's history and traditions and accept different cultures. He listed the countries he has visited, and mentioned in particular his three trips to China, which gave him a lot of understanding of cultural differences. Under different cultural backgrounds, you need to know how to negotiate and how to communicate.

<sup>2</sup> <https://chinapainting.wixsite.com/riga/petijums>, <https://goo.gl/photos/vCDrefhxE3PVuLv19>.



## Conclusions

The author created 26 questions, and 89% Latvian people are culture lovers and interested Chinese traditional culture event. Among them, there are more positive respondents and activities among young people's group. Thirdly, people with higher education levels are also interested in Chinese cultural activities. But at the same time, some people are worried about the security issues of cooperation with China and doubts about management capabilities and quality.

The author also concluded that the relationship between the two countries has been affected by government policies, there are challenges and difficulties in the relationship between the two countries.

From expert interviews, the author saw that artists have a positive attitude towards spreading Chinese culture in Latvia. They believe that through their own abilities, such as art, painting and other symbols, they can effectively spread Chinese culture and conduct cultural exchanges.

Taking the analysis of traditional cultural activities held by China in Latvia as case study, the author found that China's overseas cultural communication activities rely more on the support of government, the communication mechanism is single, the content of communication is relatively rigid, and there is a lack of innovation.

## References

- Baniya, S., Rocha, N., & Ruta, M. (2020). Trade effects of the New Silk Road: A gravity analysis. *Journal of Development Economics*, 146, 102467. <https://doi.org/10.1016/j.jdeveco.2020.102467>
- De Soyres, F., Mulabdic, A., Murray, S., Racha, N., & Ruta, M. (2019). How much will the Belt and Road Initiative reduce trade costs? *International Economics*, 159, 151-164. <https://doi.org/10.1016/j.inteco.2019.07.003>
- Herrero, A. G., & Xu, J. W. (2017). China's Belt and Road Initiative: Can Europe expect trade gains? *China & World Economy* 25, 84-99. <https://doi.org/10.1111/cwe.12222>
- Ministry of Foreign Affairs of the Republic of Latvia (2021). Foreign affairs on the accomplishments and further work with respect to national foreign policy and the European Union (2021). *Quarterly Reports*. <https://www.mfa.gov.lv/en/media/5240/download>



## **Parthiban Masilamani. ANALYSIS OF THE IMPACT OF CUSTOMER BEHAVIORAL CHANGE ON RETAIL INDUSTRY IN INDIA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: parthibanmasilamani29@gmail.com  
Scientific Advisor: Dr.phil., Professor Velga Vēvere*

### **Abstract**

**Research relevance:** As technological advancements, socio-economic factors, and global events continue to reshape consumer preferences, understanding the evolving patterns becomes imperative for retailers to thrive in this ever-changing environment. India's retail industry is projected to grow at a CAGR of 9% from 2019 to 2030, reaching \$1.8 trillion by 2030. Offline retailers anticipate a revenue increase of \$1.39-2.77 billion in FY 2020. The direct selling industry is set to reach \$2.14 billion by the end of 2021. E-retail, boosted during the pandemic, is expected to grow to \$120-140 billion by FY26, with a CAGR of 25-30% over the next 5 years, reflecting the resilience of India's consumption story driven by affluence and accessibility. This research is for recognizing the influence of evolving customer behavior on India's retail sector is essential for retailers to adjust their strategies adeptly. Understanding trends like the surge in online shopping, the demand for seamless shopping experiences, and preferences for personalized, safe, and sustainable consumption helps businesses meet changing consumer needs and maintain competitiveness.

**Research goal:** To identify key factors of customer behavior change within the retail industry of India.

**Research methods:** Data were collected by utilizing online surveys created and distributed through Google Forms. Graphical analysis serves as the chosen method for analyzing the collected data.

**Main findings:** In India, retail dynamics are shifting with increased online shopping driven by convenience and safety concerns. Consumers demand seamless omnichannel experiences and personalized service. Mobile commerce is rising, and health, sustainability, and safety considerations shape choices. Traditional stores adapt, while small retailers innovate for survival, emphasizing customer loyalty.

*Keywords: retail industry; customer behavior; technologies; consumer preference.*

### **Introduction**

As technological advancements, socio-economic factors, and global events continue to reshape consumer preferences, understanding the evolving patterns becomes imperative for retailers to thrive in this ever-changing environment. India's retail industry is projected to grow at a CAGR of 9% from 2019 to 2030, reaching \$1.8 trillion by 2030. Offline retailers anticipate a revenue increase of \$1.39-2.77 billion in FY 2020. The direct selling industry is set to reach \$2.14 billion by the end of 2021. E-retail, boosted during the pandemic, is expected to grow to \$120-140 billion by FY26, with a CAGR of 25-30% over the next 5 years, reflecting the resilience of India's consumption story driven by affluence and accessibility.



The aim is to identify key factors of customer behaviour change within the retail industry of India. The tasks of the study were the following:

- Analysis of existing literature on consumer behaviour trends and retail industry in India.
- Collect primary data through surveys and interviews with retail industry professionals, consumers, and experts to understand the evolving customer behaviours.
- Analyze the collected data using statistical methods and qualitative analysis tools to identify patterns, trends, and correlations in customer behaviour changes.
- The factors affecting successful retail businesses in India that have effectively adapted to changing customer behaviours, exploring strategies and practices contributing to their success.
- To provide actionable recommendations for retailers, policymakers, and other stakeholders to navigate and thrive in the evolving retail landscape

The object of the research was the Indian Retail Industry, while the subject of the research was the customer behavioral change on retail industry in India. Research Question of the research is, what is the factors impacting consumer behavior change, specifically the increasing inclination towards online shopping on India's retail sector?

The limitations of the study are as follows:

- Limited sample size or representativeness may impact external validity, especially doesn't adequately reflect the diversity of the Indian retail industry
- The retail industry encompasses a wide range of sectors (e.g., fashion, electronics, groceries), each with its unique dynamics.
- This research is confined to FMCG/groceries within the retail industry, limiting the scope to a specific sector.

## **Literature Review**

The literature review on the influence of customer behavioral change on the FMCG industry in India covers various important topics. Recent research has highlighted significant shifts in consumer preferences and behaviors within the Indian retail sector. These shifts encompass a growing inclination towards online shopping, driven by factors such as convenience and accessibility (Smith et al., 2020). Furthermore, there is a notable demand for personalized experiences among Indian consumers, indicating a desire for tailored shopping journeys that cater to individual preferences and needs (Jones & Patel, 2019). Additionally, sustainability concerns have emerged as a key driver influencing consumer behavior, with an increasing number of Indian shoppers prioritizing environmentally friendly and ethically sourced products (Kumar, 2021). These trends underscore the evolving nature of consumer behavior in India's retail landscape.

Researchers have extensively studied the impact of changing consumer behavior on retail strategies, revealing several notable trends. One key response to shifting consumer preferences is the adoption of omnichannel approaches, which integrate online and offline channels to provide seamless shopping experiences (Smith & Johnson, 2019). Additionally, retailers are increasingly investing in personalized marketing tactics, leveraging data analytics to tailor promotions and recommendations to individual consumer preferences (Jones et al., 2020). Moreover, there is a growing emphasis on sustainability



initiatives, with retailers implementing eco-friendly practices and offering sustainable product options to appeal to environmentally conscious consumers. These strategic adaptations underscore the dynamic nature of the retail landscape in response to evolving consumer behavior.

The profound influence of technology on consumer behavior, notably through the widespread adoption of smartphones and the rise of e-commerce platforms. These technological advancements have fundamentally reshaped shopping habits and preferences among consumers (Singh et al., 2024). Smartphones have become ubiquitous tools for researching products, comparing prices, and making purchases on-the-go, blurring the lines between online and offline shopping experiences (Cummins et al., 2019). Simultaneously, e-commerce platforms offer unparalleled convenience and accessibility, providing consumers with a vast array of products and services at their fingertips, thereby revolutionizing the retail landscape. The intricate interplay between shifts in consumer behavior and the competitive landscape of the FMCG sector in India. This examination encompasses various facets, such as the emergence of new market entrants drawn by evolving consumer preferences (Smith et al., 2020). Furthermore, changes in market share dynamics are scrutinized, shedding light on how consumer behavior influences the success of established players and newcomers alike (Vincent & Aurangabadkar, 2022). Additionally, studies explore the strategies adopted by established FMCG companies to maintain competitiveness amidst changing consumer trends, including product innovation, branding strategies, and distribution channel optimization (Angeli & Jaiswal, 2015).

The policy implications stemming from evolving consumer behavior, particularly within the context of India's retail landscape. This analysis encompasses various regulatory frameworks governing e-commerce, aimed at ensuring fair competition and consumer protection (Shen et al., 2020). Additionally, scholars have examined initiatives to promote sustainability and ethical consumption, highlighting the role of government policies and industry initiatives in driving positive environmental and social outcomes (Kher et al., 2021). By elucidating these policy considerations, research provides valuable insights for policymakers, industry stakeholders, and advocacy groups seeking to navigate the complex interplay between consumer behavior and regulatory frameworks in India's retail sector.

The evolving consumer behavior in India presents both challenges and opportunities for FMCG companies and retailers. Challenges include the need for innovation to meet changing consumer preferences and stay competitive (Smith & Patel, 2018). Additionally, agility is essential for swiftly adapting to evolving market dynamics, such as shifts in demand patterns or emerging trends (Chaudhary & More, 2023). However, these challenges also bring opportunities. FMCG companies and retailers can capitalize on the growing demand for sustainable and ethical products, leveraging these trends to differentiate themselves in the market and attract environmentally conscious.

## **Research Methodology**

The research consists of quantitative and qualitative methods design to comprehensively assess the impact of changing consumer behavior on the retail industry in India. Quantitative data will be gathered through online surveys distributed to a diverse sample of consumers across different regions. Concurrently, qualitative insights will be obtained through in-depth interviews with retail industry experts and stakeholders. The quantitative data will undergo statistical analysis to identify trends in consumer behavior, while the qualitative data will be subjected to thematic analysis to explore its implications for retail strategies. This combination of methods will provide a holistic understanding of the dynamics shaping the Indian retail landscape.

The research philosophy for analyzing the impact of customer behavioral change on the FMCG (Fast-Moving Consumer Goods) products industry in India will be grounded in pragmatism. This philosophy acknowledges the value of both quantitative and qualitative approaches in understanding complex phenomena. It emphasizes the practical application of research findings to address real-world challenges faced by retailers and FMCG companies. By adopting a pragmatic stance, the research will strive to generate actionable insights that can inform strategic decision-making and contribute to enhancing the competitiveness and sustainability of the FMCG sector amidst evolving consumer behavior in India.



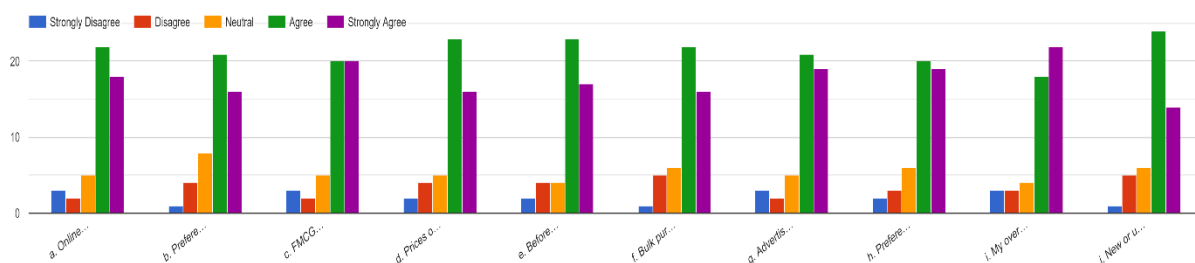
**Fig. 1.** Methodology of Article (Source: Created by the author)

## Results

A transition towards online FMCG shopping is evident, with an emphasis on comparing prices and making bulk purchases to capitalize on discounts. Consumers prioritize brand reputation, product quality, and environmentally friendly packaging, while also demonstrating loyalty to certain brands. The COVID-19 pandemic amplified the trend of online shopping and heightened sensitivity towards prices, leading to increased loyalty towards brands and a greater focus on health considerations. Looking ahead, individuals plan to continue shopping online, express a preference for local stores, prioritize price, and factor sustainability into their decision-making process.

Fig. 2 shows the responses of factors related to shopping experience of FMCG products

5. Shopping Behavior: Please rate the following statements based on your shopping behavior regarding FMCG goods.



**Fig. 2.** Consumer shopping experience of FMCG products (Source: Created by the author)

Consumers exhibit a strong inclination towards online platforms for FMCG purchases, signifying a burgeoning reliance on digital channels. They frequently compare prices across retailers, prioritizing



value for money. Additionally, there's a notable preference for supporting local stores, showcasing brand loyalty and community engagement. However, impulsive buying behavior is common, indicating a spontaneous approach to shopping. Advertisements and promotions wield considerable influence on consumers, underscoring the pivotal role of marketing strategies. This collective behavior underscores evolving consumer habits amidst digitalization and economic factors, where convenience, value, and community support intertwine with impulsive tendencies and marketing stimuli. As consumers navigate this landscape, businesses must adapt by leveraging digital platforms, emphasizing value propositions, nurturing brand loyalty, and strategically aligning with community values to effectively engage and cater to consumer needs and preferences.

Fig. 3 shows the responses of factors related to product preferences of FMCG products

6. Product Preferences: Please rate the following statements based on your preferences for FMCG products.

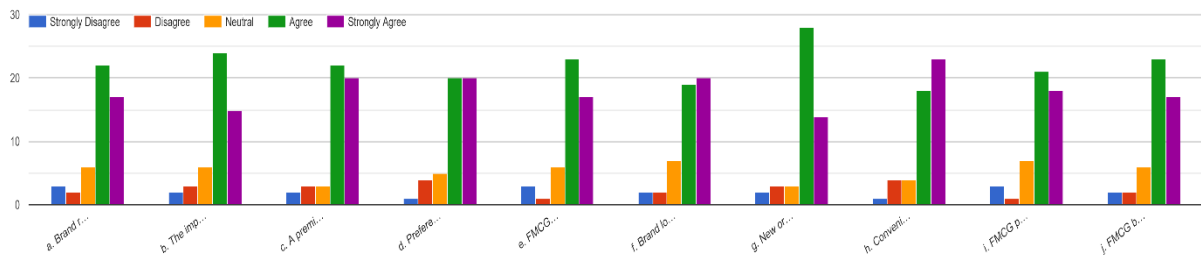
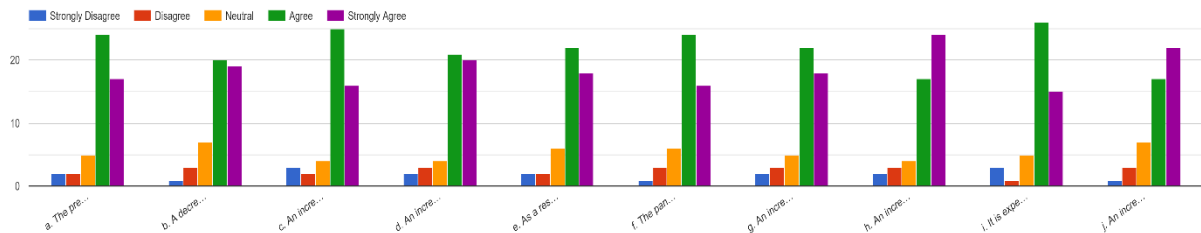


Fig. 3. Consumer product preferences of FMCG products (Source: Created by the author)

Consumers place a premium on brand reputation and product quality in their FMCG purchasing decisions, valuing reliability and consistency over cost. Moreover, there's a growing trend towards sustainability, as evidenced by consumers' willingness to invest in eco-friendly packaging, reflecting a heightened awareness of environmental concerns. Preference for natural or organic ingredients underscores a shift towards healthier lifestyle choices. Packaging design plays a crucial role, with consumers often swayed by visual appeal. Additionally, convenience remains a key factor, with consumers prioritizing ease of use and seeking products with added features, even if they come at a higher price point. While brand loyalty is prevalent, consumers are not averse to exploring new brands, particularly when enticed by promotional offers. This multifaceted approach to FMCG shopping reflects evolving consumer values, balancing quality, sustainability, convenience, and brand loyalty within a dynamic marketplace.

Fig. 4 shows the responses of factors related to influence of Covid-19 of FMCG products

7. Influence of COVID-19: Please rate the following statements based on the influence of COVID-19 on your shopping behavior regarding FMCG goods.

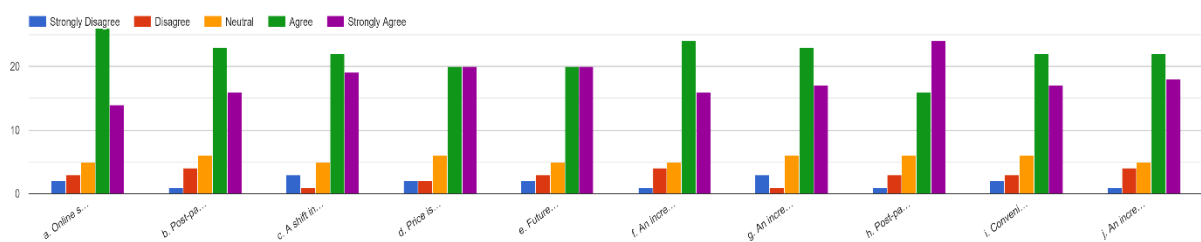


**Fig. 4.** Consumer influence of Covid-19 of FMCG products (Source: Created by the author)

The COVID-19 pandemic has significantly influenced consumer behavior in the FMCG sector. There's been a pronounced shift towards online shopping, driven by safety concerns and convenience. Economic uncertainties stemming from the pandemic have led to reduced overall spending on FMCG goods, prompting consumers to become more price-sensitive. Despite this, there's a notable increase in brand loyalty, likely stemming from trust and reliability during uncertain times. Additionally, there's been a shift towards supporting local businesses, with consumers preferring to shop at smaller stores. Stockpiling of FMCG goods has become common, driven by concerns about supply chain disruptions. Health consciousness has also risen, influencing consumer choices towards healthier options. However, consumers are more cautious about trying new brands, reflecting increased risk aversion. These changes are expected to have long-term effects, with shifts in spending priorities towards essential items likely to persist even after the pandemic subsides.

Fig. 5 shows the responses of factors related to future shopping intentions of FMCG products

8. Future Shopping Intentions: Please rate the following statements based on your future shopping intentions regarding FMCG goods.



**Fig. 5.** Responses for consumer future shopping intentions (Source: Created by the author)

Continued preference for online FMCG shopping after the pandemic, indicating a lasting inclination towards the convenience of e-commerce. However, there's also an expectation of returning to physical stores, reflecting a desire for traditional shopping experiences. The possibility of shifting towards supporting local stores is uncertain, reflecting differing views on community backing. Price remains a significant factor in future FMCG purchases, with sustainability considerations expected to influence shopping behavior. Planned increases in essential item purchases indicate a focus on necessity-driven shopping patterns, potentially leading to increased loyalty towards trusted brands. Despite this loyalty, uncertainty exists regarding trying out new brands, suggesting varying levels of openness to experimentation. Convenience remains a priority, highlighting the demand for efficient shopping



experiences, while an anticipated rise in online shopping frequency underscores the ongoing reliance on digital platforms for everyday shopping needs.

## Conclusions

As India's retail landscape undergoes significant transformation driven by technological advancements and changing consumer behaviors, retailers must adapt to capitalize on the projected growth. With offline and online channels both poised for expansion, understanding evolving patterns is vital for sustained success in this dynamic environment.

The evolving landscape of consumer behavior in India's FMCG industry presents a complex yet dynamic scenario for businesses and policymakers alike. The surge in online shopping, driven by convenience and safety concerns amid the COVID-19 pandemic, is poised to endure, with consumers expressing a continued preference for digital channels. However, the anticipation of returning to physical stores underscores the enduring appeal of traditional shopping experiences and the importance of balancing online and offline retail strategies.

Moreover, the uncertainty surrounding the shift towards supporting local stores highlights the nuanced nature of consumer sentiments and the diverse factors influencing purchasing decisions. While price remains a crucial consideration, the increasing emphasis on sustainability reflects a broader societal shift towards ethical consumption practices, presenting both challenges and opportunities for FMCG companies to align with evolving consumer values.

The FMCG industry must navigate this multifaceted landscape by embracing omnichannel approaches, leveraging data-driven insights for personalized marketing, and integrating sustainability initiatives into their business models. By staying agile and responsive to changing consumer preferences, businesses can position themselves to thrive in a rapidly evolving market while contributing to sustainable and inclusive economic growth.

## References

- Angeli, F., & Jaiswal, A. K. (2015). Competitive dynamics between MNCs and domestic companies at the base of the pyramid: An institutional perspective. *Long Range Planning*, 48(3), 182-199.
- Chaudhary, M. S., & More, S. (2023). Opportunities and challenges of impact of e-commerce on consumer behavior in indore district (with reference to marketing of selected fast moving consumer goods). *Innovative Research Thoughts*, 9(1), 327-335.
- Cummins, S., W. Peltier, J., A. Schibrowsky, J., & Nill, A. (2014). Consumer behavior in the online context. *Journal of Research in Interactive Marketing*, 8(3), 169-202
- Esmark Jones, C. L., Stevens, J. L., Noble, S. M., & Breazeale, M. J. (2020). Panic attack: How illegitimate invasions of privacy cause consumer anxiety and dissatisfaction. *Journal of Public Policy & Marketing*, 39(3), 334-352.
- Fadus, M. C., Smith, T. T., & Squeglia, L. M. (2019). The rise of e-cigarettes, pod mod devices, and JUUL among youth: Factors influencing use, health implications, and downstream effects. *Drug and Alcohol Dependence*, 201, 85-93.



Kher, R., Terjesen, S., & Liu, C. (2021). Blockchain, Bitcoin, and ICOs: A review and research agenda. *Small Business Economics*, *56*, 1699-1720.

Kumar, G. A. (2021). Framing a model for green buying behavior of Indian consumers: From the lenses of the theory of planned behavior. *Journal of Cleaner Production*, *295*, 126487.

Schmidt, C., Goetz, S., Rucker, S., & Tian, Z. (2020). Google searches reveal changing consumer food sourcing in the COVID-19 pandemic. *Journal of Agriculture, Food Systems, and Community Development*, *9*(3), 9-16.

Shen, H., Ng, A. W., Zhang, J., & Wang, L. (2020). Sustainability accounting, management and policy in China: Recent developments and future avenues. *Sustainability Accounting, Management and Policy Journal*, *11*(5), 825-839.

Singh, P., Khoshaim, L., Nuwisher, B., & Alhassan, I. (2024). How information technology (IT) is shaping consumer behavior in the digital age: A systematic review and future research directions. *Sustainability*, *16*(4), 1556.

Vincent, M. P. R., & Aurangabadkar, S. T. (2022). A study on exploring the key strategies switching in competitive markets. *Journal of Survey in Fisheries Sciences*, 1037-1042.

Wang, H., Lane, J. M., Jones, S. E., Dashti, H. S., Ollila, H. M., Wood, A. R., ... & Saxena, R. (2019). Genome-wide association analysis of self-reported daytime sleepiness identifies 42 loci that suggest biological subtypes. *Nature Communications*, *10*(1), 3503.



## **Sathish Nagarajan. DEVELOPMENT OF A BRANDING STRATEGY FOR INDIAN LUXURY GOODS COMPANIES BASED ON CONSUMER PERCEPTION AND PREFERENCES**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: satish.nmsn@gmail.com  
Scientific Advisor: Dr.phil., Professor Velga Vēvere*

### **Abstract**

**Research relevance:** This research explores the development of a strategic branding framework tailored to the unique landscape of Indian luxury goods companies. Drawing on consumer perceptions and preferences, the study identifies key motivators for luxury goods purchase, including self-identity, value for money, brand loyalty, superior service, new features, uniqueness, fulfilment of expectations, and overall product quality. The spectrum of luxury goods in India encompasses diverse sectors such as designer fashion, jewellery, luxury cars, fine dining, real estate, travel, electronics, beauty products, art, and private memberships, reflecting a growing demand among India's affluent population. While the allure of foreign goods persists among Indian consumers, several Indian luxury goods companies produce equivalent offerings, necessitating a shift in perceptions towards domestic luxury brands. The research on developing a branding strategy for Indian luxury goods companies based on consumer perception and preferences is highly relevant in the context of India's growing luxury market. It can help these companies adapt to evolving consumer expectations and enhance their competitiveness in the global luxury industry, driving economic growth.

**Research goal:** The goal is to develop a new branding strategy for attracting Indians towards Indian luxury goods companies.

**Research methods:** Conducting customer surveys using online questionnaires prepared and shared using Google Forms is the primary source of data collection. Graphical analysis is the data analysis method used in this research.

**Main findings:** There is significance of aligning brand image with consumer preferences, emphasizing cultural authenticity, and fostering customer trust. Additionally, effective use of digital platforms and sustainability initiatives were identified as key drivers for success in the Indian luxury goods market.

*Keywords: luxury goods; brand strategy; consumer; companies.*

### **Introduction**

The luxury goods industry in India has witnessed significant growth in recent years, driven by a burgeoning economy and an increasing consumer base with rising disposable incomes. As this sector expands, it becomes crucial for Indian luxury goods companies to establish a robust branding strategy that resonates with consumer perceptions and preferences. This scientific article aims to delve into the intricate relationship between consumer attitudes, brand perception, and the development of effective branding strategies for Indian luxury goods companies.



Understanding consumer perception is a cornerstone of successful branding, particularly in the luxury segment where emotional connections and aspirational values play a pivotal role. This research explores the nuanced factors influencing how consumers perceive luxury brands in the Indian context. It delves into cultural, social, and economic elements that shape consumer preferences and contribute to the formation of brand associations.

Moreover, the study investigates how these perceptions translate into tangible preferences in terms of product attributes, brand messaging, and overall consumer experience. By employing both qualitative and quantitative research methods, including surveys, interviews, and data analytics, the research aims to provide a comprehensive and data-driven analysis of the Indian luxury goods market.

The findings of this research will not only contribute to the academic understanding of consumer behaviour in the context of luxury goods but will also offer practical insights for Indian luxury brands aiming to refine or develop their branding strategies. By aligning brand initiatives with consumer expectations and cultural nuances, companies can position themselves more effectively, fostering stronger brand loyalty and ensuring sustained success in the dynamic and competitive luxury goods market in India.

Indian consumers exhibit a growing affinity for luxury goods, driven by factors such as self-identity, value for money, brand loyalty, superior service, new features, uniqueness, fulfilment of expectations, and quality. The spectrum of luxury goods in India spans designer fashion, jewellery, luxury cars, fine dining, real estate, travel, electronics, beauty products, art, and exclusive memberships, catering to the rising demand among the affluent population. Despite this, there is a preference for foreign over Indian goods, and some Indian luxury brands, though equivalent in quality, struggle to overcome this bias. Addressing and altering perceptions are crucial for enhancing the standing of Indian luxury goods in the market.

The aim is to develop a new branding strategy for attracting Indians towards Indian Luxury goods companies. The object of the research is Indian Luxury goods companies and the Subject of the research is Consumer Perception and preferences about Indian luxury goods. Limitations of the research included the following aspects:

- Limited time period for the development of research to study all luxury goods companies in India.
- Geographical location is one of the major limitations for the collection of data.
- Consumer preferences, especially in the luxury segment, can evolve rapidly. It is difficult to consider these changes and adjust the branding strategy accordingly.

### **Literature Review**

The literature on luxury branding reveals a dynamic landscape, shaped by the intersection of consumer behaviour, cultural influences, and economic factors. In the context of Indian luxury goods companies, the development of an effective branding strategy necessitates a nuanced understanding of consumer perceptions and preferences. Consumer perception of luxury brands is deeply rooted in cultural and social contexts. Research by Kapferer (2012) highlights that the symbolic value of luxury goods plays a crucial role, serving as a status symbol and a means of self-expression. In the Indian context, where societal structures and cultural nuances greatly influence consumer choices, understanding these symbolic meanings is imperative.



Furthermore, the significance of brand loyalty and the emotional connection consumers establish with luxury brands are evident in studies by Fionda and Moore (2009). This loyalty often transcends product attributes and price considerations, emphasizing the need for Indian luxury goods companies to build and maintain strong emotional bonds with their consumers.

The role of experiential marketing and service quality in luxury branding is explored by Vigneron and Johnson (2004). In the Indian luxury market, where consumers increasingly seek a holistic experience, these elements become critical components of a successful branding strategy. Additionally, studies by Okonkwo (2007) emphasize the importance of understanding consumer expectations and tailoring brand strategies accordingly. For Indian luxury goods companies, aligning brand promises with consumer expectations is crucial for establishing authenticity and credibility.

In the context of India's diverse and culturally rich market, scholars emphasize the importance of understanding cultural nuances in shaping consumer perceptions of luxury. Indian consumers often associate luxury with a blend of tradition and modernity, and successful brands navigate this delicate balance. The literature underscores the significance of cultural authenticity and heritage in establishing trust and resonance among Indian consumers. Consumer preferences in the Indian luxury goods sector span a wide range of product categories, from traditional artifacts to modern, tech-driven offerings. Studies highlight the need for flexibility in branding strategies, acknowledging the diversity of consumer tastes. Additionally, scholars stress the growing impact of digital platforms on shaping consumer perceptions. An effective branding strategy for Indian luxury goods companies should, therefore, integrate online and offline channels to engage with consumers and build a cohesive brand narrative.

Building on Kapferer's insights, the works of Han et al. (2010) delve into the cultural specifics of luxury consumption in India. The research emphasizes that cultural values and traditions significantly influence the interpretation of luxury symbols. Understanding these nuances is vital for luxury brands to resonate with the diverse Indian consumer base. Expanding on Fionda and Moore's concept of brand loyalty, Kim and Kim (2018) argue that in the luxury sector, loyalty is not only about repeat purchases but extends to advocacy and ambassadorship. For Indian luxury goods companies, fostering loyalty involves creating a brand community where consumers actively engage and promote the brand beyond their individual transactions.

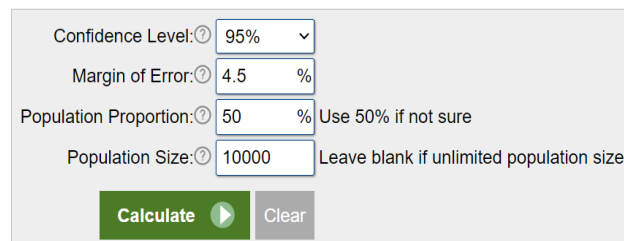
In the context of experiential marketing, Pine and Gilmore's concept of the "experience economy" (1998) is relevant. For the Indian luxury market, especially in hospitality, creating memorable and unique experiences becomes a powerful tool. This aligns with Vigneron and Johnson's emphasis on the experiential aspects of luxury branding. Further exploring service quality, Parasuraman et al.'s SERVQUAL model (1988) provides a structured approach. In the Indian luxury market, where consumers seek not just products but an entire service experience, understanding and managing the dimensions of service quality are crucial.

In an increasingly globalized world, Indian luxury goods companies also need to consider global consumer trends. Okonkwo's insights are complemented by Rindell's research (2016), which emphasizes the impact of global consumer expectations on local luxury brands. Adapting to these global expectations while maintaining cultural authenticity is a delicate balancing act. Considering the contemporary landscape, Lu and Yang's research (2014) on the impact of technology on luxury consumption is pertinent. The role of e-commerce, social media, and digital marketing in shaping the perceptions of luxury brands cannot be understated, especially in the context of the tech-savvy Indian consumer.

## Research Methodology

The study employs a mix of data collection and processing methods to comprehensively analyse the branding strategy for Indian luxury goods. For data collection, surveys in the form of questionnaires and interviews are utilized to gather insights from relevant stakeholders. This dual approach provides a well-rounded perspective, combining structured responses with the depth of qualitative insights. Additionally, document analysis is employed to scrutinize pertinent materials, extracting valuable information from various sources. The study also leverages secondary data analysis, examining existing datasets and literature to augment the primary findings.

In the data processing phase, various methods are employed. Descriptive statistics, including mean, mode, and median, offer a quantitative snapshot of the collected data, providing a clear overview of central tendencies. Financial analysis constitutes a significant part, involving a thorough examination of financial statements, ratio analysis, and trend analysis. This approach allows for a comprehensive understanding of the economic aspects related to the research topic. Transcribing is employed to convert qualitative data from interviews into a format suitable for analysis, ensuring a seamless integration of both qualitative and quantitative findings. The graphical method is employed to visually represent patterns, trends, and relationships within the data, enhancing the clarity and interpretability of the study's outcomes. This methodological framework ensures a robust and multifaceted approach to data collection and processing, contributing to the depth and reliability of the research findings. The size of the population is calculated using a sample size calculator with a margin error of 4.5% and the population size is 10,000. The sample size was measured as 453. The overall 486 responses from different areas of India with the help of friends and family members having a confidence level of 95%.



Confidence Level:	95%	
Margin of Error:	4.5	%
Population Proportion:	50	% Use 50% if not sure
Population Size:	10000	Leave blank if unlimited population size.

Calculate Clear

**Fig. 2.** Sample size (Source: Created by the author)

The questionnaire consists of 9 questions. These questions were important for understanding customer preferences and perceptions for luxury goods.

## Results

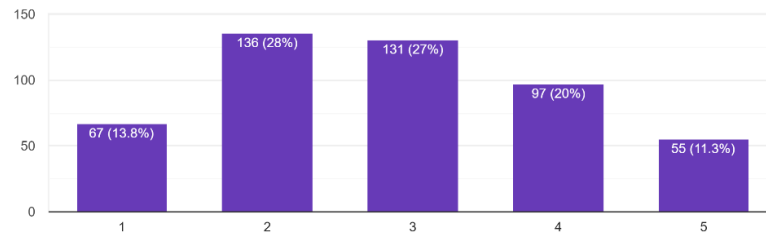
The following are the results of an online survey from the customers of Indian luxury goods. The questionnaire is prepared with a Likert scale of 1 to 5 options. Whereas 1 - Strongly Agree, 2- Agree, 3- Neutral, 4- Disagree, 5- Strongly disagree.

### Responses about Reputation and its Influence

Fig. 2 shows the responses to the question “The reputation of a luxury brand significantly influences my purchase decisions” to understand how the reputation of luxury goods influences the purchasing preferences of the customer.



4. The reputation of a luxury brand significantly influences my purchase decisions.  
486 responses



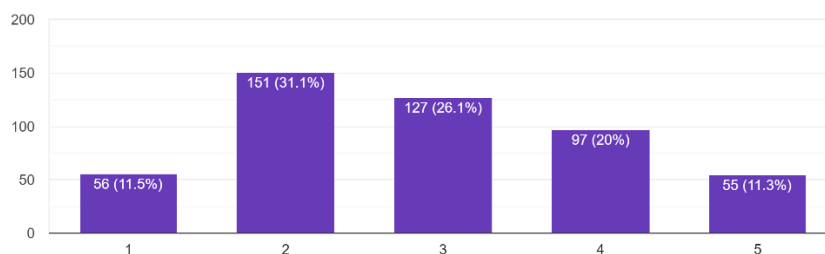
**Fig. 3.** Reputation of luxury brand significantly influences (Source: Created by the author)

The prestige and standing of a luxury brand hold substantial sway over my purchasing decisions. A brand's reputation is synonymous with quality, craftsmanship, and exclusivity, impacting my perception of its products. A positive reputation not only assures me of superior goods but also elevates the symbolic value of ownership. It's not just about the product; it's an investment in an esteemed image. Conversely, a tarnished reputation can deter me, emphasizing how a luxury brand's standing is integral to my choice, as it reflects not only on the product but also on my personal style and identity.

### Responses about Traditional Craftsmanship and Heritage of Luxury Goods

Fig. 3 shows the response to the question "I prefer luxury brands that emphasize traditional craftsmanship and heritage in their products" to elaborate on the importance of craftsmanship and heritage of the luxury goods impact customer preferences.

5. I prefer luxury brands that emphasize traditional craftsmanship and heritage in their products.  
486 responses

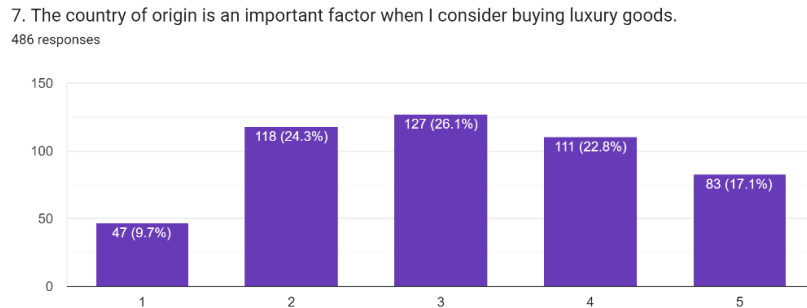


**Fig. 4.** Traditional craftsmanship and heritage of luxury goods (Source: Created by the author)

Customers appreciate luxury brands that prioritize traditional craftsmanship and heritage in their products. These brands symbolize a commitment to timeless quality, showcasing a dedication to artisan skills passed down through generations. The meticulous attention to detail and the use of premium materials contribute to the creation of enduring and exquisite pieces. This emphasis on tradition not only elevates the product's value but also establishes a connection to a rich cultural legacy. Choosing such brands reflects a discerning taste for authenticity and an appreciation for the enduring artistry that has defined luxury through the ages.

### Responses about Country Origin

Fig. 4 shows the responses to the question “The country of origin is an important factor when I consider buying luxury goods” to understand the impact on customer preference because of the origin country of luxury products



**Fig. 5.** Response for country of origin (Source: Created by the author)

The country of origin significantly influences my luxury goods purchase decisions. It serves as a crucial indicator of craftsmanship, quality, and authenticity. Certain regions are renowned for specific artisanal skills and traditions, contributing to the product's unique identity. A country's manufacturing standards and heritage further enhance the perceived value of the luxury item. Whether it's Italian leather, Swiss watches, or French couture, the geographical origin often signifies a commitment to excellence and a connection to a storied legacy. Thus, considering the country of origin is pivotal in ensuring that the luxury purchase aligns with my preferences for superior craftsmanship and cultural significance.

### Responses about Exclusivity and Limited Availability of Luxury Products

Fig. 5 shows the responses to the question “The exclusivity and limited availability of luxury products make them more attractive to me” to understand customer perception towards exclusive and limited available products.



**Fig. 6.** Exclusivity and limited availability of luxury products (Source: Created by the author)

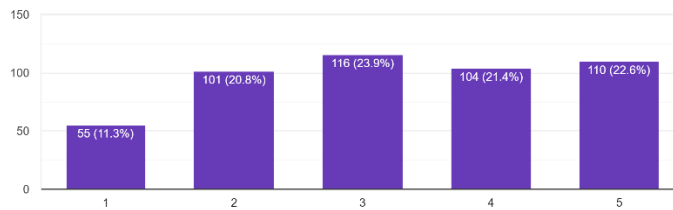
The allure of luxury products lies in their exclusivity and limited availability, adding a sense of prestige and uniqueness to each purchase. Limited production runs create a heightened desirability, as owning

such items becomes a symbol of status and discerning taste. Scarcity enhances the perceived value and ensures a certain level of rarity, fostering a sense of individuality among owners. The pursuit of these exclusive pieces becomes a gratifying experience, transcending mere consumption and transforming into a quest for something exceptional. Ultimately, the limited availability of luxury goods enhances their appeal, turning them into coveted treasures that reflect a refined and exclusive lifestyle.

### Responses about Premium Materials for Luxury Goods

Fig. 6 shows the responses to the question “The use of premium materials, such as fine leather or precious metals, is a key factor when I consider luxury goods.” to understand the importance of material used in goods to attract customers.

10. The use of premium materials, such as fine leather or precious metals, is a key factor when I consider luxury goods.  
486 responses



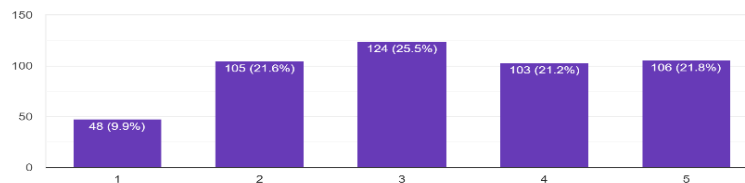
**Fig. 7.** Premium materials for luxury goods (Source: Created by the author)

The incorporation of premium materials, like fine leather or precious metals, is paramount in my consideration of luxury goods. These materials not only signify opulence but also ensure a superior level of durability, craftsmanship, and aesthetic appeal. Fine leather exudes luxury through its texture and scent, while precious metals convey a sense of enduring value and timeless elegance. The tactile and visual experience of interacting with these materials elevates the overall product quality, creating a tangible connection between the item and its owner. Thus, the use of such premium materials is a defining factor in my appreciation and selection of luxury goods.

### Responses about Online Presence and E-Commerce Experience

Fig. 7 shows responses to the question “An online presence and a seamless e-commerce experience are important to me when choosing a luxury brand.” customer choice based on online purchases and e-commerce experience.

11. An online presence and a seamless e-commerce experience are important to me when choosing a luxury brand.  
486 responses



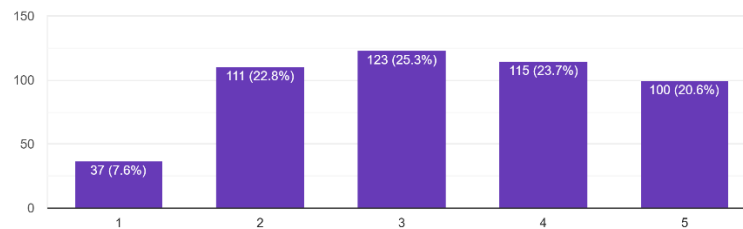
**Fig. 8.** Online presence and e-commerce experience (Source: Created by the author)

A compelling online presence and a seamless e-commerce experience are crucial considerations for me when selecting a luxury brand. A sophisticated digital platform not only reflects a brand's commitment to modernity but also facilitates convenient exploration and purchase of exclusive products. High-end brands with user-friendly websites and secure e-commerce channels demonstrate a dedication to customer satisfaction and accessibility. This online accessibility allows for a global connection to the brand, ensuring that the luxury experience transcends physical boundaries. In today's interconnected world, a seamless online interface complements traditional luxury values, enhancing my overall perception and engagement with the brand.

### Responses about Customer Service

Fig.8. shows responses to the question “Exceptional customer service, including personal shopping experiences, enhances my perception of a luxury brand.” to understand customer preference for luxury goods based on Customer service

12. Exceptional customer service, including personal shopping experiences, enhances my perception of a luxury brand.  
486 responses



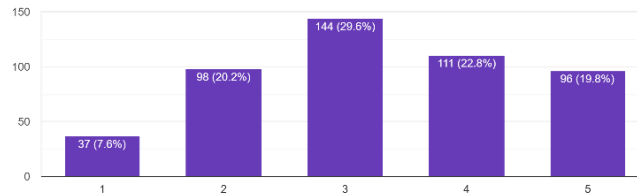
**Fig. 9.** Customer service (Source: Created by the author)

Exceptional customer service, particularly personalized shopping experiences, profoundly elevates my perception of a luxury brand. The attentive and tailored service not only fulfils individual preferences but also creates a sense of exclusivity and importance. By anticipating and exceeding customer needs, a brand demonstrates a commitment to a unique and memorable encounter, transcending mere transactions to establish a lasting connection. This personalized touch becomes a hallmark of luxury, enhancing the overall shopping experience and solidifying the brand's reputation for unparalleled service, thereby fostering loyalty and positive associations with the luxury goods.

### Responses about Labour Practices and Legal Sourcing

Fig. 9 shows responses to the question “The brand's commitment to fair labour practices and ethical sourcing positively influences my choice of luxury goods.” to understand the customer opinion about brands are committed to labour laws and sourcing legally or not

13. The brand's commitment to fair labor practices and ethical sourcing positively influences my choice of luxury goods.  
486 responses



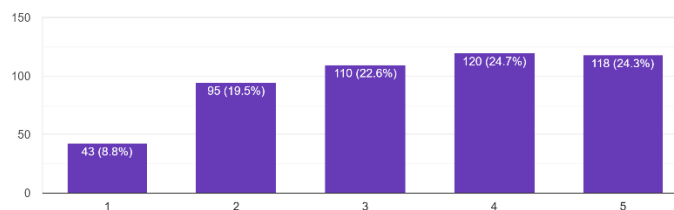
**Fig. 10.** Labour practices and legal sourcing (Source: Created by the author)

A luxury brand's commitment to fair labour practices and ethical sourcing significantly shapes my choice of goods. Knowing that the creation of these products aligns with ethical standards not only reflects corporate responsibility but also resonates with my values as a conscious consumer. Ethical sourcing ensures that materials are obtained sustainably, minimizing environmental impact. Supporting fair labour practices ensures the well-being of workers involved in the production process. The ethical foundation of a brand enhances the intrinsic value of its products, transforming them into symbols of integrity and contributing to a positive global impact, making it a pivotal factor in my luxury goods selection.

### Responses about Brand's History and Legacy

Fig. 10 shows the response to the question “I believe that the brand's history and legacy add value to luxury goods.” to understand the perception of customers towards historical products and the value added due to its legacy to luxury goods.

14. I believe that the brand's history and legacy add value to luxury goods.  
486 responses



**Fig. 11.** Brand's history and legacy (Source: Created by the author)

The history and legacy of a luxury brand significantly contribute to the perceived value of its goods for me. A rich heritage implies a commitment to enduring craftsmanship, timeless design, and a legacy of excellence. It provides context and authenticity, turning each product into a narrative of tradition and cultural significance. Knowing that a brand has withstood the test of time adds a layer of trust, elevating the emotional connection with the product. The brand's history becomes an integral part of the luxury experience, amplifying the symbolic value of ownership and reinforcing the notion that these goods are not just commodities but cherished pieces of a storied legacy.

**Table 1.** Descriptive statistics for online survey (Source: Created by the author)

	Reputation And Influences	Traditional Craftsmanship and Heritage Of Luxury Goods	Country Of Origin	Exclusivity And Limited Availability of Luxury Products	Premium Materials for Luxury Goods.	Online Presence and E-commerce Experience	Customer Service	Labour Practices and Legal Sourcing	Brand's History and Legacy
Mean	2.87037037	2.884773663	3.133744856	3.127572016	3.232510288	3.234567901	3.267489712	3.269547325	3.360082305
Standard Error	0.054992694	0.053929913	0.05604241	0.058042486	0.059651468	0.058158177	0.056001507	0.054716431	0.058111703
Standard Deviation	1.21233636	1.188906909	1.235477773	1.279570269	1.315040933	1.282120714	1.234576047	1.20624603	1.281096177

**Reputation and Influence (Mean: 2.87, SD: 1.21, SE: 0.055)**

Participants, on average, consider the reputation of a luxury brand moderately influential in their purchase decisions, with a relatively high level of individual variability.

**Traditional Craftsmanship and Heritage of Luxury Goods (Mean: 2.88, SD: 1.19, SE: 0.054)**

Participants, on average, prefer luxury brands that emphasize traditional craftsmanship and heritage in their products. However, there is notable variability in individual responses, suggesting diverse opinions on the significance of this factor in luxury goods.

**Country of Origin Importance (Mean: 3.13, SD: 1.24, SE: 0.056)**

The country of origin significantly influences participants' decisions when purchasing luxury goods. However, there is considerable variability in the importance placed on this factor.

**Exclusivity and Limited Availability of Luxury Products (Mean: 3.13, SD: 1.29, SE: 0.059)**

Participants find exclusivity and limited availability of luxury products moderately attractive, with a notable degree of variability in responses.

**Premium Materials for Luxury Goods (Mean: 3.23, SD: 1.28, SE: 0.058)**

The use of premium materials, such as fine leather or precious metals, is considered a key factor when participants consider luxury goods. However, there is a considerable degree of variability in responses.

**Online Presence and E-Commerce Experience (Mean: 3.27, SD: 1.24, SE: 0.056)**

A compelling online presence and a seamless e-commerce experience are considered crucial when participants choose a luxury brand, with moderate individual variability.

**Customer Service (Mean: 3.27, SD: 1.28, SE: 0.058)**

Exceptional customer service, including personal shopping experiences, profoundly elevates participants' perception of a luxury brand, with a notable degree of variability in responses.

**Labour Practices and Legal Sourcing (Mean: 3.36, SD: 1.28, SE: 0.058)**

A luxury brand's commitment to fair labour practices and ethical sourcing significantly shapes participants' choice of goods. However, there is a considerable degree of variability in responses.

**Brand's History and Legacy Value (Mean: 3.19, SD: 1.28, SE: 0.058)**

The history and legacy of a luxury brand significantly contribute to the perceived value of its goods for participants. However, there is a notable degree of variability in responses.



**Fig. 11.** Descriptive statistics for online survey (Source: Created by the author)

**Conclusions**

The luxury branding within the context of Indian luxury goods companies highlights the complexities in the luxuries of the Indian market. The combination of consumer behaviour, cultural influences, and economic factors enhances effective branding strategies. Kapferer's highlights the value of luxury goods in the Indian context, emphasizing their role as status symbols and luxury goods for self-expression within the frame of societal structures and cultural heritage.

From the literature review, Fionda and Moore's studies emphasize the significance of brand loyalty and emotional connections in the luxury sector. For Indian luxury goods companies, building and sustaining these emotional bonds with consumers exceed product attributes, highlighting the need for truthfulness and genuine engagement. Vigneron and Johnson's exploration of experiential marketing and service quality evolving landscape where Indian consumers increasingly seek a holistic brand experience.

Okonkwo's emphasis on aligning brand promises with consumer expectations is crucial for establishing credibility. Cultural nuances, flexibility in branding strategies, and the growing impact of digital platforms on shaping perceptions are echoed by scholars, reinforcing the importance of adapting to the diverse and evolving preferences of the Indian luxury consumer. As Indian luxury goods companies navigate this complex landscape, a delicate balance between global trends and cultural authenticity emerges as the key to sustained success in this ever-evolving market.

Customer revealed the factors influencing their choices in luxury goods. The significance of a luxury brand's reputation emerges as a key determinant, with prestige and standing impacting perceptions of product quality and exclusivity. Traditional craftsmanship and heritage are also important for customers, the commitment to enduring quality and cultural legacy. The customers are interested in Indian branded, signifying craftsmanship standards and cultural connections. Exclusivity and limited availability contribute to the allure of luxury goods, creating a sense of status and individuality. The use of premium materials is crucial that appeal aesthetic Presence. The historical legacy of a brand becomes an add-on to enhance the emotional connectivity to customers with luxury goods.



Customers also prefer to online purchase with a seamless e-commerce experience that reflects modernity and facilitates global connections. Exceptional customer service, including personal shopping experiences, is a hallmark of luxury goods. Beyond all these, customers preferred to brand's commitment to fair labour practices and ethical sourcing.

## References

- Kapferer, J. N. (2012). *The new strategic brand management: Advanced insights and strategic thinking*. Kogan page publishers.
- Fionda, A. M., & Moore, C. M. (2009). The anatomy of the luxury fashion brand. *Journal of Brand Management*, 16, 347-363.
- Vigneron, F., & Johnson, L. W. (2004). Measuring perceptions of brand luxury. *Journal of Brand management*, 11(6), 484-506.
- Okonkwo, U. (2016). *Luxury fashion branding: Trends, tactics, techniques*. Springer.
- Han, Y. J., Nunes, J. C., & Drèze, X. (2010). Signalling status with luxury goods: The role of brand prominence. *Journal of Marketing*, 74(4), 15-30.
- Timmermann, A., An, S. I., Kug, J. S., Jin, F. F., Cai, W., Capotondi, A., ... & Zhang, X. (2018). El Niño–southern oscillation complexity. *Nature*, 559(7715), 535-545.
- Rindell, K., Hyrynsalmi, S., & Leppänen, V. (2016, August). Case study of security development in an agile environment: building identity management for a government agency. *In 2016 11th International Conference on Availability, Reliability and Security (ARES)* (pp. 556-563). IEEE.
- Zhang, S., Yang, J., Xu, R., Wang, F., Li, W., Ghufran, M., ... & Lu, Y. (2014). Extraordinary photoluminescence and strong temperature/angle-dependent Raman responses in few-layer phosphorene. *ACS Nano*, 8(9), 9590-9596.





## **Sruthi Lekshmi. DEVELOPMENT OF BRAND PORTFOLIO STRATEGY FOR THE TEXTILE INDUSTRY IN INDIA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: sruthisiva94@gmail.com  
Scientific Advisor: Dr.phil., Professor Velga Vēvere*

### **Abstract**

**Research relevance:** Brand marketing is critical in all businesses, whether they are traditional or online. To be successful on each product, branding is the best way for any marketing or networking to work because branding has a direct impact on its consumers and each customer will remember and know on a mention of each brand's name and if each product is good, well presented, correctly priced, and well marketed in a very well located location, networking will work like a clock. Branding and brand management have undoubtedly become critical management priorities for all kinds of organizations.

To place the marketing academic writing in context, it could be claimed that there has been a bit of a preoccupation with brand extensions and some of the processes that contribute to the creation of brand equity. In comparison, there has been comparatively little research into the commercial, legal, and social implications of brands. The textile sector is a vital component of the Indian economy, and in a rapidly evolving market, effective brand management is crucial. This study explores the dynamics of brand building and management within the Indian textile industry, considering factors such as market segmentation, consumer preferences, and competitive positioning. The research aims to provide insights into optimizing brand portfolios, enhancing market presence, and achieving sustainable growth for textile businesses. By analyzing these factors, this study offers a strategic framework to help textile companies navigate the complex landscape of brand management in India..

The research is highly relevant due to several key factors. Firstly, the Indian textile industry is a significant contributor to the country's economy, and effective branding can enhance competitiveness in both domestic and global markets. Secondly, the industry is evolving rapidly, with changing consumer preferences and global trends, necessitating updated strategies. Additionally, as sustainability and ethical concerns gain prominence, the textile sector needs innovative branding approaches. This research addresses these critical challenges and offers practical insights, making it pertinent for industry stakeholders, policymakers, and academics seeking to drive growth and competitiveness in this sector.

**Research goal:** The goal of the research is to create a well-defined and optimized brand portfolio strategy for the improvement of textile industry India.

**Research methods:** Conducting customer surveys using online questionnaire prepared and share using google forms is the primary source of data collection. Graphical analysis is the data analysis method used in this research.

**Main findings:** This research focus on brand portfolios influence on Indian textile industry and requirements of effective brand portfolio strategies of the diverse Indian textile market to cater to various consumer preferences and demographics.

*Keywords: textile industry, brand portfolio, marketing, customer preferences.*



## Introduction

The Indian textile industry is highly competitive, with numerous domestic and international players. Maintaining a strong and well-optimized brand portfolio is crucial for the Raymond Group to stand out and gain a competitive edge. Foreign Direct Investment (FDI) in this industry reached \$3.68 billion from April 2000 to December 2020. The Government of India plans to create more than 35 lakh jobs by 2022 and facilitate investments worth more than Rs. 95,000 crore (US\$ 14.17 billion) through the Amended Technology Up-gradation Fund Scheme (A-TUFS).

Raymond India reported a revenue of over 83 billion Indian rupees in fiscal year 2023. Established in 1925, this Indian branded fabric and fashion retailer had over 1,100 exclusive stores and a global presence in over 350 cities. It was the 23rd most trusted brand across India in 2014. While Raymond has been tremendously effected by the coronavirus pandemic, it is expected to recover to old strength soon.

The aim is to create a well-defined and optimized brand portfolio strategy for the improvement of textile industry India. The main tasks of the study are the following:

- To research theoretical background of brand portfolio management
- To evaluate the existing brands and its strategies of textile companies operating in India, including their positioning, and their market performance.
- To analyze the Indian textile industry, including market size, growth trends, competitive landscape, and emerging opportunities or threats that could impact brand portfolio strategy.
- To carry out survey of consumer preferences, behaviors, and perceptions related to textile products and brands or Raymond group.
- To study the branding strategies employed by key competitors in the Raymond group by identifying their strengths and weaknesses in terms of brand portfolios.

The object of the research is Indian textile industry. The subject of the research is the strategic brand portfolio improvement for the Indian textile industry. The research question of the research is how can a well-defined and optimized brand portfolio strategy be developed and implemented to enhance the competitiveness and sustainability of the textile industry in India? The limitations of the study are the following:

- Limited resources and time constraints can affect scope of the research and development of strategy impacts comprehensiveness of the brand portfolio strategy.
- The availability and quality of data related to the Indian textile industry, market trends, and consumer preferences may be limited aswell as huge, so, research is limited to raymond gorup having various famous brands.
- Understanding the changing of consumer behaviors and preferences is challenging.

## Literature Review

Indian textile companies have diverse options when it comes to brand portfolio strategies. Aaker's framework, proposed in 2004, outlines three fundamental strategies for managing brand portfolios effectively (Aaker, 2004). The "House of Brands" brand portfolio strategy is characterized by a



diversified array of independent brands, with each brand tailored to cater to a specific market segment or niche. This approach is akin to managing a family of distinct brands under one corporate umbrella. By doing so, Indian textile companies can mitigate the risk associated with brand failures. If one brand faces challenges, the overall portfolio remains resilient as the others continue to flourish, ensuring stability and reducing potential negative impacts on the entire business.

The "Branded House" brand portfolio strategy, a single, overarching brand serves as the face of the company and is extended across a wide range of product categories within the textile industry. This approach promotes operational efficiencies as it streamlines marketing, production, and customer recognition. It creates a unified and cohesive brand identity that leverages the reputation and trust associated with the core brand. By doing so, Indian textile companies can enhance brand recognition, foster customer loyalty, and drive economies of scale across their product offerings (Chakraborty & Nag, 2018).

The "Hybrid Strategy" in brand portfolio management offers Indian textile companies a balanced approach. It involves combining elements of both the "House of Brands" and "Branded House" strategies. This strategic mix allows companies to enjoy the benefits of maintaining a diverse brand portfolio, each tailored to specific market segments, while also reaping the efficiency and customer recognition advantages of a strong master brand. It provides flexibility, enabling companies to adapt to evolving market dynamics while sustaining a unifying brand identity and building consumer trust (Kumar & Luhach, 2018).

### **Challenges of Brand Portfolio Management in the Indian Textile Industry**

Understanding market trends is crucial for developing a brand portfolio strategy. Indian consumers are increasingly favoring sustainable and eco-friendly textiles, reflecting a global shift towards responsible consumption. This trend presents an opportunity for textile companies to include eco-friendly sub-brands within their portfolios, aligning with sustainability goals. This industry faces fierce competition at the international level, especially from nations with lower production costs. Sustaining a competitive advantage and establishing differentiation in the global marketplace is an ongoing challenge (Mahajan et al., 2018).

As consumer preferences evolve, with a growing inclination towards sustainable and environmentally friendly textiles, the need for continuous adjustments to brand portfolios becomes imperative. Balancing these changing preferences while maintaining a consistent brand image is a complex juggling act.

The textile supply chain is intricate, involving numerous intermediaries and diverse manufacturing centers. Coordinating brand management across this intricate supply chain while maintaining consistent quality can be intimidating. Achieving cost-effective brand management without compromising brand quality remains an ongoing challenge, especially in a market where price sensitivity is prevalent (Moitra & Agarwal, 2019).

Staying in step with the latest technological trends for branding, e-commerce, and digital marketing is imperative. This requires continual investment and innovation to stay competitive in the digital era. Indian textile companies frequently contend with internationally recognized brands. Establishing brand recognition, trust, and a distinctive value proposition to compete on a global scale is a challenging endeavor. The textile industry confronts swift market fluctuations, with shifts in fashion trends and consumer preferences. Brands must remain adaptable, responsive, and ready to capitalize on emerging opportunities. Effectively managing these challenges in brand portfolio management in the Indian textile industry requires a combination of strategic insight, adaptability, commitment to sustainability, and an in-depth understanding of consumer preferences. Successful brand portfolio management can



differentiate textile companies, foster brand loyalty, and ensure a competitive advantage in the global textile landscape (Phadnis & Talib, 2017).

### **Application to the Indian Textile Industry**

The Indian textile industry has witnessed companies adopting various brand portfolio strategies. Some organizations have chosen the "House of Brands" approach, creating distinct brands for different product lines, while others have pursued a "Branded House" strategy by leveraging a single, overarching brand. These strategies are often adapted to fit the unique market dynamics and consumer preferences within the industry. Product differentiation is a critical facet of the brand portfolio strategy within the Indian textile industry. This sector is renowned for its extensive product diversity, spanning a broad spectrum of fabrics and materials. A brand portfolio strategy empowers textile companies to effectively distinguish their offerings to cater to the varying and discerning tastes of consumers (Ray, 2015).

In a country with a rich textile heritage, the diversity of products is a hallmark. From the intricate, handwoven textiles that reflect centuries-old craftsmanship to the modern, high-performance technical fabrics, the textile industry in India is a treasure trove of possibilities. Each category holds distinct appeal, serving unique market segments and consumer preferences. For instance, companies can establish specialized brands for high-end fashion textiles, aligning their branding with notions of luxury, exclusivity, and artistic craftsmanship. Simultaneously, they can create sub-brands or product lines dedicated to sustainable materials, appealing to the environmentally conscious consumer base. Industrial applications, too, can have their own brand identity within the portfolio, emphasizing durability, reliability, and adherence to industry standards (Sahu & Meena, 2022).

The brand portfolio strategy, in this context, becomes the compass guiding textile companies in navigating the intricate web of product diversity. It enables them to tailor their branding and marketing efforts to align with the specific characteristics and values of each product category, all while upholding a consistent and overarching brand image. This approach not only captures the essence of each product but also ensures that the brand resonates with the diverse consumer preferences, fostering brand loyalty and success in a multifaceted industry.

In the Indian textile industry, market segment targeting is a crucial element of a well-structured brand portfolio strategy. The industry's inherent fragmentation, combined with regional variations in preferences and demands, underscores the necessity for tailored approaches. A thoughtfully designed brand portfolio allows textile companies to effectively target specific market segments while maintaining a unified brand image (Choudhary et.al., 2022).

The Indian market is a mosaic of diverse consumer segments, each with its distinct preferences and requirements. From the urban fashion-forward crowd to the rural market seeking traditional textiles, and from the industrial and technical textile users to the growing eco-conscious clientele, textile companies face a challenge in addressing these unique market niches.

A well-crafted brand portfolio strategy addresses this challenge by offering flexibility and adaptability. It allows companies to create distinct brand identities or sub-brands tailored to each segment's specific needs. For instance, a textile conglomerate can have a dedicated brand for high-fashion textiles, emphasizing style and luxury, while simultaneously having a separate brand for sustainable textiles, highlighting environmental responsibility.

This tailored approach not only resonates with the target consumers but also ensures that the brand remains relevant and trustworthy within each market segment. While the branding and messaging adapt to meet the unique demands, the overarching brand image provides a consistent and reassuring thread connecting all the segments. This way, the brand portfolio strategy allows textile companies to

effectively tap into the richness of India's diverse markets while upholding the integrity of their brand. It's a powerful tool for achieving market penetration and maintaining brand coherence in the face of fragmentation.

In response to increasing environmental concerns and evolving consumer preferences, brands have the option to develop specialized sub-brands or product lines dedicated to sustainable and ethical textiles, highlighting their commitment to eco-friendly practices. In a highly competitive global landscape, an effective brand portfolio strategy can enable companies to establish a distinct value proposition, cultivate brand recognition, and nurture consumer trust (Srivastava, 2016).

### Research Methodology

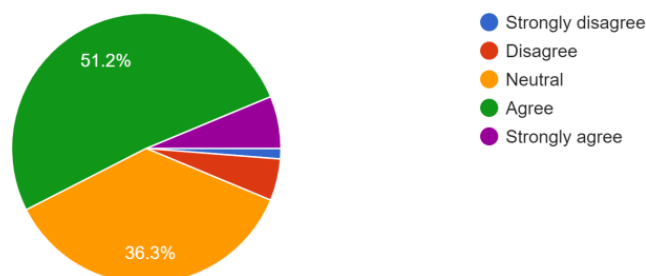
The research design for the development of a brand portfolio strategy in the Indian textile industry encompasses a mixed-method approach. It involves a comprehensive literature review, followed by data collection through interviews, surveys, and analysis of industry reports. The research will target textile companies in India as the primary population and utilize both qualitative and quantitative methods to gather insights. A sampling strategy will be employed, and data will be analyzed through thematic and statistical analysis. The research aims to identify current brand portfolio strategies, assess their effectiveness, and provide recommendations for enhancing brand management in the dynamic Indian textile sector.

The research philosophy for the development of a brand portfolio strategy in the Indian textile industry embraces a pragmatic and interpretivist approach. This philosophy combines elements of positivism to gather objective data and interpretivism to understand the subjective aspects of brand management. It recognizes the need to bridge the gap between theory and practice by employing both quantitative and qualitative research methods. The aim is to explore existing strategies and gain a holistic understanding of brand portfolio management in a dynamic industry. This comprehensive approach allows for a deeper analysis of the nuances of brand strategies and their impact on the textile sector in India.

### Results

#### Responses about Quality Expectations

Fig.1 provides the responses for “Indian textile products consistently meet my expectations in terms of quality”. To understand the quality of textiles are meeting the expectations are not.

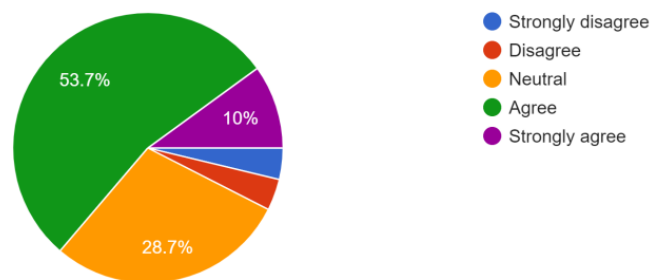


**Fig.1.** Quality Expectations (Source: Created by the author)

Indian textile products consistently meet high-quality standards due to the rich history of craftsmanship and expertise. Skilled artisans and advanced manufacturing processes ensure precise attention to detail. Furthermore, stringent quality control measures and adherence to industry standards contribute to the consistent quality of Indian textiles, building trust among consumers.

### Responses about Sustainability and Ethical Practices of Indian Textile Industry

Fig.2 shows the opinion of customer for the question “I am aware of the sustainability and ethical practices followed by the Indian textile brands I purchase from.”

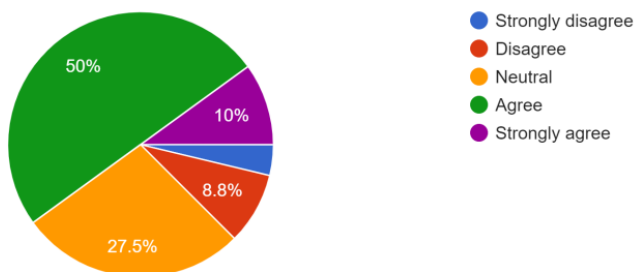


**Fig. 2.** Sustainability and ethical practices (Source: Created by the author)

Indian textile brands prioritize sustainability and ethical practices by using eco-friendly materials, responsible sourcing, and fair labor. They actively communicate these practices through certifications, transparency, and social responsibility initiatives. As a result, consumers are well-informed and confident in the brands' commitment to sustainable and ethical production.

### Responses about Variety of Textile Products Offered by the Indian Brands

Fig.3 provides responses about customer satisfaction about different variety of textile products in Indian textile industry for question “The variety of textile products offered by the Indian brands I prefer aligns with my diverse needs”. To understand textile products offered by Indian textile industry.

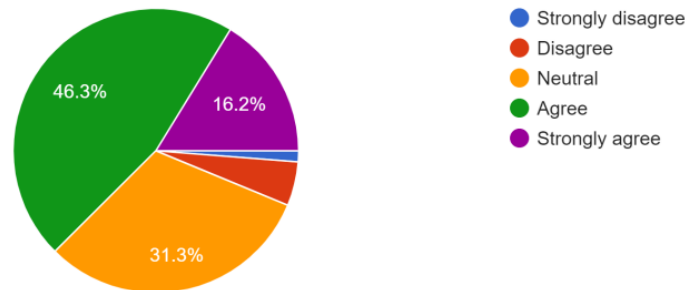


**Fig. 3.** Variety of textile products offered by the Indian brands (Source: Created by the author)

Indian textile brands offer a wide range of products that cater to diverse consumer needs. They understand the dynamic preferences of consumers, providing options from traditional handwoven textiles to technologically advanced products. This alignment with varied requirements ensures that consumers find suitable choices within their preferred brands.

### Responses about Prioritize Eco-friendly and Sustainable Materials

Fig.4 shows the responses for question “I value and actively seek out textile brands of India that prioritize eco-friendly and sustainable materials.” To understand the Prioritization of eco-friendliness and sustainability of Indian textile materials.

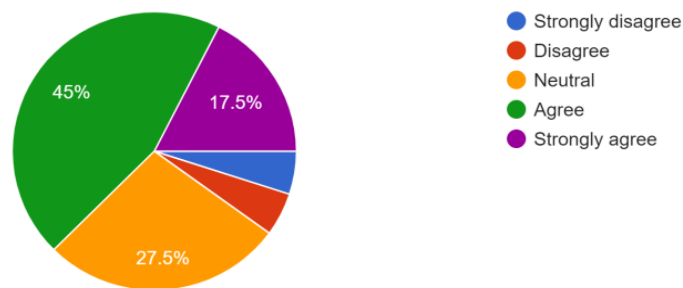


**Fig. 4.** Prioritizing eco-friendly and sustainable materials (Source: Created by the author)

Consumers value Indian textile brands that prioritize eco-friendly and sustainable materials due to increasing environmental awareness. Brands that use such materials contribute to reducing ecological impact. This aligns with consumers' ethical and environmental concerns, fostering a sense of responsibility and support for brands that share these values.

### Responses about Indian Branding and Marketing Efforts

Fig.5 shows the responses of customer for question “Indian branding and marketing efforts of the textile brands I choose resonate with me.” to understand Branding and marketing efforts of Indian textile industry.



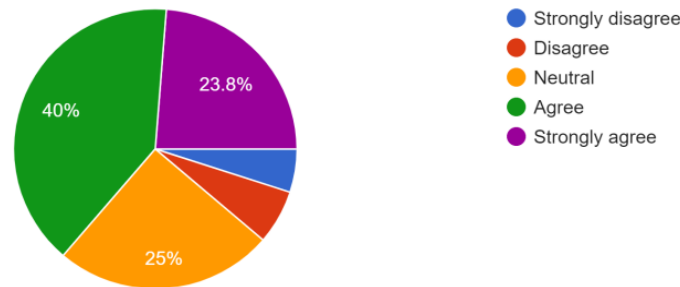
**Fig. 5.** Indian branding and marketing efforts (Source: Created by the author)

Indian textile brands excel in branding and marketing that resonate with consumers. Their efforts often highlight cultural significance, craftsmanship, and heritage, striking a chord with consumers who appreciate these aspects. This alignment creates a deep emotional connection, making consumers feel that these brands understand and represent their values and aesthetics.

### Responses about Distinct and Unique Brand Identity

Fig.6 shows the response of unique brand identity of Indian textile industry for question “I believe

Indian textile brands, I favor have a distinct and unique brand identity.” to understand the confidence level of Customers towards uniqueness of Indian textile designs.

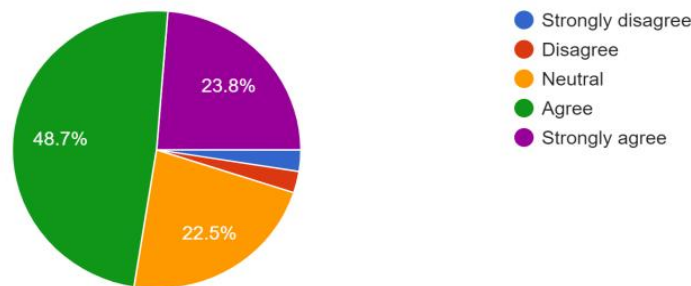


**Fig. 6.** Distinct and unique brand identity (Source: Created by the author)

The Indian textile brands I prefer exhibit a distinct and unique brand identity by combining traditional craftsmanship with innovative design. They infuse cultural richness and heritage into their products, creating a blend of tradition and modernity. This uniqueness sets them apart, making consumers feel connected to an exclusive and differentiated brand.

**Responses about Innovation in Terms of Product Design and Materials**

Fig.7 shows responses for “The level of innovation in terms of product design and materials is very important in choosing textile products.” . It elaborate the customers opinion about the innovation in Indian Textile industry.



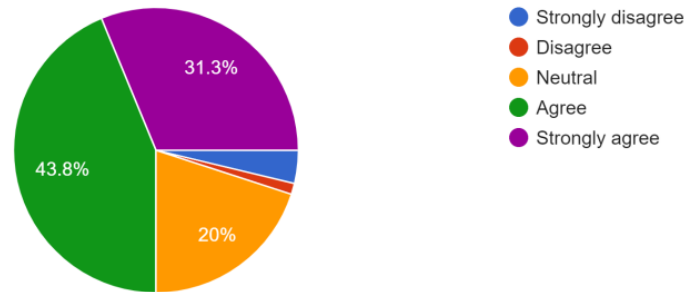
**Fig. 7.** Innovation in terms of product design and materials (Source: Created by the author)

Innovation in product design and materials is crucial as it keeps textile products fresh, relevant, and appealing to consumers. Indian textile brands that invest in creative design and cutting-edge materials showcase their commitment to meeting evolving consumer needs and preferences. This innovation ensures that consumers receive contemporary and high-quality products.

**Responses about Sustainability and Ethical Practice**

Fig.8 illustrates the responses of the customer of Indian Textile industry for the question “The textile industry in India should place a stronger emphasis on sustainability and ethical practice.” it explains about the Sustainability and ethical practices requirements in Indian textile industry.





**Fig.8.** Sustainability and ethical practice (Source: Created by the author)

A stronger emphasis on sustainability and ethical practices is essential for the Indian textile industry due to increasing global awareness of environmental and ethical concerns. Consumers today seek products that align with their values, and brands that prioritize sustainability and ethical practices not only contribute to a healthier planet but also enhance their reputation and appeal to conscious consumers.

### Conclusions

Indian textile companies employ various brand portfolio strategies, as outlined by Aaker's framework. The "House of Brands" strategy involves managing a diversified array of independent brands tailored to specific market segments, ensuring resilience against brand failures. Conversely, the "Branded House" strategy uses a single overarching brand extended across product categories, enhancing operational efficiencies and promoting a unified brand identity. The "Hybrid Strategy" combines elements of both, allowing for a diverse brand portfolio tailored to specific segments while reaping the advantages of a strong master brand, providing flexibility in adapting to market dynamics.

However, challenges persist in managing brand portfolios in the Indian textile industry. Adapting to sustainable trends, facing global competition, and managing a complex supply chain while maintaining consistent quality pose ongoing challenges. Staying technologically relevant, establishing brand recognition globally, and navigating market fluctuations are also daunting tasks. Successful brand portfolio management requires strategic insight, adaptability, commitment to sustainability, and understanding consumer preferences. The application of these strategies in the Indian textile industry involves tailoring approaches to product diversity, market segments, and sustainability, fostering brand loyalty and ensuring a competitive advantage in the global textile landscape.

Indian textile products maintain high-quality standards through a rich history of craftsmanship, skilled artisans, and rigorous quality control. Sustainability and ethical practices are prioritized, with brands using eco-friendly materials and fair labor, fostering consumer trust. The diverse range of products, from traditional to modern, caters to varied consumer needs, ensuring choices within preferred brands.

Consumers highly value Indian textile brands prioritizing eco-friendly materials, aligning with environmental awareness and ethical concerns. The resonance of Indian branding and marketing efforts is evident as brands highlight cultural significance and heritage, creating emotional connections with consumers. The perception of distinct and unique brand identity is strong, with Indian textile brands combining tradition and innovation.



Innovation in product design and materials is considered crucial for consumer appeal, reflecting the industry's commitment to meeting evolving preferences. The emphasis on sustainability and ethical practices is seen as imperative, aligning with global trends and appealing to conscious consumers. Overall, Indian textile brands effectively communicate their values, connect with consumers emotionally, and adapt to sustainability and innovation, positioning themselves as leaders in the global textile landscape.

## References

- Aaker, D. A. (2004). *Brand portfolio strategy: Creating relevance, differentiation, energy, leverage, and clarity*. Free Press.
- Chakraborty, S., & Nag, B. (2018). Branding strategy of Indian textile sector in the global scenario. *International Journal of Scientific & Technology Research*, 7(11), 166-169.
- Choudhary, N., Kumar, A., & Malhotra, P. (2022). Developing brand portfolio strategies for sustainable fashion in India. *Sustainability*, 14(5), 2097.
- Kumar, S., & Luhach, K. S. (2018). Branding strategy in Indian textile industry. *International Journal of Management and Social Science Research Review*, 1(11), 173-176.
- Mahajan, R., Gupta, S., & Kumar, V. (2018). A study on brand portfolio and consumer buying behavior in Indian textile industry. *International Journal of Pure and Applied Mathematics*, 119(18), 1997-2003.
- Moitra, S., & Agarwal, R. K. (2019). An analysis of brand portfolio strategies for Indian textile companies. *International Journal of Applied Business and Economic Research*, 17(1), 33-42.
- Phadnis, A., & Talib, P. (2017). Managing brand portfolios: The evolving Indian perspective. *Journal of Brand Management*, 24(1), 87-103.
- Ray, S. (2015). Exploring the power of the brand in the Indian textile and apparel industry. *Journal of Textile and Apparel, Technology and Management*, 9(3), 1-10.
- Sahu, S., & Meena, M. S. (2022). Branding strategies for the Indian textile industry. In *"Strategic Marketing in Emerging Economies"* (pp. 33-47). Springer.
- Srivastava, R. (2016). Branding strategies for Indian textile industry. *IOSR Journal of Business and Management*, 18(10), 51-55.



# Hetti Kankanamge Duleeka Shamali Gunawardane· **IMPACT OF SOCIAL MEDIA MARKETING ON CUSTOMER BRAND LOYALTY TO TELECOMMUNICATION COMPANIES IN SRI LANKA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: gunawardanadulee@gmail.com  
Scientific Advisor: Dr.phil., Professor Velga Vēvere*

## **Abstract**

**Research relevance:** The topicality of this study is highly relevant to Sri Lankan telecommunication companies. Sri Lanka's telecommunications business is rapidly developing, as is the mobile phone industry. Social media usage continues to surge across the country while telecommunication companies are actively leveraging SM platforms to connect customers. The focus on a specific developing nation's industry highlights the research's context-specific nature, potentially limiting generalizability to other regions. Sri Lanka's telecommunications industry has experienced remarkable growth over the past decade, with multiple companies competing for market share. This competition has led to a focus on strategies to retain and attract customers, making customer loyalty a critical factor for success. Radioactive marketing approaches are supplemented, if not replaced, by digital marketing strategies, including social media marketing. Telecom companies in Sri Lanka are increasingly using social media platforms to connect with customers, promote their services, and build brand loyalty.

**Research goal:** To identify the impact factors of social media marketing on customer brand loyalty to telecommunication companies in Sri Lanka.

**Research methods:** The following research methods were used in the study: survey, secondary data analysis, calculation of frequencies, transcribing, graphical method, and regression analysis

**Main findings:** Four main themes were identified, and based on them, the following four factors were suggested for the conceptual framework of the study. quality content, promotions, engagement, and community building. These factors affect the customer brand loyalty of selected telecommunication companies. The researcher also identified the positive relationship between customer brand loyalty and identified factors within the Sri Lankan context.

*Keywords: digital marketing; brand loyalty; social media activities; social media marketing; Sri Lankan telecommunication.*

## **Introduction**

Social media has become an essential tool for communication and connection between customers and companies. It's a great way to influence consumer behavior, build loyalty, and create a successful marketing strategy. The telecommunication industry has been making a name for itself in the Sri Lankan market, and its market share continues to rise. To stay connected with customers, they have created an active presence on various social media networks. This connection allows them to better understand their customer's needs and provide products that meet those needs. Although numerous studies have



been conducted on the effects of social media marketing on loyalty to a brand, not enough attention has been given to the telecommunication industry, particularly in the Sri Lankan context.

## Literature Review

Grand View Research (2023) identifies one of the most significant foundations of the contemporary world as the global telecommunications sector. As technology advances and the demand for connectivity grows. The IT industry will be vital in determining how people communicate and work together in the future all over the world. The foundation of modern communication is the global telecommunications industry. The telecommunication industry makes it possible for data, information, and connectivity to be seamlessly transferred between countries and regions. Voice conversations, video conferences, internet access, and mobile communication are all rendered possible by a complex ecosystem of providers, technology, and infrastructure that is included in the telecommunication industry (Statista, 2023). Fortune Business Insights (2023) says that an integrated network is essential for promoting social contact, accelerating economic growth, and facilitating improvements in several fields.

Within the past couple of decades, global markets experienced business growth significantly. The growth is fueled by several important causes led by the growing popularity of smartphones. Expansion of mobile phone users around the globe exponentially contributed significantly to the need for mobile broadband services as described by Grand View Research (2023). Other than that economic and industry expansion has been further fueled by the growing reliance on the Internet for business, entertainment, and communication. New wireless data-based applications and services were made possible by technical developments like the rollout of 5G networks, which promise expanded capabilities as pointed out by Grand View Research (2023).

According to Statista (2023), the global telecommunication industry is segmented into various service categories and each plays a distinct role. Those segments include Mobile Network Operators (MNOs) which are companies that provide wireless voice and data services to mobile phone users through cellular networks, Fixed-Line Operators (FNOs) who are companies that offer traditional landline telephone services and fixed-line internet access through cable or fiber optic networks and Internet Service Providers (ISPs) who are companies provide internet access to residential and commercial users, often connecting through infrastructure leased from MNOs or FNOs.

Grand View Research (2023) describes that there is a period of change in the industry landscape. Convergence is a developing trend where businesses are providing combined services for internet, mobile, and fixed-line access. Traditional phone and messaging services provided by telecom operators are facing competition from the rise of Over-the-Top (OTT) service providers like Skype and WhatsApp. The global telecom sector has both opportunities and challenges waiting for the future. Significant development potential is presented by the ongoing deployment of 5G networks and the emergence of Internet of Things (IoT) applications. IT industry participants and legislators must continue to pay attention to challenges including cybersecurity threats, the growing digital gap, and the necessity of sustainable infrastructure development as pointed out in Fortune Business Insights (2023).

### Sri Lanka's Telecommunication Industry

Over the past few decades, Sri Lanka's telecommunications sector has experienced a remarkable transition, moving from a state-controlled monopoly to a vibrant and competitive market. The telecommunication industry connects people and makes it possible for them to be a part of the global digital ecosystem, acting as a crucial engine of social and economic advancement. The



telecommunications sector in Sri Lanka has developed drastically contributing substantially to both economic growth and growth in human connection. The industry's sustained prosperity will depend on encouraging competition, guaranteeing infrastructure development, and advancing digital inclusiveness across the country as it navigates upcoming difficulties and embraces innovative technology. With both fixed-line and mobile services Sri Lanka Telecom (SLT) had a monopoly before the early 1990s. The process of deregulation did result in notable growth. Along with commercial fixed-line service providers, new mobile network operators (MNOs) like Dialog Axiata and Airtel promoted competition and increased the range of services available (Mordor Intelligence, 2023).

According to the Central Bank (2023), the competitive landscape of the Sri Lankan telecommunication industry has been demonstrated by the impressive growth in mobile phone penetration. Statistics show a rise from just 5.4 million mobile connections in 2005 to over 28 million by the end of 2021, translating to a mobile penetration rate exceeding 130%. This widespread mobile phone usage has facilitated financial inclusion initiatives through mobile banking and fostered communication across geographically dispersed communities. An additional feature of the sector is the move toward mobile data usage. Demand for data plans and mobile broadband services has surged due to the increasing popularity of smartphones and internet-based applications. This pattern emphasizes how important it is for telecommunications infrastructure to close the digital gap and guarantee that everyone has access to technology and information. While network coverage is generally better in urban areas, rural areas frequently have poor service and little access to the internet. The business has been damaged by Sri Lanka's prolonged economic crisis, which has caused investors and network maintenance to worry about possible outages.

A few significant advancements will determine the direction of Sri Lanka's telecom sector in the future. Significantly faster data rates and increased network capacity are promised by the successful implementation of 5G technology, which could open up new avenues for innovation and economic activity. To close the digital divide and guarantee equitable participation in the digital economy, sustained investment in infrastructure development is crucial, especially in neglected rural areas.

## **Research Methodology**

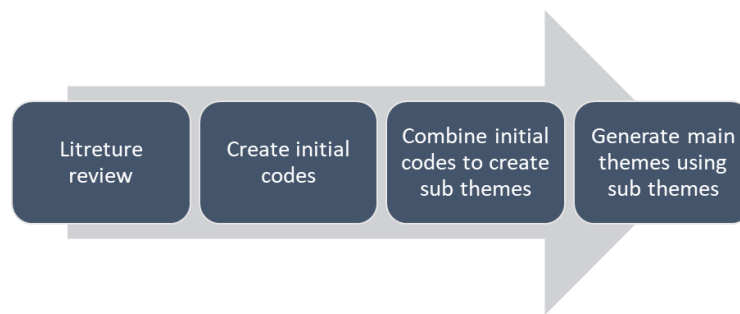
The researcher meticulously planned an extensive approach in crafting the research strategy by mixing qualitative and quantitative methods to provide a comprehensive understanding of the intersection between brand loyalty and social media marketing efforts for telecommunication companies. within the Sri Lankan telecommunication sector, with a special focus on selected companies within the city limits of Colombo. This method incorporates secondary and primary data sources. The researcher meticulously planned a thorough approach in crafting the qualitative research strategy to provide an in-depth comprehension of the intersection of brand loyalty and social media marketing efforts for telecommunication companies with a special focus on selected companies with head offices operating in the city limits of Colombo. This method incorporates secondary and primary data sources.

Qualitative research is conducted using an inductive methodology. Using this approach, researchers reason through the responses of the selected sample and gather information to conclude. Both automated and in-person approaches were used in this study to delve deeper into the research parameters. To make comparisons and find examples of social media marketing strategies that are currently being used to draw clients from a variety of industries, "grey" literature such as social media reports, survey reports, government reports, and systematic reviews with quantitative evidence were also identified.

The proposed method for doing the literature review was a systematic approach, and a few electronic databases, including APA PsycNet, Google Scholar, and ResearchGate, were used to look for pertinent material. To find the necessary literature from the databases, the following keywords were entered in each question: "Brand loyalty," "Social media marketing," "Customer retention," and "Telecommunication industry marketing."

The researcher separately completed a predetermined three-tier screening process, which included:

- Checking titles and abstracts to filter out publications that were irrelevant to assure relevance.
- Cataloging literary sources to locate and prevent redundant and duplicate information
- Considering the greater distribution of literature in the fields of Marketing and customer retention, comparing the inclusion and exclusion criteria.



**Fig.1.** Qualitative study process (Source: Created by the author)

Utilizing quantitative measurements, the deductive method generates hypotheses based on independent and dependent variables. The researcher will employ regression analysis, correlation analysis, and descriptive analysis to measure the eight developed hypotheses in this study, which will likewise follow this approach to analysis.

The researcher employed an effective questionnaire in survey methodology to survey a pre-selected sample. Surveys on a representative sample of the population will be used in a qualitative study to describe attitudes, views, behaviors, and other features of the population. In the second section of the study, which is quantitative, data obtained from a questionnaire consisting of twenty closed-ended questions is examined through the use of regression, correlation, and descriptive analytic techniques.

Primary data are the unprocessed data that the researcher gathers to conduct the study. The researcher developed a questionnaire with twenty closed-ended questions specifically for this study. As a result, the researcher is compiling unprocessed data regarding the influence of particular factors on building customer brand loyalty of telecommunication products.

Numerical data is related to quantitative analysis and the researcher produced an analytical statement based on the problem at hand. Data were collected through surveys, and statistical and mathematical models were used for interpretation. The data acquired for the second section of this research were subjected to quantitative analysis.

Using SPSS Version 25, the researcher assessed the data that had been gathered. Through descriptive analysis, the outcome is meant to give an understanding of how much each variable is participating in. The value of the mean that was obtained after the data were analyzed using SPSS was used to determine



the level of involvement. To make sure the criteria under consideration were internally consistent, a reliability test was conducted. When using Cronbach's alpha, values more than 0.9 indicate good consistency, greater than 0.7 indicate trustworthy variables, and greater than 0.6 indicate acceptable variables. The relationship between the independent and dependent variables is then ascertained through the correlation investigation. To ascertain the impact of the independent factors on the dependent variable, regression analysis will be conducted.

The researcher conducted structured interviews with the chosen respondents to obtain primary data. The utilization of a Likert-scale questionnaire facilitated a formatted collection of data from the sample, allowing the researcher to delve into the intricate viewpoints and experiences of users concerning the relationship between social media marketing and customer loyalty. In addition to gathering primary data, the researcher carefully searched through academic studies and articles that were posted online. This secondary data provides a more comprehensive contextual understanding, establishing our study within the body of current literature and offering a framework for comparison of the insights obtained from the interviews.

The purpose of the carefully planned questionnaire for this study was to elicit extensive and sharp views from a subset of telecommunication company customers. Carefully crafted questions probed customer experiences on social media marketing activities related to their intended telecommunications service provider. The researcher obtains only quantitative data but also the underlying qualitative information that influences their opinions by using this mixed research approach, which enables them to capture the depth of customer insights. Understanding the critical role loyal customers play in developing and putting organizational plans into practice, this research deliberately concentrates on customers who visit the main customer service office of four main telecommunication companies in Sri Lanka.

## Results

The analysis of 20 documents yielded over 75 initial codes which were then refined into 17 sub-themes. Finally, four overarching themes emerged as the key drivers of customer brand loyalty within social media marketing strategies. Quality Content theme emphasizes the importance of creating high-quality content that resonates with the target audience. This goes beyond simple product promotion and involves content that is informative, entertaining, or inspiring. Engaging formats like infographics, videos, user-generated content, or interactive polls can encourage user participation and create a more dynamic online presence. By consistently delivering valuable content, brands establish themselves as thought leaders within their industry and cultivate a loyal following.

The promotions and Incentives theme highlights the effectiveness of strategic promotions and incentives in fostering customer engagement and loyalty. This can include offering discounts, loyalty programs, exclusive content, or participation in contests and giveaways. These incentives motivate users to follow the brand's social media pages, actively participate in campaigns, and ultimately convert into paying customers. Effective promotional strategies require a balance between providing value and maintaining brand integrity.

Positive Engagements and Responsive Communication emphasize the importance of fostering positive user interactions and maintaining a responsive communication style. This involves actively responding to comments, inquiries, and concerns in a timely and courteous manner. Brands can further encourage positive engagement by acknowledging loyal customers, celebrating user-generated content, and promoting a sense of community. This two-way communication fosters trust demonstrates customer appreciation and builds stronger brand relationships. The community-building theme highlights the



importance of creating a welcoming and inclusive online community for brand followers. This involves fostering a safe space for respectful communication, celebrating diversity, and avoiding discriminatory language or practices. By nurturing a sense of belonging and encouraging active participation, brands can leverage the power of user-generated content, peer-to-peer recommendations, and brand advocacy to achieve their marketing goals.

These four core themes quality content, strategic promotions, positive engagements, and community building provide a foundational framework for developing effective social media marketing strategies that nurture customer loyalty. By focusing on these key areas, brands can leverage the power of social media to create a dynamic online presence and foster meaningful customer relationships. A systematic approach to data analysis and summarization has been taken using the SPSS software. The lateral segment is satisfied with descriptive, regression, correlation, and reliability analysis, in contrast to the first section. Internal consistency of the measured variables is measured using reliability analysis. Cronbach's Alpha value determines the internal consistency level and the measures that have been identified for the level of consistency for specific values have been discussed above, and it could be tabled as below Table 4.7.

Chronbach's Alpha values in Table 4.6 concerning five variables, customer brand loyalty, quality content, promotions, positive engagement, and community building are higher than 0.8, and the variable promotions belong to a value higher than 0.9. Hence, it could be finalized that the internal consistency of all the variables is rich or highly reliable and acceptable by all means.

Descriptive analysis is used in the data summarizing process. In light of this, the research is taking place inside a predetermined orbit. By using descriptive analysis to quantify the difficult-to-understand data that is currently accessible, the researcher hopes to shed light on the mode, median, and mean through the lens of central tendency.

The researcher has fed 108 entries about data related to variable positive engagement, with a data range of 4.0. This has been used to measure participant perceptions, and all the topics have been covered by the findings of the descriptive analysis. The dataset's mean value falls near the central point of 3.0 on the relevant histogram, indicating a strong relationship between the dataset and the available data set. The dataset has been shown to strongly agree through the negative value of skewness, and the kurtosis indicates that the input data has a perfect distribution. It has been confirmed through the descriptive analysis of independent variables that it has 100% validity. The researcher has identified Quality contents as the first independent variable through the conceptual framework. The quantifiable relationship between nature and the impacting values has been measured between identified independent variables and the dependent variable brand loyalty. Accordingly, correlation analysis and regression analysis have been conducted.

The correlation between customer brand loyalty and independent variables has been measured and it has been identified that the level of correlation is at the value of 0.859 and it is considered to be a high correlation between the variables as it has exceeded the value of 0.5 pivot point. Further, it is in the positive range, and the relationship between these variables and customer brand loyalty is identified as strong and positive. Moreover, this has been signified at the value of 0.000, ensuring that  $P < 0.01$ . This proves that the relationship between customer brand loyalty and all four independent variables is statistically significant. this study employed correlation analysis to investigate the relationship between customer brand loyalty (dependent variable) and the four identified themes influencing loyalty (independent variables): quality content, promotions, positive engagement, and community building.

The analysis yielded beta values for each independent variable, providing a quantitative measure of their relative influence on customer brand loyalty. Quality content demonstrated the strongest association





with a beta value of 0.859, followed closely by promotions (0.881), positive engagement (0.875), and community building (0.851). These high beta values, all exceeding 0.8, suggest a strong positive correlation between each theme and customer brand loyalty. In simpler terms, a focus on these core areas within social media marketing strategies appears to be significantly associated with increased customer loyalty.

## Conclusions

This study investigated the factors influencing customer brand loyalty within social media marketing campaigns. Employing a mixed-methods approach, the research combined qualitative and quantitative analyses to gain a comprehensive understanding of this complex relationship. The initial qualitative phase involved a thematic analysis of 20 published documents exploring various aspects of social media marketing and customer loyalty. This analysis identified four key themes: quality content, promotions, positive engagement, and community building. These themes formed the foundation for a conceptual framework, providing a theoretical model for further investigation. Building upon this framework, the quantitative phase of the research involved a survey administered to 108 university students in Sri Lanka.

The correlation analysis, a key element of the quantitative study, revealed significant positive correlations between the four independent variables (quality content, promotions, positive engagement, and community building) and the dependent variable (customer brand loyalty). The beta values, all exceeding 0.8, provided strong statistical evidence supporting the conceptual framework. Quality content emerged with the highest beta value (0.859), followed closely by promotions (0.881), positive engagement (0.875), and community building (0.851). Thus, there is a focus on these core areas within social media marketing strategies is highly associated with increased customer brand loyalty.

Mixed-methods research conducted by the researcher provides valuable insights into the social media marketing strategies that foster customer brand loyalty. The qualitative analysis identified key themes, and the subsequent quantitative analysis confirmed their positive influence on loyalty. The high beta values suggest that all four themes – quality content, strategic promotions, positive interactions, and community building – play a significant role in building customer loyalty. This study offers practical guidance for social media marketing practitioners by highlighting the importance of crafting engaging content, implementing strategic promotions, fostering positive customer interactions, and cultivating a strong online community. In this way, brands can leverage the power of social media to build lasting customer relationships and achieve sustainable growth in the competitive digital landscape.

## References

- Chaffey, D., & Chadwick, A. (2020). *Digital marketing strategy*. Kogan Page Publishers.
- Fortune Business Insights. (2023). *Telecommunication market size, industry share & forecast 2032*. <https://www.linkedin.com/pulse/telecom-market-size-share-analysis-2030-business-insights-kharad>
- Grand View Research. (2023, February). *Telecom services market size and growth analysis report, 2030*. <https://www.grandviewresearch.com/press-release/telecom-services-market>
- Greenlee, D., Leitch, R., & Whinston, A. (2018). Mobile virtual network operators (mvnos): A disruptive force in the telecommunications industry. *Business Horizons*, 61(3), 425-434.



Trade.gov. (2023). *Sri Lanka telecommunications and information technology*.

<https://www.trade.gov/sri-lanka>

Mordor Intelligence (2022). *Sri Lanka telecom market analysis*.

<https://www.marketresearch.com/Mordor-Intelligence-LLP-v4018/Telecommunications-c240/1.html>

Mordor Intelligence (2023). *Sri Lanka telecom market size and share analysis*.

<https://www.mordorintelligence.com/industry-reports/sri-lanka-telecom-market/market-size>

Statista. (2023). *Telecommunications - Statistics & Facts*.

<https://www.statista.com/markets/418/topic/481/telecommunications/>

Vu, T., Quynh, T., Thi, V. and Jönköping, P. (2021). *The impact of social media marketing on brand loyalty case study of samsung smartphones in Vietnam*. <https://hj.diva-portal.org/smash/get/diva2:1560522/FULLTEXT01.pdf>.



## **Janitha Madhuhansa Wijesinghe Manannalage. FACTORS AFFECTING STAFF SATISFACTION IN TELECOMMUNICATION INDUSTRY IN SRI LANKA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: janithawijesinghe1992@gmail.com  
Scientific Advisor: Dr.oec., Professor Inga Shina*

### **Abstract**

**Research relevance:** In the dynamic landscape of the telecommunication industry in Sri Lanka, employee satisfaction plays a pivotal role in organizational success. Understanding the factors influencing staff satisfaction is crucial for companies to retain talent, boost productivity, and maintain a competitive edge. This research is essential for industry stakeholders seeking to enhance employee engagement and organizational performance.

**Research goal:** To identify the factors that are affecting staff satisfaction of telecommunication industry in Sri Lanka. By achieving a comprehensive understanding of these factors, the paper seeks to provide practical recommendations for industry stakeholders to improve employee satisfaction levels and foster a positive work environment.

**Research methods:** This study used quantitative surveys and qualitative interviews to gather data on staff satisfaction within the telecommunication industry in Sri Lanka using 50 respondents based on four companies Sri Lanka telecom, Hutch, Dialog and Mobitel. Secondary data analysis was done referring to Telecommunication company statistics. Reliability test, correlation test and descriptive analysis were done to analyze the data obtained from the distributed questionnaire.

**Main findings:** The research findings reveal several key factors that significantly influence staff satisfaction within the telecommunication industry in Sri Lanka. These include workplace environment, compensation, job security, opportunities for career growth, feedback, Effective communication channels and work-life balance. By addressing these determinants, telecommunication companies can enhance employee satisfaction levels, improve retention rates, and drive organizational performance. Enhancing employee growth, fostering diversity, and offering chances for training and creativity are a few of the recommended strategies to raise staff satisfaction and boost business performance.

*Keywords: staff satisfaction; telecommunication industry; Sri Lanka; compensation; factors.*

### **Introduction**

In the rapidly evolving landscape of the telecommunication industry, the satisfaction of employees has emerged as a critical factor influencing organizational success. The telecommunication sector in Sri Lanka, like many others globally, faces the challenge of retaining skilled personnel amidst fierce competition and technological advancements. Understanding the determinants of employee satisfaction within this context is paramount for companies striving to maintain a motivated workforce and achieve sustainable growth.



This paper aims to investigate the factors affecting staff satisfaction in the telecommunication industry of Sri Lanka. Specifically, it seeks to identify key determinants influencing employee satisfaction levels and their impact on organizational outcomes. The research question guiding this study is: What are the primary factors influencing staff satisfaction in the telecommunication industry of Sri Lanka?

To address this question comprehensively, quantitative surveys were utilized to gather structured data from employees across various roles within telecommunication companies operating in Sri Lanka. Additionally, qualitative interviews were conducted to delve deeper into employees' perceptions, experiences, and attitudes towards their work environment. This combination of quantitative and qualitative methods allows for a holistic understanding of the complexities surrounding staff satisfaction in the telecommunication sector. It was done by distributing a questionnaire. Secondary data analysis referring to Telecommunication company statistics analysis also was done with the literature review. Then reliability test, correlation test and descriptive analysis were done to analyze the data obtained from the distributed questionnaire.

Preliminary findings from the research suggest that factors such as workplace environment, job security, opportunities for career advancement, Compensation and work-life balance significantly impact employee satisfaction levels. Moreover, effective communication channels and management support emerge as crucial elements in fostering a positive work environment. By addressing these determinants, telecommunication companies in Sri Lanka can enhance employee satisfaction, improve retention rates, and ultimately drive organizational performance.

Enhanced staff satisfaction often translates to improved employee retention rates, reducing turnover costs and ensuring continuity in operations. Additionally, satisfied employees are more likely to demonstrate higher levels of productivity and engagement, leading to improved overall performance and customer satisfaction. By identifying and addressing key factors that impact staff satisfaction, such as workload, communication channels, opportunities for advancement, and workplace culture, companies can foster a more positive work environment conducive to employee well-being and professional growth. Moreover, a satisfied workforce is more inclined to act as brand ambassadors, positively influencing the company's reputation and attracting top talent in a highly competitive industry landscape. Prioritizing staff satisfaction not only benefits employees themselves but also contributes to the long-term success and sustainability of telecommunications companies. This paper contributes valuable insights for industry stakeholders to develop strategies aimed at promoting employee engagement and well-being within the telecommunication sector of Sri Lanka.

## **Literature Review**

The telecommunication industry in Sri Lanka has experienced significant growth and transformation in recent years, driven by technological advancements and increasing demand for communication services. Central to the success of telecommunication companies in Sri Lanka is the satisfaction of their staff members, as it directly impacts productivity, retention, and overall organizational performance. The telecommunication industry in Sri Lanka is rapidly growing market competition and efficiency. The main drivers of the competitive telecommunications market in Sri Lanka are wireless mobile services, data communication services, and wireless line fixed access services. Moreover, the telecommunication market moves from 4G towards 5G mobile services (Samarakoon et al., 2021)

Employee satisfaction is the terminology used to describe whether employees are happy, contented and fulfilling their desires and needs at work (Sageer et al., 2012). A feeling of accomplishment and success among staff is referred to as satisfaction. It is generally believed that it is directly related to productivity



and work performance, as well as to personal well-being (Dziuba et al., 2020). Staff satisfaction plays a crucial role in the success and sustainability of any organization, particularly in dynamic sectors such as the telecommunications industry (Judge et al., 2001). Workplace satisfaction is influenced by a variety of factors, including appreciation, communication, coworkers, extra benefits, working conditions, the type of job, the organization, personal development, policies and procedures, opportunities for promotion, recognition, stability, and supervision. (Abuhashesh et al., 2019)

Telecommunication companies often operate in a fast-paced and demanding environment, leading to challenges in maintaining work-life balance for employees (Allen et al., 2013). Studies indicate that offering flexible work arrangements, such as telecommuting and flexible scheduling, positively influences staff satisfaction (Gajendran & Harrison, 2007). Employees appreciate organizations that prioritize their well-being and provide opportunities to manage personal and professional commitments effectively (Kossek & Lautsch, 2018).

Research suggests that a positive organizational culture characterized by transparency, trust, and open communication fosters higher levels of job satisfaction among employees (Robbins & Judge, 2018). Effective leadership, with supportive and empowering behaviors, contributes to creating a conducive work environment where employees feel valued and motivated (Avolio & Gardner, 2005). Investing in employee training and development is vital for enhancing job satisfaction and retaining top talent in the telecommunication industry. Companies that prioritize professional growth tend to have higher levels of staff satisfaction and lower turnover rates (Huang et al., 2018).

Competitive compensation packages and attractive benefits play a significant role in staff satisfaction within the telecommunication sector. Research suggests that fair and equitable compensation, including base salary, bonuses, and incentives, positively impact employee morale and motivation (Gerhart et al., 2020). Offering comprehensive benefits such as health insurance, retirement plans, and employee assistance programs contributes to overall job satisfaction and retention (Cappelli & Chauvin, 1991).

Work Environment and Employee Engagement are more committed, productive, and satisfied with their jobs (Harter et al., 2002). In the telecommunication industry, access to advanced technological tools and resources can influence employee satisfaction and performance (Cascio & Montealegre, 2016). Providing employees with the necessary equipment, software, and infrastructure enables them to perform their tasks efficiently and effectively (Aral et al., 2012).

## **Research Methodology**

The study was conducted on telecommunication industry in Sri Lanka specially based on three districts. They are Colombo, Kegalle and Kurunegala. The four biggest telecommunication companies were selected for this study to represent the Sri Lankan telecommunication industry and those are Sri Lanka Telecom, Mobitel, Dialog and Hutch. The staff members of those companies were chosen as the respondents for the survey.

A survey questionnaire is prepared and distributed to the intended recipients. The questionnaire is split into two sections. The initial phase is to take the respondents' demographic information into account. In the second phase of the survey, participants are asked to rank a variety of characteristics that influence work satisfaction on a five-point rating scale. The following are these scales: 1= Strongly unsatisfied, 2 = Unsatisfied, 3 = Neutral, 4 = Satisfied, 5 = Strongly satisfied.

This study included 50 respondents in total, and the 50 respondents in the sample were chosen with the intention of conducting the research as intended. Reliability test and correlation method is used to

analyze the data obtained from questionnaire. Following table depicts the demographic information of the respondents which are obtained from the questionnaire.

**Table 1.** Demographic information of respondents (Source: Created by the author)

Demographic factor	Contents	No: of samples	Percentage
Gender	Male	32	64.0%
	Female	18	36.0%
Age	18 years to less than 30 years	12	24.0%
	30 years to less than 40 years	21	42.0%
	40 years to less than 55 years	12	24.0%
	55 years or more	5	10.0%
District	Kurunegala	14	28.0%
	Kegalle	13	26.0%
	Colombo	23	46.0%
Company	Sri Lanka Telecom	14	28.0%
	Hutch	11	22.0%
	Dialog	14	28.0%
	Mobitel	11	22.0%
Salary	Less than Rs. 50,000	11	22.0%
	Rs. 50,000 to Rs. 74,999	13	26.0%
	Rs. 75,000 to Rs. 99,999	14	28.0%
	Rs.100,000 or more	12	24.0%

## Results

### Reliability Test Results

Reliability testing plays a crucial role in validating the consistency and dependability of measurement instruments used in research. In the context of studying factors affecting staff satisfaction in the telecommunications industry in Sri Lanka, reliability testing ensures the robustness of data collection methods.

**Table 2.** Reliability test results (Source: Created by the author)

Cronbach's Alpha	N of Items	F value	Significance value
0.871	10	8.148	0.001

The Cronbach's Alpha value obtained is 0.871. Cronbach's Alpha is a measure of internal consistency reliability, indicating how closely related a set of items are as a group. The obtained 0.871 value is higher

than 0.7 which is normal value. It means a high level of internal consistency among the items in questionnaire, indicating that the items are reliably measuring the same underlying construct of staff satisfaction.

The significance value obtained from the reliability test is 0.001. Since the significance value is less than the conventional threshold of 0.05 (or 5%), which is commonly used to determine statistical significance, it suggests that there is a statistically significant relationship among the items.

The F-value of 8.148 suggests that there is significant variability between the items or factors being measured by the scale or questionnaire, relative to the variability within the items or factors. The significance value associated with the F-value is 0.001, indicating that the observed F-value is statistically significant at the 0.001 level.

### Correlation Test Results

A correlation test is a method used to measure the strength and direction of the relationship between two variables. It helps determine whether and to what extent changes in one variable are associated with changes in another variable. The most common measure of correlation is the Pearson correlation coefficient, denoted by "r", which ranges from -1 to +1. This test is useful for identifying patterns and relationships in data, which can aid in making predictions or understanding the underlying structure of a dataset.

**Table 3.** Correlation test results (Source: Created by the author)

		Work environment	Compensation	Career growth	Work-life balance	Communication	Training	Feedback	Workload	Job security
Staff Satisfaction	Pearson Correlation	.328*	.463*	.311*	.333*	.353*	0.011	.325*	-.719*	.580*
	Significance value (2-tailed)	0.02	0.001	0.028	0.009	0.012	0.94	0.018	0.001	0.001

According to the results, the correlation between the staff satisfaction and the work environment was statistically significant at the 0.05 level with the Pearson correlation coefficient of 0.328. It shows there is a moderate positive relationship between staff satisfaction and the work environment. This suggests that as the quality of the work environment improves, staff satisfaction tends to increase.

Strong positive correlation (Pearson Correlation = 0.463, p = 0.001) can be seen between staff satisfaction and compensation. It was statistically significant at the 0.01 level. This indicates that higher levels of compensation are associated with higher staff satisfaction. Likewise, there is a strong positive correlation (Pearson Correlation = 0.580, p = 0.001) between staff satisfaction and job security. It was also statistically significant at the 0.01 level This suggests that when employees feel secure in their jobs, their satisfaction tends to be higher.

There is a moderate positive correlation between staff satisfaction and opportunities for career growth. It was statistically significant at the 0.05 level with the Pearson correlation coefficient of 0.311. This implies that when employees perceive good prospects for career advancement, their satisfaction tends to be higher. There is a moderate positive correlation can be seen with Pearson Correlation of 0.33



between staff satisfaction and work-life balance. This suggests that employees who feel they can effectively balance their work and personal life tend to be more satisfied. At the 0.01 level, it was statistically significant.

Moderate positive correlation between staff satisfaction and communication can be identified with Pearson correlation coefficient of 0.353. This indicates that effective communication within the organization is associated with higher levels of staff satisfaction. It was statistically significant at the 0.05 level with the Pearson correlation coefficient.

There is a strong negative correlation with a Pearson Correlation coefficient of -0.719 between staff satisfaction and workload. This indicates that higher workloads are associated with lower levels of staff satisfaction. At the 0.01 level, it was statistically significant. The correlation between the staff satisfaction and the feedback was statistically significant at the 0.05 level with the Pearson correlation coefficient of 0.325. It shows there is a moderate positive relationship between staff satisfaction and the feedback. There is no significant correlation (Pearson Correlation = 0.011,  $p = 0.94$ ) between staff satisfaction and training. This suggests that the provision of training doesn't significantly impact staff satisfaction in this context.

## Conclusion

This research has shed light on the factors influencing staff satisfaction within the telecommunication industry in Sri Lanka. Firstly, the findings underscore the importance of compensation, career growth opportunities, work-life balance, communication, feedback, and job security in shaping employee satisfaction within the telecommunication sector.

Moreover, while training did not exhibit a significant correlation with staff satisfaction in this context, it is essential for organizations in the telecommunication industry to recognize the potential impact of training and development programs on employee morale and performance.

These findings hold substantial implications for telecommunication companies operating in Sri Lanka. By prioritizing the identified factors positively associated with staff satisfaction, organizations can cultivate a conducive work environment conducive to employee engagement, productivity, and retention. Furthermore, addressing the negative factor like workload can mitigate dissatisfaction and improve overall organizational performance.

In addition to that the demographic data analysis offers valuable insights into the diverse composition of employees within the telecommunication industry in Sri Lanka and their corresponding levels of satisfaction. Gender distribution among the sampled population revealed a predominant male presence, comprising 64.0% of the respondents, compared to 36.0% female representation. This highlights the importance of promoting gender diversity and inclusivity initiatives within the industry to ensure equitable opportunities and experiences for all employees. This study was limited to 50 respondents, and they were selected only from three districts in Sri Lanka and from four different telecommunication companies. Those companies were chosen to represent the telecommunication industry in Sri Lanka.

By understanding and addressing the factors identified in this study, telecommunication companies in Sri Lanka can foster a positive work culture that promotes staff satisfaction, ultimately leading to improved organizational outcomes and sustained competitive advantage in the dynamic telecommunication landscape. Staff satisfaction can affect employee's performance, confidence level, behavior which is vital for the success of an organization.



## References

- Abuhashesh, M., Al-Dmour, R., & Masa'deh, R. (2019). Factors that affect employees job satisfaction and performance to increase customers' satisfactions. *Journal of Human Resources Management Research*, 354277. <https://doi.org/10.5171/2019.354277>
- Allen, T. D., Johnson, R. C., Kiburz, K. M., & Shockley, K. M. (2013). Work–family conflict and flexible work arrangements: Deconstructing flexibility. *Personnel Psychology*, 66(2), 345-376.
- Aral, S., Brynjolfsson, E., & Wu, L. (2012). Three-way complementarities: Performance pay, human resource analytics, and information technology. *Management Science*, 58(5), 913-931.
- Avolio, B. J., & Gardner, W. L. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. *The Leadership Quarterly*, 16(3), 315-338.
- Cappelli, P., & Chauvin, K. (1991). An interplant test of the efficiency wage hypothesis. *The Quarterly Journal of Economics*, 106(3), 769-787.
- Cascio, W. F., & Montealegre, R. (2016). How technology is changing work and organizations. *Annual Review of Organizational Psychology and Organizational Behavior*, 3, 349-375.
- Dziuba, S., Ingaldi, M., & Zhuravskaya, M. (2020). Employees' job satisfaction and their work performance as elements influencing work safety. *System Safety*, 2(1), 18-25. <https://doi.org/10.2478/czoto-2020-0003>
- Gajendran, R. S., & Harrison, D. A. (2007). The good, the bad, and the unknown about telecommuting: Meta-analysis of psychological mediators and individual consequences. *Journal of Applied Psychology*, 92(6), 1524-1541.
- Gerhart, B., Minkoff, H. B., Olsen, N., Pfeffer, J., & Rees, L. (2020). *Compensation*. McGraw-Hill Education.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87(2), 268-279.
- Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The job satisfaction - job performance relationship: A qualitative and quantitative review. *Psychological Bulletin*, 127(3), 376-407.
- Kossek, E. E., & Lautsch, B. A. (2018). Work–family boundary management styles in organizations: A cross-level model. *Organizational Psychology Review*, 8(2), 108-137.
- Robbins, S. P., & Judge, T. A. (2018). *Essentials of organizational behavior*. Pearson Education.
- Sageer, A., Rafat, S., & Agarwal, P. S. S. (2012). Identification of variables affecting employee satisfaction and their impact on the organization. *IOSR Journal of Business and Management*, 5(1), 32-39. <https://doi.org/10.9790/487x-0513239>
- Samarakoon, S. M. A. K., Dahanayake, P., & Karunaratne, A. (2021). Service quality and customer loyalty in the telecommunication industry in Sri Lanka: The mediating role of perceived value. *Journal of Business and Technology*, 5(1), 75-89.



## **Liyanage Dilki Nimesha Perera . INTEGRATION OF ARTIFICIAL INTELLIGENCE IN CONTENT MARKETING STRATEGY OF SMALL AND MEDIUM ENTERPRISES IN SRI LANKA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: dilkip1996@gmail.com  
Scientific Advisor: Dr.oec., Professor Inga Shina*

### **Abstract**

**Research relevance:** In this highly dynamic content marketing landscape, integration of AI in content marketing strategy is crucial for small and medium enterprises (SMEs) significantly in emerging economies like Sri Lanka to stay agile in the competition. Investigating the key factors to consider for the integration of AI for their content marketing strategies can provide strategic insights to have an effective AI integration for their content marketing phases aligned with market dynamics.

**Research goal:** The main purpose of this study is to identify the key factors to consider for the integration of AI in the content marketing strategy of SMEs in Sri Lanka and their level of importance during planning, production, distribution and communication, measurement and optimization phases of the content marketing process.

**Research methods:** To identify the key factors to consider for integration of AI in the content marketing strategy, a survey questionnaire and expert interviews are used as data collection methods apart from the literature review. In terms of data processing methods, descriptive statistics methods, transcribing, and graphical analysis are conducted.

**Main findings:** The findings of the study uncovered the key factors to consider for AI integration in the content marketing strategy of SMEs in Sri Lanka. Furthermore, the results revealed the importance of these factors in the planning, production, distribution and communication, measurement and optimization phases of content marketing strategy.

*Keywords: artificial intelligence; ai integration; content marketing strategy; content marketing process; small and medium enterprises.*

### **Introduction**

In today's world of high growth in influential technologies among Internet of Things, big data analytics and blockchain, artificial intelligence undeniably changed the way of how businesses operate and interact with their customers most recently (Alqurashi et al., 2023). At its core, Artificial intelligence is known as the simulation of human intelligence which works as a bunch of technologies and building blocks that use data to uncover the intelligent value information throughout the businesses and sectors. The cognitive systems of AI can identify the trends by collecting and learning from data to offer actionable insights to improve workflows, minimize the cost, enhance the response time, and boost the customer experience (Zohuri et al., 2019). In this era of content, content is identified as the king. With the arrival of generative AI content is anywhere and everywhere which makes the AI integration in content marketing is not only inevitable, but also a paradigm shift which is recognized as a game-



changing force in the evolving marketing landscape. Although the integration of AI tools in content marketing efforts bring advantages in various facets, successful AI adoption requires careful planning and preparation. Existing research emphasizes factors to consider for the AI integration in the organizational context in the aspects of strategic alignment, resources, knowledge, culture and data (Johank et al., 2021).

This research examines the core question, what are the key factors to consider when integrating artificial intelligence in the content marketing strategy of SMEs in Sri Lanka according to the phases of the content marketing process such as planning, production, distribution, measurement and optimization. This research could be significant in the aspects of academic, practical and societal hence the number of studies has done on this topic appeared to be notably low. In the academic perspective, this study addresses a remarkable research gap by focusing on the key factors to consider when integrating AI into the content marketing strategy of SMEs in Sri Lanka in the phases of the content marketing process while referring the existing studies done on the subject in the global context. In terms of data collection for this research, a meticulously designed questionnaire was used for a survey and expert interviews for the sample size of 384 respondents.

In summary, this study's rationale is based on the need to strengthen the SMEs with relevant key factors to consider when integrating AI into the content marketing strategy as a guide to be agile in this ever evolving content marketing landscape and to have the competitive advantage by leveraging the power of artificial intelligence. Thereby, they will be able to achieve their business objectives and contribute to the growth of economy in Sri Lanka.

## Literature Review

Recently, the integration of Artificial Intelligence (AI) into content marketing strategies has become a widely spoken topic and has been determined as a vital implementation to grow the business potential. The research problem of this study is what are the key factors to consider for the AI integration in content marketing strategy of SMEs in Sri Lanka, Furthermore, this research determines their importance during the phases of the content marketing strategy development. In the current context, published research studies on AI integration and the factors to consider are still in their early stage. Nevertheless, existing literature enlightens on the factors shaping the AI integration with the established organizational frameworks like TOE framework (technology, organizational and environmental) (Alsheibani et al. 2018, 2019).

More recently, a comprehensive study on important AI readiness factors on the organizational perspective has done by Johank et al. (2021), where he highlights that the AI-business potential for strategic goals is determined as a factor that ensures that AI integration is beneficial and suitable for the organization to strive for the business strategic goals. Top management support signals AI's strategic relevance to the organization and fosters AI initiatives. AI's inherent complexity poses change not only within but across organizational levels which requires top management commitment (Johank et al., 2021). Financial budget is determined as a factor to consider in terms of AI integration as AI-based systems require high investments to tailor assets and capabilities to the unique context and data. Moreover, strategic allocation of the financial budget for AI adoption supports the overcoming of initial obstacles and uncertainty (Johank et al., 2021). AI's underlying concepts, e.g., machine learning or the autonomy of data-based decision support are hard to grasp. AI awareness and technical expertise ensure that employees have an adequate understanding and expectations of AI. At least it is necessary for every employee to have a basic understanding of AI (Johank et al., 2021).



Deploying AI poses high workloads and data storage requirements. IT infrastructure enables AI-related activities and AI integration. Thereby, IT infrastructure is identified as a factor to consider for AI adoption (Jöhnk et al., 2021). However, there is a notable gap in the academic world, where a proper framework of factors is to consider for the integration of AI in content marketing strategy. There are four main phases in the content marketing process which are determined as planning, production, distribution and communication, measurement and optimization. Although the fact that AI is always referred to as a powerful tool with the increased adoption of AI in content marketing context, it needs a strategic direction that aligns well with the content relevance and brand voice of the company. That leads to a cohesive and targeted content marketing approach (Singh et al., 2021).

Content relevance and brand voice are considered as a key factor to consider when integrating AI. Chaudhuri et al. (2022) highlights that AI-powered content personalization can significantly improve click-through rates and user engagement, which is an important criterion for content marketing distribution. Moreover, AI can optimize content distribution channels based on real-time performance data. This allows for adjustments to maximize content reach and engagement (Sharma et al., 2020). On top of that, AI can analyze user behavior data to identify the most effective distribution channels for specific content types. This allows for targeted distribution strategies that improve content visibility. Therefore, the researcher adapted content optimization and real-time performance analysis as a factor to consider for AI integration in the content distribution and communication phase.

AI-powered A/B testing can optimize content headlines, visuals, and distribution channels, leading to increased content performance. It reflects that A/B testing capabilities should be considered as another factor to consider for AI integration in content marketing strategy. AI can be used to develop more sophisticated attribution models for content marketing. This allows for a more accurate understanding of the impact of content on various marketing channels and touchpoints. That insight is confirmed further by Singh et al. (2021) through emphasizing that AI can track user behavior across different platforms, providing a holistic view of the customer journey and how content influences conversions. This allows for a more accurate measurement of content ROI. The researcher adapted this into a single factor as an attribution modelling and ROI measurement. On top of that, Kumar et al. (2021) demonstrates how AI can be used to predict user engagement with content based on historical data. This allows for proactive optimization of existing content to improve the performance, which is called predictive analytics. AI can be used to identify emerging trends and audience preferences. This allows for content optimization to align with future audience interests and improve long-term content strategy. Consequently, predictive analytics should be a factor to consider when integrating AI into the content marketing strategy.

Overall, the existing studies so far provide an enriched theoretical groundwork. However, they cannot provide the relevant key factors to consider for the AI integration in content marketing strategy in the context of SMEs in Sri Lanka. Moreover, the researcher identified that there is a significant research gap on the current level of AI integration among the SMEs specifically in developing countries like Sri Lanka, where SMEs are recognized as the backbone of the economy. Therefore, this study bridges all the gaps discussed above and the research outcome could be useful for SMEs, entrepreneurs, researchers, content marketing professionals and policy planners.

## **Research Methodology**

The purpose of this research is determining the key factors to consider for the AI integration in content marketing strategy in SMEs in Sri Lanka and identify the importance of these factors on during the

planning, production, distribution and communication, measurement and optimization phases in content marketing process. In terms of the research sample, it comprises approximately 384 respondents with a 95% confidence level. According to ADB Asia (2023), the recent statistics reflect the number of SMEs is approximately 1,000,000. Consequently, the sample selection will ensure the representative group of the Sri Lankan SMEs population size estimated around 1,000,000.

Research employs a survey and expert interviews as the primary data collection methods with a meticulously designed questionnaire which covers the size of the SME (number of employees and annual revenue range), the role at SME, current marketing efforts if they engage, current AI integration context and the importance that they give for the factors when integrating AI during the main phases of the content marketing process. The questionnaire consists of the combination of close-ended and Likert scale questions which are tailored to align with the research aim and the factors underlying.

In terms of data analysis, the quantitative data acquired from the survey is subjected to a comprehensive analysis by techniques such as methods of descriptive statistics, frequency analysis, mean rating, and weighted mean rating to identify the patterns, significance, and prevailing themes. Also, the qualitative data collected from the expert interviews are used for transcribing to conduct a descriptive data analysis with the researcher's interpretations. Moreover, the graphical analysis is shown with bar charts and histograms to provide convenient understanding of the results. Lastly, the researcher will create a framework of factors that need to consider regarding the AI integration in content marketing strategy of SMEs in Sri Lanka. Furthermore, the framework will highlight the key factors during the planning, production, distribution, measurement and optimization phases of the content marketing strategy.

## Results

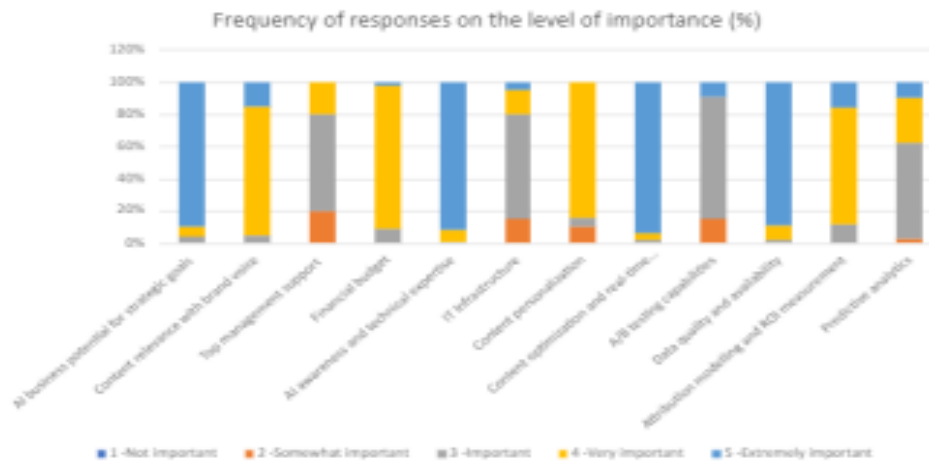
In this paper, the researcher presents only the results from the survey data collection method. The results from the data collected in the survey indicate that SMEs are predominantly small-sized, with 43% of respondents falling into the "Small" category and 57% into the "Medium" category. This distribution reflects a diverse representation of SMEs, with a slightly higher proportion in the medium range as depicted in below Table 1. Most SMEs have been in operation for over five years, comprising 58% of the respondents. This indicates a level of stability and longevity within the SME sector in Sri Lanka. The distribution of annual revenue highlights the financial diversity within SMEs. Notably, most respondents (57%) fall into the range of LKR 16 - 250 million, indicating a significant portion of SMEs operating at a relatively substantial revenue level.

**Table 1.** Demographics of the survey respondents (Source: Created by the author)

Demographic Profile	No. of Respondents	Percentage
<b>Size of SME</b>		
Small	160	43%
Medium	212	57%
<b>No. of Years in Business</b>		
Less than 1 year	30	8%

1-2 years	11	3%
3-5 years	115	31%
Over 5 years	216	58%
<b>Annual Revenue Range</b>		
Between LKR 5 - 10 million	26	7%
Between LKR 11 - 15 million	134	36%
Between LKR 16 - 250 million	212	57%

Fig.1 provides the data generated with the survey sample respondents to analyze the frequency of responses on the level of importance given to factors when it comes to AI integration in the context of SMEs in Sri Lanka.



**Fig.1.** Frequency of responses on the level of importance given to the factors (Created by the author)

The researcher identified the factors within the existing literature and used them to assess the level of importance given for those factors by survey respondents during the phases of content marketing when integrating. Consequently, the scholars determined that the AI business potential for strategic goals, content relevance with brand voice and top management support are the factors to consider during the planning phase (Chaudhuri et al., 2022; Jo`hnik et al., 2021). Survey data highlights that the AI business potential for strategic goals factor received the highest rating, reflecting that SMEs in Sri Lanka recognize the strategic value of AI in achieving content marketing objectives. A strong majority (90%) of respondents rated this factor as highly important (4 or 5 on the Likert scale). This highlights a forward-looking approach, where SMEs see AI as a tool to enhance content effectiveness and potentially gain a competitive edge. On the other hand, content relevance with brand voice factor holds a secondary position compared to AI business potential for strategic goals factor. The data shows a focus on maintaining brand identity while incorporating AI, with a significant portion (80%) rating it as moderately important (4 on the Likert scale). In contrast, the survey respondents have given a low

priority for the top management support where it received the lowest rating, with a substantial portion (60%) finding it somewhat unimportant (3 on the Likert scale). This shows that a lack of awareness or understanding among top management regarding the potential benefits of AI in content marketing.

When integrating AI during the production phase of content marketing, the researchers identified that the AI awareness and technical expertise, financial budget and IT infrastructure are as considerable factors (Jo`hnik et al., 2021). Similarly, the AI awareness and technical expertise factor received the highest rating from the survey, with a vast majority (92%) of respondents considering it highly important. This shows a strong emphasis on possessing the knowledge and skills required to effectively utilize AI for content creation in SMEs of Sri Lanka. On the other hand, a significant portion (89%) rated financial budget factor moderately important, reflecting that a balancing act between budgetary constraints and the perceived value of AI. In contrast, IT infrastructure received the lowest rating, with a substantial portion (65%) finding it somewhat unimportant. This indicates that SMEs believe that existing IT infrastructure is sufficient for basic AI integration in content marketing.

The researchers identified that it requires significant consideration of factors when integrating AI into content distribution and communication phase. These factors are content optimization and real-time performance analysis, content personalization and A/B testing capabilities (Sharma et al., 2020; Singh et al., 2021; Ye et al., 2021). The survey data shows that content optimization and real-time performance analysis factor received a significant highest rating, with an overwhelming majority (94%) of survey respondents considering it highly important. This highlights a strong focus on using AI to optimize content for better performance and leverage real-time data for adjustments. Similarly, personalized content delivery is also viewed as important, with a significant portion (84%) rating content personalization factor as moderately important. However, it appears to be a secondary concern compared to content optimization. In contrast, the A/B testing capabilities factor received the lowest rating, with a considerable portion (76%) finding it somewhat important. This suggests that A/B testing, a technique for comparing different versions of content, is seen as less crucial than the other two factors in the Sri Lankan SMEs context.

When integrating AI into content measurement and optimization phase, the studies found that data quality and availability, attribution modelling and ROI measurement and predictive analytics are important factors for consideration to execute successful AI integration (Jo`hnik et al., 2021; Kumar et al., 2020; Luo et al., 2020; Verhoef et al.2019). The survey findings show that data quality and availability factor received the highest rating, with a vast majority (89%) of respondents considering it highly important. This reflects that a strong understanding that high-quality and readily available data is essential for AI tools to function effectively in content marketing measurement. At the same time, attribution modelling and ROI measurement factor is also viewed as important factor, with a significant portion (72%) finding it moderately important. Therefore, Sri Lankan SMEs recognize the value of AI in accurately attributing the impact of content marketing efforts and measuring return on investment (ROI). However, the predictive analytics factor received the lowest rating, with a substantial portion (59%) finding it somewhat important. While some (28%) see moderate value, predictive analytics, which uses AI to forecast future performance, appears to be the least-valued factor in the aspect of importance.

## Conclusions

This study investigated the key factors to consider for integrating Artificial Intelligence (AI) into the content marketing strategies of Small and Medium Enterprises (SMEs) in Sri Lanka. Through a survey

approach, the study identified factors influencing decisions at various stages of the content marketing process, including planning, production, distribution, and measurement.

These findings provide a roadmap for SMEs in Sri Lanka considering AI integration in the strategic level of content marketing. Understanding prioritized factors and potential challenges can guide informed decision-making for Sri Lankan SMEs.

This study opens doors for further exploration in the aspect of qualitative research. By continuing this research, we can facilitate a smoother and more successful integration of AI into the content marketing strategies of SMEs in Sri Lanka, ultimately enhancing their competitiveness in the digital landscape.

### References

- Alqurashi, D. R., Alkhaffaf, M., Daoud, M. K., Al-Gasawneh, J. A., & Alghizzawi, M. (2023). Exploring the impact of artificial intelligence in personalized content marketing: a contemporary digital marketing. *Contemporary Digital Marketing*, 20(S8), 548-560.
- Alsheibani, S., Cheung, Y., & Messom, C (2018). Artificial intelligence adoption: AI-readiness at firm-level. *In: PACIS 2018 Proceedings*.
- Alsheibani, S.A., Cheung, Y., & Messom, C. (2019). Factors inhibiting the adoption of artificial intelligence at organizational-level: A preliminary investigation. *In: AMCIS 2019 Proceedings*.
- Kumar, R., & Singh, P. (2021). AI-enhanced marketing automation: Opportunities and challenges. *Journal of Marketing Automation*, 15,(2), 145-163.
- Kee, A. W. A., & Yazdanifard, R. (2015). The review of content marketing as a new trend in marketing practices. *International Journal of Management, Accounting & Economics*, 2(9).
- Rassool, M. P., & Dissanayake, D. M. R. (2019). Digital transformation for small & medium enterprises (SMEs): With special focus on Sri Lankan context as an emerging economy. *International Journal of Business and Management Review*, 7(4), 59-76.
- Smith, J. A. (2019). The role of artificial intelligence in modern marketing. *Journal of Marketing Research*, 45(2), 123-145.
- Subhashree, S. S. (2023). AI in marketing: The transformation of customer engagement strategies. *Journal of the Asiatic Society of Mumbai*, XCVI(34).
- Vinerean, S. (2017). Content marketing strategy. *In Content Marketing Strategy*, Simona.





## **Ilkin Huseynzade. FACTORS AFFECTING TO PERFORMANCE OF HOTEL BUSUNESS IN LATVIA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: ilkinhuseynzadeh94@gmail.com  
Scientific Advisor: Dr. oec., Assistant Professor Anna Svirina*

### **Abstract**

**Research relevance:** The research conducted on the hotel industry in Latvia offers significant relevance in understanding the dynamics and challenges within the hospitality sector. By examining key factors influencing business performance, such as competition, demand cycles, capital intensity, cash flow management, and brand strength, the research provides valuable insights for hoteliers and industry stakeholders. Additionally, insights into emerging trends, technological advancements, and consumer preferences contribute to a comprehensive understanding of the industry landscape. This knowledge is crucial for developing effective strategies to enhance competitiveness, improve service quality, and drive sustainable growth in the Latvian hotel industry.

**Research goal:** To define the major factors affecting the performance of hotel businesses in Latvia.

**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 regression analysis and ranking procedure.

**Main findings:** Key findings indicated that internal factors, such as employee performance, accurate demand analysis, marketing strategies, technological resources, and organizational culture, significantly impact hotel performance, accounting for approximately 59.67% of the overall effect. External factors, including economic fluctuations, political issues, and health crises, were found to contribute about 40.33%. Regression analysis showed that location and comfort positively impact customer satisfaction, while the influence of price varies.:

*Keywords: hospitality industry; customer satisfaction; hotel performance; baltic region; service quality.*

### **Introduction**

The hospitality industry serves as a cornerstone of economic development worldwide, encompassing a diverse array of businesses that provide accommodation, dining, and entertainment services to travelers and tourists. Within this dynamic sector, hotel businesses play a pivotal role, serving as key players in the tourism ecosystem and contributing significantly to local economies. In an era characterized by globalization, technological advancement, and evolving consumer preferences, the hospitality industry has emerged as a vital driver of economic growth and cultural exchange. The success and sustainability of hotel businesses are contingent upon a myriad of factors, including market demand, regulatory frameworks, technological innovation, and customer experience.

This research endeavors to explore and elucidate the multifaceted dynamics influencing the performance of hotel businesses within the broader hospitality landscape. Specifically, the study seeks to achieve a comprehensive understanding of the factors shaping hotel performance and their implications for



industry competitiveness and sustainability. The hospitality industry constitutes a critical component of economic vitality and cultural exchange, embodying the convergence of diverse stakeholders and multifaceted dynamics. Within this context, the performance of hotel businesses stands as a barometer of economic health and market competitiveness, reflecting the interplay of myriad factors shaping operational efficacy and strategic resilience. In the Latvian context, amid the backdrop of a burgeoning tourism landscape and evolving consumer preferences, the imperative to elucidate the determinants of hotel business performance assumes heightened significance.

In Latvia, the tourism sector is considered a pivotal avenue for economic advancement and is prioritized within the service sector, serving as a substantial source of export earnings and significantly contributing to the nation's GDP. As of 2012, the revenue generated from tourism services in Latvia amounted to EUR 580.5 million, representing 16.5% of the total value of service exports and 4.3% of the overall value of goods and service exports (Ministry of Economics of the Republic of Latvia, 2014). The tourism industry exhibits a notable multiplier effect, catalyzing demand across various sectors including public catering, transportation, healthcare, entertainment, and retail services. An integral facet of the tourism sector is the hospitality industry, encompassing providers of accommodation and dining services. Consequently, understanding the determinants of performance for accommodation establishments holds paramount importance.

### **Literature Review**

The evolution of the modern hotel industry can be traced back to the latter half of the 20th century, marked by unprecedented growth and diversification. The advent of mass transportation, including air travel and automobiles, democratized travel, paving the way for a surge in global tourism. Moreover, societal changes such as increased leisure time and disposable income fuelled demand for hospitality services, catalysing the proliferation of hotels and resorts worldwide (Weisskopf, 2024).

The contemporary hotel industry encompasses a diverse array of establishments, ranging from boutique hotels and budget accommodations to luxury resorts and international chains. This expansive landscape reflects the industry's ability to cater to a broad spectrum of consumer preferences and travel needs. Moreover, the rise of online booking platforms and the sharing economy has reshaped the hospitality landscape, fostering greater competition and innovation (Weisskopf, 2024).

During the preceding years, the hospitality sector confronted a significant challenge in staff recruitment and retention rather than customer acquisition. To address this concern, numerous hotel entities have initiated measures to enhance working conditions and remuneration packages, presenting an opportune moment for newcomers to negotiate improved terms. Initiatives such as offering complimentary or low-cost accommodation, augmented wages, reduced peak-hour shifts, and investment in training programs aim to incentivize employees, fostering a motivated and cohesive workforce. Empowered staff members not only enhance guest satisfaction and foster loyalty but also contribute to attracting and retaining top talent within the industry (Weisskopf, 2024).

### **Research Methodology**

Presently, there is a growing trend in the hotel industry in Latvia towards incorporating cultural elements. Both local and foreign tourists are keen on experiencing unique cultural aspects specific to Latvia, thereby seeking meaningful and enjoyable vacation experiences. Recognizing these preferences,

hoteliers’ endeavour to enrich their businesses by leveraging cultural elements as part of their marketing strategy to attract customers. Interestingly, even hoteliers without extensive experience or belonging to established star-rated concepts utilize cultural elements to elevate their businesses, competing with those possessing higher education qualifications and industry experience.

The methodology incorporates both quantitative and qualitative approaches to gather pertinent information. Methods include surveying hotel managers, analyzing secondary data, conducting expert interviews, and utilizing descriptive and inferential statistical analyses. Specifically, a questionnaire, designed using Google Forms, was employed to collect opinions from hotel managers regarding the use of cultural elements as attracting factors shaping demand for Latvian hotels. Data collected were consolidated using MS Excel.

## Results

The results of regression analysis are provided in Table 1, whereas other research results are provided in Table2 and Fig.1.

**Table 1.** Regression analysis of accommodation options, satisfaction, staff behaviour and reviews. (Source: Created by the author)

Question	Average Satisfaction Rate			
Before trip, satisfaction with accommodation options	75%			
E-reservation response time satisfaction	60%			
Satisfaction with hotel staff behaviour	80%			
Alignment of expectations with reviews	65%			
Satisfaction Rate	$\beta_0$ (Intercept)	$\beta_1$ (Price)	$\beta_2$ (Location)	$\beta_3$ (Comfort)
Accommodation options capability	44.75	-0.25	1.25	-0.25
Online booking procedure	25.25	-0.5	0.75	0.25
Staff behavior	38.25	0.25	-0.25	0.75
Alignment of expectations with reviews	28.5	0	0.5	-0.5

Regarding to collected data, the given table shows regression analysis of accommodation option capability, online booking procedure’s, staff behaviour, alignment of expectations with reviews.

### Dependent Variables (Y)

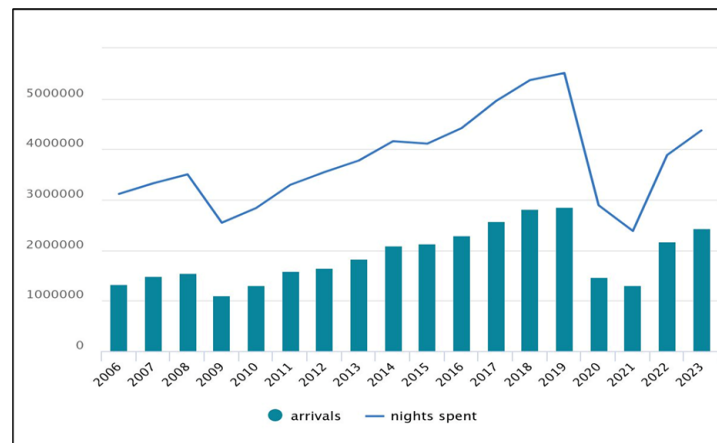
- Accommodation options capability, satisfaction rate: 75%
- Online booking procedure, satisfaction rate: 60%
- Staff behavior, satisfaction rate: 80%
- Alignment of expectations with reviews, satisfaction rate: 65%

### Independent Variables (X)

- Price (Valued as 8)
- Location (Valued as 9)
- Comfort (Valued as 6)

**Table 2.** List of hotels (Source: Created by the author)

HOTELS	ROOMS AVIALABLE	LOCATION	SERVICE	PRICE RANGE
1. Wellton Riverside Spa Hotel	265 rooms	4,8	4,7	\$60 - \$95
2. Neiburgs Hotel	55 rooms	5	4,7	\$116 - \$148
3. Grand Poet Hotel by Semarah	168 rooms	4,9	4,8	\$110 - \$160
4. Grand Palace Hotel	56 rooms	4,9	4,7	\$129 - \$180
5. Wellton Centrum Hotel & Spa	144 rooms	4,9	4,5	\$52 - \$82
6. Monika Centrum Hotel	80 rooms	4,6	4,5	\$54 - \$96
7. Wellton Riga Hotel & SPA	174 rooms	4,8	4,4	\$53 - \$82
8. Grand Hotel Kempinski Riga	141 rooms	4,8	4,8	\$271 - \$351
9. Pullman Riga Old Town	156 rooms	4,8	4,4	\$87 - \$108
10. Radisson Blu Latvija Conference & Spa Hotel, Riga	571 rooms	4,6	4,3	\$84 - \$108



**Fig.1.** Arrivals to Latvia for each year, including students (Source: Stat.gov.lv)

The downturn in the hotel industry during this period was exacerbated by factors such as fear of contracting the virus, reduced disposable income among consumers, and uncertainty surrounding travel regulations and safety protocols. As a result, many hotels struggled to maintain their pre-pandemic occupancy levels and faced financial challenges.

However, the industry began to recover after 2022 due to several factors. Firstly, with the gradual easing of travel restrictions and the rollout of vaccination programs, consumer confidence in travel started to improve. This led to an uptick in travel demand as people felt more comfortable embarking on trips and staying in hotels.

Additionally, hotels adapted their operations and implemented stringent health and safety measures to reassure guests and comply with evolving regulations. Enhanced cleaning protocols, social distancing



measures, and contactless services became standard practices in the industry, contributing to a safer and more reassuring guest experience.

Furthermore, government support initiatives and stimulus packages provided financial relief to businesses, including hotels, helping them weather the economic impact of the pandemic. This support allowed hotels to sustain their operations, retain staff, and invest in marketing efforts to attract guests. Overall, the hotel industry in Latvia gradually regained momentum after 2022 as travel restrictions eased, consumer confidence improved, health and safety measures were implemented, and government support bolstered businesses. This collective efforts to the resurgence of the industry, leading to an increase in occupancy rates and a revitalization of tourism activity.

### **Conclusions**

Provided literature review on tourism trends, economic factors, competitive landscape, regulatory environment, and customer preferences provided a comprehensive context. Data on tourist arrivals, spending patterns, and seasonal variations were collected and analyzed. The regulatory framework governing the hospitality industry in Latvia was evaluated.

Key findings indicated that internal factors, such as employee performance, accurate demand analysis, marketing strategies, technological resources, and organizational culture, significantly impact hotel performance, accounting for approximately 59.67% of the overall effect. External factors, including economic fluctuations, political issues, and health crises, were found to contribute about 40.33%. Regression analysis showed that location and comfort positively impact customer satisfaction, while the influence of price varies.

Hotels should invest in employees' trainings. Some Latvian hotels still need to be trained in the way of servicing, cause sometimes online trainings do not help to get enough understanding in customer service (how to react, how to handle consequences). Would be better to send some staff to locations for training where hotel industry is much developed.

Improving partnerships with hospitality related companies. For example, "Air Baltic"; "Restaurant Naples"; "Sigulda Adventures"; "Restaurant Cosa Nostra"; "Black Magic" and etc., by applying these kinds of partnerships, Hotels can provide some customer cards for some discounts or presents during high season months as a key of marketing strategy to attract customers.

As far as the "Location" factor is not changeable and in Latvia this established well, the factor "Comfort" also is under international hospitality standards. Only way to control financial performance is to use more accurate tools for demand analysis to know exactly when and how much percent discount is applicable. Cosine in restaurants also keeping 75% of similarity with general. Some high rated hotels should produce their special foods or desserts in daily basis or at least in special days.

### **References**

Central Statistical Bureau of Latvia (2014). *Annual Report*. <http://www.csb.gov.lv/en/dati/statistics-database-30501.html>.

Chinazzi, M., Davis, J. T., Ajelli, M., Gioannini, C., Litvinova, M., Merler, S., Viboud, C.(2020). The Effect of Travel Restrictions on the Spread of the 2019 Novel Coronavirus (COVID-19) Outbreak. *Journal of Public health emergency*, (2), 395-400.



Colliers International (2014). Hotel Market Overview. *Annual Report*. <http://www.colliers.com/lv-latvia/insights#.VKLuUsABY>

Costa, J., Montenegro, M., & Gomes, J. (2016) What global trends are challenging tourism organizations and destinations today?: Strategic question overview. *Worldwide Hospitality and Tourism Themes*, 8(6) 620-624.

Costa, J., Montenegro, M., & Gomes, J. (2016). Global trends challenging tourism organisations and destinations today: What are the likely solutions? *Worldwide Hospitality and Tourism Themes*, 8(6), 716-719.

Cross-Sectoral Coordination Centre (2012). National Development Plan of Latvia for 2014-2020. *Annual Report*. [http://www.pkc.gov.lv/images/NAP2020%20dokumenti/NDP2020\\_English\\_Final.pdf](http://www.pkc.gov.lv/images/NAP2020%20dokumenti/NDP2020_English_Final.pdf).

Eurostat (2013). *Accommodation statistics*. [http://ec.europa.eu/eurostat/statistics-explained/index.php/Accommodation\\_statistics\\_-](http://ec.europa.eu/eurostat/statistics-explained/index.php/Accommodation_statistics_-)

Ministry of Economics (2014). *Framework of Tourism Development in Latvia for 2014–2020*. <http://polsis.mk.gov.lv/view.do?id=4823>

Weisskopf, J.-P. (2024). *Top 10 Trends in the Hospitality Industry in 2024*. <https://hospitalityinsights.ehl.edu/hospitality-industry-trends>



## **Chathura Vimukthi Malawara Arachchige. THE FACTORS AFFECTING THE ENVIRONMENTAL SUSTAINABILITY OF LARGE SCALE APPAREL MANUFACTURERS IN SRI LANKA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: chaturavimukthi0000@gmail.com  
Scientific Advisor: Dr. oec., Assistant Professor Anna Svirina*

### **Abstract**

**Research relevance:** According to the World Bank Data in 2022 around 20 % of wastewater worldwide comes from fabric dyeing and treatment. Also they estimated the fashion industry is responsible for 10 % of annual global carbon emissions. Therefore it is important to achieve the goal of environmental sustainability of large scale apparel manufacturers.

**Research goal:** To identify the factors affecting the environmental sustainability of large scale apparel manufacturers in Sri Lanka

**Research methods:** To achieve the research goal, the survey among 118 Sri Lankan employees is conducted, using the author's developed questionnaire and expert interviews. Data processing is performed, applying such methods as graphical analysis, correlation analysis, regression analysis, frequency analysis, transcribing analysis.

**Main findings:** Expected findings of this study is to identify the factors which is organizational policies, human resource management practices and finance management practices, and the relationship to performance of environmental sustainability in large scale apparel industries in Sri Lanka. This expected outcome will be based ultimately to enhance the importance of environmental sustainability of large scale apparel industry and it is beneficial to the National economic development.

*Keywords: environmental sustainability; large scale apparel manufacturers.*

### **Introduction**

The concept of Environment Sustainability gained its recognition at the year 1980 world conservation strategy (Keating 1993) to address the conservation and degradation of environment caused by growth-driven value. Sustainable development describes a situation when "all human activities are practiced so that society and its members are able meet their needs and wants, while preserving environmental and social culture systems indefinitely" (Highan, 2007). Sustaining such a state is a dynamic process (Smith, 2009). In the recent years, lots of countries have devoted attention to environmental sustainability practices in the business firms. While the paths leading to environmental sustainability in each country will differ, the goal remain constant. But this conceptualization is far away from an academic exercise.

Environmental Sustainability can be considered as one of the major drivers of the economic growth especially for a developing country like Sri Lanka. But still there is huge damage to the environment from the Sri Lankan business firms. Sri Lankan apparel manufacturers can be identified as one of the major industry which generates higher amount of income for the country. Environmental sustainability of apparel industry is also considered as important driving factor of the Sri Lankan economy. Hence the



main purpose of this research is to identify the factors affecting to the environmental sustainability of large scale apparel manufacturers in Sri Lanka.

The object of the research is Factors affecting environmental sustainability. The subject of the research is Factors affecting environmental sustainability. The following tasks were accomplished to achieve the aim of the Master Thesis:

- To explore the concept of environmental sustainability.
- To explore the concept of large scale apparel manufacturers.
- To conduct the expert interviews and surveys to clarify the factors affecting the environmental sustainability.
- To identify the most effecting factors on environmental sustainability of large scale apparel manufacturers in Sri Lanka

Research question of the paper is “What are the factors affecting the environmental sustainability of large scale apparel manufacturers in Sri Lanka?”

The aim of the study was to identify the factors affecting the environmental sustainability of large scale apparel manufacturers in Sri Lanka from the survey. The study collects data from a random survey of Sri Lankan large scale apparel manufacturers. In the analysis of the literature, the author of the Master Thesis used data from Export development board (EDB), Central Bank in Sri Lanka, Census Department in Sri Lanka, Asian Development Bank Database, Industrial Development Board (IDB), and the Chamber of Garment Producers In Sri Lanka. In this study, the population was considered as the large scale apparel manufacturers of Sri Lanka and a total sample of 118 executive employees was randomly selected using the questionnaire tool. Data collection methods used in this paper are literature analysis, analysis of the secondary data statistics, Survey. Data were analyzed using the processing methods, such as correlation analysis, regression analysis. frequency analysis, graphical analysis, transcribing. There are following limitations of the study:

- The number of participants of the survey is limited to 31 respondents representing Sri Lankan large scale apparel manufacturers.
- Period for statistical analysis is 2018-2023.
- Industry is limited to only 165 of large scale apparel manufacturers.

## **Literature Review**

This study first introduces how the apparel industry has approached environmental sustainability. Then, the review of the factors available in the literature follows.

### **Environmental Sustainability**

Environmental sustainability is the rates of renewable resource harvest, pollution creation, and non-renewable resource depletion that can be continued indefinitely. If they cannot be continued indefinitely then they are not sustainable. “Environmental Sustainability” has become important in the apparel industry, in the world. Brundtland reports have defined the sustainability as, ‘our common future’ introduced the term ‘sustainable development’ and defined sustainability as living within the finite limits of the earth to meet the needs and aspirations of the present without compromising the ability to meet





those of the future” (Brundtland Commission, 1987). Furthermore, according to the Higham, people should meet with their needs and wants, while preserving environmental and social culture systems ident finitely (Higham, 2007). Also, Tilley and Fuller (2000) have noted that the environmental sustainability has become one of the most important topics to the business organizations. Environmental sustainability is the rates of renewable resource harvest, pollution creation, and non-renewable resource depletion that can be continued indefinitely. If they cannot be continued indefinitely then they are not sustainable.

### **Financial Management Practices**

A firm need to incorporate into their overall financial plans not just the economic benefits but also environmental dimensions of business. Preparing budgets for controlling waste emissions not to exceed the assimilative capacity of the environment Twenty-Two Asian firms tend to have difficulties to operating and monitoring cost of social and environmental requirements (Luken & Stares, 2005). And they tend to have very limited financial resources to support environmental sustainability beyond their core business operations (Del Brio & Junquerd, 2003). The Association of Chartered Certified Accountants (ACCA) has introduced a special environmental reporting scheme for the environmental sustainability.

### **Human Resource Management Practices**

Green Human Resource Management may play an essential role in environmental management as it is an element of sustainable human resource management (SHRM). (Siebenhunerand, 2007) This is a new approach to the realization of the HR function, the nature of which is to include ecological objectives in all HRM sub-areas, from employment planning, through recruitment, selection, employee motivation and development, to their evaluation and influence on working conditions. This necessitates that the formulation of the HR function aims not only at the category of economic interest but also at ecological areas, so as to generate added value for stakeholders. Green HRM reflects the level of the greening of human resource management practices, whereas its implementation requires individual stages of human resource management to be modified and adapted, to become green, environmentally-friendly.

### **Organizational Policies**

Business organizations develop policies aiming towards social and environmental sustainability in the fashion business. Environmentally friendly material selection policies. Policies of apparel disposal behaviors (Shim, 1995). Scholars emphasize how important well stated policies are in guiding business conduct toward environmental responsibility and regulatory compliance (Sarkis et al., 2011; Schaltegger & Burritt, 2017). Company employee is a full-time person who directly engages with the ecological environment. Investing various motivational influences on managers’ behavior, environmental sustainability can be achieved. Furthermore, research indicates that good organizational policies not only promote environmental compliance but also create innovation and competitiveness by encouraging resource efficiency and sustainable practices (Aragon-Correa et al., 2008).

## **Research Methodology**

The purpose of this research was to identify the factors affecting the environmental sustainability of large scale apparel manufacturers. Further the research did not manipulate variables and collected and analyses the data using quantitative approaches. The target population was the large scale apparel manufacturers in Sri Lanka. There were 165 large scale apparel manufacturers. Sampling frame was only large scale firms considering the number of employees. The sample technique used was random

sampling method. The potential of random sampling to lower bias and raise the possibility of obtaining a sample that truly reflects the characteristics of the population has garnered substantial support in the literature (Sekaran & Bougie, 2016). The unit of analysis was large scale apparel manufacturer. The sample size of the research was 31 large scale apparel manufacturers.

Data collection included questionnaire surveys and interviews with thirty selected respondents, which were done between March 1st and March 10th, 2024. This strategy follows best practices in mixed-methods research by allowing for the triangulation of data from several sources to increase the validity and comprehensiveness of the findings (Creswell & Creswell, 2017; Teddlie & Tashakkori, 2009). The data was obtained through the questionnaire. The data were analysed in SPSS using both descriptive and inferential methods to examine a relationship between independent variables and dependent variables. A descriptive analysis is conducted in order to examine the nature of sample and to obtain summarized statistics such as mean, frequency distribution of the sample characteristics and independent and dependent variables. A correlation analysis was conducted in order to detect the relationships between the independent variables and the dependent variable.

## Results

Factor analysis of environmental sustainability was used to specify the validity of the test.

**Table 1.** KMO and Bartlett's Test (Source: Created by the author)

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</b>		.931
<b>Bartlett's Test of Sphericity</b>	Approx. Chi-Square	8082.842
	df	120
	Sig.	.000

Table 1 shows the value for the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) for the organizational culture as 0.931 which is greater than the 0.500 and sig values represented as 0.000 which is lower than the 0.003 were confirm as the variable are valid and able to use for further analysis.

### Factor Analysis of Independent Variables

As per the charts all the independent variables values for Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) for the top management support shown greater than the 0.500 and sig values represented as 0.000 which is lower than the 0.003 were confirm as the variable are valid and able to use for further analysis.

**Table 2.** Financial management practices (Source: Created by the author)

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</b>		.669
<b>Bartlett's Test of Sphericity</b>	Approx. Chi-Square	16.850
	df	3
	Sig.	.001

**Table 3.** Human resource management practices (Source: Created by the author)

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</b>		.673
<b>Bartlett's Test of Sphericity</b>	Approx. Chi-Square	27.872
	df	6
	Sig.	.000

**Table 4.** Organizational policies (Source: Created by the author)

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</b>		.708
<b>Bartlett's Test of Sphericity</b>	Approx. Chi-Square	34.922
	df	6
	Sig.	.000

As per the charts all the independent variables values for Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) for the top management support shown greater than the 0.500 and sig values represented as 0.000 which is lower than the 0.003 were confirm as the variable are valid and able to use for further analysis.

### Correlation Analysis

Table 5 shows the results for the correlation analysis for the study under consideration.

**Table 5.** Correlation analysis (Source: Created by the author)

	<b>T_ES</b>	<b>T_FM</b>	<b>T_HR</b>	<b>T_OP</b>
<b>T_ES</b> Pearson Correlation	1	.569**	.669**	.700**
Sig. (2 tailed)		.001	.000	.000
N	31	31	31	31
<b>T_FM</b> Pearson Correlation	.569**	1	.483**	.462**
Sig. (2 tailed)	.001		.006	.009
N	31	31	31	31
<b>T_HR</b> Pearson Correlation	.669**	.483**	1	.813**
Sig. (2 tailed)	.000	.006		.000
N	31	31	31	31
<b>T_OP</b> Pearson Correlation	.700**	.462**	.813**	1
Sig. (2 tailed)	.000	.009	.000	
N	31	31	31	31

\*\* Correlation is significant at 0.01 level (2 tailed)

As per table, the correlation of variables it is evident that financial management practices, human resource management practices and organizational policies positively affect toward the environmental sustainability of large scale apparel manufacturers in Western province, Sri Lanka.

- Spearman's Correlation for environmental sustainability and financial management practices is 0.569 and at a level of 0.01 significance, then above mentioned variables are correlated with a positive linear relationship.

- Spearman's Correlation for environmental sustainability and human resource management practices is 0.669 and at a level of 0.01 significance, then above mentioned variables are correlated with a positive linear relationship.
- Spearman's Correlation for environmental sustainability and organizational policies is 0.700 and at a level of 0.01 significance, then above mentioned variables are correlated with a positive linear relationship.
- Referring to the table the relationship between independent and dependent variables were evaluated. Spearman's correlation coefficient for dependent and independent variables outcomes the resulting explanation giving to the correlation analysis.
- Environmental sustainability and financial management practices have a significant positive linear relationship.
- Environmental sustainability and human resource management practices have a significant positive linear relationship.
- Environmental sustainability and organizational policies have a significant positive linear relationship.

### Conclusions

Encouraging environmentally friendly financial agreements with third parties, budgeting for eco-friendly materials, and emphasizing resource quality over quantity to minimize pollution are some of the strategies that large-scale apparel manufacturers are advised to follow in order to maintain environmental sustainability. Enhancements to human resource management encompass providing continuous training on environmental sustainability, boosting employee satisfaction via eco-preneurship endeavours, and fostering favourable relationships among employees about environmental protocols. Organizational policies should also place a high priority on encouraging a green culture, implementing environmentally friendly regulations, and integrating eco-policy into day-to-day activities. Larger sample sizes should also be investigated in future studies in order to increase response rates and enable more thorough statistical analysis, which would improve the validity and generalizability of results.

### References

- Aragon-Correa, J. A., Hurtado-Torres, N., Sharma, S., & García-Morales, V. J. (2008). Environmental strategy and performance in small firms: A resource-based perspective. *Journal of Environmental Management*, 86(1), 88-103.
- Carter, C. R., & Carter, J. R. (1998). Interorganizational determinants of environmental purchasing: Initial evidence from the consumer products industries. *Decision Sciences*, 29(3), 659-684.
- Carter, C. R., & Ellram, L. M. (1998). Reverse logistics: A review of the literature and framework for future investigation. *Journal of Business Logistics*, 19(1), 85-102.
- Clark, J. R., & Lee, D. R. (2004). Global warming and its dangers. *The Independent Review*, 8(4), 591-597.



- Creswell, J. W., & Creswell, J. D. (2017). *Research design: Qualitative, quantitative, and mixed methods approaches*. Sage Publications.
- Darnall, N., Jolley, G. J., & Handfield, R. (2008). Environmental management systems and green supply chain management: Complements for sustainability? *Business Strategy and the Environment*, 17(1), 30-45.
- Sarkis, J., Zhu, Q., & Lai, K. H. (2011). An organizational theoretic review of green supply chain management literature. *International Journal of Production Economics*, 130(1), 1-15.
- Schaltegger, S., & Burritt, R. (2017). Measuring and managing sustainability performance of supply chains: Review and sustainability supply chain management framework. *Supply Chain Management: An International Journal*, 22(2), 105-122.
- Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill-building approach*. John Wiley & Sons.
- Teddlie, C., & Tashakkori, A. (2009). *Foundations of mixed methods research: Integrating quantitative and qualitative approaches in the social and behavioral sciences*. Sage Publications.



## **Magalage Chathurangi Harshila Perera. FACTORS AFFECTING EMPLOYEE TURNOVER IN SOFTWARE DEVELOPMENT COMPANIES IN SRI LANKA**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: chathurangi.harshila@gmail.com  
Scientific Advisor: Dr. oec., Assistant Professor Anna Svirina*

### **Abstract**

**Research relevance:** The Bureau of Labour Statistics estimates that in 2023, Turnover rate for software developers is approximately 57.3%. Also, it is anticipated that employment of computer programmers would fall by 11% between 2022 and 2032. For firms, employee turnover has shown to be costly. Thus, it's crucial to maximize software developers' retention and minimize their desire to leave.

**Research goal:** To identify the most significant factors affecting employee turnover in software development companies in Sri Lanka.

**Research methods:** The population covered by the study is 200 software development companies with a 30,000+ employee base. The sample size should be 385. Data collection methods are survey and interviews with Experts in the field. Data processing methods are analysis of means, frequency analysis, factor analysis, regression analysis, and transcribing method.

**Main findings:** Study reveal the most significant factors that are affecting the employee turnover in Software development industry in Sri Lanka. Established organizational behaviour theories such as equity theory are supported by the observed correlation between turnover and salary, job satisfaction, work stress, work load, promotion opportunities and work family conflicts. Furthermore, the results highlight the significance of specific retention tactics that address the challenges faced by Sri Lankan software development organizations by executing focused interventions to address turnover-related problems.

*Keywords: turnover intension; software developers; employee retention*

### **Introduction**

People are increasingly transitioning to the digital environment, decreasing paperwork and manual processes. Software is a cutting-edge technology used to maintain the efficiency of processes and services. (Tshai & Wong, 2013) Asian countries have more software development enterprises, particularly in Singapore and India. Because they produce low-cost technological software items for the global market. Sri Lanka also now advancing to that level by supplying software solutions to the worldwide market that meet their expectations. More than 150 software development enterprises were registered with the Export Development Board of Sri Lanka (EDB, Software Development Companies in Sri Lanka, 2024) As a result, in the present time in Sri Lanka, Software development has become one of the most important businesses, since many foreign companies outsource software development projects to Sri Lankan software development firms (Perera & Amaratunge, 2012).

Effective management is crucial for software projects that rely heavily on human resources. Research suggests that they contribute to innovation, decision-making, leadership, motivation, communication, supervision, management, and company direction (Horita et al., 2012). Improving the quality and quantity of higher-level software experts will necessitate more planning, greater investment, and significantly longer execution. While more difficult to attain, striving for an internationally competitive software workforce is vital for a small country like Sri Lanka (Barr & Tessler, 2002). Therefore, creating systems using hardware and software is just one aspect of the software development process. Its upkeep and development are linked to individuals (Horita et al., 2012).

For decades, many firms have struggled with software developer staff retention. Employees with technological talents in high-demand IT fields have demonstrated more commitment to their careers and personal growth than to their businesses (Yuan et al., 2021). According to the Bureau of Labor Statistics, 2023, the Overall employment growth of software development is 25% and at the same time Turnover rate for software developers is approximately 57.3% which is a high value. Also, it is anticipated that employment of computer programmers would fall by 11% between 2022 and 2032 (Occupational Outlook Handbook, 2024). Employee turnover has been costly to organizations. Recruiting, selecting, and training expenses are obvious costs (Westlund & Hannon, 2008). Therefore, minimizing turnover intention and maximizing the retention of software developers is important.

The success of the Software development industry rests on keeping valuable, talented, and skillful workers. But it's hard to keep talented workers on for extended periods and reap the rewards for the company. (Farooq, et al., 2022) Since turnover intention is the main problem facing expanding industries, it is one of the most studied and connected themes, investigating turnover, intentions for turnover, and strategies to reduce turnover among IT professionals is considered a promising field of study that has lately drawn interest from scholars. Various other factors, such as a lack of job stability and satisfaction, a heavy workload and stress level, an unclear career path, ineffective pay plans, and a bad working relationship with management, can also contribute to the failure of talented workers and raise the intention to leave. (Farooq, et al., 2022)

The object of the study is software development companies in Sri Lanka. The subject will be factors affecting employee turnover. Following tasks were completed to achieve the objectives of the study:

- To explore the concept of employee turnover, possible factors for employee turnover, and specific features of software developers' turnover.
- To develop a questionnaire to identify factors affecting employee turnover.
- To conduct expert interviews and a survey to identify factors affecting employee turnover.
- To identify the most significant factors affecting employee turnover in software development companies in Sri Lanka.

The research question was this: What are the most significant factors affecting employee turnover in Software Development Companies in Sri Lanka. The study aimed to identify factors affecting employee turnover in software development companies in Sri Lanka from the survey. The study collects data from a random survey of Software development companies in Sri Lanka and the author tries to identify the most significant factors affecting employee turnover. Also, data was collected from interviews with experts in the field. All the collected data was analyzed using several data processing methods. For data processing analysis of means, frequency analysis, factor analysis, regression analysis, and transcribing methods were used. The population covered by the study is software developers in Sri Lanka with 200 member companies with a 30,000+ employee base. (Sri Lanka Association for Software Services



Companies (SLASSCOM), 2024) The data was collected from a random sample of XXX responses received from the survey. There are the following limitations of the study:

- The study is geographically limited to Sri Lanka.
- There will be industry limitations to the Software Development Industry.
- The time duration for the study will be limited from the year 2019 to 2023.

The most important factors influencing employee turnover in Sri Lanka's software development sector are revealed by a study. There is evidence to support established theories of organizational behaviour, such equity theory, which links turnover to factors like salary, job satisfaction, stress at work, workload, possibilities for advancement, and work-family conflicts. The findings also emphasize the importance of certain retention strategies that, by implementing targeted interventions to address turnover-related issues, tackle the difficulties faced by software development companies in Sri Lanka.

### **Literature Review**

Many definitions have been put out by academics and researchers over the years to help us better grasp turnover intention. According to the study done by Armstrong in 2009, the speed at which individuals leave an organization is known as employee turnover. It might be a cost for the organization. (Armstrong, 2009). The Study by Kumar and Guptha defines Turnover intention as any desire of an employee to leave their current workplace (Kumar & Gupta, 2013). Employees who voluntarily resign are said to have a turnover intention. (Sumarni, 2009). Further, Turnover Intention is defined by Sathyanarayan and D. B. L. Lavanya in 2018 mention is as “the deliberate and conscious willingness to leave the Organization. (Sathyanarayan & Lavanya, 2018).

Organizational turnover can have a negative impact on both the company's financial performance and its reputation in the marketplace. Organizations' financial performance and productivity are negatively impacted by high turnover rates. (Weekley, 2015). Causal Model of Turnover - Price (2001) provides a brief analysis of the factors that influence voluntary employee turnover using the Causal Model of Turnover. Price divided the causal factors into external and intervening endogenous variables. Exogenous variables in the model are further classified as environment, individual, and structural. In contrast, the intervening factors are regarded as endogenous. Environment variables are limits on intent to stay resulting from non-work environments. Opportunity refers to the availability of alternative occupations in a work setting (Price, 2001).

Equity theory was initially proposed in 1960 by John Stacy, a psychologist. According to the equity theory, people are motivated to preserve and treat others in a fair manner because they value and cherish fair treatment. According to Stacy, the foundation of equity theory in the workplace is the relationship between employee contributions to the organization through their labor and the results the organization achieves in terms of compensation and benefits. This hypothesis, which is based on partnerships, suggests that people who feel that they are giving a lot of their time and energy to maintain their connection may feel upset and angry. (Disley et al., 2009)

Herzberg's Two-Factor Theory has been used as a method to study job satisfaction among employees Lundberg et al.(2009). Herzberg's theory of motivation applied to the workplace states that there are two categories of motivating factors. First one is dissatisfiers (hygiene factors), which are the primary causes of job dissatisfaction, and secondly, satisfiers (motivators), which are the primary drivers of job satisfaction and include achievements, recognition, responsibility, and work advancement (Herzberg,





1966). People quit their jobs for a number of reasons, many of which are completely outside the organization's control, according to Torrington, D., 2008 people frequently depart for a variety of reasons, some of which are more important to them than others. (Torrington, D., 2008). Factors known as push factors are what force an employee to head toward the leave. A few pull factors that have been identified through literature include low pay, unfavorable working conditions, employee conflict, precarious employment, and a lack of benefits (Chowdhury, 2016). Also, pull forces, sometimes known as uncontrollable variables, are what entice a worker to switch jobs. Numerous draw factors that have been identified through literature include high pay, opportunities for career progression, work stability, a company's excellent location, a better culture, greater freedom, a positive reputation, and additional benefits (Chowdhury, 2016).

Different factors can affect the turnover intention of software engineers. The study done by Choudhary in 2016 examines the issue of IT employee turnover, emphasizing elements like career advancement, work-life balance, job satisfaction, and organizational assistance. The research done by Iqbal et. al 2016 examined the variables that impact the desire of software engineers in Pakistan to leave their jobs, and it found that job happiness, organizational commitment, and perceived career options have a major impact on this intention. Software engineers' intentions to leave their companies was found to relate to job satisfaction, job involvement, and perceived organizational support.

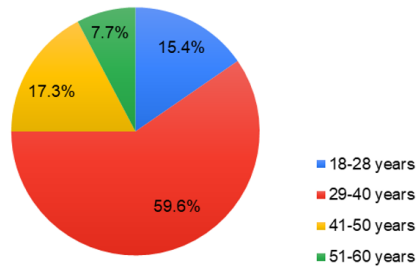
### **Research Methodology**

The mixed method was used as the research design of this study. The studies done by Bhuiyan and Siang (2019), Haque and Islam (2019), Lee et. al. (2017), Smith and Johnson (2018), and others have used the same approach for examine employee turnover intentions in IT companies using a combination of quantitative surveys and qualitative interviews. The population covered by the study is software developers in Sri Lanka with 200 member companies with a 30,000+ employee base. (Sri Lanka Association for Software Services Companies (SLASSCOM), 2024) The data was collected from a random sample of 385 responses received from the survey using random sampling techniques, the sample was chosen to provide representation from different types of software development companies.

A comprehensive literature analysis provided valuable insights for the development of a structured questionnaire which was used evaluate several aspects that could affect employee turnover. The following constructs affect employees' turnover: job satisfaction, salary, workload, job stress, career development possibilities, work-life balance (Tett & Meyer, 1993; Meyer et al., 2002; O'Reilly et al., 1991). Using a Likert scale, participants ranked the significance and degree of satisfaction for each factor. Interviews were held with managers, industry consultants, and HR specialists who have dealt with employee turnover in software development organizations. Studies on employee turnover and retention tactics were used as a basis for the interview guide (Griffeth et al., 2000; Mobley, 1982). Data processing methods included a range of statistical approaches. To find important factors influencing turnover, means analysis, frequency analysis, and factor analysis were used (Tett & Meyer, 1993; Meyer et al., 2002; O'Reilly et al., 1991). Regression study evaluated the connections between variables and the desire to turnover (Griffeth et al., 2000). To gain a deeper understanding of the dynamics of turnover in software development firms, qualitative data from interviews was analyzed (Mobley, 1982).

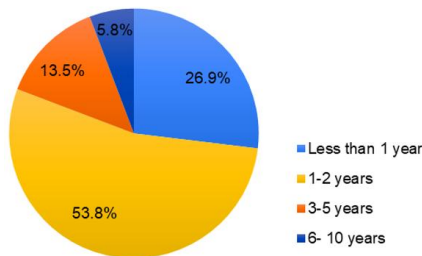
### **Results**

The results of the study are provided in figures below.



**Fig. 1.** Age variation of the sample (Source: Created by the author)

Fig.1 shows demographic information of the sample. 59.6% of the sample are 29-40 years old. 17.3% of the sample are from 41-50 years old. 15.4% of the sample are 18-28 years old.



**Fig. 2.** Work Experience of the sample (Source: Created by the author)

Fig.2 shows the working experience of the sample in their current work place. 53.8% of the sample has 1-2 years' service period. 26.9% of the sample has 6-10 years' service time. 13.5% of the sample has 3-5 years' service time.

### Correlation Analysis

The outcomes of the correlation analysis are provided in Table 1.

**Table 1.** Results of Correlation Analysis (Source: Created by the author)

		Correlations					
		Salary	Job Satisfaction	Work Stress	Work Load	Promotion Opportunity	Work-Family Conflicts
Turnover Intention	Pearson Correlation	-.854**	-.508**	.143	.033	-.857**	-.270
	Sig. (2-tailed)	<.001	<.001	.316	.820	<.001	.055
	N	51	51	51	51	51	51

\*\* Correlation is significant at the 0.01 level (2-tailed).

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

The results show that there is a strong negative correlation between salary and turnover intention (Correlation coefficient = -0.854), and between promotion opportunity and turnover intention (Correlation coefficient = -0.857). There is a moderate negative correlation between Job satisfaction and turnover intention (Correlation coefficient = -0.857). There is a weak negative correlation between Work-family conflicts (Correlation coefficient = -0.270). There is a weak positive correlation between work stress and turnover intention (Correlation coefficient = -0.143) and work load and turnover intention (Correlation coefficient = -0.033)

### Regression Analysis

The outcomes of the regression analysis are provided in Table 2.

**Table 2.** Results of Regression Analysis-Model summary (Source: Created by the author)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.913 <sup>a</sup>	.833	.810	.470

a. Predictors: (Constant), Work-Family Conflicts, Work Stress, Job Satisfaction, Work Load, Salary, Promotion Opportunity

Multiple correlation coefficient is 0.913, explains that's there is a strong positive relationship between selected independent variables and turnover intention. Moreover, the dependent variables in the model explain for 83.3% of the variance in turnover intention.

**Table 3.** Results of regression analysis - ANOVA (Source: Created by the author)

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.560	6	8.093	36.585	<.001 <sup>b</sup>
	Residual	9.734	44	.221		
	Total	58.293	50			

a. Dependent Variable: Turnover Intention

b. Predictors: (Constant), Work-Family Conflicts, Work Stress, Job Satisfaction, Work Load, Salary, Promotion Opportunity

The variance in turnover intention is significantly explained by the regression model ( $F(6, 44) = 36.585$ ,  $p < .001$ ). The significant amount of variance explained by the predictors is demonstrated by their considerable regression sum of squares (48.560) in comparison to the residual sum of squares (9.734).

### Conclusions

The study explored employee turnover in Sri Lanka's software development industry. The findings indicate a significant connection between factors such as Salary, job satisfaction, and opportunities for promotion and the intention to leave one's job. These findings indicate the importance of implementing



focused retention measures to reduce the issues associated with turnover. By addressing important factors driving employee turnover, software development companies can improve employee happiness while decreasing turnover intention. This will eventually result in a more stable and productive workforce, promoting the industry's growth and sustainability in Sri Lanka's competitive market.

## References

- Armstrong, M. (2009). *A handbook to human resource management practice*. Kogan Page Limited.
- Barr, A., & Tessler, S. (2002). *Developing Sri Lanka's software industry report to the World Bank*. Aldo Ventures, Inc.
- Chowdhury, Md. S. (2016). A quantitative study on push, pull and personal factors affecting employees' turnover intentions: A case of nationalized commercial banks (NCBs) in Bangladesh. *Information and Knowledge Management Journal*, 6(9).
- Disley, P., Hatton, C., & Dagnan, D. (2009). Applying equity theory to staff working with individuals with intellectual disabilities. *Journal Of Intellectual & Developmental Disability*, 34(1), 55-66. <https://doi.org/10.1080/13668250902784701>
- EDB. (2024). *Software Development Companies in Sri Lanka*. <https://www.srilankabusiness.com/exporters-directory/ict-outsourcing-service-exporters-in-sri-lanka/software-development-companies/>
- Farooq, H., Janjua, U. I., Madni, T. M., Waheed, A., Zareei, M., & Alanazi, F. (2022). Identification and analysis of factors influencing turnover intention of Pakistan IT professionals: An empirical study *IEEE Access*.
- Griffeth, R. W., Hom, P. W., & Gaertner, S. (2000). A meta-analysis of antecedents and correlates of employee turnover: Update, moderator tests, and research implications for the next millennium. *Journal of Management*, 26(3), 463-488.
- Herzberg, F. (1966). *Work and the nature of man*. World Publishing Company.
- Horita, F., Brancher, J., & Barros, R. (2012). A process model for human resources management focused on increasing the quality of software development. *24th International Conference of Software Engineering and Knowledge Engineering (SEKE)*.
- Kumar, K., & Gupta, G. (2013). Perceived organizational justice, job satisfaction and turnover intention: A correlational study. *Social Science Research Network*, II(3), 1-8.
- Meyer, J. P., Stanley, D. J., Herscovitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. *Journal of Vocational Behavior*, 61(1), 20-52.
- Mobley, W. H. (1982). *Employee turnover: Causes, consequences, and control*. Addison-Wesley Pub.
- Bureau of Labor Statistics (2024). *Occupational outlook handbook*. <https://www.bls.gov/ooh/computer-and-information-technology/computer-programmers.htm?vid=2120408>
- O'Reilly, C. A., Chatman, J., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. *Academy of Management Journal*, 34(3), 487-516.



- Perera, A., & Amaratunge, S. (2012). An empirical study of software development failures in Sri Lanka. <http://dr.lib.sjp.ac.lk/handle/123456789/4646>
- Price, J. L. (2001). Reflections on the determinants of voluntary turnover. *International Journal of Manpower*, 22, 600-624.
- Sathyanarayan, D. K., & Lavanya, D. B. L. (2018). Effect of organizational commitment, motivation, attitude towards work on job satisfaction, job performance and turnover intentional VUCA perspective. *Journal of Management*, 5(4).
- Sri Lanka Association for Software Services Companies (SLASSCOM). (2024). *About CLASSCOM*. <https://old.slasscom.lk/about-us/>
- Tett, R. P., & Meyer, J. P. (1993). Job satisfaction, organizational commitment, turnover intention, and turnover: Path analyses based on meta-analytic findings. *Personnel Psychology*, 46(2), 259-293.
- Torrington, D., Hall, & Taylor, S. (2008). *Human resource management*. Financial Times Prentice Hall.
- Tshai, K. Y., & Wong, W. Y. (2013). The importance of a software development methodology in IT project management: An innovative six sigma approach - A case study of a Malaysian SME organization. In *IEEE Symposium on Business, Engineering and Industrial Applications (ISBEIA) Kuching, Sarawak: IEEE (2012)* (pp. 130-135).
- Westlund, S. G., & Hannon, J. C. (2008). Retaining talent: Assessing job satisfaction facets most significantly related to software developer turnover intentions. *Journal of Information Technology Management*, 19(4), 1-15.
- Yuan, T., Yun-Fei, S., Yi-Jun, C., & Yin, M. (2021). How to keep sustainable development between enterprises and employees? Evaluating the impact of person–organization fit and person - job fit on innovative behavior. *Frontiers in Psychology*, 12, 13.



## **Prashant Dev Tiwari. IMPACT OF CHANGE MANAGEMENT ON THE GROWTH OF SME'S IN INDIAN DAIRY INDUSTRY**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"*

*E-mail: pdt100071@gmail.com*

*Scientific Advisor: Dr. oec., Assistant Professor Kaspars Šteinbergs*

### **Abstract**

**Research relevance:** This study examined the impact of change management practices on the growth and sustainability of SMEs in the Indian dairy industry.

**Research goal:** The main goal of this research is to investigate the impact of change management practices on the growth and sustainability of SMEs in the Indian dairy industry.

**Research methods:** The current study used quantitative research design to collect the data from the owners of Indian dairy industry and data were analysed using Regression analysis method.

**Main findings:** Findings reveal that change management practices have a significant impact on the growth and sustainability of SMEs in the Indian dairy industry.

*Keywords: change management, dairy industry, SMEs, success, growth, India*

### **Introduction**

With production of around 146 million MT, India is the largest producer of milk globally. India's milk production is expected to reach 180 million MT by 2020, from current 146 million MT, while the demand is projected (by NDDDB) to reach 200 million MT. The Indian dairy market is amongst the largest and fastest growing markets in the world. India has managed to attain top position in milk production globally owing to huge bovine population. However, the full potential of Indian milch herd still remains unattained. Per capita availability of milk in India has reached 322 grams per day, higher than the world average of 293.7 grams per day (Ministry of Food Processing Industry of India, n.d.). The business landscape of the 21st century is characterized by rapid change brought about due to technological, economic, political and social changes. How organisations react, operate and adapt to any changes determine the survivability of the company.

Change is an inevitable process whether at a personal level or in organization (Asikhia et al., 2021). Organisations today are under siege from a variety of areas, but perhaps the one that has created the largest impact is the need to improve performance. When all organisations are faced with absorbing change at an ever-increasing rate, the ability to improve performance while undergoing change is critical to long-term success (Rieley & Clarkson, 2001). Organizations must change to survive. There are many approaches to influence change; these differences require change managers to consider various strategies that increase acceptance and reduce barriers. A change manager is responsible for planning, developing, leading, evaluating, assessing, supporting, and sustaining a change implementation. Change management consists of models and strategies to help employees accept new organizational developments (Phillips & Klein, 2023).



A key objective of change management is to help individuals adjust to new circumstances in a way that promotes their long-term satisfaction (Kumah et al., 2016). In business, the term "change management" refers to a set of practices and strategies designed to encourage and facilitate behavioral, mental, and/or procedural shifts among employees to better accomplish strategic goals (Kelly, 2007). Managing change is a methodical, systematic strategy that helps companies implement smooth process transformations (Bazzoli et al., 2004). Organizational change management in firm settings necessitates the participation of both top-level executives and key stakeholders. When people, systems, groups, and technology are unable to adapt quickly enough to meet the evolving demands of an organization, change is necessary (Al-Flayyeh & Alotaibi, 2023).

Organizational changes typically bring along a phase of transition, a period of organizational drift characterized by uncertainty and ambiguities concerning organizational structures, roles, and procedures. This in turn can cause significant turbulence for individual employees at the work-unit level. Specifically, a lack of role clarity has been identified as a key stressor for employees. In the specific context of public organizations, Tummers et al. (2009) postulate it might even lead to policy alienation among civil servants, a situation in which they begin to feel disassociated from policy implementation processes and goals due to a lack of clarity on the type of responsibilities and tasks they are expected to execute (Verlinden et al., 2023). Thus, based on above discussion current study investigate the impact of change management practices on the growth and sustainability of SMEs in the Indian dairy industry.

## Literature Review

Small and medium-sized enterprises (SMEs) have features of continuous improvement and innovation. It was observed that certain SMEs had embraced a culture of continuous improvement, while others had not. Those SMEs that had adopted a culture of continuous improvement recognized its potential to establish a strong basis for fostering effective business innovation. Furthermore, it was found that SMEs with a culture of continuous improvement were more inclined to readily embrace all the various components of innovation, as measured, compared to SMEs lacking such a culture. The case study findings of Simoes and Esposito (2014) demonstrate that practitioners may enhance their suggestions for effective change communication management by elucidating the dynamics of communication processes across time. According to the above authors, it was asserted that in the contemporary business landscape characterized by intense competition and constant flux, the capacity of a firm to proficiently navigate change is crucial for its continued existence and financial success. In this study, a multilevel approach was employed to investigate the impact of external factors (i.e. other current changes) and internal factors (i.e. self-efficacy) on individuals' attitudes regarding organizational transformations. The researchers analyzed 25 separate changes to assess the magnitude of these affects. The presence of notable variations in attitudes towards these changes remained significant even after accounting for the specific aspects of the shift. This can be attributed to the dynamic interaction between the surrounding context and individual differences. As the frequency of concurrent and intersecting environmental shifts increased, there was a corresponding increase in the positive association between self-efficacy and commitment to the change.

Since change is constant in modern enterprises, it is important to study the factors that contribute to, and hinder, effective change management (Okolie & Memeh, 2022). According to Bagga et al. (2023), remote leadership is a major challenge for modern businesses. Leaders need to be proactive because of the rapid pace at which the workplace and corporate culture are changing, and since most businesses now employ remote workers who collaborate via computer networks. Today's businesses rely largely on such groups to get things done. It takes a special kind of leadership to bring together members of a



virtual team and instill in them the values necessary to adapt to the challenges they'll face in their new roles. discovered that elements of change management encourage creative thinking and action inside organizations. Change management and business innovation were both influenced by public officials' willingness to think outside the box. The inventive actions of employees are crucial to the success of any corporation, as verified by Sung and Kim (2021). When considering the components of change management that most affected inventive behavior and organizational innovation, it is clear that communication and involvement rank at the top.

In a rapidly shifting business climate, effective change management is essential for survival and continued success. Increasing profits, prestige, and longevity via strategic change management is the holy grail for many struggling businesses. In most cases, these alterations to the foundations of the organization are more radical than gradual. There is a clear road to effective change management execution, and that path begins with an organization's change management preparedness (Baharudin et al., 2020). It is just as vital for a company to decide to use change management as it is to make sure it is prepared for the change. Unfortunately, many upper-level managers don't realize that their own employees are the biggest roadblocks to progress. There is a limit to the effectiveness of command and control, thus it is essential to foster employees' will to self-improve, increase productivity, and accept organizational change (Gigante, 2012). By comparing and contrasting several models of organizational transformation, Errida et al. (2023) presented a holistic perspective on the efficacy of change management. Managers may do a better job of carrying out change efforts if they have a solid understanding of the elements that contribute to their success. Operational changes, particularly those pertaining to small and medium-sized enterprises (SMEs), are often shaped by various business environmental factors. These changes can arise from external influences such as technological advancements, political systems, financial systems, transportation and logistics, public services, weather conditions, market competition, government regulations, and operational requirements dictated by customer preferences. Internal change management often involves a strategic focus on optimizing operational processes, ensuring that change managers possess the necessary expertise in coordinating subject matter expert (SME) capacity utilization, and considering many other relevant issues.

Change managers take all of these factors into account in order to strengthen their organization's operational resilience (Ufua et al., 2020). In the context of business process management (BPM), Idogawa et al. (2023) identified the impact of project critical success factors (CSFs) on change management. The most prominent CSFs found to positively affect change management were project management, support from upper management, and technological competence. Project management is the most critical aspect of change management, followed closely by the assistance of upper management. Technical skills were considered less important than other factors in the research. There were found to be four different categories of people with regards to project management CSF.

### **Research Methodology**

This study utilized a survey method to collect the data from the owners of dairy industry. The owners of dairy industry located in India were selected using convenience sampling technique. The questionnaire was self-administered to 50 owners, 29 valid responses were obtained. All the responses were based on a five-point Likert scale, and the demographics of the owners are presented in Table 1. Regression analysis was used to analyze the collected data and to verify the impact of change management practices on the growth and sustainability of SMEs in the Indian dairy industry. The questionnaire was developed based on literature review.



**Table 1.** Demographics (Created by the author)

Demographic		Frequency and Percentage (N=29)
Gender	Male	18 (62.06%)
	Female	11 (37.93%)
Age	30-35	9 (31.03%)
	35-40	7 (24.13%)
	Above 40	13 (44.82%)
Experience	1-5 years	16 (55.17%)
	More than 5 years	13 (44.82%)
Qualification	Graduate	23 (79.31%)
	Post graduate	6 (20.68%)

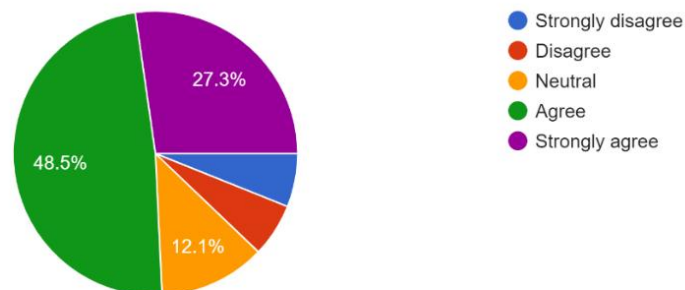
Table 1 shows that it is observed that majority of respondents are male (62.06%). Based on age, majority of respondents are belong to age group of above 40 years (44.82%). On the basis of experience, majority of respondents have an experience of 1-5 years (44.82%). On the basis of qualification, majority of respondents are graduate (79.31%).

## Results

The questionnaire had questions on the culture of an organization and attitudes and perceptions to change. The distribution of answers to all the questions was the same: 27.3 percent respondents strongly agreed, 48.5 percent respondents agreed, 12.1 percent respondent neutral, 6.1 percent respondent disagree and 6.1 percent respondent strongly disagreed (see Fig.1-Fig.25).

We constantly monitor our competitors

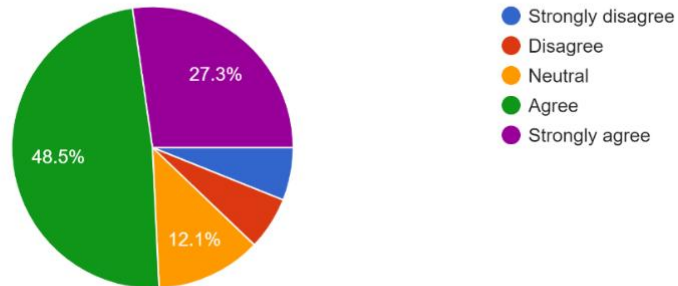
33 responses



**Fig.1.** Monitoring of competitors (Source: Created by the author)

Strategic reviews are regularly held by the leading management group

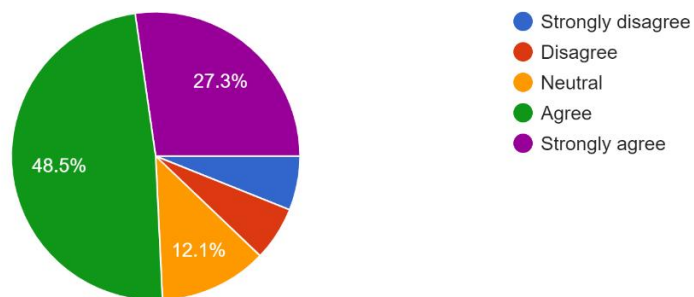
33 responses



**Fig.2.** Strategic reviews of the leading management group (Source: Created by the author)

Learning is easily transferred between departments within this organization

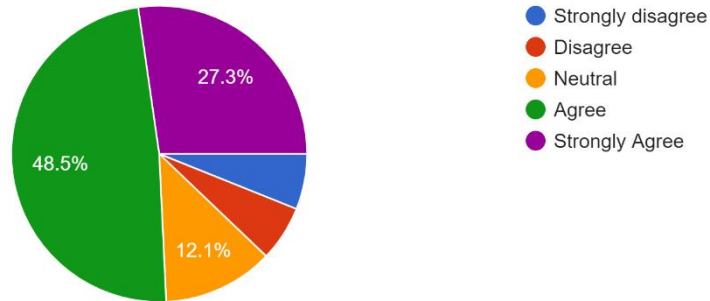
33 responses



**Fig.3.** Learning transfer within an organization (Source: Created by the author)

Conflicts are resolved openly within this organization

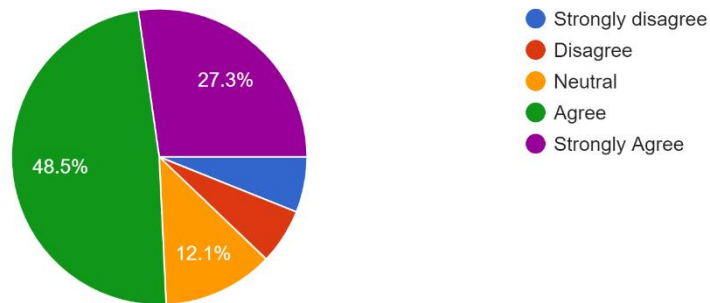
33 responses



**Fig.4.** Conflicts resolution within an organization (Source: Created by the author)

We can easily detect when the strategic plan is drifting

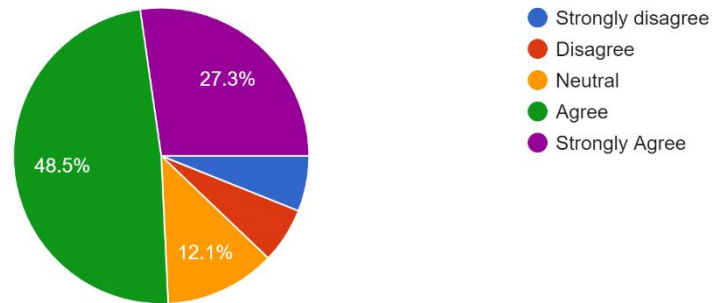
33 responses



**Fig.5.** Detection of the strategic plan change (Source: Created by the author)

The leading management group ensures that it has sufficient data before drawing conclusions

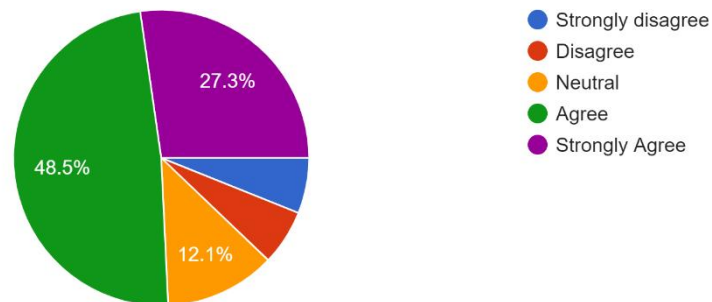
33 responses



**Fig.6.** Ensuring of the data sufficiency (Source: Created by the author)

We like to experiment

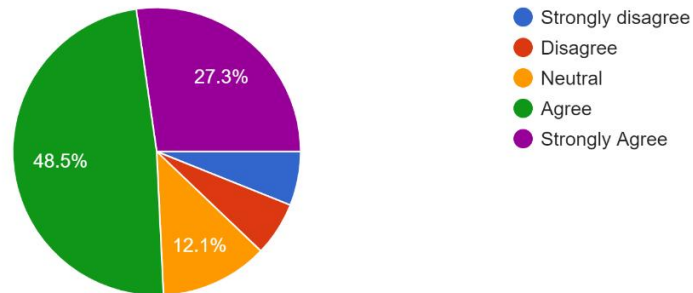
33 responses



**Fig.7.** Attitudes to experiments (Source: Created by the author)

This organization is characterized by a blame free culture

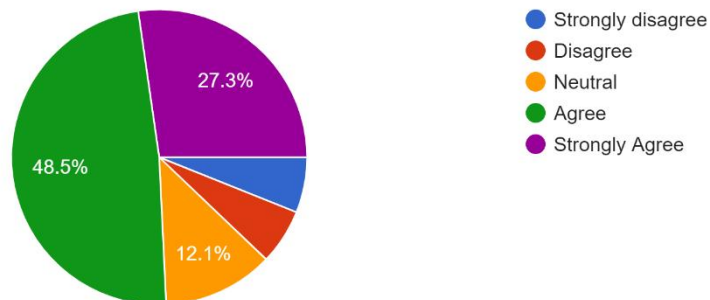
33 responses



**Fig.8.** Characterization by a blame free culture (Source: Created by the author)

Changing plans seems like a real hassle to me

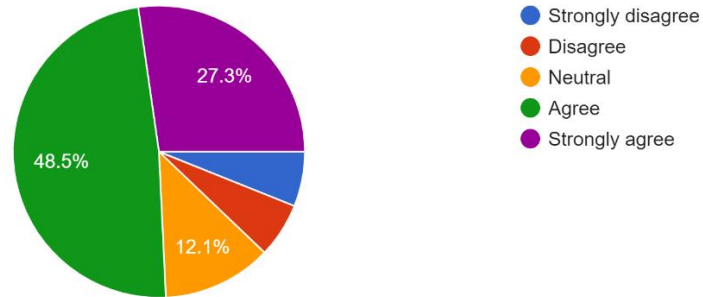
33 responses



**Fig.9.** Attitudes to change (Source: Created by the author)

I do not change my mind easily

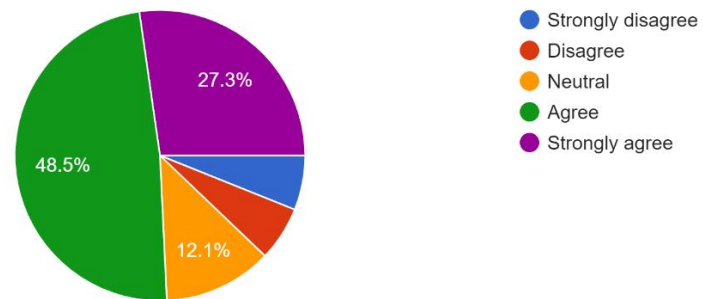
33 responses



**Fig.10.** Attitudes to change (Source: Created by the author)

I generally consider changes to be a negative thing

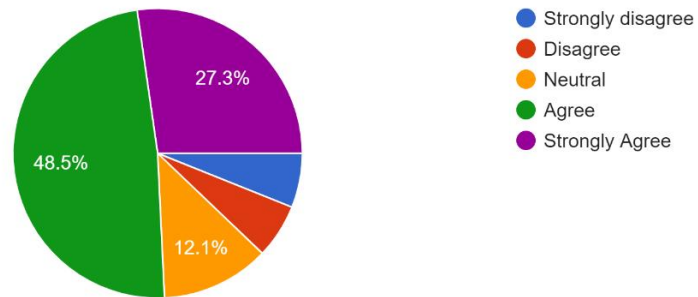
33 responses



**Fig.11.** Attitudes to change (Source: Created by the author)

I like to do the same old things rather than try new and different ones

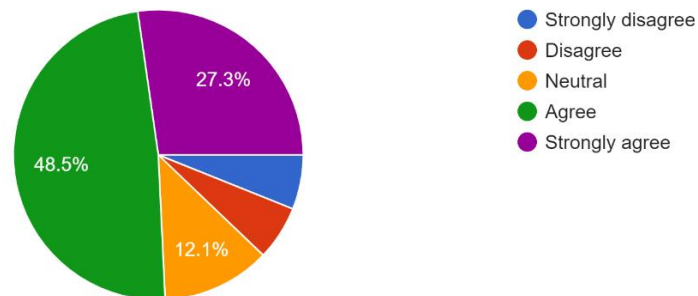
33 responses



**Fig.12.** Attitudes to personal change (Source: Created by the author)

When I am informed of a change of plans, I tense up a bit

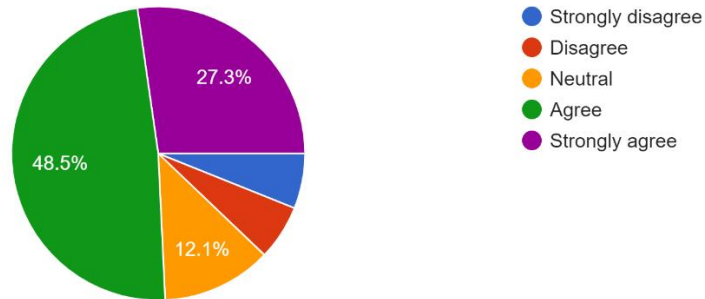
33 responses



**Fig.13.** Attitudes to learning about change (Source: Created by the author)

When things don't go according to plans, it stresses me out

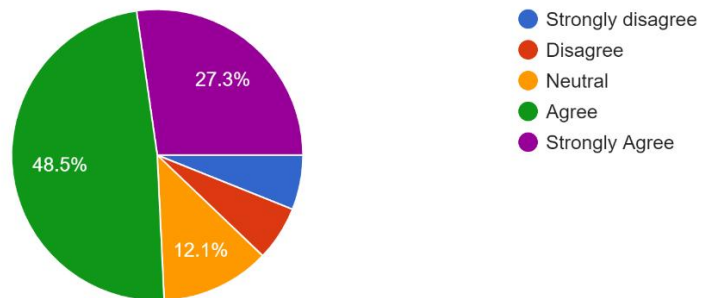
33 responses



**Fig.14.** Attitudes to learning about change (Source: Created by the author)

We need to change our approach to the industry

33 responses

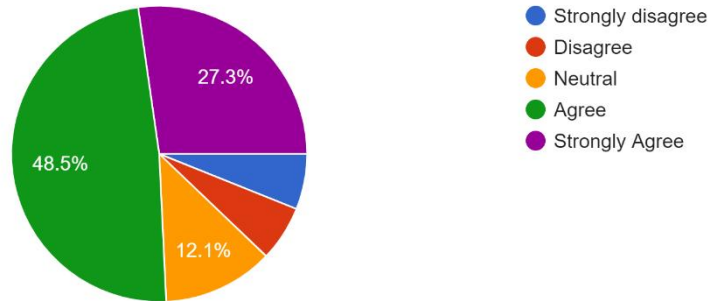


**Fig.15.** Attitudes to change in the industry (Source: Created by the author)



We need to change our approach to the market.

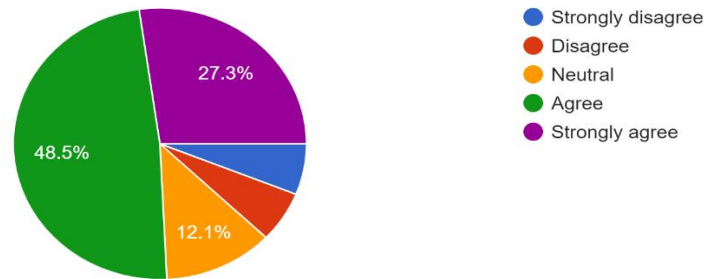
33 responses



**Fig.16.** Attitudes to change in the market (Source: Created by the author)

We need to change the way we do things in this organization.

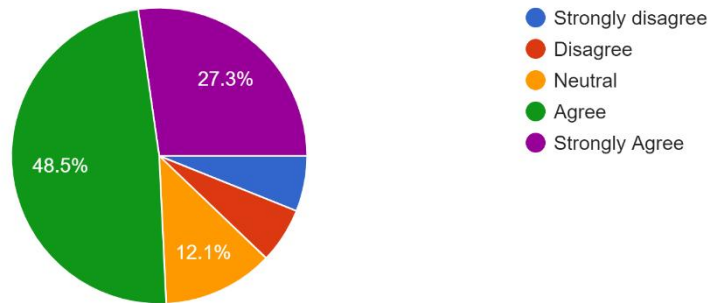
33 responses



**Fig.17.** Attitudes to change in the organization (Source: Created by the author)

We need to change our effectiveness by adjusting our operations

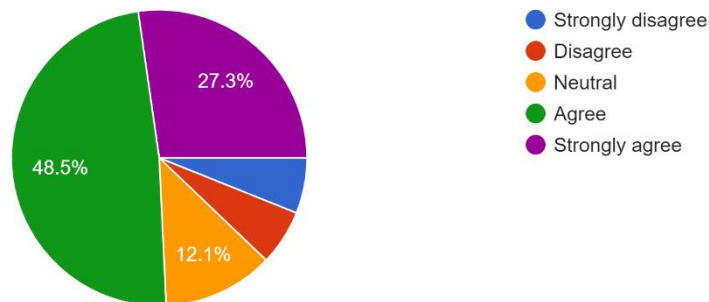
33 responses



**Fig.18.** Attitudes to change through effectiveness (Source: Created by the author)

My supervisor thinks that I shall support the proposed 'change'.

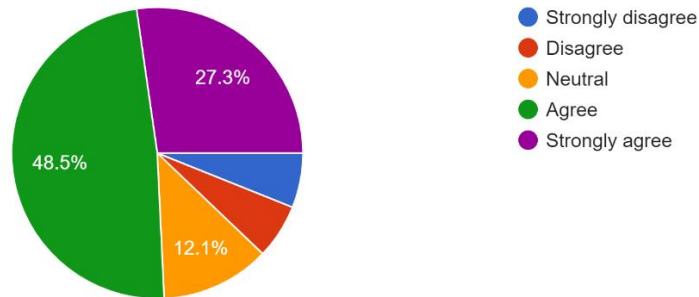
33 responses



**Fig.19.** Perception of my supervisor regarding my attitudes to change (Source: Created by the author)

People in my work unit think that I shall support the proposed 'change'

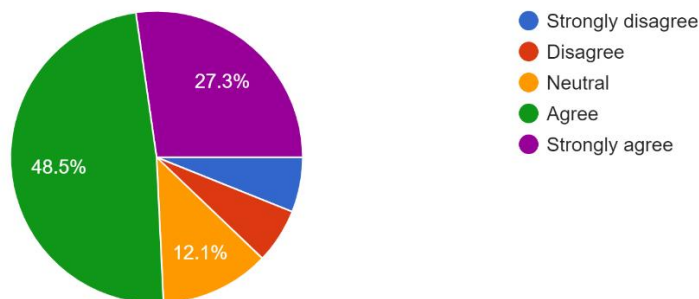
33 responses



**Fig.20.** Perception of my colleagues regarding my attitude to change (Source: Created by the author)

People in other work units think that I shall support the proposed 'change'

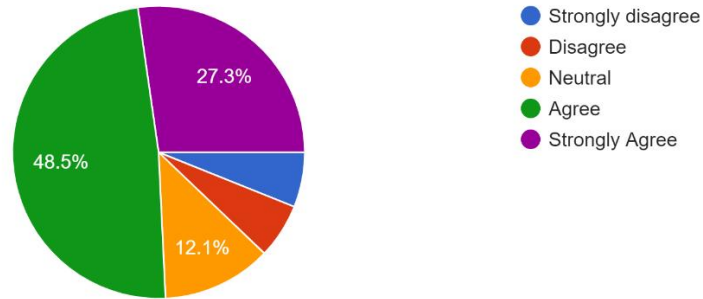
33 responses



**Fig.21.** Perception of other employees regarding my attitude to change (Source: Created by the author)

I have complete control

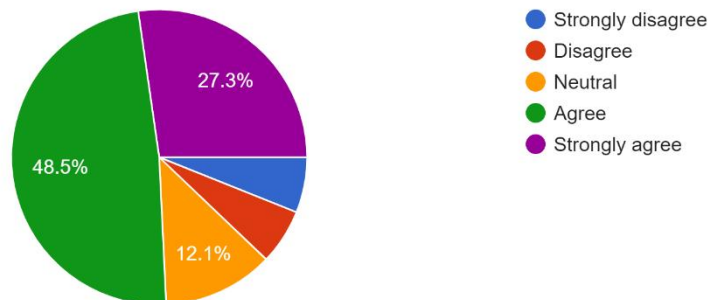
33 responses



**Fig.22.** Perception of control (Source: Created by the author)

whether I carry out activities that support 'change'

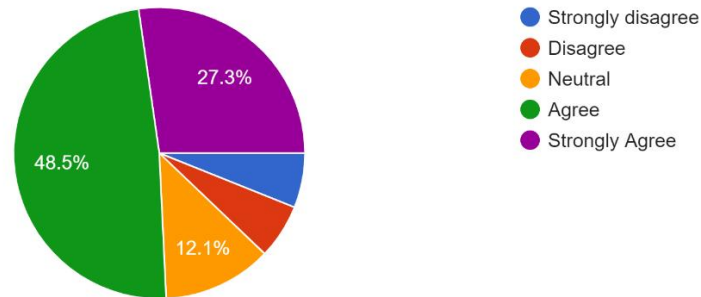
33 responses



**Fig.23.** Implementing activities related to change (Source: Created by the author)

I have enough resources to carry out activities that support 'change'

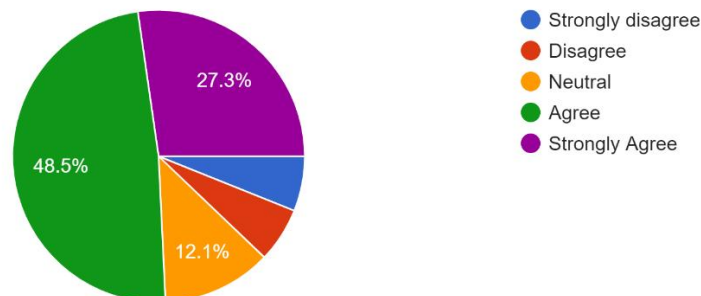
33 responses



**Fig.24.** Availability of resources to implement change (Source: Created by the author)

I have been given enough time to carry out activities that support 'change'

33 responses



**Fig.25.** Allocation of time to implement change (Source: Created by the author)

To verify the impact of change management practices on the growth and sustainability of SMEs in the Indian dairy industry, the regression test was run (see Table 2).

**Table 2.** Regression test (Source: Created by the author)

Model		Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.322	0.203		6.513	0.000
	Change management practices	0.595	0.059	0.582	10.083	0.000



Table 2 shows that change management practices have a significant impact on the growth and sustainability of SMEs in the Indian dairy industry as p-value is less than 0.05. Organizations have made changes in their processes and procedures to survive in today's time-based competition. Organizations required to make changes in the processes and procedures so they can produce the product of enhanced quality which is accepted by all customers from all over the world. Many organizations used change as their distinct competitiveness to sustain in the global market. Companies used change in their processes and procedures due to many reasons such as new advanced technology, objective and goal change, various changes in economy, economic slowdown etc. Organizations have to change their traditional policies and procedures, technology, organizational culture and quality of the product. These changes give improvement in performance of organizations. Many employees resist because they perceive that new change results negatively to the organization. Change management is a very important task for the management of the company. Companies should implement it properly to get support from the employees to achieve the success in implementation of change.

### Conclusions

Findings verified that change management significantly affects growth and sustainability of SMEs in the Indian dairy industry. Proper organizational change management may help SMEs to be more successful when competing. SMEs play an important role in the Indian economy. SMEs help to remove this economic disparity between rural and urban areas. SMEs face many difficulties to survive and grow in the global market. Globalization gives high competition which forces organizations to improve performance on a continuous basis. SMEs also required to improve performance to grow and survive in the global market. New advanced technology and global competition are major forces of change. All sectors of the economy adopted change to increase the speed of growth. Many employees resist to change. This resistance to change results in failure of performance improvement. This resistance to change can be reduced or removed by using change management. Change management is an important strategy which is used by many large organizations as well as SMEs for performance improvement. Many large organizations used change management as a major strategy to achieve performance improvement. Sustainability becomes important for every organization because organizations view it as a main strategy to achieve competitive advantage on the global market. Organizational sustainability includes environmental, financial and social performance. Sustainability gives additional competencies which help organizations to improve performance through cost reduction and environmental protection and social sustainability to the employees and all stakeholders. Many organizations use organizational sustainability as a tool for branding in the global market. Investors and skilled employees are more interested in sustainable organizations. SMEs also grow and survive in the global market by using organizational sustainability by using effective change management practices.

### References

- Al-Flayyeh, S., & Alotaibi, M. G. M. (2023). Change management and its impact on related factors: An empirical investigation and perspectives of Saudi Arabian primary healthcare centers (PHC'S). *Journal of Population Therapeutics and Clinical Pharmacology*, 30(16), 1-12.
- Asikhia, O., Nneji, N., Olafenwa, A., & Owoeye, O. (2021). Change management and organisational performance: a review of literature. *Int. J. Adv. Eng. Manag*, 3, 67-69.



- Bagga, S. K., Gera, S., & Haque, S. N. (2023). The mediating role of organizational culture: Transformational leadership and change management in virtual teams. *Asia Pacific Management Review*, 28(2), 120-131.
- Baharudin, I. S., Abdullah, B., Salleh, N. M., & Shariffudin, P. (2020, April). A case study on change management readiness for an oil & gas SME company in Malaysia. In *IOP Conference Series: Materials Science and Engineering* (834(1), 012048). IOP Publishing.
- Bazzoli, G.J., Dynan, L, Burns, L.R., & Yap, C. (2004). Two decades of organizational change in health care: what have we learned? *Medical Care Research and Review*, 61(3), 247-331.
- Gigante, J. (2012). Breaking down the barriers to feedback. *Pediatrics & Therapeutics*, 2(3). <https://doi.org/10.4172/2161-0665.1000e108>
- Errida, A., Lotfi, B., & Chatibi, Z. (2023). Development of an assessment model of organizational change readiness by using fuzzy Logic. *Procedia Computer Science*, 219, 1909-1919.
- Idogawa, J., Bizarrias, F. S., & Câmara, R. (2023). Critical success factors for change management in business process management. *Business Process Management Journal*, 29(8). <https://doi.org/10.1108/BPMJ-11-2022-0625>
- Kelly, D. L. (2007). *Applying quality management in healthcare: A systems approach*. Health Administration Press.
- Kumah, E., Ankomah, S.E, & Antwi, F. (2016). The role of first-line managers in healthcare change management: A Ghanaian context. *International Journal of Biosciences, Healthcare Technology and Management*, 6(3), 20.
- Simoës, M. M. P., & Esposito, M. (2014). Improving change management: How communication nature influences resistance to change. *Journal of Management Development*, 33(4), 324-341.
- Ministry of Food Processing Industry of India (n.d.). *Opportunities in dairy sector in India*. <https://www.mofpi.gov.in/sites/default/files/OpportunitiesinDairySectorinIndia.pdf>
- Okolie, U. C., & Memeh, N. J. (2022). Influence of change management on modern organizational efficiency. *Jurnal Riset Ekonomi dan Bisnis*, 15(3), 171-195.
- Phillips, J., & Klein, J. D. (2023). Change management: From theory to practice. *TechTrends*, 67(1), 189-197.
- Rieley, J., & Clarkson, I. (2001). The impact of change on performance. *Journal of Change management*, 2(2), 160-172.
- Sung, W., & Kim, C. (2021). A study on the effect of change management on organizational innovation: Focusing on the mediating effect of members' innovative behavior. *Sustainability*, 13(4), 2079.
- Tummers L., Bekkers V., & Steijn B. (2009). Policy alienation of public professionals: Application in a new public management context. *Public Management Review*, 11(5), 685-706.
- Ufua, D. E., Osabohien, R., Imhonopi, D., Olujobi, O. J., & Ogbari, M. (2020). Change management and capacity utilisation: A critical requirement for business sustainability among small and medium-sized enterprises (SMEs) in Nigeria. *International Journal of Innovation Management* 14(10), 438-458.
- Verlinden, S., Wynen, J., Kleizen, B., & Verhoest, K. (2023). Blurred lines: exploring the impact of change complexity on role clarity in the public sector. *Review of Public Personnel Administration*, 43(3), 479-503.



## **Gurpreet Singh Mishan. INDIAN DIVERSE CULTURE IMPACT ON ECONOMIC DEVELOPMENT**

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
Scientific Advisor: Dr.sc.pol., Visiting Professor Inese Aboliņa*

### **Abstract**

**Research relevance:** The research explores a connection between diversity in culture and economic growth. In another way, it's crucial to research how India's various cultures impact the nation's economy since it sheds light on how economy develops there. In this sense, it becomes essential to use India's unique tradition of culture to promote equitable and long-term economic development. This means that the research has great significance for directing initiatives and policies that try to use India's cultural diversity to promote economic growth.

**Research goal:** This study explores cultural components, including customs, dialects, social norms, and religious activities, in an effort to better comprehend how India's rich culture affects the country's economic growth.

**Research methods:** The study explores the connection among culture and financial outcomes, Literature Review, conducting survey using online questionnaires used online survey like Google Forms is the main methods for gathering information.

**Main findings:** India's diverse culture encourages innovation, moulds consumer behavior, and affects business dynamics, underscoring the importance of culture regarding economic statistics.

*Keywords: Indian culture; economic development; diversity; innovation; policy implications.*

### **Introduction**

India's trajectory of economic development is greatly influenced by its diversified cultural diversity. The purpose of this research is to examine the complex relationship that exists among Indian culture and its economic growth. The goal of the studies is to comprehend how many different elements of Indian culture such as customs, spoken languages, social mores, and spiritual beliefs affect financial results. This study investigates the ways that cultural variation affects economic statistics including GDP expansion, job creation, and business efficiency through a mixed-methodologies approach that combines both quantitative and qualitative research techniques. Results demonstrate how cultural diversity impacts economic factors, encourages creative thinking, and affects consumer behavior. This study's uniqueness and significance come from its thorough examination of the complex interplay between India's cultural and economic growth. The results' practical consequences highlight how crucial it is to acknowledge and capitalize upon India's diverse cultures to achieve long-term financial progress.

India is recognized for having a diverse history of Indian culture that includes many different traditions languages and cultures as well as living different lifestyle in each region. This cultural diversification has a big influence across its economic growth. This article seeks to investigate the connection among Indian culture and its development in the economy.





The objective of the study is to investigate how the culture affect a range of economical metrics, including GDP expansion, job growth, while how income is distributed. The intention is to shed light on the processes via which culture affects economic results. The study aims to identify consequences for using India's cultural variety to promote balanced and sustainable economic development.

## **Literature Review**

Several research works have investigated the connection amongst India's diversity of culture and its economic expansion. According to Banerjee and Singh (2008), there is a beneficial relationship that exists between entrepreneurial activity and diversity of cultures, highlighting the ways in which it promotes innovation and increases economic growth and effectiveness. Chatterjee and Choudhury's (2018) study examine into how India's cultural variation affects the country's financial condition. According to their outcomes, coexistence of different traditions of culture fosters the economy, which raises GDP expansion and employment rates. A conceptual structure is investigated, how diversity management affects organisational performance in hospitality organisations. Nguyen et al. (2022) provide useful recommendations for utilising cultural diversity to propel company success by examining the connections within diversity efforts and organisational effectiveness

India's cultural variety should be used as a platform for economic growth and development of historical and cultural tourism through government programmes like the "Incredible India". These initiatives highlight the significance of culturally responsive policies that capitalize on India's rich cultural legacy to foster equitable and sustainable development (Ministry of Tourism, Government of India, n.d.). India's cultural variety and its deep influence on economic growth are highlighted by the combined findings of these studies. Through incorporating perspectives from various academic fields, they enhance understanding of the intricate relationship among India's culture, society, and economics.

The complex relationship among India's diversified cultural diversity and its economic progress has been the subject of numerous studies. According to Anderson he offers insightful information about the relationship between economic advancement and Indian traditions. His research highlights the critical role that cultural influences play in promoting innovation and entrepreneurship, which in turn leads to total economic growth (Anderson, 2012) In another study expands on this basis by exploring Indian cultural aspects and how they affect marketing tactics. In order to leverage India's rich tradition of culture and promote economic success, author emphasises the significance of implementing culturally sensitive policies through an analysis of basic cultural standards (Banerjee, 2008).

Additionally, research provide factual data regarding the impact of lifestyle in Indian businesses. According to Pereira and Malik , their research shows how important it is to comprehend how cultures interact in organisational contexts in order to improve organisational effectiveness or foster sustainable growth (Pereira & Malik,2015). These studies collectively underscore the multifaceted nature of India's cultural diversity and its profound impact on economic development. By drawing on insights from diverse disciplinary perspectives, they enrich our understanding of the complex interplay between culture, society, and the economy in India.

## **Research Methodology**

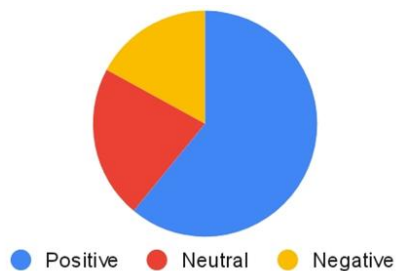
The research methods included literature review and a survey. In order to construct the theoretical framework for this study, author will examined the available data with a concentrate on a "literature

review". And collected data from the website as well as from a variety for academic and online sources. This study examines the connection among Indian diverse culture and its economic growth using a qualitative method. Online questionnaires will be sent as part of the study project in order to collect data from a representative sample of participants from various demographic and geographic backgrounds. Convenience sampling method will be applied to this research, with participants. And target people will consists of people from many age groups, different professions, , who live in different parts of India.

Data was collected vid Google Forms. A series of structured questions intended to gauge respondents' opinions about cultural diversity along with the way it affects India's economic prospects will be included as part of this survey. Data Analysis, statistical tools will be used to analyse the data obtained from online survey. To summarise the responses from those who responded, descriptive statistics such as frequencies and percentages would be applied.

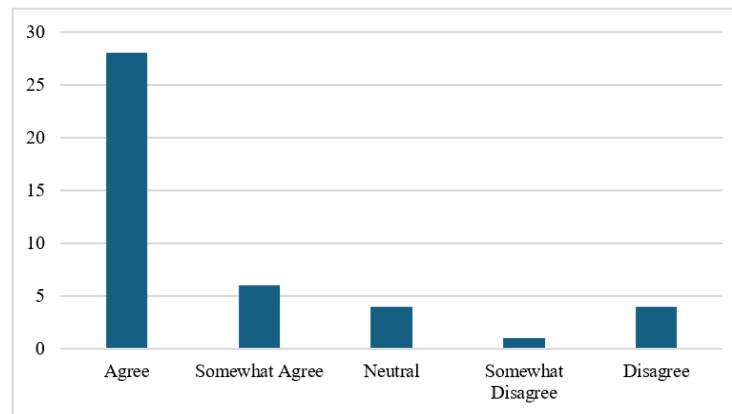
## Results

The findings of this research emphasize how essential it is to acknowledge and take advantage of India's distinct cultures in order to further economic development. India can leverage its numerous inhabitants to stimulate economic growth even entrepreneurial spirit, by adopting laws that are fair and protect cultural traditions. The research conclusions hold significance for stakeholders responsible for defining India's economy future, including corporations and policymakers. One important question related to the perception about the impact of India's cultural diversity on its economic growth (see Fig.1).



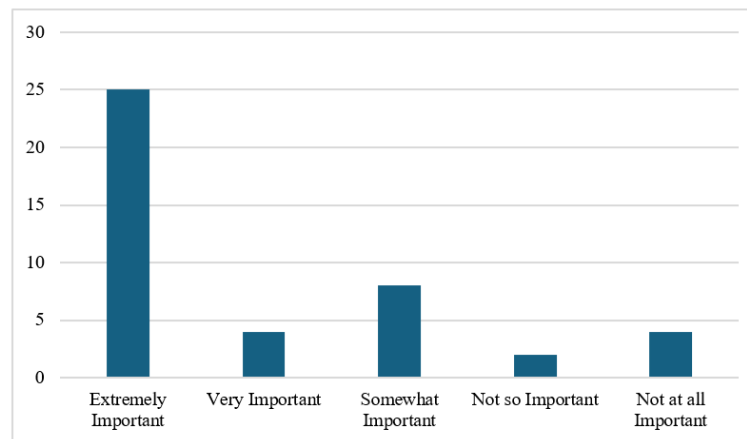
**Fig. 1.** Perception on the impact of India's cultural diversity on its economic growth (Source: Created by the author)

The impact of India's cultural diversity on the country's economic prosperity was the question posed to survey participants. From all of the responds, the following: 60% thought the impact was beneficial. While 18% were neutral, 22% thought it was bad. With a sizeable minority voicing negative opinions and a smaller fraction staying neutral, this suggests a predominately positive perception.



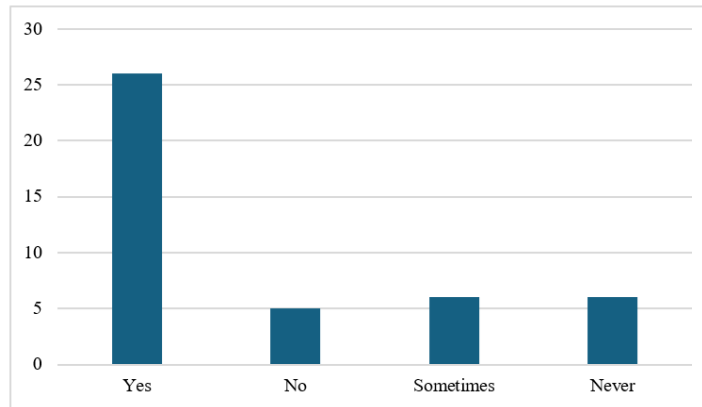
**Fig. 2.** Views on innovation and creativity for economic growth (Source: Created by the author)

Approximately 68% participants, or a large majority, agree that cultural variety in India promotes creativity and imaginative thinking. This underlines how widely acknowledged the beneficial impact of varied cultural viewpoints on fostering innovation over a range of national areas.



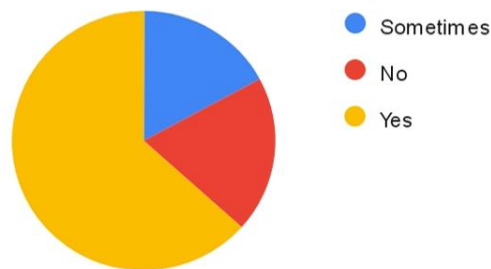
**Fig.3.** Views on what policymakers should do to use India’s culture diversification for better economy (Source: Created by the author)

How crucial do you believe it is for decision-makers to acknowledge and take use of India's many cultures in order to promote sustainable economic growth? The overwhelming majority of respondents around 61% believe the fact is extremely important for decision-makers to acknowledge and take advantage of India's different cultures in order to promote sustainable economic growth. This indicates a broad agreement regarding the role that cultural variety plays in promoting economic development. However some other or very few respondents feels this factor is not essential for policymakers or government.



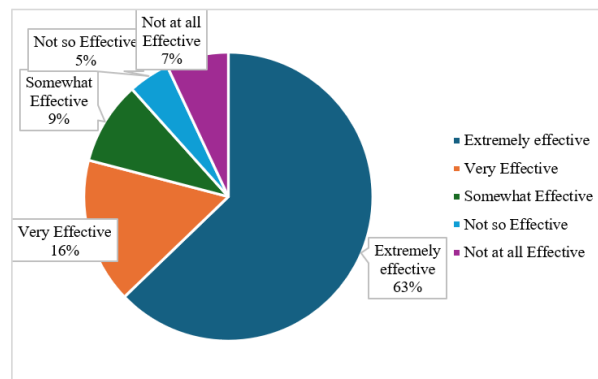
**Fig. 4.** Views about correlation between culture and economic growth (Source: Created by the author)

Pie chart showing that, significant proportion of participants believe there is a relationship between cultural dynamics and the nation's economic performance.



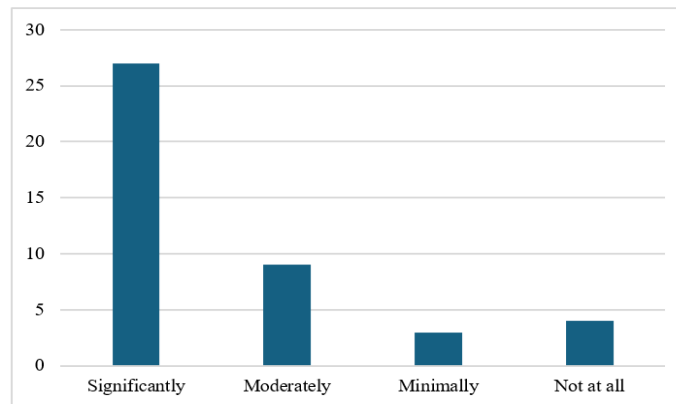
**Fig.5.** Views about the effect of cultural diversity on businesses dynamics (Source: Created by the author)

Approximately 60% people believe that India's cultural diversity significantly influences consumer behavior and business dynamics. 19% see it sometimes affecting, and some of people (10%) think that such effects are either never or minimally take place.



**Fig.6.** Views about the effectiveness of “Incredible India Campaign” (Source: Created by the author)

Participants in the "Incredible India" campaign say that it is doing a great job of highlighting India's cultural variety in order to spur economic progress. On the other hand, 12% of participants claimed it was ineffective.



**Fig .7.** Views about culture heritage influence behavior (Source: Created by the author)

What impact does India's cultural history have on consumer behaviour? Although respondents' answers differ, around 65% of them said that cultural heritage has a big impact on Indian consumers' purchasing decisions. This demonstrates the significant influence that cultural legacy plays on consumer choices, buying decisions, and market developments in the nation's heterogeneous sociocultural landscape. 25% report a moderate level of effect. 10% report little to no influence at all.

Overall the findings of this research, mostly participants believed that cultural variation impact in positive perception. Along with this emphasize how essential it is to acknowledge and take advantage of India's distinct cultures in order to further economic development. India can leverage its numerous inhabitants to stimulate economic growth even entrepreneurial spirit, by adopting laws that are fair and protect cultural traditions. The research conclusions hold significance for stakeholders responsible for defining India's economy future, including corporations and policymakers.

### Conclusions

In conclusion ,study highlighting the important influence India's cultural diversity upon the country's economic growth. The huge amount of evidence demonstrating the benefits of diverse cultures for economic growth and innovative ideas which is point out the necessity for enterprises and policymakers to take advantage of cultural assets.

Indian culture has a big impact on how things work out economically. Cultural diversity encourages innovative thinking and invention by allowing for the interchange of points of view and thoughts. Additionally, social expectations especially cultural traditions have an impact on business behavior, economic preferences, even consumer behavior. For instance, the frequency of mixed family structures in India affects consumption and spending patterns related to households. Cultural celebrations and traditions also influence the demand for particular products and services, which supports the expansion of the economy in particular industries.



The suggestions include incorporating cultural factors into governmental frameworks, enhancing investment prospects in cultural sectors, encouraging for greater cultural awareness as well as consciousness, and cultivating cooperative research endeavours. In addition to promoting economic growth, promoting cultural diversity enhances India's cultural environment and opens the door to more equitable and sustainable the near future.

### References

- Anderson, B.B. (2012). Indian cultural values and economic development: an exploratory study. *World Journal of Entrepreneurship, Management and Sustainable Development*, 8(2/3), 194-201.
- Banerjee, S. (2008). Dimensions of Indian culture, core cultural values and marketing implications: An analysis. *Cross Cultural Management: An International Journal*, 15(4), 367-378.
- Chakraborty, M. (2023). Linking migration, diversity and regional development in India. *Journal of Development Policy and Practice*, 8(1), 55-72.
- Fusilier, M., & Durlabhji, S. (2001). Cultural values of Indian managers: An exploration through unstructured interviews. *International Journal of Value Based Management*, 14, 223-236.
- Nguyen, N. T., Yadav, M., Pande, S., Bhanot, A., & Hasan, M. F. (2022). Impact of diversity management on organizational performance in hotel organizations: A conceptual framework. *International Journal of System Assurance Engineering and Management*, 13(1), 186-196.
- Pereira, V., & Malik, A. (2015). Culture in Indian organisations: Evidence-based research and practice. In *Investigating Cultural Aspects in Indian Organizations: Empirical Evidence* (pp. 1-10). Springer International Publishing.
- Shukla, S., & Pandey, A. (2023). Impact of globalization on Indian technology and culture. *Social Science Journal for Advanced Research*, 3(2), 21-29.



## Vimalanand Bijoy. THE FACTORS OF DIGITAL MARKETING AFFECTING COMPETITIVENESS OF IT COMPANIES IN LATVIA

*EKA University of Applied Sciences  
Master's Study Program "Business Administration"  
E-mail: vimalanandbijoy4@gmail.com*

*Scientific Advisor: Dr.oec., Assistant Professor Jevgenija Dehtjare*

### Abstract

**Research relevance:** The information technology industry in Latvia, much like that of a great number of other nations, has experienced significant expansion. It is essential to look at different approaches to achieve a competitive advantage, as the level of competition between IT businesses grows as the sector as a whole increases. According to the Central Statistical Bureau of Latvia, the information technology (IT) and telecommunications industry has enjoyed consistent development in recent years, and it has contributed considerably to the overall GDP of the nation. As an illustration of the sector's significance to the economy, in the year 2020, the value-added produced by it accounted for around 2.8% of Latvia's total GDP.

**Research goal:** To identify digital marketing factors affecting the competitiveness of IT companies in the Republic of Latvia.

**Research methods:** Conduct research on prior studies concerning the current developments in digital marketing within the IT business. Analyze the data descriptively, analyze the demographic data based on frequency, and analyze the data based on variables to determine the most important aspects of digital marketing that have an effect on competitiveness.

**Main findings:** In Latvia, successful digital marketing practices have a considerable positive impact on the competitiveness of IT companies in Latvia. Among the most important discoveries was the central importance of search engine optimization (SEO), content marketing, and social media engagement. The recommendations centre on improving these techniques so that they can support on-going growth. In addition, the scope of this study encompasses the particular influence that different components of digital marketing have on areas of competitiveness such as market share, revenue growth, client acquisition, and customer retention.

*Keywords: digital marketing; competitiveness; IT industry; firm performance.*

### Introduction

The IT sector in Latvia, similar to its international counterparts, has experienced significant expansion in recent years. The aforementioned expansion has not just resulted in economic success, but has also heightened the level of competition within the industry. Latvian IT firms face a range of problems and possibilities in the digital world as they endeavour to sustain and grow their market presence. In order to maintain competitiveness and relevance in the swiftly expanding IT environment, firms must prioritize the comprehension and utilization of digital marketing variables.

The investigation of the variables of digital marketing that impact the competitiveness of IT firms in Latvia has considerable importance. The IT and telecommunications business in Latvia has



demonstrated steady and strong expansion in recent years, serving as a crucial component of the country's economy. Based on statistics provided by the Central Statistical Bureau of Latvia, it is evident that this particular industry has contributed significant contributions to the country's Gross Domestic Product (GDP). The IT and telecoms sector contributed around 2.8% to Latvia's overall GDP in 2020, highlighting its significant contribution to economic advancement.

Nevertheless, with the on-going expansion of the information technology (IT) sector, there has been a corresponding increase in rivalry among enterprises operating within this area. In order to sustain and augment their competitive advantage, information technology (IT) firms must adeptly traverse the ever-changing and technologically-driven marketing environment. Digital marketing methods have emerged as crucial means for organizations to effectively connect with, captivate, and maintain a loyal consumer base, both within their own country and across borders. Hence, it is imperative for these organizations to do a thorough analysis of the various elements that impact digital marketing in the specific context of Latvia in order to ensure their success in the era of digitalization.

The primary objective of this study is to provide a comprehensive understanding of the key determinants that significantly influence the competitive dynamics of information technology (IT) firms operating in Latvia. This study aims to investigate the strategies employed by these organizations in utilizing digital marketing tools and approaches to attain a competitive edge, improve customer happiness, and stimulate business expansion. Through a comprehensive exploration of the complexities inherent in digital marketing, a deeper comprehension of the obstacles and prospects encountered by IT enterprises in Latvia can be attained. Consequently, valuable insights may be derived, facilitating the enhancement of their digital marketing strategies.

## **Literature Review**

Given the continuous growth and substantial contribution of the Information Technology (IT) and telecommunications sector to Latvia's economy, it is imperative to conduct an examination of the current corpus of research pertaining to the influence of digital marketing on the competitiveness of IT enterprises inside the nation. The objective of this literature review is to present a thorough and inclusive examination of the principal elements, techniques, and trends in digital marketing that have been researched and recorded within the Latvian environment. This study aims to explore the current literature to acquire a deeper understanding of how IT businesses in Latvia employ digital marketing strategies to enhance their competitive advantage, effectively reach their intended audience, and effectively respond to the changing demands of the market. This study will examine many dimensions, including the influence of social media, content marketing, search engine optimization (SEO), and data analytics on the formulation of digital marketing strategies employed by these organizations. Moreover, the present literature analysis aims to ascertain any deficiencies or domains that require additional investigation, so establishing a foundation for a more profound comprehension of the determinants that influence the competitiveness of information technology enterprises in Latvia within the context of the digital era. By conducting a comprehensive examination of research and academic works, this review aims to establish a solid groundwork for future investigations in this particular area of study.

It is essential to emphasize that digital marketing should not be conflated with online marketing, Internet marketing, e-marketing, online business, or online commerce, despite their strong interrelation. Although there exists an inherent interconnectedness among these notions, it is important to acknowledge that they just represent a fraction of the expansive realm of digital marketing. Li et al., (2011) assert that digital marketing encompasses a diverse range of digital mediums. Several digital





channels may be identified, including the Internet, mobile phones, wireless communications, and digital television. Digital marketing strategies are mostly executed through the utilization of the Internet and cellular platforms. Digital marketing functions as the overarching framework under which all of these notions are included. (Li et al., 2011).

Furthermore, similar to traditional marketing, digital marketing needs a systematic and deliberate approach. This entails establishing well-defined objectives and subsequently determining the most suitable tactics, methodologies, and technologies to effectively accomplish these objectives. Put simply, the objectives of a marketing campaign should be the principal factors considered when choosing the instruments and tactics to be employed in its implementation. According to Holliman and Rowley (year), the implementation of this approach ensures that the endeavors invested in digital marketing are aligned with the overarching objectives and ambitions of the organization. (Holliman & Rowley, 2014).

The objective of this study (Dunake & Panse, 2022) was to examine the numerous factors that determine the strategic value and adoption of electronic commerce, as seen by senior executives in the IT sector in the United States. The study conducted by the researchers primarily examined three essential criteria that play a significant role in determining the strategic value of electronic commerce (e-commerce): operational support, managerial productivity, and assistance in strategic decision-making. To explore the factors influencing the adoption process, the researchers choose to analyze four variables: organizational preparation, external pressure, perceived ease of use, and perceived usefulness. A sample including 100 information technology (IT) industries was chosen. The conducted analysis encompassed the utilization of factor analysis and canonical analysis approaches. To ensure the reliability of the results, a sensitivity analysis was performed on the independent variables. The findings of the study indicate that senior executives who perceive electronic commerce as a source of strategic value for the firm have a positive inclination towards its deployment. (Dunake & Panse, 2022).

The present study conducted by Tien et al. (2020) aimed to examine the factors that influence the adoption of electronic commerce (e-commerce) within the specific setting of Vietnam. Furthermore, there is a desire to examine the implications of adoption in the specific setting of a changing economy, such as Vietnam. The investigator utilized the Technology-Organization-Environment (TOE) framework to examine the factors that influence the adoption process. The researchers utilized a straightforward sampling method to collect data from a sample of 1200 IT industries that were chosen from three separate geographic regions in Vietnam. The measurement quality was assessed by doing a factor analysis with varimax rotation on the data gathered from all participants. The research findings indicate that the IT sectors in Vietnam have several challenges when it comes to the implementation and use of e-commerce, in contrast to their counterparts in developing or developed nations. The authors propose several comprehensive policy recommendations that are applicable to urban planners working in the Vietnamese environment. The authors put out recommendations for the Vietnamese government to adopt in order to foster a favorable environment for the expansion of electronic commerce within Vietnam. (Tien et al., 2020).

The present study conducted by Nuskiya aimed to investigate the barriers that impede the successful integration of information and communication technology (ICT) and electronic commerce (e-commerce) within the IT sectors of Sri Lanka. The purpose of their study was to identify a set of likely factors that impact the adoption process, as well as a variety of possible supporting measures targeted at alleviating the challenges faced. The researchers identified many internal and external barriers that influence the adoption of electronic commerce. According to the authors, the organization has the potential to efficiently address internal impediments, but external constraints require either government intervention or collaboration across IT businesses. (Nuskiya, 2018)



The present research (Bizhanova et al., 2019) examines the many factors that exert an impact on the adoption of electronic commerce inside a developing country. The study framework established by the researchers integrates the perceived preparedness of firms and the perceived readiness of the environment as crucial determinants in the adoption and institutionalization of electronic commerce. This approach considers several creative management, organizational, and environmental attributes. The results of this study, which utilized survey data gathered from 150 companies in South Africa, suggest that the early adoption of electronic commerce is predominantly driven by the factor of Perceived Organizational E-Readiness (POER), as opposed to variables connected to peers. Moreover, the degree to which ecommerce gets institutionalized is contingent upon the extent of commitment and governance demonstrated in regard to the Process, Organization, Environment, and Resources (POER) framework. (Bizhanova et al., 2019).

The study conducted by Nabieva (2021) aimed to investigate the dominant attitudes and viewpoints around digital marketing in the specific setting of Pakistan. The Wilska instrument was utilized by the researchers to evaluate the perspectives held by professionals. The study's sample comprised 200 participants. The data obtained from the study underwent analyzed utilizing descriptive statistics and factor analysis techniques. The research findings indicate that professionals in Pakistan have a heightened level of distrust towards digital marketing tools and concepts. Moreover, their comprehension of the benefits related to digital marketing in relation to business growth and cost-effectiveness is restricted. The experts demonstrated significant concern over privacy issues and the spread of inaccurate information within the domain of digital marketing. The researchers also found that SMS and MMS were considered to be the most essential tools for implementing digital marketing strategies, suggesting a weak understanding of the other digital marketing technologies (Nabieva, 2021).

Borsiyak et al. (2020) conducted research to assess the usage of social media platforms in the business-to-business (B2B) sector as a constituent of the digital marketing mix. Additionally, the study investigated the aims pursued by B2B firms in their digital marketing endeavors. Furthermore, the researchers made an effort to investigate the main barriers impeding the implementation of digital marketing techniques within the business-to-business (B2B) sector. A random sampling approach was utilized in the study to discover a total of 145 enterprises based in Finland. The research findings indicate that newsletters and email marketing remain the predominant digital marketing methods of importance for B2B firms. The findings of the research suggest that, irrespective of the company's scale, conventional digital marketing tools are perceived as more influential compared to social media tools. (Borsiyak et al., 2020).

In relation to the advancement of the information technology (IT) industry, Latvia is distinguished by its highly skilled labor force and robustly established educational framework. Through the implementation of strategic political measures, it becomes feasible to customize the labor market demands of the information technology (IT) sector, hence facilitating the appropriate training of the necessary workforce. However, it is crucial to use prudence while evaluating the effectiveness and extent of the education system in Latvia. According to existing research, a significant determinant of a nation's prosperity lies in its ability to attract foreign professionals, namely those with expertise in the domain of information technology (IT) (15). The matter pertaining to labor scarcity and the outflow of proficient personnel within the industry is of great significance, necessitating further extensive examination. (Fast metrics, 2022).

The present research conducted by Morais et al. (2021) investigated the effects of the adoption and utilization of information and communication technologies on the organizational learning process. Organizational learning encompasses a range of activities that involve the acquisition of knowledge, dissemination of information, interpretation of information, and the preservation of organizational



memory. The study was conducted on a representative sample of 297 small and medium-sized firms (SMEs) situated in Spain. The parameters in the study were evaluated using Likert-type scales consisting of five response alternatives. The hypotheses were examined by the application of hierarchical linear regressions. The findings of the researchers' study indicate that the incorporation and endorsement of information and communication technology (ICT) within a corporate setting have a beneficial influence on the development of knowledge, hence facilitating organizational learning. Thus, there is a need for adopting a suitable information and communication technology (ICT) standpoint to facilitate the advancement of knowledge creation and organizational learning (Morais et al., 2021).

According to a study conducted by Varma and Nagpal (2021), a significant proportion of participants reported a considerable degree of contentment about their online purchasing experiences. Based on the comments received from participants belonging to the student group as well as employees in the private sector, it has been determined that the most crucial component for enhancing the buying process in an online retail shop is the availability of a wide variety of goods and brands. Moreover, the internet has mostly functioned as a medium for accessing information rather than as a platform for conducting commercial transactions. A significant proportion of consumers demonstrate a predilection for utilizing internet search platforms as a means of obtaining product information, subsequently engaging in comparative analyses with other options. Nevertheless, it has been noted that in numerous cases, these consumers finally choose to complete their transactions through conventional physical retail stores. (Verma & Nagpal, 2021).

According to Olazo (2022), there are various factors affecting digital marketing as seen by marketers. The aforementioned elements comprise the target market, distribution methods, technological infrastructure, content creation, social media presence, talent acquisition, and financial resources. The selection of the target market is a critical component that marketers place a high priority on. In addition, it is imperative that the content be in accordance with the tastes and requirements of the target market. (Olazo, 2022). In a recent study conducted by Kannan (2017), six criteria have been found. These criteria are taken from three distinct areas of consumer value, specifically functional, social, and emotional. The findings suggest that the influence of value on members' desire to make purchases is of great importance when analyzed from emotional and social perspectives. The results of this study will give valuable insights for social networking community service providers, enabling them to enhance their sales performance in the digital products market. (Kannan, 2017).

In the past, Madhan conducted a study that found that the evaluation of customer satisfaction has primarily been based on variables such as the quality of services offered, cost, and the purchasing process. The level of electronic satisfaction is impacted by several elements, such as the caliber of electronic services rendered, the price framework, and the effectiveness of electronic purchasing processes. Moreover, some noteworthy determinants of attaining contentment among internet clientele have been identified. Technological considerations involve several elements including privacy, relevance, usability, and site design. The purchasing criteria comprise several variables like comfort, relevance, usefulness, trust, and the delivery of trustworthiness. Finally, the elements related to the product cover the promotion or advertising efforts, the quality of the product, its value proposition, and the availability of customized or personalized items. (Madhan, 2021).

## **Research Methodology**

For the purpose of this research, data were gathered via the use of samples, and a randomized test was carried out through the utilization of a questionnaire system. In addition, the materials that were



necessary for this inquiry were put together utilizing the findings from previous investigations. The descriptive statistical approach is employed, as a first step, prior to going on to a more in-depth study of the replies that were supplied in the questionnaire. The material of the questionnaire was developed with the assistance of the study that has previously been distributed in academic publications.

The aim of the research was to identify the digital marketing factors affecting competitiveness of IT companies in Latvia. The purpose of this study is to investigate the aspects of digital marketing that have an impact on the competitiveness of information technology enterprises in Latvia. The questionnaire provides an explanation of the many constructs and variables that are included in the survey instrument. The purpose of this study is to investigate the influence that digital marketing tactics have on the competitiveness of information technology enterprises in the setting of Latvia.

An instrument in the form of a structured survey was used to gather the data. The survey was broken up into a few different parts. In the section under "Results," Table 1 presents the scoring rubric for the demographic profile of the respondents. It was established that male and female responses, which were classified as 0 and 1, respectively, were used to identify gender. In order to evaluate the various types of occupations, we used four separate ordinal categories. The respondents had a choice between four different choices. Assessed employment positions fell into one of four categories: marketing manager, digital marketing specialist, IT staff, and other.

The views of respondents on social media marketing for the competitiveness of your IT company in Latvia are being analyzed, as well as the effectiveness of your content marketing strategies in increasing competitiveness, Search Engine Optimization (SEO) to enhance your company's visibility, customer satisfaction and engagement through digital marketing, and email marketing campaigns to engage with your customers and prospects, effectiveness of the content marketing strategies in increasing competitiveness is also being analyzed. In addition, the levels of respondents' satisfaction with the success of their digital marketing activities were scored on a scale ranging from 1 (Strongly Dissatisfied) to 5 (Strongly Satisfied), and these ratings were examined.

The author chose answers from reputable information technology businesses in Latvia. Companies from the governmental sector as well as the private sector were included in the sample. In order to understand the variables affecting competitiveness in the context of Latvia, the survey was done exclusively with employees from IT firms. It is essential to statistically evaluate the data using processes that have been tried and tested over time. The findings of the study were analyzed by the researcher utilizing these four different approaches. a socio-demographic statistical tool, an analysis of descriptive statistics, and an examination of factor relationships to locate components.

## Results

Demographic information related to the participants of the survey is summarized in Table 1.

**Table 1.** Demographical analysis (Source: Created by the author)

		<b>Participants</b>	<b>Total Participates</b>	<b>Percentage</b>
<b>Gender</b>	Male	9	20	40
	Female	11	20	55
<b>Occupation</b>	Marketing manager	3	20	15

	Digital marketing specialist	5	20	25
	IT employee	10	20	50
	Software engineer	2	20	10

### Descriptive statistics analysis

The findings on descriptive statistics are available in Table 2.

**Table 2.** Descriptive statistical analysis (Source: Created by the author)

	N	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Social media marketing	20	2.7507	1.07056	1.158	.075	.162
Content marketing	20	2.7159	1.14799	1.331	.063	.162
Search engine optimization	20	2.7109	1.17071	1.384	.087	.162
Online marketing campaign	20	2.8879	1.30584	1.721	.213	.163
Valid N (listwise)	20					

The table denoted as "Table 2 Descriptive Statistical Analysis" presents summary data pertaining to many crucial characteristics associated with digital marketing tactics. The following is a comprehensive explanation of the presented table. The table presents a comprehensive summary of the central tendency, namely the mean, as well as the spread, including the standard deviation and variance, for the many variables related to digital marketing strategies. These variables encompass social media marketing, content marketing, search engine optimization (SEO), and online marketing campaigns. The provided data provide valuable insights into the range of opinions and level of agreement among the participants of the survey on the significance and efficacy of digital marketing tactics within the IT sector in Latvia. The skewness values also offer insights into the distribution of replies.

### Factor analysis

The reliability test (Cronbach's alpha) was run in the IBM SPSS (see Table 3).

**Table 3.** Reliability analysis (Source: Created by the author)

Cronbach's Alpha	N of Items
.862	6

The number obtained in this study falls within the approved range of 0.700, specifically measuring at 0.862. This result provides evidence supporting the reliability of the measurement.

Factor analysis was used to ascertain the underlying components. The adequacy of factor analysis was assessed using the KMO and Bartlett's tests (see Table 4).

**Table 4.** KMO Bartlett’s test (Source: Created by the author)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.951
Bartlett's Test of Sphericity	Approx. Chi-Square	3266.727
	df	266
	Sig.	.000

The findings of the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity, which are statistical tests employed to evaluate the appropriateness of the data for factor analysis, are displayed in Table 4. The KMO measure, which has a significant value of .951, signifies that the dataset is very appropriate for doing factor analysis. This suggests that there exists a considerable amount of shared variation across the variables. Furthermore, the Bartlett's Test of Sphericity reveals a chi-square value of around 3266.727 with 266 degrees of freedom, and a significance level (Sig.) of .000, which is below the conventional significance threshold of 0.05. This finding suggests that there is substantial empirical support for rejecting the null hypothesis that the variables under investigation are not connected. This strengthens the rationale for performing component analysis on the dataset.

**Table 5.** Total variance explained (Source: Created by the author)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.802	53.926	76.926	12.902	56.926	76.926
2	1.148	3.824	87.750	1.148	3.824	86.750
3	.716	2.399	96.134			
4	.665	2.186	96.943			
5	.606	1.942	97.723			
6	.537	1.652	98.413			

The findings of a factor analysis are presented in Table 5, which includes the starting eigenvalues and the extraction sums of squared loadings for each component. The first component, characterized by an eigenvalue of 12.802, elucidates 53.926% of the overall variation. Subsequent to extraction, this component continues to account for 56.926% of the variance. The second component has an initial eigenvalue of 1.148, accounting for 3.824% of the overall variance both before and after extraction. The findings indicate that the factor analysis has successfully discovered two prominent latent variables within the survey items. The first component effectively captures a significant amount of the variation, indicating its significance in comprehending the connections between the survey items. The second component, although it contributes a smaller proportion to the total variation, nonetheless offers significant and meaningful information. The cumulative percentages indicate that the combined contribution of these two components accounts for 86.750% of the overall variation. The other components exhibit eigenvalues that are less than 1, indicating a relatively little contribution to the total variance. These components presumably represent tiny sources of variation within the dataset. Additional analysis of factor loadings and item content is necessary in order to evaluate and assign labels to these factors, providing significant insights into the underlying structure of the survey.

The initial eigenvalue of the first factor is 12.802, accounting for 53.926% of the total variance (56.926% after extraction). This factor may be appropriately designated as "Digital Marketing Effectiveness." This element is anticipated to incorporate the efficacy of different digital marketing tactics in relation to the competitiveness of IT enterprises within the Latvian setting.

The second factor, characterized by an initial eigenvalue of 1.148 and accounting for 3.824% of the overall variance (3.824% post-extraction), may be designated as "Customer Satisfaction and Service Quality." This aspect is likely associated with the level of consumer satisfaction about the services offered by IT businesses and the perceived quality of those services.

The aforementioned factors are the primary latent variables revealed using factor analysis, offering significant insights into the underlying structure of the survey data. The concept of "Digital Marketing Effectiveness" encapsulates the significance of employing digital marketing methods to augment competitiveness.

## Conclusions

The following conclusions were made:

- The exponential growth of the information technology (IT) industry in Latvia, akin to worldwide patterns, has resulted in heightened levels of competition.
- The IT and telecommunications sector in Latvia has exhibited a constant pattern of expansion, making a substantial contribution to the country's gross domestic product (GDP).
- The IT industry has experienced ongoing growth, resulting in heightened rivalry among enterprises operating within this area. In order to maintain and augment their competitive advantage, information technology (IT) enterprises must adeptly negotiate the always expanding realm of technologically-driven marketing.
- Digital marketing tactics have become imperative for firms to establish and foster connections with their client base, including both local and global spheres.
- The objective of this study is to offer a thorough comprehension of the primary factors that influence the competitive dynamics of information technology (IT) enterprises in Latvia. This study examines the tactics utilized by these entities to harness digital marketing resources in order to gain a competitive edge, enhance consumer happiness, and foster corporate expansion.
- The examination of research pertaining to the influence of digital marketing on competitiveness becomes imperative in light of the ongoing expansion of the IT industry in Latvia.

The following recommendations were suggested:

- It is recommended that IT enterprises operating in Latvia allocate resources towards enhancing the proficiency and expertise of their personnel in the domain of digital marketing through investment in training and development initiatives.
- IT companies should have systems to consistently assess and enhance client satisfaction and service quality.



## References

- Bazykin, G., Stanevich, O., Danilenko, D., Fadeev, A., Komissarova, K., Ivanova, A., ... & Lioznov, D. (2021). Emergence of Y453F and  $\Delta$ 69-70HV mutations in a lymphoma patient with long-term COVID-19. *Virological.org*.
- Bizhanova, K., Mamyrbekov, A., Umarov, I., Orazymbetova, A., & Khairullaeva, A. (2019). Impact of digital marketing development on entrepreneurship. In *E3S Web of Conferences* (135, 04023). EDP Sciences.
- Dunakhe, K., & Panse, C. (2022). Impact of digital marketing—a bibliometric review. *International Journal of Innovation Science*, 14(3/4), 506-518.
- Holliman, G., & Rowley, J. (2014). Business to business digital content marketing: Marketers' perceptions of best practice. *Journal of Research in Interactive Marketing*, 8(4), 269-293.
- Kannan, P. K. (2017). Digital marketing: A framework, review and research agenda. *International Journal of Research in Marketing*, 34(1), 22-45.
- Li, S., Li, J. Z., He, H., Ward, P., & Davies, B. J. (2011). WebDigital: A web-based hybrid intelligent knowledge automation system for developing digital marketing strategies. *Expert Systems with Applications*, 38(8), 10606-10613.
- Nuskiya, A. F. (2018). Impact of digital marketing in tourism industry of Sri Lanka. *Information and Knowledge Management*, 8(9), 59-67.
- Olazo, D. B. (2022). Measuring the level of digital marketing capabilities, digital marketing strategies and challenges and issues of SMEs in adopting digital marketing. *Journal of Marketing Advances and Practices*, 4, 79-96.
- Raj, A. S., Shagirbasha, S., & Madhan, K. (2022). A model for lead conversions through cold calling in startup B2B services firms in India: A sense-making derivation. *South Asian Journal of Business Studies*, 11(3), 370-384.
- Tien, N. H., Ngoc, N. M., Anh, D. B. H., Huong, N. D., Huong, N. T. T., & Phuong, T. N. M. (2020). Green marketing development strategy in post Covid-19 period in Vietnam. *International Journal of Multidisciplinary Research and Growth Evaluation*, 1, 101-106.
- Verma, A., & Nagpal, A. D. (2021). Factors affecting the growth of digital marketing In *India* (36/VIII).