

# SKYLINE BUSINESS JOURNAL

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## EDITORIAL

You have the seventh volume of SBJ in your hands. It has so far been a very interesting but equally challenging journey. Since I have been actively associated with the journal from the very beginning it feels just the yesteryear that we decided to bring out a scholarly journal probably the then first, from the Gulf Countries. Initially we were skeptical on the quality of contributions that we may receive but it proved otherwise and the number and quality both gained momentum and stature. This encouraged us and also made us ambitious, now we wanted only quality to position the journal amongst the very best. Last year at the same time when I was writing the 'editorial' I promised changes in the offing and this issue is the first annual issue. Yes SBJ is now annual.

This first annual issue has six research papers. It may be difficult to classify these papers into definite management categories since it's a mix bag of marketing, e-commerce and finance. The paper on 'consumer's intention to shop online' and 'soft-ware trends of logistics service providers' indicate the penetration of technology in global trade and commerce. Some future possibilities are getting explored and the world of 'marketing' is undergoing a metamorphosis. There are two more papers in the area of marketing that include one on 'returning customer' a very interesting paper that investigates the motive of a purchase with an intention to return it back for value paid taking advantage of the 'customer is king' philosophy. The other paper discusses 'advertising business in sub-Saharan enclave' with the help of a 'think-feel-do' model. The remaining two papers in the volume break the monotony and delve in 'e-human resource management on higher educational Institutions' in relation to Sokoto, Nigeria while the other discusses 'foreign direct investment in India'.

The focus of the editors/reviewers has been on a thoroughly researched paper with empirical evidence. It was hard work, the selection of papers, especially when it was bouncing back and forth between reviewers' comments and authors' revision and or explanation, and time consuming too. The editorial team was aware of the anxiety of authors and was trying hard to keep its cool and patiently facilitate the process. A sense of relief can be seen on the faces of those who really toiled hard to bring the issue in your hands. I would like to thank all the members of the editorial team and distinguished reviewers for their sincere efforts. There are several more inputs, features and frills that are yet to be added in the next issues and we promise once again to keep the good work going. Have patience and we will deliver as promised.

**Dr. Amitabh Upadhya**

Editor-in-Chief



# Employer's Attitude Towards E-Human Resource Management Adoption: Research On Higher Educational Institutions In Sokoto State, Nigeria.

*Abubakar Allumi Nura, Dileep Kumar. M, Nor Hasni Osman*

## **Abstract:**

*This paper seeks to examine empirically the antecedents of e-human resource management (e-HRM) intention and adoption in higher institutions of learning in Sokoto state as it affects decision making by applying technology adoption model (TAM). The respondents comprise of all the members of staff of Usmanu Danfodiyo University Sokoto and Sokoto state polytechnic Sokoto. A questionnaire was designed to extract into the owner's perception on perceived usefulness of e-HRM, perceived ease of use, the workers attitude, the behavioral intention and adoption of the e human resource itself. Several hypothesized relationships were tested. The data was analyzed using structural equation modeling (SEM) to test the relationship among the variables. The findings support the TAM theory and virtually all the hypothesized relationships were proven as alternative hypotheses. The findings are discussed in the context of e- human resource intention and adoption in higher institutions of learning in Sokoto state, Nigeria.*

**Keywords:** *E-HRM, Perceived Ease of Use, Attitude, Behavioral Intention and Perceived Usefulness*

## **1.1 Introduction**

Since the very early works on the intersection between web-based technologies and human resource management (for an overview, see DeSanctis 1986), a number of definitions have been proposed regarding the phenomenon that later was called e-HRM. e-HRM was interchangeably coined with HR Information System (HRIS), virtual HR (M), web-based HRM, intranet-based HRM. Miguel et al. (2007) opined that the terms e-HR [2] or e-HRM was brought to fore in the late 1990s when "e-commerce" was far-reaching the business world. The terms B2E (business-to-employee) and "Virtual HR." are at times interchangeably used to mean e-HRM (Lepak & Snell, 1998). The concept of e-HRM how ever depicts an act of technology application of any sort that permits managers and employees as well to have direct way in to HR and other workplace services for communication, performance, reporting, team management, knowledge management, and learning together with other administrative applications (Watson, 2002, Strohmeier, 2007). The scholastic interest in e-HRM has increased, as several special issues of HR-related journals demonstrate (Stanton & Coovert, 2004; Townsend & Bennett, 2003; Viswesvaran, 2003). In the interim, there is an initial body of empirical research in e-HRM. However, since this research stems from several disciplines and is scattered throughout numerous journals and since initial reviews are not encompassing (Anderson, 2003; Lievens & Harris 2003; Welsh, Wanberg, Brown, & Simmering, 2003), the results of these studies remain unclear at present. This particular research tries to ascertain intention and adoption of e- human resource in higher institutions of learning in Sokoto state, Nigeria.

## **1.2 Literature**

e-HRM could as well be defined as the administrative hold up of the HR function in organizations through the use of the internet technology however, this definition Voermans and Veldhoven (2007) added, only includes the technology factor in e-HRM. e-HRM is also a way of implementing HRM strategies, policies and practices in organizations in the course of a mindful and directed support of web-technology-

based channels. e-HRM, therefore, as clearly outlined by Rue'l et al. (2002, 2004) is a concept – a way of exercising responsibility which alters the nature of HRM strategies, policies and practices, as suggested. This indeed becomes an upshot that turn out to be apparent over time and which is very intricate and tasking to manage.

## **e-HRM Practices Across Industries.**

e-HRM practices across sectors and industries, started prior to scholastic explorations in e-HRM. Maatman (2006) opinionated that assurances of the purveyors of e-HRM technology cannot be said to be squarely achieved and the nest egg to be made in e-HRM are still enthralling, Lengnick-Hall and Moritz (2003) still believe that it has the potential to affect both efficiency and effectiveness scientific in terms of organizational decisions. Similarly, many researches in the area pointed out that beyond doubt, e-HRM adoption is in evitable as it has become evident in the desires of profit and nonprofit oriented firms and institutions of learning to increase efficiency, reduce paperwork, increase data accuracy, downsize HR staff, swell effectiveness, improve the capabilities of both managers and employees alike to make better, and cost effective decisions among other things. Even though the realization of e-HRM in profit driven industries ought to fit well with strategic organizational needs vis-à-vis personnel in general and HR redesign in specific, as many scholars proffer, the level of fitness cannot be generalized however, Gardner et al., (2003) & Fletcher, (2005) believe managers should be very strategic in taking into account critical HR issues when analyzing acceptance of e-HRM systems.

In a related development, Shaba (2000) argues that technology in general has not only enhanced knowledge storing methods and learning techniques but also acted as a catalyst to combat inefficient HR practices and some notable barriers of inflexible organizational structures. Consequent upon the foregoing argument, it could be said that to fully experience the benefits of technological advancements in higher education, such as e-HRM and e Learning, universities and higher institutions

must have flexible organizational structures. It has been established that the structure of today's universities must be dynamic and 'changeable' to be able to integrate distance learning courses since those institutions that will not or cannot change their structure to incorporate this technology may be bypassed by other educational providers, such as virtual universities and independent educational services (Scott, 2000). It has been extensively contended by scholars (Darling, 2002; Shaba, 2000) that, sufficient acceptance of e-HRM methods in higher educational institutions will construct broader outcome regarding organizational structure. And negative implication as Volery, (2000) portrays, will surface if higher institutions of learning do not cuddle the technology of e-HRM as a result of being left behind in the quest for effective decision making and technological development.

The self-motivated, user-friendly interface of the Internet as we know it today, is a multi-layer global network system that connects hundreds of millions of people and machines. This large system is comprised of multiple local and global networks serving private, public, business, academic and government purposes, which allows for the exchange of data between more than a hundred Internet-linked countries worldwide, has brought with it a heightened implementation and application of electronic Human Resource Management, e-HRM. Consequently Strohmeier (2007) added that academic interest in e-HRM has increased, as evidenced in several special issues of HR-related journals. Wright and Dyer (2000), pointed out that, the fact that e-business is emerging, and hence HR and HR professionals are faced with the challenge of performing in ways that are in line with the business. In the contemporary world of today, the line of demarcation between business and public organizations is becoming thin and gradually fading, in some places, the difference only remains on paper, so virtually the challenges faced by both the organizations are to some extent similar.

It has been enlightened that E-HRM and HRIS (Human resource information system) are two different concepts the latter concerns only the ICT systems used within HR departments and the former is in essence the devolution of HR functions to management and employees who access these functions typically via intranet or other web-technology channels (Ruel et al, 2004; CIPD, 2007). The empowerment of managers and employees to perform certain chosen HR functions relieves the HR department of these tasks, allowing HR staff to focus less on the operational and more on the strategic elements of HR, thereby allowing organizations to down size or right size as the case may be the HR department staffing levels and subsequently, the administrative burden is lightened. The concept of e-HRM can simply be construed to mean a way of implementing HR strategies, policies, and practices in organizations through a conscious and directed support of and/or with the full use of web-technology-based channels (Ruël et al., 2006).

### **Rediscovering opportunities through e- HRM**

Though there is no one universally acceptable way on how e- HRM can support HR activities in higher institutions of learning, one thing remains certain that it does help and support in different manners (Maatman, 2006). This however

could increase the insights in how the e-HRM technology is used within the higher institutions of learning. The typology ought to enable the institutions to look for opportunities for technology support of e-HRM activities or even benchmark their technology with alternative technologies. The first form of e-HRM as portrayed by Legnick-Hall & Moritz; (2003) is simply publishing information which involves one-way communication form the organization to employees or managers through web-based channels. The second higher-level form of e-HRM however engrosses the automation of connections, workflow, and even supply-chain integration where formalities are replaced by means of electronic input. As a result of that Managers and employees can access databases, update information, search for needed information, and make decisions. The third and highest-level of e-HRM involves the transformation of the entire HR system from the traditionally ill functioned HR that is bugged with rules and procedures to a more robust and sophisticated e-HRM.

A survey by Overman (1992) revealed that the would-be advantages of e-HRM are faster information processing, greater information accuracy, improved planning and program development which invariably enhance employee communications. Viewed from another dimension, some researchers, establish that the use of e-HRM would reduce HR costs by automating information and reducing the number of HR employees; by helping employees to manage their own personal information; and by allowing managers to access relevant information and data, conducts analyses, make decisions, and communicate with others without consulting an HR professional (Awazu & Desouza, 2003;Ball,2001). In an ideal world, the use of e-HRM, means less people should be needed to perform administrative tasks and more time would be made available for HR managers to assist at strategic level. Brown, (2002) envisages that the future is bright for e-HRM as it creates new paths for human resources and for the organizations that effectively use it.

In a similar argument, it has been portrayed that E-HRM technology provides a portal which enables managers, employees, and HR professionals to view, extract, or alter information which they (the managers) consider necessary for managing their organizations Lengnick-Hall & Moritz, 2003).

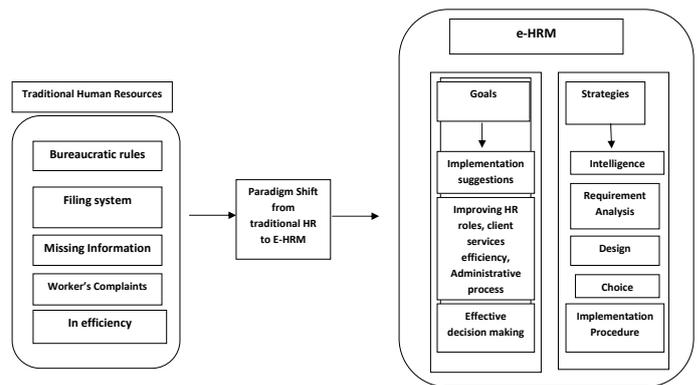
One of the smartest ways to speed up and streamline the recruitment process is use of technology which is likely to be a key area of focus in the hunt for talent in the competitive world of today, and the internet will continue to be the main tech driver related to recruitment in the years to come. The practice e-HRM becomes fashionable recently, as online recruitment is one of its most widely discussed functions. Online recruitment as Galanaki, (2002) pointed out, refers to an act of posting vacancies on the corporate web site or on an online recruitment vendors website, to allow applicants to send their resumes electronically via e-mail or in some electronic format. In line with Galanaki's opinion, Panayotopoulou et al., (2007) added that the use of technology also simplifies the sorting and contacting of candidates. The internet can ease the selection of employees, especially where long distances are involved. Video conferencing and online tests, for example,

have been extensively used at the early stages of the selection process and can achieve spectacular cost and time savings.

In the area of training and development, the internet has become one of the mostly discussed aspects of HR technology and probably the one with the most potential in terms of cost benefit analysis. The internet helps in assessing the training needs and in pure e-learning activity and in career management as well (Panayotopoulou et al., 2007). E-learning technology continues to build up and become better incorporated into overall tech-based human capital management systems. Another tech-related area in the training field that comes into sight to be undergoing strong growth is perhaps the use of simulations. These learning simulations help lessen the need to use the actual application environment and in this way save costs (Schramm, 2008). e-HRM functionally nowadays as enlisted Ngai & Wat (2006) includes corporate communication, recruitment, selection, training, employee opinion survey, compensation, payroll services and employee verification as well as general information. Holincheck et al. (2007) ably distinguished among administrative applications, talent management applications, work force management applications, service delivery applications and workforce analysis and / or decision support applications. This perhaps signifies that a shift has been made from labor- intensive HRM to technology intensive HR - e-HRM (Florkowski & Olivás-Luja'n, 2006). Kovach et al. (2002, p, 46) consider getting the staff to adopt and adapt to a new system, which is actually a new business process for them to be the most important obscurity when an e-HRM is implemented.

From another perspective, there are mainly two concepts with e-HRM, first strategies and another one is e-HRM goals. By means of strategy (like Intelligence, Requirement analysis, Design, Choice and Implementation Procedure) e-HRM goals become realizable. Here the role of intelligence is that it helps to identify and spot any problem or opportunity and gather data related to that problem as well as creates new ones and stores relationships to other total, part, abstract and concrete concepts. The Requirement analysis analyzes all the assignments & available human resources that are required in the organization, it involves analysis of how a job is accomplished, including a detailed description of both manual and mental activities, task and element durations, task frequency, task allocation, task complexity, environmental conditions, equipments needed, and any other unique factors involved. The Design segment devises all alternative outcomes including the area of human experience, skill and knowledge. An art of choice represents a process of choosing the best option from a range of alternatives which could be very limited at times. Choice in fact requires a conscious reasoning being it an act of mental capacity. The last stage which is the implementation Procedure suggests to the organizational management the best alternative that emerges out of a very careful screening which its adoption is expected to bring with it an effective decision making.

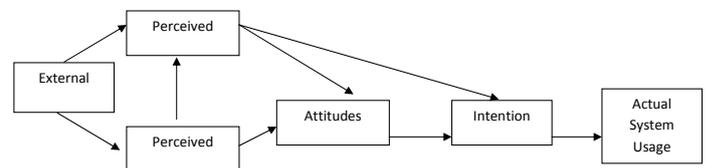
## A Paradigm shift model from Traditional HR to e-HRM



The above model was adapted (with some modifications) from Kumar's (2010) our concern in this paper is just to show the prospects of a paradigm shift from the traditional human resource management to e-HRM. It is shown that in the model above in case of the traditional HRM, there are no any tools through which HRM can take any decision. There is an indication of bugged bureaucratized rules and procedures traditional filing system which is accustomed to missing of information and a lot of complaints which invariably leads to in efficiency and in effective performance.

### Technology Acceptance Model

The Technology Acceptance Model was specifically developed with the primary aim of identifying the determinants involved in computer acceptance in general; secondly, to examine a variety of information technology usage behaviors; and thirdly, to provide a parsimonious theoretical explanatory model (Davis, Bagozzi, & Warshaw, 1989). It is rooted in social psychology and draws on Fishbein's and Ajzen's reasoned action model (1975), which establishes that the intent to produce a behavior depends on two basic determinants: attitude toward behavior and subjective norms. Subjective norms refer to the reasons for producing a certain behavior or not and make the link between the latter and an expected result, whereas attitude toward behavior refers to the positive or negative value the individual associates to the fact of producing the behavior.



**Figure 1: Technology Acceptance Model**

TAM is one of the most prominent models widely used in the studies of the determinant of Technology acceptance. Many previous studies have adopted and expanded this model which was empirically proven to have high validity (Chau, 1996; Davis, 1989; Mathieson, 1991; Adams, Nelson & Todd, 1992; Segars & Grover, 1993; Igbaria, 1992, 1995; Igbaria, Zinatelli, Cragg & Cavaye, 1997; Jantan, Ramayah & Chin, 2001; Koay, 2002, Ramayah, Siron, Dahlan & Mohamad, 2002).

TAM theorizes that an individual's behavioral intention to adopt a system is mainly influenced by two beliefs, perceived usefulness and perceived ease of use. Perceived usefulness is the degree to which an individual believes that using a particular method and or procedure would enhance his or her productive ability while perceived ease of use means the degree at which an individual believes that using a particular system would be free of effort reduces stress and simply put, saves energy (Davis, 1989). Between these two as further clarified, perceived ease of use has a direct bearing on both perceived usefulness and technology usage (Adams et al., 1992; Davis, 1989).

TAM has been often used successfully by many researchers to predict behavioral intent towards the use of information technology (Ramayah & Jantan, 2003; Ramayah, Sarkawi & Lam, 2003; Legris, Ingham, & Collette, 2002). Unlike the TRA, Davis et al. (1989) and Chau and Hu (2001) argued that the subjective norm did not directly influence behavioral intent, and as the result, it was not included into their TAM. Nevertheless, Brown et al. (2002) and Venkatesh and Davis (2000) believe otherwise that the subjective norm does significantly influence behavioral intention. In the work of Ilham et al (2011), it has also been pointed out that the model establishes partial mediating effects of intention on the relationship between exogenous variables and internet adoptions.

TAM in this paper specifies causal linkages between two key sets of constructs: (1) Perceived Usefulness (PU) and Perceived Ease of Use (PEU), and (2) user's attitude (AT), behavioral intentions (BI) and actual computer usage behavior. While PU is defined as the user's slanted probability that using a specific application system will boost his or her job performance within an organizational context as Warshaw and Davis, 1985 declared, PEU refers to the degree to which the user expects the target system to be stress free and energy saving. Both PU and PEU predict attitude towards using the system, defined as the user's desirability of his or her using the system.

#### **Information Based Model:**

Ostermann et al. (2009) adopt a holistic and integrative perspective where current empirical evidences as well as guiding principles of process management and strategy implementation are integrated into overall information-based model of benchmarking HRIS functionalities. In this outlook, along with the development of more complex HR practices and the upsurge of companywide HR portals based on Web technologies, HRIS is regarded as a key factor for providing a spirited advantages for an organization in today's ever-changing, fast paced, global business environment (Beckers et al. 2002). The information based model integrates the HRIS' performance drivers (environment maturity, back office / requirements, front office impact) as well as its fundamental tasks into a systematic model (Puxty, 1993) representing a holistic approach to monitor an HRIS functionality. This approach serves as framework for HRIS benchmarking based on the integrity of generated HR information in terms of its supports to specific business functions. Snell, Stueber and Iepak (2002) believe that HR can stand the test of time by

meeting the challenge of simultaneously becoming more strategic, flexible, cost-efficient and customer oriented by using information technology. They point out that it has the requisite potential to cut low administrative costs, enhance productivity, speed response times, improve decision-making and improve customer service as well. The need therefore for cost reduction, improved quality service and cultural change are the three main forces that have motivated organizations to hunt for IT-driven HR solutions (Yeung & Brockbank 1995). It has been empirically evidenced that more and more companies use an HRIS, to aggressively support both their HR management and their business management (Shrivastava & Shaw, 2004; Hussain et al., 2006; Iepak et al., 2007). An HRIS has been majorly explained as the system to acquire, store, manipulate, analyze, retrieve on demand and distribute pertinent information regarding an organization's human resources (Tannenbaum, 1990).

#### **1.3 Problem Formulation**

Several decades ago, the debate on effective human resource management system and its requirements has provided a momentum for new approaches to public sector management reforms. Even though a lot of changes have taken place aimed at tackling some of the worst forms of governance abuses and failures in the developing countries and Nigeria, ranging from the bespoke nature of rule in which key political actors exercise unlimited power; to systemic clientelism; to abuse of State resources and institutionalization of corruption; to rock-hard government; to the breakdown of the public realm; to the lack of designation of power and the lack of confidence in governance and government of the masses (Hyden, 1992; 2000, Bratton & van de Walle, 1992). But, this paper wants to argue that little has been done with regards the internal factors that are so challenging in the context of organizations. And it is indeed the aggregate performance of organizations that is translated into state performance. The challenges are becoming enormous every day and the efficiency and effectiveness of traditional Human Resource management is further threatened and exposed to the risk of failure (Gildea, 2010). In today's highly competitive world, where boundaries are tight and competition for market share is stiff, organization heads should stop asking why their organizations are underperforming. Why are they always struggling to survive the challenges of the environment? Why records are missing or tampered with? Why employees are often complaining and revolting against the management policies? And etc. Effective Human Resource management, with prominence on accountability and responsiveness to customer needs, has been seen as a segment of good governance by International agencies supporting reforms in developing countries. According to the World Bank, (1989; 1992) good governance consists of a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to the public. The sudden growth of the Internet in the recent years has also boosted the execution and relevance of electronic Human Resource Management (e-HRM). Surveys conducted by HR consultants established that virtually all the organizations adopting e-HRM are continually improving (Cedar Crestone, 2005). Similarly, a growing number of reports point out that e-HRM is becoming increasingly universal and may lead to remarkable changes. Accordingly,

as Strohmeier (2007) argued, academic interest in e-HRM has increased thus several works in HR-related journals keep appreciating (Stanton & Covert, 2004; Townsend & Bennett, 2003; Viswesvaran, 2003). This perhaps informs the problem statement in the latter section. Despite the growing interest in e-HRM in developed countries, there are very few studies on HRM technology in Nigeria. For instance, Yuzliza, Ramayah, and Haslindar (2010) proposed a model based on TAM and HR Roles that examine the relationship between HR roles and E-HRM adoption. This particular study tries to explore the relationship between e- human resource management adoption and effective decision making in higher institutions of learning in Sokoto state, Nigeria.

**1.4 Problem Statement**

“Employer’s attitude towards e-human resource management adoption: research on higher educational institutions in sokoto state, nigeria.”

**1.5 Objectives**

1. To examine the relationship between Perceived Usefulness and Attitude toward using E-HRM
2. To determine the relationship between Perceived Ease of Use and Attitude toward using E-HRM
3. To determine the relationship between Perceived Usefulness and Behavioral Intention in using E-HRM.

**1.6 Hypotheses**

- H1. There may be a positive relationship between Perceived Usefulness and Attitude toward using E-HRM.
- H2. There may be a positive relationship between Perceived Ease of Use and Attitude toward using E-HRM.
- H3. There may be a positive relationship between Perceived Usefulness and Behavioral Intention to using E-HRM.

**Operational definitions**

*Perceived Ease of Use* is defined as the degree to which a person believes that using E-HRM would increase efficiency and effectiveness.

*Perceived Usefulness* is explained as the degree to which a person believes that using E-HRM would enhance his or her job performance.

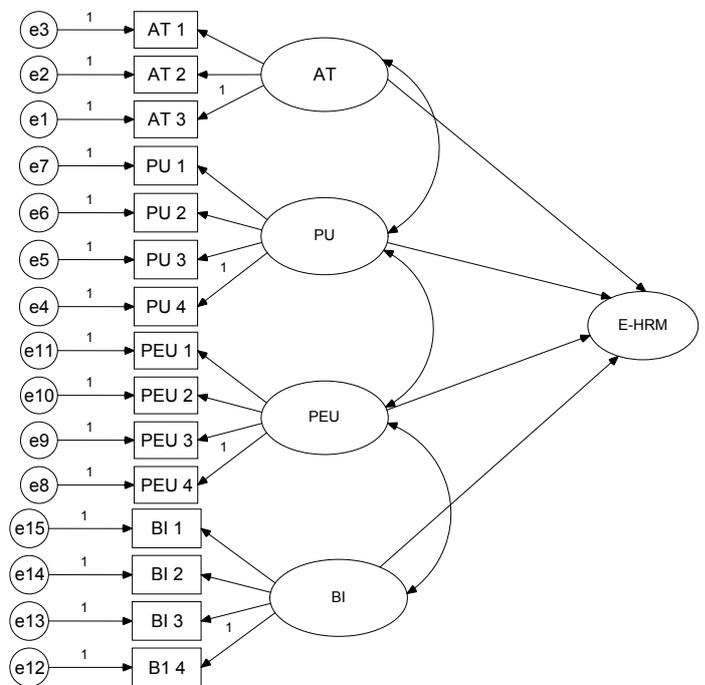
*Behavioral Intentions* have been defined as the amount of effort one is willing to exert to attain a goal (Ajzen, 2005).

Behavioral plans that enable attainment of a behavioral goal (Ajzen, 1991) intentions can be conceived of as goal states in the expectancy value tradition that are the result of a conscious process that takes time, requires some deliberation, and focuses on consequences (Loewenstein, Weber, Hsee, & Welch, 2001).

*e-hrm*: e-HRM is also a way of implementing HRM strategies, policies and practices in organizations in the course of a mindful and directed support of web-technology-based channels.

**1.7. The Hypothesized Model**

The below model explains the hypothetical relationships between the independent variables and the dependent variable and among the variables too. The one headed arrow explains the dependent relationship while the two headed arrow depicts correlation between exogenous variables.



**1.8 Population**

All members of staff of Usmanu Danfodiyo University Sokoto and Sokoto state polytechnic comprises the targeted population. Only those who are familiar with the office routine are included in the research. The total population reads members of staff who have the required knowledge of the office routine work.

**1.9 Research design**

This particular study focused mainly on e- human resource management adoption and effective decision making in higher institutions of learning in Sokoto state, Nigeria. The nature of study is more of a fact finding. Hence this study follows descriptive study design as its plan of action.

**1.10 Sampling**

The paper however adopted Simple Random sampling method under the probability sampling because the objective is to select n units out of N such that each NCn has an equal chance of being selected. As far as this research is concerned the study considered the 380 as the sample size. Out the selected respondents, only 312 provided the information related to the topic selected, the analysis however is going to be based on 312 respondents.

**1.11 Instrument**

**1. Instrument of E-HRM**

A single instrument was used for data collection which was designed on 7-point Likert scales to measure the various variables. To check response bias, a variety of items even within the same construct group were randomized. The study did content and construct analysis by making use of extensive literature and previously validated constructs. It establishes further the incorporation of the representativeness of the items in the questionnaire for adequate data collection. The questionnaire was pilot tested with 40 faculty members from universities and post graduate colleges.

**1.12 Validity and Reliability**

The final data inputs were keyed in into a statistical package

(SPSS) for doing various statistical analyses where Cronbach alpha was used for determining the reliability of each of the scales and subscales. Descriptive analysis of variables was done, where the standard deviation and the levels of Cronbach's Alpha was determined as shown in the table 1 below.

**Table: 1**  
**Descriptive Statistics of Variables**

VARIABLE	NO OF ITEMS	STD. DEV.	CRONBACH ALPHA	C.R
Attitude	4	.895	.883	.877
Perceived usefulness	4	.762	.920	.973
Perceived ease of use	4	.833	.896	.860
Behavioral intention	3	.798	.822	.976
<b>Total items</b>	<b>15</b>			

The four variables in table 1 above shows Cronbach alpha values above 0.80 and above indicating complete reliability above 0.60 acceptable values (Nunally, 1970) Convergent validity and Average variance of the measures was also verified by observing the correlations between the items on the various scales. Cronbach alpha obtained for the variables are as follows: .883 for Attitude (AT), .920 for perceived usefulness (PU), .896 for perceived ease of use (PEU), and .822 for behavior intention (BI). Confirmatory factor analysis has been run and the results are displayed in the table 2 below.

**Table 2:**  
**Confirmatory Factor Analysis result of the Variable Constructs**

Variable	Code	Nature of Items	Factor Loadings
Attitude	AT	I feel confident with E-HRM	.732
		I feel more committed to duty with E-HRM	.747
		I enrich my skills with E-HRM	.778
		I feel motivated with E-HRM	.768
Perceived usefulness	PU	E-HRM is better up security wise	.723
		E-HRM brings along efficiency and effectiveness	.752
		E-HRM increases organizational performance	.871
		E-HRM increases reliability	.755
Perceived ease of use	PEU	With E-HRM It will be easy to keep records	.789
		With E-HRM it will minimize time, space and resources	.766
		With E-HRM it will be easy to update records	.823
		With E-HRM it will be easy communicate	.765
Behavioral intention	BI	E-HRM would inculcate the habit of discipline in workers	.824
		E-HRM would get deviant behaviors checked and reduced in my organization	.791
		E-HRM would facilitate quick decision in my organization	.776
<b>Total items</b>		<b>15</b>	

The factor analysis table above shows the validity test with only one construct having a loading of 0.468 and was deleted and not included in the list of items, the rest are all above 0.50. Hence, the number of items arrived at per construct are: AT (4 items); PU (4 items); PEU (4 items) and BI (3 items)

**Discriminant Validity Construct**  
**Table: 3. Average Variance Extracted (AVE)**

Variable	1	2	3	4
Attitude	<b>1.00</b>			
Perceived usefulness	.987	<b>1.00</b>		
Perceived ease of use	.951	.963	<b>1.00</b>	
Behavioral intention	.949	.927	.918	<b>1.00</b>

### 1.13 ANALYSIS AND RESULTS

The data collected was analyzed by using SPSS 19th version. The results of the study were analyzed on the basis of descriptive statistics, multiple regression and correlations. The result of the study was analyzed on the basis of descriptive statistics, correlations and regressions.

**Table: 4. Correlation and Correlation square matrix among variables**

Variable	1	2	3	4
Attitude	<b>1.00</b>			
Perceived usefulness	.733 (.664)	<b>1.00</b>		
Perceived ease of use	.729 (.658)	.711 (.649)	<b>1.00</b>	
Behavioral intention	.703 (.641)	.696 (.482)	.688(.451)	<b>1.00</b>

Average Variance Extracted (AVE) was proposed by Fornell and Larker (1981) as a measure of the shared or common variance in a Latent Variable (LV). The AVE should be more than the correlation squared of two constructs to support Discriminant validity. Since that turns out to be true, as shown in the following tables 3 and 4, then it seems there is no multi-collinearity hence the variables can be considered distinct.

### 1.14 Discussion

The findings of the present study clearly indicate that there is a significant relationship between employees' attitude towards e-HRM and its usefulness in day to day administrative processes in higher educational institutions. The three sub variables of independent variable selected for the study clearly show their relationship with e-HRM. Major clarification made through these findings is that the e-HRM practices are more of utilitarian in nature rather than a disaster. The present finding is further in line with the past researches which indicate that employee's attitude is directly significant to the perceived ease of use in e-HRM adoption (Abukhazam and Lee, 2010, Rogers, 1983; Davis et al, 1989; Ajzen and Fishbein, 1980; Moore and Benbasat, 1991; Tan and Teo, 2000).

Using e-HRM technology is away from implementing HR strategies, policies, and practices. The e-HRM technology supports the HR function to comply with the HR needs of the organization through web-technology based channel. The role of information technology application especially that of e-HRM holds the nature of reducing the time, energy and cost incurred for the human resource processes involved in the academic administrative aspects. Using IT for HRM purposes will make available more time for strategic decision-making. Fewer administrative tasks and a decrease in HR related issues from employees and as well as from line management will create this available time.

It has also been revealed that perceived ease of use is significantly and directly related to behavioural intention of employees towards using e-HRM; this is evidenced in Crisp et al (1997) and Nurul Fariza (2007). With an appropriate use of HRIS, less people should be needed to perform administrative tasks and more time would be available with HR managers for assisting at strategic level. The acceptance from the employees indicates a positive trend towards technology adoption to enhance the productivity. This argument is having a sound belief that technology application in human resource processes can improve the performance of employees. It is rightly pointed out in the context that the e-HRM technology provides a portal which enables managers, employees, and HR professionals to view, extract, or alter information which is necessary for managing the HR of the organization. In addition, with the use of e-HRM, fewer HR professionals

are needed because e-HRM eliminates the HR middleman (Lengnick-Hall & Moritz, 2003). It implies that, higher institutions of learning in Sokoto state have the intention and willingness to adopt e-HRM in their activities.

Similarly, perceived usefulness is significantly and directly related to behavioural intention as similar findings in Lin (2000) confirms that. Major findings related to the behavioural intention and e-HRM attitude indicate that the application of HR technology in educational institutions can produce a desired output behaviour. The employees' behaviour has a direct relationship with organizational outcomes that are to be obtained. The findings also indicate that the behavioural intention of workers is significantly linked to their attitude towards adopting e-HRM. In other words, the induced behaviour of the adopters of e-HRM plays a stronger role in shaping their attitude towards using it as clearly illustrated in Malhotra (2005). The TAM (Technology acceptance model) here specifies significant linkages between constructs like: (1) Perceived Usefulness, Perceived Ease of Use (PEU), user's attitude (AT), behavioral intentions (BI) and actual computer usage behavior. Adoption of technology thus may pave a better organisational environment in higher education system that leads to key performance orientation.

The HR function of an organisation is responsible for complying with the HR needs of the organisation. While the impact of e-HRM technologies is expected to be dependent on the actual use of the technology, which is on its turn expected to be dependent on the goals of the organisation for adopting e-HRM technologies.

### 1.15 Implication

The literature review and the findings of the present research further establish that e-HRM applications are not unachievable for educational settings. Just similar to other industrial organisations, the application of electronic HRM practices is useful to the educational settings. Contextualizing the topic to the Nigerian scenario, over the past decade, the human resource practices of higher educational institutions have changed, partly due to the introduction of technological initiatives. Scholars and the findings contend that as e-HRM is now facilitating a more flexible approach, contemporary institutional structures are less robust than in previous years. The employer's positive attitude towards the technology application further reduces the difficulties related to resistance to change. A supportive effort from the Ministry of Higher Education can reap better outcomes and productivity in higher educational institutions.

### 1.16 Conclusion

This research on e-HRM adoption and effective decision making in higher institutions of learning in Nigeria, using the Technology Adoption model as the working theory established that all the hypothesized statements stated earlier, were proven significant. It has been observed that, should higher institutions of learning be availed with an opportunity of adopting e-HRM, they will flourish and their pursuit to efficient and effective decision making and in providing a conducive atmosphere for learning will be facilitated. This is deduced from the respondents' attitude towards e-HRM triggered by their intention to use it, having known the

usefulness of e-HRM and the simplicity it brings along with it. Areas like the adoption of E-classes and E-assessment could not be covered by this research paper and thus remain explorable for future researches. More research in this area by including institutions from different countries across the globe need to be explored further to generalise these findings.

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## Appendix I Instrument Used

Instructions: please mark (\*) accordingly in the spaces provided against each item of your desired answer.

The numbers represent thus:

**7 = Strongly Disagree**

**6 = Moderately Disagree**

**5 = Slightly Disagree**

**4 = Neutral**

**3 = Slightly Agree**

**2 = Moderately Agree**

**1 = Strongly Agree**

ITEMS	7	6	5	4	3	2	1
I feel confident with E-HRM							
I feel more committed to duty with E-HRM							
I enrich my skills with E-HRM							
I feel motivated with E-HRM							
E-HRM is better up security wise							
E-HRM brings along efficiency and effectiveness							
E-HRM increases organizational performance							
E-HRM increases reliability							
With E-HRM It will be easy to keep records							
E-HRM minimizes time, space and resources							
With E-HRM it will be easy to update records							
With E-HRM it will be easy communicate							
E-HRM would inculcate the habit of discipline in workers							
E-HRM would get deviant behaviors checked and reduced in my organization							
E-HRM would facilitate quick decision in my organization							

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# Returning Customer: Was that a planned purchase?

Mohammed Nadeem

## Abstract:

*Product returns are inevitable but by no means evil (Petersen and Kumar, 2009). Retail myopia is evident with de-shopping behavior with consequences for retailers in time, effort and costs (King et al, 2008). Regret persists with the consumers because finding a lower price results in perception of trust violation (Dutta et al, 2011). Consumers exploit retailers liberal return policies when fraudulently returning products that they know they have used or broken (Harris, 2010). Retailer-customized coupon campaigns have a positive exposure and redemption effect on customer purchases (Venkatesan and Farris, 2012). Satisfaction predicts and drives key consumer behaviors, among them repeat purchases and word-of-mouth advocacy (Nadeem, 2007). The price paid for service experience has direct and negative effect on return intentions (Noone and Mount, 2008). Past studies has neither adequately explored product return intentions nor have they fully evaluated the role of return policy. The current study explore why consumers return products and their intentions and the role of retailers return policies. In this qualitative content analysis study the following three research questions are explored: 1. Does price has any impact on the post-purchase product return intentions? Does cognitive dissonance after purchase lead consumers to develop product return intentions? 3. Does satisfaction effects product return intentions? This study aims to make three important contributions: First, the relationship between cognitive dissonance and product returns; Second consumers' psychological reasons in forming product return intention and retail practice. Third, the connection between cognitive dissonance after purchase and product return intentions and return policy situations. The findings of the study demonstrate that cognitive dissonance after purchase positively influences consumers' product return intentions. The study recommends retailers minimize dissonance by creating an effective centralized return policy system that can weaken consumers' product return intentions and help firms manage price and satisfaction levels as customers return products.*

**Keywords:** *Customer returns, product returns, return intentions, customer satisfaction, customer' loyalty.*

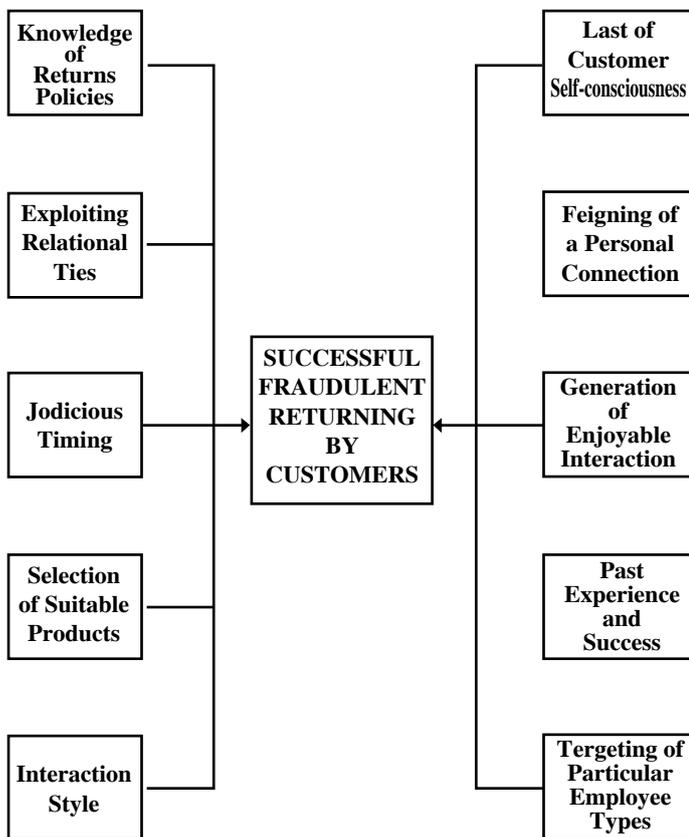
## 1. Introduction

Product returns are an important and necessary part of the exchange process between companies and customers and cost about \$100 billion per year in lost sales to USA retailers (Petersen and Kumar 2009). Retailers often impose strict return policies to control such disturbing product return rates (Bower and Maxham 2006; Hess et al. 1996; Wood 2001). A return policy insures consumers against purchase mistakes (Padmanabhan and Png 1997) such as a wrong choice that gives rise to cognitive dissonance after purchase. If cognitive dissonance after purchase positively influences consumers' product returns intentions, it is interesting to explore the connection between cognitive dissonance after purchase arising from a purchase mistake, consumers' product return intentions following the mistake, and the retailer's flexible return policies. Cognitive dissonance has three non-distinct phases; dissonance arousal, dissonance, and dissonance reduction. Many past researchers have inappropriately measured the dissonance arousal or the dissonance reduction phase and represented it as cognitive dissonance. Another problematic issue is the timing the measurement of cognitive dissonance in relation to the stages of consumers' purchase decisions. Scholars suggest that there are four distinct stages of consumer's purchase decision namely: the alpha or pre-decision stage, the beta or post-decision pre-purchase stage, the gamma or post-purchase pre-use stage, and the delta or post-use stage (Oliver 1997). Previous conceptualization of the cognitive dissonance research primarily focused on the beta and gamma stages. This study adapts to Sweeney's (2000) conceptualization and measurement of cognitive dissonance after purchase which best fits the gamma stage, but extends it to the delta stage as well. Such a conceptualization conforms to the recommendations of previous literature (Montgomery and Barnes 1993; Oliver 1997, Nadeem 2007).

After purchasing a product, consumers evaluate the chosen

alternative along with the forgone ones (Brehm and Wicklund 1970). After the purchase, consumers tend to evaluate the product casting their attention on the negative attributes of the chosen alternative and positive features of the un-chosen ones (Brehm and Wicklund 1970). In the US retail market, with its fierce competition among retailers to satisfy consumers, almost all retailers offer some kind of product return options (Davis et al. 1998), although these vary significantly across retailers (Padmanabhan and Png 1997). In any such situation that involves some type of return options, it is reasonable to assume that consumers will not show such irrevocable commitment towards their purchase decision. Instead, when they perceive cognitive dissonance after purchase, they will be much more likely to reduce dissonance by forming return intentions using the offered return facilities, thus restoring psychological balance and comfort. Return proportions for electronic retailers are at least 6% (Strauss 2007) and for catalog retailers as high as 35% (Rogers and Tibben-Lembke 1998). For products such as personal computers return proportions are as high as 25% (Mixon 1999).

Harris (2010) research study revealed factors which permit consumers to exploit retailers' return policies when fraudulently returning products that they know they have used or broken. Data analysis (Figure 1) revealed ten factors that appear to be related to customers' likely-hood of successfully fraudulently returning products.



**Figure 1. Factors facilitating fraudulent returns by customers.**

Source: Fraudulent consumer returns: exploiting retailers' return policies (Harris, 2010).

Petersen and Kumar (2009) study summarized the contribution of their study with regard to several other previous studies (Table 1) that have focused on product returns and their impact on the exchange process.

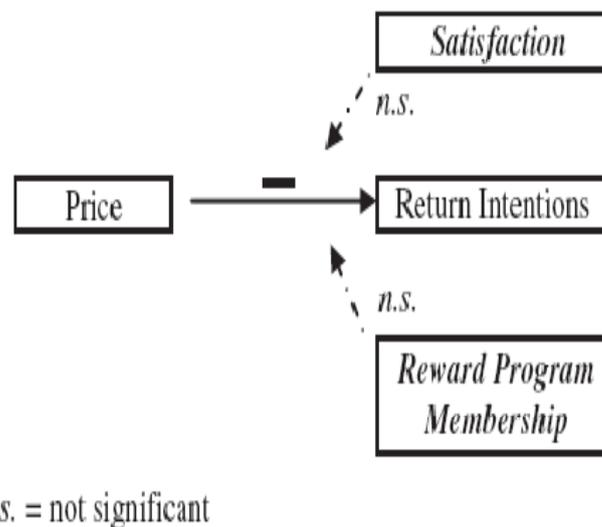
Studies	Main Contributions Regarding Product Return Behavior	Studies	Main Contributions Regarding Product Return Behavior
Hess, Chu, and Gerstner (1996)	•Show how to profitably control for merchandise returns by charging customers a nonrefundable fee for purchasing products (e.g., shipping cost).	Bower and Maxham (2006)	•A field study showing that a customer who experiences a free-based product return is more likely to purchase more in the future than customer who experiences a fee-based product return.
Hess and Mayhew (1997)	•A model to predict when product returns will occur after purchases.	Anderson, Hansen, and Simester (2009)	•Provide empirical evidence that product returns give customers an option value that is measurable. •Provide empirical evidence to show how varying product return policies affect firm profits.
Padmanabhan and Png (1997)	•A study of the strategic effects of return policies on retail competition and profits for manufacturers.	Anderson et al. (2008)	•Provide an economic model of customer purchase and return behavior. •Empirical evidence that customer return rates increase with price p
Davis, Hagerty, and Gerstner (1998)	•Analytically identify why there is so much variation between product return policies across retailers.	Current study	•Simultaneously models customer buying behavior, customer product return behavior, and a firm's decision to allocate marketing resources. •Identifies exchange process factors that describe product return behavior •Identifies the consequences of product return behavior on future buying behavior and a firm's decision to allocate marketing resources.
Wood (2001)	•Return policy leniency increases purchase rates and product return rates for customers in remote purchase environments.		
Bonfield, Cole, and Schultz (2002)	•Show a correlation between perceived quality of online retailers and product return policy leniency.		
Nasr-Bechwati and Siegal (2005)	•The product return policy for a store is used by a customer as one of the signals for purchasing products.		
Guide et al. (2006)	•Present a network flow with delay models that include the marginal value of time to identify the drivers of reverse supply chain design.		

**Table 1: Summary of Prior Research Focused on Customer Product Return Behavior**

Source: Are Product Returns a Necessary Evil? Antecedents and Consequences (Petersen and Kumar, 2009).

Previous studies have indicated the possibility of a relationship between cognitive dissonance and product return rates (Holloway 1967; Rosenfield et al. 1986). Davis et al. summarized that consumers are likely to return the product if the residual consumption value after trial is less than or equal to consumers' value from claiming the refund. Nasr and Bechwati (2005) demonstrate that consumers' pre-purchase thoughts and responses directly affect the likelihood to return products. In the pre-purchase phase, consumers have an ideal product or purchase requirement in mind, but they often purchase a product that deviates from this ideal requirement (Shulman et al. 2010). This deviation may occur because of something as simple as a wrong choice (Petersen and Kumar 2009). Such deviations may give rise to uncomfortable post-purchase feelings.

Noone and Mount (2008) research study focused on the relationship between price and customers' return intentions for services that apply demand-based pricing. They found that price has a direct and negative effect on customers' return intentions (Figure 2), regardless of satisfaction with the service experience or reward programme membership status.



**Figure 2: The role of satisfaction and reward programme membership in the price-return intentions relationship**

Source: The effect of price on return intentions: Do satisfaction and reward programme membership matter? (Noone and Mount, 2008).

Furthermore, consumer regret can result in unfavorable outcomes for marketers. To prevent regret, many retailers promise to refund money to consumers who discover lower prices after purchase. Dutta et al (2011) research study shows that a refund's effect on felt regret depends on how consumers view these promises. If consumers mainly view them as protective tools (i.e., adopt a protection focus), post-refund regret is minimal. If consumers primarily view such promises as sources of information about the retailer's price status (i.e., adopt an information focus), regret persists even after refund. Dutta et al (2011) also demonstrated that regret

persists with these consumers because finding a lower price results in a perception of trust violation. They find that subject to boundary conditions, using a disclaimer that states that the retailer does not claim to offer the lowest prices helps avoid this negative outcome for information-focused consumers.

With the rapid increase in popularity of the product returns options offered by retailers, the traditional sale process has lengthened. A mere purchase of a product can no longer be considered as a successful sale, since customers may choose to return the product after purchase. Hence, it is imperative for scholars to understand the reasons behind consumers' product return intentions, as it may help to explain product return behavior and control return rates. This research paper explores why consumers return products and their intentions and the role of retailers return policies.

### **Methodology**

Following the aims of the study, this research paper is built primarily on the previous works of Venkatesan and Farris (2012); Datta, Biswas and Grewal (2011); Harris (2010); King, Dennis and Wright (2008); Petersen and Kumar (2009); Noone and Mount (2008).

Given the desire to explore the factors which contribute to successful product returns by consumers, the use of qualitative analysis procedure is frequently justified by supporters of qualitative research methods (Harris, 2010) as a means to analyze data that is both "rich" in contextual information and "deep" in understanding for not only clarifying concepts but also exploring their relationships (Stainback and Stainback, 1988; Strauss and Corbin, 1998).

In this study, the following three research questions are explored using the quality content analysis procedure of the surveys, interviews and the case studies---1. Does price has any impact on the post-purchase product return intentions? Does cognitive dissonance after purchase lead consumers to develop product return intentions? 3. Does the degree of satisfaction effect product return intentions?

### **Discussion**

A better understanding is needed of the trade-offs that product returns can bring to the profitability of a firm. Are product returns a necessary evil (Petersen and Kumar, 2009) because they force a firm to spend too much on reverse logistics and consume losses from the sales of returned merchandise, or are product returns potentially beneficial because they can add value to the firm by reducing a customer's purchase risk or through other positive behavioral consequences (e.g., higher repurchase behavior)? Thus far, research in marketing has not addressed the role of product returns in the exchange process, only that product returns affect the accurate estimation of customer demand and should not be ignored (Anderson, Hansen, and Simester 2009). In addition, there has been little research in marketing to establish metrics for managing customers strategically that include product returns.

This study aims to make three important contributions: First, the relationship between cognitive dissonance and product returns; Second consumers' psychological reasons in

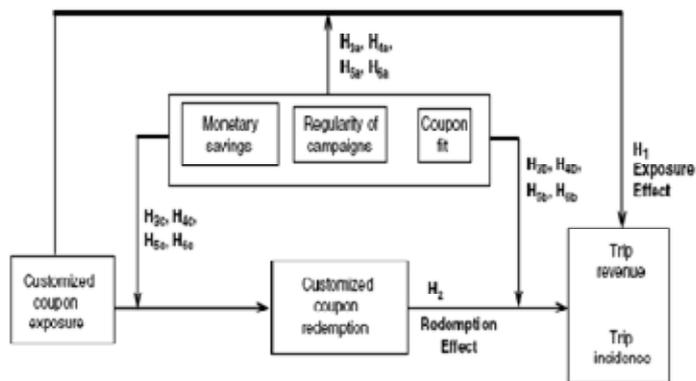
forming product return intention and retail practice. Third, the connection between cognitive dissonance after purchase and product return intentions and return policy situations.

The firm-customer exchange process (Petersen and Kumar, 2009) consists of three key parts: (1) firm-initiated marketing communications, (2) customer buying behavior, and (3) customer product return behavior. To date, the literature in marketing has largely focused on how marketing communications affect customer buying behavior and, to some extent, how past buying behavior affects a firm's decisions to initiate future marketing communications. However, the literature on product returns is sparse, especially in relation to analyzing individual customer product return behavior. Although the magnitude of the value of product returns is known to be high---\$100 billion per year (Petersen and Kumar, 2009). how it affects customer buying behavior is not known because of a lack of data availability and understanding of the role of product returns in the firm-customer exchange process. Given that product returns are considered a hassle for a firm's supply chain management and a drain on overall profitability, it is important to study product return behavior. Thus, the role of product returns in the exchange process by determining the exchange process factors that help explain product return behavior and the consequences of product returns on future customer and firm behavior. In addition, the product returns are inevitable but by no means evil.

A review of existing literature reveals (Harris, 2010) empirical evidence which suggests that illegitimate complaining behaviors are widespread and frequent, with fraudulent returning constituting the most prevalent form (see Reynolds and Harris, 2005). Research into fraudulent returning suggests that this phenomenon is increasing (Wilkes, 1978; Dodge, Edwards and Fullerton 1996) and has a profound financial impact on retail organizations (King, 2004). However, to date, research into fraudulent returning is typically merely a small element of studies into much wider ethical belief predispositions (Muncy and Vitell, 1992; Strutton et al., 1994; Fukukawa, 2002) with relatively few studies focusing exclusively on the topic (Piron and Young, 2000; King and Dennis, 2006). While a number of interesting insights into this phenomenon have been made, to date researchers have overlooked how consumers undertake fraudulent returns and the factors which facilitate this process.

Shopper card data have enabled major retailers (Venkatesan and Farris, 2012), such as Kroger, Safeway, Meijer, and CVS, to offer coupons for branded and private label products through their own customized direct-to-consumer programs (Angrisani 2003). These programs differ from similar free standing inserts (FSI) cooperative programs in that the offers are customized to each individual consumer's preferences (as reflected in purchase histories), are available only to selected customers, and focus on increasing the retailer's customer revenues rather than brand sales. Customized coupon programs represent major investments for retailers, and in our conversations with retailers, they confirmed that they are concerned about the cost of these programs and are unclear on how to assess the potential effects. The mere exposure to a customized coupon campaign increases

customer contributions net of marketing. The large increment in the returns due to customized coupons even among non-redeemers and the variation in the magnitude of the exposure effect across the different categories provide additional face validity. The study (Venkatesan and Farris, 2012), suggests retailers should use metrics that incorporate exposure effects on total customer sales, in addition to redemption rates, to evaluate their customized coupon campaigns. Furthermore, the study also reported that coupon campaign effects on three aspects of (Fig.3) customer behavior: trip incidence, trip revenue, and customized coupon redemptions.



**Figure 3: Effect of Customized Coupon Campaigns**

**Source: Measuring and Managing Returns from Retailer-Customized Coupon Campaigns (Venkatesan and Farris, 2012)**

Moreover, consumer regret can result (Dutta et al, 2011) in unfavorable outcomes for marketers. To prevent regret, many retailers promise to refund money to consumers who discover lower prices after purchase. A refund's effect on felt regret depends on how consumers view these promises. If consumers mainly view them as protective tools (i.e., adopt a protection focus), post refund regret is minimal (Dutta, Biswas, and Grewal 2011). If consumers primarily view such promises as sources of information about the retailer's price status (i.e., adopt an information focus), regret persists even after refund. The regret persists with these consumers because finding a lower price results in a perception of trust violation. Subject to boundary conditions, using a disclaimer that states that the retailer does not claim to offer the lowest prices helps avoid this negative outcome for information-focused consumers. outcome reversal does not necessarily obviate regret. In addition, (Dutta et al, 2011) also show that regulatory focus serves as the motivational basis for how consumers view refund promises.

The focus of the revenue management literature (Noone and Mount, 2008) on pricing has been on customers' perceptions of the fairness of demand-based pricing and related rate fences (Kimes, 1994;Choi and Mattila, 2003; Kimes and Wirtz, 2003; Wirtz and Kimes, 2007). The study extends prior research relating to customers' reactions to demand-based pricing by demonstrating (Kimes, 1994;Choi and Mattila, 2003; Kimes and Wirtz,

2003; Wirtz and Kimes, 2007) that the actual price paid for a given service has a direct and negative effect on customers'

return intentions. Furthermore, regardless of how satisfied a customer is with the service experience, this is not sufficient to override the direct influence that price has over intent to use the brand again in the future. The finding is consistent with Keaveney (1995) who found, that even when satisfied with a service provider, customers may switch providers on the basis of price. While the services literature has tended to focus on service quality, satisfaction, service encounters and service design as antecedents of customer loyalty, the findings of this study, coupled with those of Keaveney(1995), suggest that price is an additional factor that should be considered in order to understand customer defections from service firms fully. Findings also suggest that reward programme membership does not influence the effect of price on return intent. While reward programmes are designed to build barriers to switching, this finding supports that of Mattila (2006) regarding customers' perceptions of low switching costs associated with rewards programmes. It also supports the notion that reward programmes will not induce loyalty in the absence of an emotional bond with the brand. It is that emotional bond, or affective commitment, that is required to ensure repeat patronage (Mattila, 2006).

As a prevalent and growing form of customer behavior, deshopping (King et al, 2008) is on the rise. Retailers' focus on good customer service and the offering of lenient returns policies has led to the growth in this fraudulent behavior of customers in returning goods. Retailer myopia in the context of dishonest customer returns, applying the Theory of Planned Behavior (TPB) using a quantitative questionnaire with 535 female consumers(King, et al, 2008). The findings highlight the extent of the behavior with 50% admitting to partaking in deshopping. The results indicate that currently these customers perceive it to be easy to deshop as there are no consequences with the result that such behavior continues to grow. If retailers were less myopic they would monitor returns more thoroughly and make it less easy for such customers to get away with undesirable deshopping behavior. King et al (2008) study also suggests that retailers to manage or alter perceived behavioral characteristics for customers, which in turn, would reduce tendencies for dishonesty in customers returning goods for refunds. Finally retail myopia is evident with de-shopping behavior with consequences for retailers in time, effort and costs.

### Conclusion

Based on the previous discussion, the findings lead to a number of contributions and implications. The findings indicate that whether price refunds obviate regret after consumers find lower market prices (Dutta et al, 2011) for a purchased product depends on how the consumers view their fund promise. Consumers who primarily regard such promises as signals designed to inform them about the retailer's price status will experience greater regret due to perceived trust violation (Dutta, Biswas, and Grewal 20011) than those who primarily view the signals as protective devices. Thus, the findings strengthen the claim that consumers' dominant conceptualization of price guarantees affects outcomes of their discovery of lower market prices after purchase demonstrate that people's regulatory focus, which can be chronic or situational (e.g., Higgins 1997, 1999), serves as

the motivational basis for their signal focus. Thus, people with a predominant promotion (prevention) focus have a predominant information (protection) focus.

Product returns are inevitable (Petersen and Kumar, 2009) but by no means evil in the following three ways: 1. A customer's product return behavior positively affects his or her future buying behavior, up to a threshold. 2. Including product returns in the analysis of the firm–customer exchange process as an independent and dependent variable increases the accuracy with which we can predict a customer's buying behavior, a customer's product return behavior, and a firm's decision to allocate marketing resources. 3. Allowing for a moderate amount of product returns, given the current return policy by the focal firm of the study (13%), maximizes firm profits.

Research also shows that though it is likely to cost more in the short run for a firm to have a lenient product return policy, in the long run, retailers and managers (Petersen and Kumar, 2009) can use information from each customer's product return behavior as a tool for realizing long-term relationship growth and maximizing each customer's profitability. Thus, managers can actively use information about product returns as a metric for managing customer value and, in turn, can maximize each customer's value to the firm by implementing marketing campaigns targeted at the right customers at the right time.

Retailers can address perceived behavioral control readily by imposing strict returns procedures. Retailers will need to educate their staff to ask pertinent and polite questions (King, 2008) of customers and establish the legitimacy of customer claims for product returns. There are subjective norms and attitudes uncovered by the research so retailers could incorporate these in an education programme to reeducate customers about why the returns policy is there and how it should be used. Retailers need to make a positive effort to shake off the myopic mode and to find ways to engage in dialogue with external agencies such as the media and consumer groups in order to listen to customer concerns and find ways of mutual understanding about problematic areas. Deshopping is an issue of public concern since the buying of goods as new and bringing them back as not new is tantamount to deception. That is, the value would have changed as the difference is the gap between the new value and the second hand value. Wearing clothes and returning them along with any hidden damage will decrease their value. Moreover, when retailers put such clothes back on the shelves for reselling there are increased hygiene risks. Retailers need to move beyond their myopic tendency in regarding deshopping as their internal retailing problem and to recognize that it has broader ramifications for society. Therefore, we recommend that retailers should acknowledge the role that effective marketing communications can play in generating public awareness, e.g. by incorporating aspects concerning good customer behavior in their use of role models in their advertisements.

Retailers also need to collaborate with each other, e.g. within the Retail Consortium and with external credit agencies on the

issue of controlling and reducing the problems engendered by de-shopping with a greater capacity to set up a central database to screen transactional data for repeat offenders and to prosecute serious offences. Retailers could emphasize that there will be a crackdown to stamp out fraudulent returns and that dishonest customers could be prosecuted in the courts.

While efforts by retailers to reduce customer theft (Appelbaum et al., 2006) and staff pilfering (McClurg and Butler, 2006) may have been both needed and partially-successful, the concentration on theft has led to other forms of customer misbehavior being comparatively ignored. Harris (2010) suggested that retailers are underestimating the prevalence and the frequency of fraudulent returning. Indeed, discussions with managers indicate that very limited data on this problem is required or requested by senior management. As such, it seems that fraudulent returning (especially by staff members) is a hidden or ignored drain on the firm's resources. While firms need to balance the accepted benefits of liberal returns policies with the costs of fraudulent returns, the evidence of this study suggests that the current balance may weigh too heavily on the side of fraudulent returners. In this regard, retailers should not only be data-gathering to ascertain the costs of such fraud but also should be initiating programs designed to minimize the occurrence of fraudulent returns. The development of databases of customers who return goods, designed to monitor levels of returning may prove a useful deterrent, particularly if retailers use such databases for contacting serial returners after a certain number of returns have been made. Such a process would constitute not only a useful deterrent but also a good source of customer data. Given that consumers' knowledge of return policies appears linked to fraudulent returning, managers should also consider improving communications regarding the punishments or sanctions of such acts. Similarly, managers might wish to review their policies regarding the staffing of returns desks, the length of shifts and the opening hours.

Price has a direct and negative effect (Noone and Mount (2008) on customers' return intentions, regardless of satisfaction with the service experience or reward programme membership status. The proposition that customers may switch services for price-related reasons implies a need for careful management of pricing policies, especially when firms charge higher-than-competitive prices or are considering increasing rates, service charges or penalties. The management should actively investigate the price sensitivity of their various market segments. Armed with knowledge of the price thresholds of customer segments, management can incorporate consideration of the strategic implications of price increases when making short-term pricing decisions during high demand periods.

Venkatesan and Farris (2012) assessed how and why retailer-customized coupon campaigns affect customer purchases. Their conceptual model proposed effects on trip incidence and revenues through the mere exposure to campaigns (exposure effect) and the redemption of coupons (redemption effect). They also proposed monetary savings of the coupons, regularity of the campaigns, and coupon fit with customer preferences as moderators. Analysis of data from a group of regional grocery chains that were part of a quasi experiment demonstrates that retailer-customized coupon campaigns

have a positive exposure and redemption effect on customer purchases. Mere exposure to customized coupon campaigns contributes more than coupon redemption to campaign returns. Consistent with theoretical expectations, customized coupon campaigns are more effective if they provide more discounts, are unexpected, and are positioned as specially selected for and customized to consumer preferences. The substantial exposure effects suggest that managers should look beyond redemption rates and also consider sales lift from non-redeemers when measuring the effectiveness of customized coupon campaigns.

Finally the results of this study demonstrate that cognitive dissonance after purchase positively influences consumers' product return intentions. The study recommends retailers minimize dissonance by creating an effective centralized return policy system that can weaken consumers' product return intentions and help firms manage adequately price and satisfaction levels as customers return products.

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# The Changing Dynamics Of ‘Think-Feel-Do’ Model And Its Implications For Advertising Business In The Sub-Saharan Enclave.

Akpan, Idorenyin, Godwin Okon, Presly Obukoadata, Uzoma Okugo, Innocent Ihechu

## Abstract:

For many decades now, advertising practitioners have been confronted with the perplexing task of justifying advertising’s effectiveness in moderating consumers purchase decisions and behaviors. Consequently, huge efforts have been expended on developing theories that could guide advertisers to predict, with relative degree of certainty, the significant contributions of advertising to consumers purchase decisions. The Think-Feel-Do (TFD) model has for decades, too, dominated this advertising effort, gaining advantage from the cross disciplinary collaborative researches of scholars such as Vatrassas and Amblers’ (1999), (Cacioppo and Petty 1985; MacInnis and Jaworski 1989, Lumeng and Cardinal (2007), Jim Paekl, Kim and Hove (2010) amongst others. Because many alternative patterns of the Think-Feel-Do(TFD) exist to explain how advertising works for consumers, the often assumed infallibility as well as the tenacity for advertising practitioners’ reliance on the TFD model draws an unsettling air of conviction that TFD is the one –stop model for justifying advertising relevance in marketing. It is against the background of this unsettling concern that our study took an in-depth review of landmark pontifications on advertising influence on consumer decision patterns; developed additional alternative patterns of how advertising works and; conducted a survey to test: a) the efficacy of the TFD model and its alternative modes on consumers, using select products categories, and b) the influence of circumstantial factors such as **product class, cultural norms (timing, space, context), age, income, gender, education, marital status, information sources and personality/lifestyle values** on consumers purchase decisions. Findings have revealed an array of interesting dynamics in the patterns of consumers’ decisions, with imbued suggestions of far challenging implications for advertising practice in the sub Saharan enclave.

**Keywords:** Advertising, Think-Feel-Do, Sub Saharan enclave

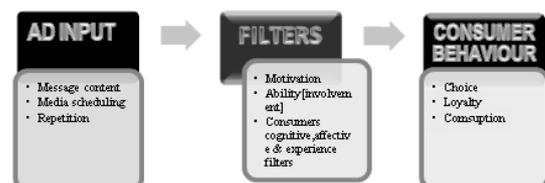
## Introduction

**Background of the Study:** Advertising dynamics have constantly kept its practitioners on their toes. In total response to this challenge, researchers and scholars in the field have come under pressure to balance the fast changing trends in the society with advertising consumers’ expectations. Two of the most recurrent concerns with which advertisers have had to deal with, almost on a daily basis, border on advertising are effectiveness in moderating consumers purchase behaviors. The other concern has however found expression in the contributions of advertising to decision making process. These challenges have not in any way found respite in advertising experts’ sub consciousness. Consequently, huge efforts have been expended on developing theories that could guide advertisers to predict, with relative degree of certainty, the significant contributions of advertising to consumers purchase decisions.

Gaining support from the cross disciplinary advantage of collaborative research, advertising scholars have explored the relevant body of knowledge in sociology, psychology, political science, philosophy among others, and have applied empirically consistent notions to advertising practice, thus, prompting spasms of debates with colorations of dialectical paradigms. Vatrassas and Amblers’ (1999) taxonomy of the empirical milestones in resolving how advertising works provides a ready source base for our discourse. In their quest to unravel the mystery of how advertisings works to ultimately sell products, the authors considered providing readers with the rationale for advertising practitioners’ reliance on certain paradigms in developing advertising campaigns. Anchoring their arguments on their self developed tripartite structural framework, the authors set out to articulate the theoretical principles as well as the empirical evidence of their findings

in 25 conclusions, with probability of positive correlational values in five(5) generalizations. The authors further acknowledged the gaps that existed in previous models of advertising effectiveness and proposed additional areas of focus, one of which this addressed.

In Vatrassas and Amblers’ (1999) presentation of their base structural framework, (see Fig.1), advertising, whether for owned and competitive brands, is shown as an input for the consumer, alongside scheduling of the media, message content, and repetition (Singh and Cole 1993). These components are understood to constitute the advertising strategy that triggers consumers’ response. The intermediate type of response whether consciously or unconsciously, recognizes the fact that advertising must have some mental effect (e.g., awareness, memory, attitude toward the brand) before it can affect behavior. Cognition, the “thinking” dimension of a person’s response, and affection, the “feeling” dimension, are portrayed as two major intermediate advertising effects. Individual purchasing and product usage behavior, or changes are believed to represent the consequential, behavioral effects of advertising in their model.



**Figure1. Vatrassas and Amblers model of advertising analysis**

For most products, and especially the frequently purchased packaged goods in which much research is involved, the consumer's mind is viewed as not being blank and awaiting advertising punches rather contains conscious and unconscious memories of product purchasing and usage. Thus, behaviour feeds back to experience, as the third principal intermediate effect of their model. Individual responses to advertising are said to be mediated by factors such as motivation and ability to process information (Cacioppo and Petty 1985; MacInnis and Jaworski 1989) and attitudes toward the advertisement (MacKenzie, Lutz, and Belch 1986). These mediating factors can alter or radically change response to advertising. For this reason, they therefore can be considered filters of the initial advertising input. The authors' taxonomy of the functionality of advertising and its effectiveness alongside their attributes and notable studies is summarized below:

**Market Response:** Relates advertising, price and promotion directly to purchase behavior, both individually and as aggregate levels of econometric values; advertising elasticities vary in relation to the type of products, stage of the product in ad spiral, diminishing effects of recall and decreasing exposure level. [Assmus, Farley, and Lehmann 1984; Leone and Schultz 1980, McDonald 1992; Parker and Gatignon 1996; Givon and Horsky 1990.; Leone 1995. Deighton, Henderson, and Neslin 1994; Pedrick and Zufryden 1991, 1993; Tellis 1988]

**Cognitive Information:** Advertising is more effective for experience goods than search goods; consumers also become price sensitive as a result of increasing advertising [Hoch and Ha 1986; 1980. Kaul and Wittink 1995, Akpan, 1996].

**Pure Effect:** Emotional and visual elements, more than informational elements are suspected to be more effective in enhancing consumers' preference more than information, thus, suggesting that likeability correlates positively with brand preferences. [Calder and Strenthal 1980; Rao and Burnkrant 1991 and Henry 1980. Barry and Howard 1990.]

**Persuasive Hierarchy:** Variations in advertising presentations positively correlate with consumer high awareness, recall and attitude formation, while Single hierarchy of effects fails to correlate positively with evidence. [Aaker and Norris 1982; Gorn 1982; Calder and Strenthal 1980; Rao and Burnkrant 1991 and Henry 1980. Barry and Howard 1990, Akpan, 2007]

**Low involvement Effect:** Users experience with products provides evidence of ads influence on behavior and beliefs; high behavioral loyal consumers rely on advertising for purchase decision. [Hoch and Ha 1986; Marks and Kamins 1988; Smith 1993; Smith and Swinyard 1983, 1988; Tellis 1988, Deighton 1984; Deighton and Schindler 1988; Hoch and Ha 1986; Levin and Gaeth 1988; Smith 1993.]

**Ad process Interaction:** Price, emotions, awareness, promotions, and exposure cumulatively exist as contextual attributes for simultaneous interactions towards advertising effectiveness. [Deighton 1984, 1986; Franzen 1994; Kupfermann 1991 ; Martin 1991 ; Rose 1993; Smith and Swinyard 1982, 1988; Sutherland 1993; Vaughn, 1986.

Notwithstanding the impressive display of scholarship by Vatrassas and Amblers, in their rare documentation feat, the fact still remains that Hierarchy of Effect (HOE) model dominates most efforts of advertising planners and scholars. Popularized by Lavidge and Steiner (1961), the HOE illustrates the typical stages of consumers' purchase considerations and decisions are made. The model assumes that every consumer must first have awareness of a product, get sufficient and vital information that should justify the consumers liking and preferences, before building up a conviction on whether or not to buy the product. This pattern of how advertising works is the much acclaimed THINK – FEEL - DO model.

Like many other hierarchical models that preceded the THINK-FEEL-DO model, such as the A-I-D-A (Attention, Interest, Desire, Action) and their variations in A-I-D-C-A (Attention, Interest, Desire, Conviction, Action) and P-A-P-A ( Promise, Amplification, Proof, and Action ), the THINK-FEEL-DO can barely resist the dynamics of change ,or at least, modifications. Wells and Moriarty (2006) noted that sometimes one might just not buy something because one is hungry, or that the product catches one's eyes at the checkout counter. This, in a way demonstrates that, for some known reasons, alternative models or pattern exist to explain consumers purchase decisions other than the Think-Feel- Do model. The suggested and logical paths to explaining such modified patterns of advertising functional processes are illustrated below.



Figure 2. Think-Feel-Do model



Figure 3. Think-Do-Feel model



**Figure 4: Feel-Think-Do model**



**Figure 5: Feel-Do-Think model**



**Figure 6: Do-Feel-Think model**



**Figure 7: Do-Think-Feel model**

As depicted in the variants of the hierarchies above, consumers' decision making process is clearly alternated with each block components of the Think-Feel-Do assuming positions of relevance at either the point of initiation, mediation or termination (action). The fact that widely used pattern of Think-Feel-Do models has alternative modes of operation introduces a concern which ultimately exposes the assumed infallibility of the model and also questions the tenacity for the acclaimed reliance by advertising scholars. This understanding, to some significant extent, explains some of the conclusions drawn from studies attributing minimal supportive evidence to only selected aspects of the cognitive, affective and conative stages.

While Smith, (1991) study focused on the influence of demographics and psychographic effects on consumers desire to buy, a similar study in 1993 put the spotlight on the mediatory outcomes of 'manipulated' information sources and information sequence on the favorability of product trials. Zufrychen, (1996) extended his searchlight to cover the application of the Think-Feel-Do model on consumers of film products. His findings suggest that each stage of the model had considerable effect on the other, in a hierarchical manner. For example, awareness of a new film was found to influence the intent to watch the film, and this of course culminated in the blotted box office revenue. Advertising in the real professional sense of the practice was not found to be the only significant variable which had an impact on, but also other factors like word of mouth, film characteristics, distribution push and timing as well as the length of the film.

Further investigating the effect of information on 'the benefits of biotechnology on consumer acceptance of genetically modified food, evidence from experimental auctions in the United States, England, and France', Lusk, House, Valli. Jaeger, Moore, Morrow and Trail (2004) found that initial attitudes toward biotechnology have a significant effect on how individuals responded to new information because consumer willingness to accept compensation to consume a GM food was elicited using an incentive compatible auction mechanism in three US states (California, Florida, and Texas) and in two European countries (England and France).

Wei and Ven-Hwei Lo (2008) in their efforts to examine voters learning in the 2006 US midterm elections, explored the relationships (from news) as a process driven by motivation, necessitated by exposure, and enhanced by attention and elaboration. Findings from the study showed that media exposure have direct and indirect effects on attention, elaboration, and knowledge about the elections. Further comparing their results, this time, on examining the perceptual gap and behavioral intention in the perceived effects of polling news in the 2008 Taiwan Presidential Election, Wei, Ran, Ven Hwei Lo and Hung- Yi Lu 's(2010) findings showed that the perceived news about election polls have a greater effect, regardless of whether the effects were negative or positive. Furthermore, findings show that attention to election polling news enhanced the perceived positive effects on self and others, thus, pointing to a link between poll credibility and perceived effects on self and others. The less credible elections polls are perceived, the larger is the self-other perceptual gap.

Also investigating the 'Estimated Threshold Effects of U.S. Generic Fluid Milk Advertising', Adachi and Liu (2009) adopted a spline threshold estimation procedure, in which a quarterly fluid milk demand equation with unknown thresholds was estimated. The results support the existence of a minimum threshold below which advertising has no impact on sales, and an upper threshold beyond which the law of diminishing returns dictates. Advertising was equally found to have the effect of rendering fluid milk demand less elastic with respect to own price, and more elastic with respect to income.

Further providing research insights into advertising effect on the 'Feel' realm of hierarchy of effect model, Lumeng and Cardinal (2007) sought to determine if providing affectively positive information about a flavor to preschool-aged children during tasting will increase recognition of and liking for the flavor and if the recognition and liking are associated, 3- to 6-year-old children tasted 10 flavors: 5 presented with affectively positive information and 5 without. The 10 flavors were then presented again interspersed with 10 distracter flavors. Children reported whether they had tasted the flavor previously and provided hedonic ratings for each flavor. Children's ability to remember having tasted a flavor was greater when the flavor was presented with affectively positive information than without in children throughout the age range of 3-6 years. In children younger than 4.5 years, the provision of information had no effect on hedonic rating, whereas in older children, the provision of information was associated with greater hedonic ratings. The researchers concluded that providing affectively positive information to children about a flavor can increase their ability to recognize the flavor as previously tasted and increases hedonic rating of the flavor in children older than 4.5 years.

Similarly, Hye Paekl, Kim and Hove (2010) conducted a content analysis of antismoking videos on 'YouTube', focusing on several message features that are prominent in antismoking campaign literature. These features include characteristics that cut across message sensation value (MSV) and three types of message appeal (threat, social and humor). These four characteristics were then linked to YouTube's interactive audience response mechanisms (number of viewers, viewer ratings and number of comments) to capture message reach, viewer preference and viewer engagement. The findings suggest that : (i) antismoking messages are prevalent on YouTube, (ii) MSV levels of online antismoking videos are relatively low compared with MSV levels of televised antismoking messages, (iii) threat appeals are the videos' predominant message strategy and (iv) message characteristics are related to viewer reach and viewer preference.

### **The Gap, the Concerns and our Study**

Notwithstanding the fact that available studies have put to test the efficacy of the Think- Feel-Do model, and found it working years after the issue had dominated advertising, marketing and consumer research literature, our concern had been that the status quo of this position may have been altered because of the dynamics of myriad factors imploding advertising practice as a whole. For this reason, we pitched

our convictions on the premise that the Think- Feel-Do model and its variants, whether in parts or otherwise, actually work under circumstantial influences of **product class, cultural norms (timing, space, context), age, income, gender, education, marital status, information sources and personality/lifestyle values**. To validate our concerns, we posed the questions: 1) Can the notion of hierarchical pattern of the Think- Feel- Do model be sustained in the sub-Saharan enclave studied? And; 2) How significantly influential are the circumstantial factors in mediating consumers preferred pattern of purchase decision, when tested within the sub-Saharan enclave studied? These twin concerns necessitated the following composite research questions:

R1 To what significant extent, do demographics (age, gender, marital status, educational qualification, income), personality/lifestyle values (achievers, fulfillers, experiencers, strivers, makers) and product class influence consumers preferred patterns of making purchase decisions studied in the sub – Saharan enclave?

R2 To what significant extent is the cultural normative values (time, space, context) and information sources influence on consumers-preferred patterns of making purchase decisions studied in the sub –Saharan enclave?

In tandem with research traditions, these questions were reflective of specific objectives such as: ascertaining the relevant demographic and psychographic makeup of consumers that participated in this study; finding out whether or not, subjects in the study were exposed to the advertisements of the products they claim to buy; determining the common sources (modes/media) of advertisements through which consumer rely on to kick start the buying process; generating the range of product categories common to, and within which consumers may identify their purchase decision process; determining consumers' preferred pattern of purchase decisions, establishing the extent of influence factors such as : product, culture/ norms, personality and demographic characteristics have on consumers' preferred patterns of making purchases; and deducing the implications of the dynamics of 'Think-Feel-Do' model and its variants to advertising practice within the Sub Saharan enclave.

### **Methodology**

The survey research method was considered appropriate for the study. The questionnaire was the principal research instrument. For reasons unconnected with the research focus, over 152 million people in Nigeria (CIA Fact Book, 2011) could not be accessed for the study. We, therefore delimited the study area to urban cities in the North (Yola), East(Aba) and West( Lagos, Asaba) geopolitical zones of the country. The cities were selected because of the strong presence of high commercial activities and consumers with reasonable disposable incomes. Analysis was based on 1200 retrieved and validated responses

## Discussion and Findings

Age Distribution	Frequency	Percentage
18-30	850	70.8
31-40	270	22.5
40-50	70	5.8
51 and above	10	.9
<b>Total</b>	<b>1200</b>	<b>100</b>
Gender Distribution		
Male	480	40
Female	720	60
Total	1200	100
Marital Status		
Married	390	32.5
Single	810	67.5
Total	1200	100
Educational Level		
Primary	30	2.5
Secondary	180	15.0
Tertiary	930	77.5
Non Formal	60	5.0
Total	1200	100
Income(Monthly)		
Below N18,000	670	55.8
N50,000 - N100,000	270	22.5
N101,000- N400,000	110	9.2
N500,000 and above	150	12.5
Total	1200	100

**Table 1: Demographics of consumers**

The table above indicates a young urban consumer population with a 70.8% response, and comprising more females (60%) than males. This population parameter makes it appropriate for testing the model as consumer purchases have been noted to have been greatly influenced by age groupings with the young- mobile age bracket seen as the most irrational [by the older conservative age brackets] and likely to evoke purchases more than those in the older age brackets, and vice versa. The table further shows the marital status of the respondents as mainly singles (67.5%), which suggest the functionality of stable buying habits of respondents within the area of study. Married persons (32.5%) tend to give in more to tangible and essential goods than they do to intangible ones, and thus redefine their buying pattern as compared to the single ones who when exposed to the product, are believed to first think, then feel what the product can do for them and then follow up with a purchase, that is doing.

Table 1 further shows a 95% educational distribution of respondents having some form of formal education. Of note is that a large number of them have acquired tertiary education. This is instrumental that education is seen as another determinant to rationality in the buying habits of consumers; less educated persons are adjudged to be more irrational than the educated ones. But for the income based distribution in Table 2, the concern as to whether those with lower income tend to spend more and make purchases than those with higher incomes becomes very obvious, especially as 21.7% of respondents earn above N100, 000 [\$570] monthly, with the others earning less, and further prodding the question of what could be bought with such amount of money.

Personality Variables	Frequency	Percentage
Achiever-Status oriented	540	45.0
Fulfiller-Principle oriented	110	9.2
Experiencer-Action oriented	110	9.2
Believer-Principled oriented	280	23.3
Striver-Status oriented	90	7.5
Maker-Action oriented	70	5.8
<b>Total</b>	<b>1200</b>	<b>100</b>

**Table 2: Personality Lifestyle / Variables of Respondents**

The indexes employed above are standard markers. Lifestyle values are marked as achievers, fulfillers, experiencers, believers, strivers and makers. These categories open the advertising window on consumer attitude towards the product. Aside the usefulness of the data in the table above for this study; it presents use for advertisers in product design in Nigeria. The suggestions above are that persons who covert achiever status in their lifestyles are 45% as compared those who just merely believed [23.3%] in a lifestyle without the

corresponding achievements. Nine point six percent (9.6%) of them were either persons with fulfilled lifestyles or had/would have experienced such lifestyles. The others are people who strived and maker-action oriented with 7.5% and 5.8% respectively. The import of this data is that those with achiever-status oriented lifestyles are more likely to induce a buying habit, thus suggesting that only about 55% of the given population is likely to make direct purchases at varying times.

Media Sources	Frequency	Percentage
Mass media	1060	88.3
Reference groups	140	11.7
<b>Total</b>	<b>1200</b>	<b>100</b>

**Table 3. Consumers principal information sources**

The respondents maintained that the variegations of the mass media constitute their principal sources of information for whatever product they have purchased. Only 11.7% of the respondents got their information principally from reference groups, peer groups or age groups. Sixty percent of the respondents also attested to the fact that prior knowledge of the product through advertisements had actually influenced their buying decision.

However, the pattern of influence vis a vis the Think-Feel-Do and its five alternate sequences, using the eleven selected product categories, yielded varying results. For food and groceries category, the most preferred pattern of buying was the Think-Feel-Do approach which accounted for 63.5% of the total valid responses, thus suggesting and significantly too that respondents think first before taking further action. The element of thinking first suggests that rationality in choice and consumption are motivational forces in consumer buying behavior.

For a different product category that does not have routine and basic everyday use such as beverages, the range became narrower especially for those who think first. Again, for detergent which has a close pattern of need as beverage in the study area, the distribution presented a close pattern of ‘Think first’ action but with increase in the ‘Feel first’ action. The assumptions are that products everyday use have universal appeal, and consumers tend to think first before venturing on other actions of feeling and buying, while for those products with episodic use values, consumers tow the line of feeling first before thinking and buying.

For the buying of clothes and accessories, a near replay of the distribution on food and groceries was noticed. the first patterned action of ‘think-feel-buy’ had the highest responses (50%), while the range between both patterns of thinking first is large. What is instructive in this analysis is that due to the nature of the product, substantial responses came from those who feel-think-buy. For cosmetics, that may be con-

sidered inexpensive and have less universal appeal, particularly within the study enclave, consumers do not see them as products that satisfy real needs, and as such, demands rationality in purchase actions. In the Books and Literature product category, the usual preferred pattern of action of ‘think-feel-do’ grabbed 45.3% of the responses as the highest singular mode of action.

For the remaining categories of product in the study, the pattern of action featured the most preferred action of ‘thinking’ first, suggesting that in these categories of products, consumers are most likely to follow the intrinsic modes of thinking, feeling and then buying. Significantly, the kinds of products here – cars, machines, gift items, furniture, jewelries and household electronics - are usually considered expensive, not necessarily because of the cost of purchase, but because of the frequency of purchases, hence demand more action of ‘thinking’ followed by ‘feeling’ and then ‘buying’. The distributions indicate that more people are rational in their purchases.

A further analysis of the distributions on patterned actions of consumers towards these selected products was done using the analysis of variance [ANOVA] to ascertain if actually there were variations in the responses for these products using the percentile values of the valid responses; the details are presented in Table 3 below:

	TFD	TDF	FTD	FDT	DTF	DFT
Food	63.5	15.3	18.8	1.2	1.2	0
Grocery						
Beverages	34.1	33.0	24.2	2.2	3.3	3.3
Detergents	36.8	28.9	25.0	3.9	3.9	1.3
Clothing	50.0	11.6	30.2	4.7	3.5	0
Cosmetics	48.8	20.7	19.5	2.4	3.7	4.9
Books/Lit.	45.3	19.8	17.4	3.5	7.0	7.0
Electronics	54.7	19.8	17.4	5.8	2.3	0
Jewelries	47.7	20.9	24.4	7.0	0	0
Furniture	54.1	20.0	21.2	2.4	1.2	1.2
Automobile	60.9	16.1	18.4	1.1	1.1	2.3
Gift Items	52.9	14.9	26.4	2.3	2.3	1.1

**Table 3: Analysis of variance among valid responses on patterns of preferred consumer action [Calculated F-Distribution = 316.75 Critical F-Distribution tested at a two-tailed test [F10,54] with an alpha level 5% = 2.03]**

Because the value of 2.03 of theoretical F10,54 is significantly less than the observed F value of 316.75, the question of significant differences existing among the eleven responses toward the product class is voided, thus, any observable variation, albeit minimal may have occurred due to chance occasioned by the nature of the product.

Variables	SA	A	DA	SD	Total
Product Class	74.2	20.8	4.2	.8	100
Custom/Norms	48.3	30.0	15.0	6.7	100
Age	48.3	30.0	17.5	4.2	100
Income	75.8	18.3	5.0	.8	100
Gender	33.3	49.2	14.2	3.3	100
Education	60.9	29.2	5.8	4.2	100
Marital Status	37.5	40.0	15.0	7.5	100
Media Sources	60.9	20.8	10.8	7.5	100
Personality values (VALS)	61.6	28.3	7.5	2.5	100

**Table 4: Valid agreement/disagreements on the influence of selected variables on consumers' advertising induced buying pattern.**

Table 4 shows, in general terms, the agreements and disagreements by consumers on the influence of selected variables on their buying patterns. On a closer look, the table further reveals that respondents' aggregate agreements favour the existence of a positive influence. As indicated in the values for the product class, 95% respondents, on aggregate terms, confirmed that products actually influenced their preferred buying patterns, thus suggesting that specific needs are satisfied and by so doing help induce corresponding patronage and consumer action.

Similar significant range of influence in product range appears for the income variable of consumers. Here, 94% aggregate response is recorded for respondents who agree that their income determines their buying pattern. It is therefore logical to consent to the fact that more money at one's disposal sparks off excessive spending. So, consumers with high incomes are prone to being less rational in their buying patterns than consumers with low income earnings.

With regards to the custom/norms of the people and the way they see and categorize the various product type to have the same way of influencing their responses, the 78.3 aggregate responses indicate the existence of a positive relationship. This also suggests that, as consumers get more entwined in the custom and norms of their environment, such relationship could define the usage and satisfaction from each product, as well as influence buying patterns.

Personality influence on preferred buying pattern for each of the product class was equally evaluated and it was found out that like other indexing variables in the influencing schema, personality has considerable influence. 89.9% aggregate respondents agreed that personality determines the deciding factors of their buying patterns. This analysis also compares with earlier responses on certain product categorization that suggests the status of the person consuming the product as a major determinant of buying patterns because it sometimes outstrips the 'need' factor in the process.

Gender and age were also seen as having considerable influence on the preferred buying pattern for each of the product classifications. While gender attracted an aggregate response of 82.5% agreements, age coveted 78.8% aggregate responses as seen in the table 4. Earlier presentation in table 1 sees the age brackets of the respondents to be very urbane, mobile and young, while gender was more tilted towards female than the male. Therefore, a young male dominated urbane population is most likely to think well before consuming a product not necessarily because they are very rich, but because there is cash availability to meet propelled needs.

Also, 77.5% of the respondents strongly attest to the fact that their marital status influence their preferred buying pattern which agrees with the earlier distribution on marital status of the respondents who were mostly not married and therefore have the propensity to spend more on goods and a follow a define action of the TFD.

As part of the test of influential power of demographic variables, the issue of education was evaluated in terms of its defining influence on the buying pattern of the respondents. 91% consumers maintained a strong position toward educational influence on their buying pattern. Again, this response was compared with the responses on educational status of the respondents revealed that the cumulative responses of those that agreed were almost at par with those that had tertiary education, while those with no formal education could be grouped into those that strongly disagreed with this proposition.

To further promote the value of our concerns in this study, another influencing variable – media sources -was employed. Analysis shows that 81.7% of the respondents strongly agreed that the type of greatly influences their buying pattern. As earlier indicated in the study, exposure to the media preceded variables influence on consumers. This finding thus suggests that respondents were well exposed to various media and as such had been influenced by the media they were exposed to. Disagreements were well noticeable on the side of the legitimizing role of reference groups on consumers buying patterns. Nevertheless, our position reinforces the undisputed fact that when source legitimacy combines effectively with media source, then the effectiveness of the message is strengthened and the likelihood of rationality is emphasized.

### **Conclusion and Implications for Advertising Practice.**

Two major concerns served as capstone basis for this study. The first had to do with questions bordering on the tenacity of Think-Feel- Do as the paradigm for justifying how advertising works in enhancing consumers purchase decisions. The second concern bordered on the variability of some universally acclaimed factors in moderating consumers advertising induced decisions as well as their patterns of purchase. Ultimately, the implications of these two concerns in the business dynamics of a Sub Saharan enclave as Nigeria were earmarked as our contribution to the global perspectives of business and management.

Based on the review of extant literature on the matter, the analysis of data generated for the study, we are inclined to

conclude that, consumers decision to make purchases and the preferred pattern of reaching the decision are moderated by rational choices; that the rationality of purchase decisions are strongly influenced by notable demographic and personality variables, and that both the decisions to buy and the preferred pattern of purchase or significantly influenced and moderated by factors such as, product class, *cultural norms (timing, space, context), age, income, gender, education, marital status, information sources and personality/lifestyle values.*

A logical and apt question to raise at this point would concern the implications of these findings to the global business and management persons willing to extend their business horizon to the Sub Saharan enclave. Our understanding here is that, Nigeria, being the most populous nation on the continent of Africa, with well over 152 million people (CIA fact book, 2011), braced with a stable though slow economic growth index largely accruing from its rich oil base, is a sure business paradise for investors.

Our conclusions above have some implications for the global business community as driven by the advertising quotient and the TFD model. First, the moderating influences in the guise of product class, cultural norms and psychographics implies that the manner products are designed, produced and advertised especially for Sub Saharan Africa has to be evaluated in the face of these findings, especially if the products must make good inroad into the African market. Although, one cannot say for certain what marketing research has been done in the promotion of telecommunications facilities in the African market by producers, one is want to assert that operators have keyed into part of this findings in targeting their advertisements, and quite successfully too.

Prospective transnational investors must not necessarily follow the established trend of product classification and 'marketization'. They should contend with the fact that product classification is now a function of contextual demographics and psychographics as against the universals, and thus permeates an advertising campaign management that keys into the variants of the Think-Feel-Do model, and also allows some products to be purchased using the stronger 'think' approach, and others, the less rational 'feel', with a little fraction of the 'do' or 'buy' praxis.

Investors for the Sub Saharan enclave should drive resources towards products that suit those urban mobile sectors of the population, not necessarily for their expensive nature but for the lifestyles it would ascribe to the consumers. Everyday consumables attract less rational approach than occasional buys which are more expensive. Above all, investors should not also undermine the strong influence of traditional norms and cultural values in mediating 'intellectual and behavioural' (Akpan, 2010) filters of consumers in this enclave. Overall, the study thus confirms the global dynamics factoring the advertising of goods and services.

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# Factors Influencing The Consumers' Intention to Shop Online:

*Shahzia Khan, Aftab Haider Rizvi*

## **Abstract:**

*The success of any business lies in thorough understanding of the behavior of its target customers; hence, in order to safeguard the success of e-business it becomes imperative for the retailers to get a deeper insight into the behavior of their consumers and the factors shaping it. The aim of this study is to explore the factors influencing the web-based shopping intention in UAE and empirically establish a relationship between intention to buy online and customer related factors. The literature review related to the topic advocated testing empirically how various factors influence customer's intention to buy online. For the purpose of this study, a questionnaire was developed, tested and validated to reach the highest level of accuracy of measurement. Factor Analysis were used to group the variables and various other statistical techniques viz., Regression Analysis, Correlation Analysis, One-Way ANOVA and t-test were used to test the various hypotheses. The results revealed in this study could be of paramount importance to the e-merchandisers for formulating sustainable and effective e-marketing strategies and rendering assurance to the online buyers by mitigating the associated perceived risks.*

**Keywords:** *Online shopping; Intention; Shopping Convenience; Perceived risk; Relative advantage*

## **1. Introduction**

The World Wide Web (www) is becoming a vital tool for commerce nowadays. Many retailers are using web as a new market place to market their product and services. With the change in the tastes and preferences of the consumers, wired lifestyle and consumers becoming more techno-savvy more and more retailers are resorting to web to sell their products. Shopping convenience, customized product and services, availability of ample information, better prices and many such factors bolster online shopping. Ubiquity, more choices, customized product and services, cheaper price, instant delivery, information availability, participation in auctions, ability to interact with electronic communities and no sales tax (in many countries) are the benefits of electronic commerce to the consumers (Turban, King, Viehland and Lee 2006). Retailer choose internet as a medium to sell their product as such stores can be established at low cost and the products and services can be updated on demand (Crisp, Jarvenpaa and Todd 1997). Global reach, cost reduction, supply chain improvements, extended hours, customization, new business models, vendors' specialization, rapid time-to-market, lower communication costs, efficiency replacement, improved customer relations, up-to-date company material, no city business permits and fees, etc. are the key factors that attribute to the popularity of e-commerce amongst the organizations (Turban, King, Viehland and Lee 2006). According to the Google survey (2009) conducted on 1410 UAE consumers; more than 69% of the consumers have bought something (www.startuparabia.com). Sales of the Top 500 online retailers grew 11.7% to \$115.85 billion in 2008 from \$103.69 billion in 2007 while Internet Retailer estimates the total retail sales market grew 1.4% (www.internetretailer.com).

The purpose of this study is to explore the factors influencing the web-based shopping intention in UAE through a five-point Likert scale self-administered questionnaire, that was developed and based upon thorough literature review. In this study, twenty two variables were considered to see how they leverage the intention of the customers towards online

shopping. Rest of this paper is divided into six sections. The next section presents a brief review of the literature that shapes the formation of the theoretical framework. It is followed by a section describing the research methodology. Section 4 presents the preliminary research model. Section 5 presents the analysis of the data. Section 6 includes the discussion and the conclusions of this study. Section 7 qualifies the findings of this research by presenting the limitations of this research.

## **2. Theoretical framework**

The success of any business lies in thorough understanding of the behavior of its target customers; hence, in order to safeguard the success of e-business it becomes imperative for the retailers to get a deeper insight into the behavior of their consumers. An answer to what drives the behavior of the internet consumer helps the retailers to devise better strategies to satisfy the consumers. There is a very strong relationship between attitude, intention and behavior. Attitude can precede or follow the behavior (Schiffman and Kanuk 2004). Motivated by the desire to explore the relationship between the two, numerous researchers have constructed various models and propounded several theories on attitude. One such significant theory is the Theory of Reasoned -Action Model (Ajzen and Fishbein 1980). Consumer satisfaction with internet shopping is an attitude that stems from the beliefs about information quality, system quality and service quality (Cheung and Lee 2005).

In a study on motivators for Australian consumer to search and shop online, Michael (2006) found that convenience, saving time, cheaper prices, ability to compare prices, good place to shop for specialty and hard to access products, level of control and ease of comparing products and services are the main motivators of searching and shopping online. Convenience was found to be the key motivator. Also, a few respondents of the study suggested that searching and shopping online saved them from the task of "mundane shopping". A study conducted by Muhmin (2010) reinforced the fact that easier shopping comparison and ability to explore better deal online are the main online shopping motivators. Chiang and

Dholakia (2003) stated that convenience and product type influences the intention to shop online. The intention to shop online increases when the customer perceives shopping in a physical store to be inconvenient; moreover, customers resort to web stores when they perceive the products to be search goods rather than the experience goods. The attitude towards web based shopping is likely to be influenced by the product type and services (Lian and Lin, 2008). Consumers with greater product involvement would prefer shopping in a physical store (Kim, Galliers, Slim, Ryoo&Jongheonkin , 2012).

Delafrooz, Paim&Khatibi (2009) stated that utilitarian online shopping orientation, hedonic online shopping orientation, fun, convenience, customer service, homepage, wider selection and price are the key factors that influence consumer's attitude towards web-based shopping. Service quality impacts the utilitarian and hedonic internet shopping values (Kim, Galliers, Slim, Ryoo, Kin, 2012). Also, the attitude towards computer affects attitude towards web-based shopping (Crisp, Jarvenpaa, Todd 1997). Besides the factors discussed above, a relationship between the type of the product purchased online and the age and gender of the consumers might also exist (Lynch 2003). According to Lynch (2003), the younger consumers in Australia preferred buying music whereas the ones over fifty years of age bought hobby collection. The women in the fifty years of age were reported to use internet to search and shop products related to travel and tourism.

Schaupp and Belanger (2005) evaluated certain factors: technology factors (security, privacy, usability and web design), shopping factors (convenience, trust and trust worthiness, and delivery) and product factors (merchandising, product value and product customization), salient to online shopping satisfaction and found that privacy (technology factors), merchandising (product factor), and convenience (shopping factors) were the key factors that contributed to the satisfaction of the online consumers. According to their study, consumers consider the security factor to be less important than the other factors as they perceive security to be standard for all the e-commerce websites. Instead, privacy was found to be the biggest concern of the online shoppers. Merchandising and convenience while shopping also strongly influence the satisfaction of online shoppers. On the contrary, the research conducted by Vijayarathy (2003) indicated that the privacy is not a significant predictor of online shopping attitude; whereas compatibility, usefulness, ease of use and security were among the significant predictors. Pradas, Miguel, Garcia, Pelaez (2012) explored that trust and security issues, and inability to see the product prior to purchase are the predominant hindrances to shop online. Other hindrances included product related aspects like price, shipping cost, no internet access, and procedures and amplitude of offering.

Chen and Zhaobin (2005) while exploring the factors that influence the attitude of online shoppers in New Zealand found that the web design, website reliability/ fulfillment, website customer service and web site security / privacy are the four dominant factors that influence the perception of online shoppers. Website reliability / fulfillment scored the

highest of the four factors followed by the website customer services, website design and last but not the least website security / privacy. Web quality and playfulness play a significant role in stimulating website use in context of online retailing (Ahn, Ryu&Han , 2007). Provided a customer is willing to purchase a product, the store image can leverage online shopping but familiarity of the store and store style do not possess a strong relation with online purchasing. Product brand image , both directly and indirectly influences the intention to shop online by mitigating the associate perceived risks; on line store image, on the other hand, indirectly affects the purchase intention of online apparel shoppers (Aghekyan, Forsythe, Kwon & Chattaraman, 2012).

A study conducted by Lin, Wu & Chang (2011) found that delivery quality was the most dominant factor that contributed to online customer satisfaction followed by the product quality, information system quality, service quality and perceived price. Ha and Stoel (2009) in their study explored that perceived usefulness, trust and shopping enjoyment that influenced the attitude towards online shopping that was substantiated by the research conducted by Sin, Nor, Agagh (2012). Li and Zhang (2002) identified ten factors which influence on-line shopping and proposed a model based on the theory of reasoned action model (Fishbein and Ajen 1975) that describes and predicts the relationship among these factors. External environment, demographics, personal characteristics, vender/service/product characteristics and web quality (all independent variables) were identified as antecedents that directly determine attitude towards on-line shopping. Attitude towards online shopping, intention to shop online, decision making, online purchasing and consumer satisfaction were categorized as dependent variables. A study indicated that social influence has a positive impact on the beliefs about attitude towards web- based shopping as well as the intention to shop online (Lee, Shi, Chang, Lim & Sia, 2011).

### **3. Research Methodology**

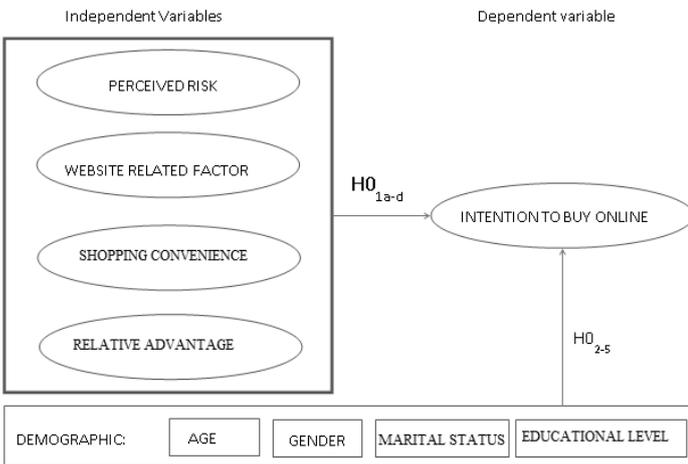
Scientific research is more than fact finding, census or mere talking of records. It is purposeful information gathering, data analysis, and it is also a convincing interpretation for future forecasting. For the present study, the questionnaire methodology was selected. Prior to the commencement of the study a questionnaire was developed. The data for this study was collected from the residents of U.A.E in light of the designed questionnaire, and was analyzed according to prior planning with an attempt to reach the highest level of accuracy and validity. In order to examine the role and importance of factors affecting the intention of consumers towards web-based shopping, the data collected were further analyzed and represented on five point scale, 1-Strongly disagree; 2-Disagree; 3-Moderately Agree; 4-Agree; 5-Strongly agree. For the purpose of examining the reliability of the data, Cronbach's alpha coefficient was considered to measure the internal consistency of the measured total items wise and factor wise too.

### **4. Research Model and Objectives**

In the wake of the literature review and the result of the factor analysis, a research model was proposed (Fig- 1). Intention

to buy online is the dependent factor which is influenced by the other independent factors such as demographic factors, perceived risk, website related factor, shopping convenience and the relative advantage. This study aims to explore the relationship between the independent factors and the intention to shop online. Moreover, the study also focuses on investigating the differences in the consumers' intention when segmented on the basis of the demographic factors like age, gender, marital status and educational level.

**Fig- 1 Research Model**



**4.1 Hypothesis**

For the purpose of this study, the following hypotheses were framed.

H01: Perceived Risk (PR), Shopping Convenience (SC), Website Related Factors (WRF), and Relative Advantage (RA) have no significant impact on Intention to shop online (ITSOL).

**H01a:** There is no significant relationship between Perceived Risk and Intention to buy online.

**H01b:** There is no significant relationship between Website Related Factors and Intention to buy online.

**H01c:** There is no significant relationship between Shopping Convenience and Intention to buy online.

**H01d:** There is no significant relationship between Relative Advantage and Intention to buy online.

**H02:** There is no difference in Intention to shop online when segmented by age.

**H03:** There is no difference in Intention to shop online when segmented by gender.

**H04:** There is no difference in Intention to shop online when segmented by marital status.

**H05:** There is no difference in Intention to shop online when segmented by Education.

**5. Results and Analysis**

**5.1. Summary of descriptive statistics**

Of the total 101 respondents in the sample, 64.4% were male and the remaining 35.6% were female. Of the complete sample, 36.6% people have bachelor degree and 63.4% were postgraduate degree holders. 69.31% professionals' occupation was service, 9.9% was self-employed and the remaining 20.79% were student. 50.5% people were found married and 49.5% people were unmarried.

**Table-1 Demographic breakdown of the samples (n=101)**

Gender	Frequency	Percentage	Education	Frequency	Percentage
Male	65	64.4	Under graduate	37	36.6
Female	36	35.6	Post Graduate	64	63.4
Total	101	100	Total	101	100
Age			Income		
<20 years	6	5.94	<AED 5000	37	36.64
20-30	58	57.43	5000-10000	35	34.65
30-40	27	26.73	10000-20000	23	22.77
40-50	9	8.9	20000-30000	4	3.96
>50 years	1	0.99	>AED30000	2	1.98
Total	101	100	Total	101	100
Marital Status			Occupation		
Single	50	49.5	Service	70	69.31
Married	51	50.5	Self Employed	10	9.9
Total	101	100	Student	21	20.79
			Housewife	0	0
			Total	101	100

**5.2. Online Product Purchase behavior**

Amongst the product bought online, air tickets (25.3%) topped the list as most of the respondents resort to online shopping for purchasing the air tickets. Purchasing books (10.59%) through web is also one of the common trends. Consumers also prefer buying music (7.05%), software (7.65%), flowers (7.64%), fashion accessories (7.06%), magazines (6.47%) and many more items online (refer table-2). It must be noted that most of the items purchased online involves quite a less perceived financial, security and product associated risk. Hence, it may be inferred that the intention to buy such product is not influenced by the perceived risks.

**Table -2 Online Product Purchase behavior**

Items Bought	Frequency	%	Items Bought	Frequency	%
Online			Online		
Books	18	10.59	Furniture	3	1.77
Magazine	11	6.47	Antique	1	0.59
Hobby	7	4.12	Tour	10	5.89
Music	12	7.05	Air tickets	43	25.3
Software	13	7.65	Movies tickets	15	8.81
DVDs	6	3.53	Health related items	1	0.59
Flowers	13	7.64	Others	5	2.94
Fashion	12	7.06	Total	170	100

### 5.3. Summary of Measurement Scale

Twenty four variables were studied but two variables were dropped due to some statistical reasons. These variables were grouped into five factors (refer table-3). The fear that the product purchased online may not be the same as mentioned in the website and may not give the assured result, doubt in the financial security, risk associated while providing the personal and credit card details, financial risk, failure to provide signed receipt, difficulty in product replacement and delayed delivery of the products purchased online were grouped as the “perceived risk” associated with the online purchase. The fact that online shopping saves a lot of time, is available 24/7 and benefit of home delivery saves a lot of time accounted for the factor ‘shopping convenience’ which is believed to positively influenced the attitude and intention to shop online. The ‘website-related factor’ such as the presence of picture/video of the product on website, easy navigation and customization of the website also leverage the intention of the online shoppers. Compared to a physical store, availability of wider choice of products online, a better price comparison and enjoying a faster and hassle free shopping experience was categorized as ‘relative advantage’ of web-based shopping. Respondent’s likelihood to shop online in the future was grouped as ‘Intention’ factor towards shopping online.

**Table-3 Rotated Factor Matrix**

Variables	Factors					Cronbach's Alpha
	1	2	3	4	5	
Product purchased online may not be the same as mentioned in the website.	.801					0.878
Doubt financial security while shopping online.	.796					
Providing personal information is risky.	.784					
Providing details of credit cards is risky.	.777					
Financial risk is involved while OLS (online shopping).	.762					
Product might not give assured result as promised in the website.	.758					
No signed receipt is provided in OLS	.613					
Replacement of the product is a big difficulty.	.599					
Delivery of the products is not on time.	.426					
I would certainly purchase through web.	.839					
I may buy products online, probability is high.	.710					
I see myself purchasing online in the future.	.706					
I will see if I can buy products online.	.637					
OLS saves lot of time.			.802			0.797
OLS is available 24/7 which makes life comfortable.			.753			
Delivery of the products at door step saves time and physical exertion.			.748			0.656
Pictures and video of products on the website makes shopping easy and enjoyable.				.805		
Customization of website magnetizes more shoppers.				.671		
Easy navigation of website helps shopper during purchase.				.619		
Wider and better choice of products is available online.					.846	0.615
Compared to shopping in a physical retail store, OLS is much faster.					.628	
Better price comparison in OLS.					.577	

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.

### 5.4. Hypothesis Testing

In this study, five hypotheses have been designed and tested. The statistical methods applied, significant value and result of each hypothesis testis represented in Table-4.

**Table-4 Summary of Results from the Hypotheses Testing**

SN	Hypothesis	Statistical Testing Method	Sig. Value	Results
H01	Perceived Risk, Shopping Convenience, Website Related Factor, and Relative Advantage have no significant impact on Intention to shop online.	Regression Analysis	0.000	Rejected
H02	There is no significant difference in Intention to shop online when segmented by age.	Analysis of Variance (ANOVA)	0.337	Accepted
H03	There is no significant difference in Intention to shop online when segmented by gender.	Independent t-Test	0.243	Accepted
H04	There is no significant difference in Intention to shop online when segmented by marital status.	Independent t-Test	0.706	Accepted
H05	There is no significant difference in Intention to shop online when segmented by Education.	Independent t-Test	0.384	Accepted

Intention to buy online correlated positively and significantly with two independent variables and not significant with other two variables. Therefore the research hypothesis H01c- H01d was rejected and H01a- H01b was accepted.

**Table -5 Multiple Regression Analysis for Intention**

Model	Coefficients <sup>a</sup>					
	Unstandardized Coefficients		Standardized Coefficients		Sig.	
	B	Std. Error	Beta	t		
1	(Constant)	9.624	3.016		3.191	0.002
	Perceived Risk	-0.059	0.049	-0.113	-1.197	0.234
	Website Related Factor	-0.191	0.200	-0.095	-0.951	0.344
	Shopping Convenience	0.468	0.153	0.311	3.065	0.003
	Relative Advantage	0.296	0.132	0.220	2.240	0.027

a. Dependent Variable: intention

The study depicted that demographics of the consumer such as age, gender, marital status and education does not influence the decision to shop through web. Hence, research hypotheses H02-H05 is accepted. Correlation analysis was used to explore the relationship between the various factors under study (refer table -6). Intention was found to be significantly related to shopping convenience and relative advantage.

**Table-6 Correlation Analysis of Factors**

Correlations	Perceived Risk	Intention	Shopping Convenience	Website Related Factor	Relative Advantage
Perceived Risk	1				
Intention	-.189	1			
Shopping Convenience	-.105	0.365**	1		
Website Related Factor	.150	0.039	0.330**	1	
Relative Advantage	-.135	0.319**	0.334**	0.217*	1

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

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

## 6. Discussion and Conclusion

Through this research, “An intention to buy online” operational model was developed and tested with some statistical tools and techniques to verify the existence of relationship between dependent variable and independent variables. The model reveals the relationships. The results indicate no relationship between the shoppers’ perceived risk and the intention to purchase online, which is not consistent with the prior study of Udo(2001); Teo (2002); Ramyah, Dahanteck and Afaqi(2003); Schaupp and Belenger(2005); and Yulihastri, Islam and Daud (2011) that support the fact that perceived risk, privacy and security, in particular, are important predictors in online shopping and negates the intention to buy online. An explanation to the result achieved might be that the most of the respondents purchased air tickets, books and magazines, movie tickets, music and software (65.87%), and have already shopped online; hence, they consider online shopping to be free from such risks. Privilege to shop 24/7 on web, delivery of the products at the door step saves time which renders the consumers a convenient shopping experience that magnetizes more e-shoppers. The presence of shopping convenience frames a strong consumers’ intention to shop online (Schaupp and Belenger (2005); Michael (2006); and Paim and Khatibi (2009)). Presence of picture and video of product on the website, customized website and easy navigation are not related to the intention to shop online. This is not consistent with the findings of Chen and Zhaoabin (2005). Intention to buy online is highly influenced by the relative advantage the customers enjoy shopping online over offline shopping. Compared to shopping in a physical store, online shopping is faster, renders wider and better choice of products and services, and offers better price comparison (Communale and Christie(2004); Michael(2006); and Paim and Khatibi (2009)).

The key finding of the study is that intention to purchase online is significantly related to the shopping convenience and the relative advantage. What propels a customer to shop online are the relative advantage and the convenience they enjoy while shopping online over shopping in a physical store. Customers form an intention to shop online because online shopping makes the shopping easier, faster, better and hassle free as compared to shopping in a physical store. Consumers prefer to save time by shopping online rather than taking the pains of shopping in a physical store that could be time consuming and exerting. Since the possibility to shop round

the clock from physical store is quite less, customers resort to shopping through the web. Specifically for the time-wired customers, online shopping is a boon and is just a few clicks away. Perhaps the surprising and the interesting finding of the study is that no relationship exists between perceived risk and intention to shop online. The underlying rationale is that the respondents are well informed, familiar with technology, have prior e-shopping experience and usually purchase from the authorized web stores which mitigates the associated perceived risks. Also, the website related factor is not considered to be an important predictor towards intention to shop through the web.

## 7. Limitations of the study

There are a few limitations of the study. Firstly, the study was conducted on a sample size of 101 respondents which is not an exciting number and was conducted on the students and teachers of one particular university. Secondly, most of the other factors that are believed to leverage the intention to shop through web, like attitude towards computers (Crisp, Jarvenpaa and Tod, 1997), products factors (Schaupp and Belenger, 2005), service, information and system quality (Cheung Lee, 2005), trust in web merchants (Communale and Christie, 2004) and many more such factors were not studied in this research. Thirdly, the study does not focus on the intervening factors that might change the behavior from the intention.

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# Foreign Direct Investment and Retail Trade in India (The Consequences under Globalization)

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## **Abstract:**

*This paper analyse the process and pattern of global finance capital and expected economic consequences on the retail trade in India. The study is based on regression and factor analysis. Government, supported by a number of scholars, perceive positive impact through efficiency, and competitiveness where as others find it exploitative with increasing dependence of developing economies on developed nations. Foreign direct investment (FDI) in India remained quite slow initially but gradually picked up. The FDI in India came in service sectors and to the select metropolitan cities. The debate on FDI in retail sector continues because the retail trade in India is expected to undermine mostly traditional and family business. Though, the retail sector is not fully opened for FDI in India yet the consequences can be foreseen with reference to the nature of retail in the underdeveloped economy. Government of India is all prepared to open the retail market to place the family business in competition to the domestic and global capital. General macroeconomic variables of employment, poverty, GDP share of trade, per capita income, and marginal population, are significantly correlated with retail sector. The main consequences of FDI in retail trade perceived that it will lead to widespread closure of small and traditional retail outlets, sharp decline of non-formal sector, undermining the livelihood and employment opportunities. FDI will cater needs of upper class only. The analysis finally reveals that in the retail sector is closely integrated with the underdeveloped economy and will have adverse effects on the employment.*

**Keywords:** *Globalization, Foreign Direct Investment, Retail Trade, Consequences*

## **Introduction**

Indian economy is characterized as an underdeveloped one, with low per capita income due to low productivity of factors of production causing wide spread poverty, unemployment, and backwardness. The underdevelopment manifests into the conditions such that the majority workforce finds employment in the primary sector which is unorganized and informal in nature. Of which the retail trade sector is the second largest employer after agriculture in the country. Currently Foreign Direct Investment (FDI) in the retail sector is the most debated issue among the academicians, administrators, politicians, business houses and even common masses. Therefore, the subject needs to be analyzed with a holistic perspective so as to come to a rational conclusion.

The FDI in India so far has not come in the retail trade except that of 51 per cent for the single brand product. Therefore, it is difficult to find the impact of FDI on the retail sector in the real world situations, but looking at the general social and economic condition of Indian society and the configuration of employment and income conditions of the people engaged in retail trade, it is not difficult to correlate and to reach the decisive conclusion about the possible consequences of foreign direct investment in retail trade under the hegemony of globalized international finance capital.

Present paper intends to find the general trends of the process of globalization, FDI in India and establish the relationships between macroeconomic variables and retail trade on the cross sectional data at the state level, and further to understand the possible consequences on the retail trade. The broad objectives of the present study are:

- To understand and analyze the process and pattern of globalization of finance capital,
- To find general trends of Foreign Direct Investment in India,

- To establish the relationships between macroeconomic variables and retail trade, and
- To identify the economic consequences of Foreign Direct Investment on retail trade and economy.

Simple but relevant statistical techniques of mean, standard deviation, coefficient of variation, correlation, regression with related coefficients and factor analysis are used for the analysis to reach the required possible conclusions.

## **Globalization and Finance Capital**

Globalization signifies free mobility of capital, goods, and people without any specific nation or class interest. The process is seen with two divergent perspectives based on ideological grounds first, as the economies get integrated globally through trade, investment, capital flow, migration, and diffusion of technology (Bhagwati 2004) with increasing interdependence of economies through movement of goods, services, capital, and technology into the global market (Mohan 2009). Secondly, Marxist scholars see the globalization differently and perceive the process of exploitation of the poor nations as well as the people inhibiting them. The process is not the natural development of society but seen as an imposed one, in the interest of specific nations in general and capitalist class in particular with intensification of trade among poles and penetration of capital (Amin 2007). It is globalization of capital in terms of finance and not the globalization of capital in production (Patnaik 1996).

The inherent contradictions of capitalist system manifest into crisis and cyclic depressions and recessions. The metropolitan countries enjoyed the domination of economic and political power during colonialism of traditional type. In the post Second World War period the developed capitalist countries could expand their economies by penetration of monopoly capital through exports of technology and finished goods which

gradually slowed down during 1980s and the recession in the capitalist world became the continual feature. It compelled them to make combined effort and this time the GATT was taken as ladder to transfer their burden to the south. Under the GATT (General Agreement of Trade & Tarrifits) agreement of Uruguay round, and later as members of the World Trade Organization (WTO), the Third World Countries brought massive structural adjustments that suited to the metropolitan capital. The basic resultant change was the retreat of the state from social responsibilities. The reforms paved the way to provide concessions to the private capital, flow of foreign direct and portfolio investment, with free play of domestic and foreign private capital. With the penetration of monopoly transnational capitals and commodity with equity to the underdeveloped economies, the multinational monopoly capital had two fold interests, first, to find the larger global market for their goods and second exploitation of regional resources. The reforms in the policy promised high rate of growth, raising employment, globally competitive industry, accelerating exports and balanced budgets and eradication of poverty as a big product of growth, but opposed to this, has proved counter productive.

The globalization of finance is referred as financialization. The mobility of finance, across the globe, brought into the new entity of capital, that is, international finance capital (Patnaik 2009). In the current epoch of “globalization” when finance capital itself is international in character, the controllers of this international finance capital constitute a global financial oligarchy. This global financial oligarchy has also created, for its functioning, an army of spokesmen, media persons, professors, bureaucrats, technocrats and politicians located in different countries (a group of core ideologues of finance capital) sharing a belief-system that promote this belief system, and looks after the interests of globalised finance (Patnaik 2009)..

The international finance capital has undermined the concept of nation-state and its functioning is now global. The finance capital generated in a particular nation also works in the interest of global finance capital. The global finance capital has also undermined the authority of state and has greatly influenced the policies to tune with the interest of metropolitan countries and transnational monopoly finance capital. The objective of horizontal expansion of capital is to serve the interest of both the domestic and transnational capital. The capitalist economies find globalization as an opportunity for growth through opening up of the global markets for their goods, services and capital investment at equity. Many scholars argue that the crisis is inherent outcome of the capitalist contradictions and to resolve the problem, the metropolitan countries are compelled to push the capital for speculation expansion through exploitation of regional resources and cheap labour in the third world and to capture the market. Kartik Rai (1995) sees that “it is not capital in production which has become internationally mobile, as it is claimed by the imperialist institutions, but capital as finance moves in search of lucrative quick speculative opportunities. The increase in the mobility of finance capital is referred as “Globalization of Finance”. The gradual withdrawal of state from welfare and to allow free mobility and operation of

international capital in their interest is called “Liberalization”. The “Liberalization” came under the pressure of monopoly capital for the removal of restrictions on imports, reduction in tariff, dismantling of domestic controls over capacity creation, production, and prices and allowing the direct and portfolio foreign investment. Basically it is the withdrawal of State from production and essential services for the masses and to leave the private domestic and foreign capital for the free play (Chandrasekher 1993). These “structural adjustments” have necessarily resulted into dismantling and privatization of public sector by providing liberal and free space to private capital. The removal of the controls and deregulating the production of goods and services, curbing government expenditure, cutting subsidies and reducing capital expenditure on public services provided by state is designated as “Privatization”. The Indian economic reforms, in the post WTO regime, is the outcome of global crisis in the capitalist countries and also internal economic environment which suited to the domestic capital.

### **Process and Pattern Of FDI**

Transnational capital investment is neither new to India and nor unwanted. The question is that under what circumstances it comes and what broad politico-economic objective it has. The FDI in India neither has same origin, nor the process as earlier, nor it generate similar results. Prior to the globalization the FDI and portfolio investment was allowed with the conditionality of international financial institutions but the actual flow was constrained by the contemporary policy frame. It was only after the agreement on GATT (later the WTO) the flow of FDI got accelerated. The level of annual flow of FDI was quite slow in India in the 1990's, may be it needed further reforms or more developed infrastructure and/or investment friendly environment. The FDI could increase to 2018 crore rupees in 1993-94 from 400 crores in 1991-92, and could pick up further after the formal formation of WTO. The FDI increased substantially in late 1990's but remained almost consistent around 12000 crore till 2003-04 with small deviations. It is only after the second generation of reforms, the amount of FDI in the years 2005-06 and 06-07 had really shown the quantum jump and touched the level of 24613 and 70630 crore rupees). The FDI flow in India is a matter of concern because the magnitude may get further enhanced with the opening of retail and other core sectors of the economy. In case the FDI comes in the sectors, which are capital intensive it will replace the labour and undermine the domestic production system. Therefore, the FDI inflow may satisfy the government and the scholars with reference to foreign reserve and growth of domestic product. But the need is to look at the consequences of the investment in a broader sense.

India was subjected to the imperialist rule for more than two centuries and as a result, the FDI found obvious ground for exploitation of regional resources. U.K. has been the dominant investor in India during 19th century followed by Japan during the first half of the 20th century. In the post independence period USA and Germany became major investors. The players in FDI have significantly changed since 1991 during post reforms period.

The rapid growth of FDI may be attributed to the change in policies, abolition of industrial licensing (except very few of strategic importance), and tariff reduction on imports. This has not only accelerated the FDI but also changed the composition in terms of the place of origin. Initially the major share of FDI came from the dominant countries like USA and UK but in the later years their share gradually declined and the FDI from Asia and the European countries increased. Mauritius has dominated the share of FDI, reaching to the level of 41.24 per cent of the total investment.

Sector	2002-03	2003-04	2004-05	2005-06	2006-07	1991-07	Percent To Total
Electrical Equipments	3075	2449	3281	1059	12325	36034	18.77
Transportation Industry	2173	1417	815	672	2112	15427	8.04
Service	1551	1235	2106	1708	21434	34238	17.84
Telecommunications	1058	532	588	688	2354	16691	8.7
Fuels	551	521	759	81	1129	12105	6.31
Chemicals	611	94	909	741	930	9510	4.95
Food Processing	177	511	174	156	441	5143	2.68
Drugs&Pharmaceutical	192	502	1343	452	970	5281	2.75
Cement & Gypsum	101	44	1	1967	1098	4329	2.26
Metallurgical	222	146	881	479	834	2615*	2.14*
Construction	NA	216	696	667	4424	6396	3.33

**Table 1. Sectoral Inflow of FDI (Crore Rs.)**

It is not much of importance that from where the monopoly capital comes, the place of origin does not change the nature of functioning. The monopoly capital dictates the terms and condition which serves the interest of the capital. The foreign investment creates the conditions of structural change in the economy and the metropolitan country gets the power to exert the imperialist pressures, under the conditions of the economic dependency on them. The monopoly capital moves in search of maximization of profit and the market. The FDI flow in India clearly demonstrates that three fourth share of it is confined to ten sectors. The electronics and electrical equipments (including computer software & electronics) is the most favoured sector for foreign investment with 18.77 per cent share to the total inflow. Similarly, the 'hot money' that flows cross border requires security and by virtue it has high level of liquidity finds obvious destination in the service sector. Therefore the level of FDI which has come to the service sector is also to the level of the electronic sector. The most popular areas of investment in service sector are insurance, health, education, banking and transportation. The share of investment in the service sector is also as high as 17.84 per cent. Telecommunication and transport industry though have huge investment yet they fell in the second category having over 8.00 per cent of the total investment (Table 1).

Fuel chemicals and construction (real estate) are the other sectors, where the FDI has entered in the economy having 3-5 per cent investment of the total. The fast food, and drugs and pharmaceuticals are the other sectors among the top ten preferred sectors. If one looks at the sectoral composition of the FDI it clearly depicts that the foreign capital came to the sectors suited most to the monopoly capital. There has not been any consideration of the sectoral balance or the areas where India needed it most.

### Pattern and Status of Retail Trade

Retail trade is a universal phenomenon in all economies through the scale and systems. The retail trade is differentiated

on the basis of structural physical characteristics, like capital invested, number of persons employed and type of commodities sold. The built environment of the economy encompasses the four processes of production, transfer, exchange and consumption. Though, these processes seem to be separate but they are interlinked and cannot be seen in isolation. The exchange is very important because it works as a link between production and consumption. There are two distinct channels through which goods and services reach to the consumers, i.e. either through independent retailers or directly from the producers.

States	No of total establishments per 1000 persons	No of rural establishments per 1000 persons	No of urban establishments per 1000 persons	No. of total retail workers per 1000 persons	No. of rural retail workers per 1000 persons	No. of urban retail workers per 1000 persons
Andaman & Nicobar	20.62	21.56	19.60	43.03	38.34	54.36
Andhra Pradesh	14.92	11.79	23.28	34.43	22.28	66.79
Arunachal Pradesh	13.58	10.47	25.48	23.08	17.65	43.84
Assam	17.89	14.21	42.71	26.92	19.77	75.15
Bihar	7.91	5.90	25.12	11.78	8.29	41.68
Chandigarh	26.46	29.99	26.05	45.57	39.05	46.31
Chhattisgarh	11.92	9.41	21.90	18.56	13.77	37.57
Dadra & Nagar Haveli	12.26	9.23	22.45	21.74	15.15	43.95
Daman & Diu	24.32	18.90	33.85	39.83	31.74	54.06
Delhi	26.73	14.96	27.59	65.04	23.80	68.06
Goa	16.42	13.88	18.98	30.60	23.49	37.77
Gujarat	15.65	9.52	25.92	27.18	14.97	47.63
Haryana	15.73	11.17	26.92	22.95	14.82	42.94
Himachal Pradesh	15.87	13.06	41.64	20.62	15.57	67.07
Jammu & Kashmir	15.11	10.46	29.19	20.03	12.11	44.02
Jharkhand	8.83	6.38	17.41	12.97	8.65	28.06
Karnataka	13.55	10.05	20.36	22.57	14.47	38.29
Kerala	19.42	17.61	24.59	31.44	26.53	45.44
Lakshadweep	10.83	11.13	11.12	16.17	16.33	15.98
Madhya Pradesh	10.68	6.54	22.19	17.80	9.61	40.56
Maharashtra	14.66	10.12	20.81	26.57	15.98	40.94
Manipur	20.76	13.34	41.28	31.39	20.28	62.07
Meghalaya	14.64	10.65	31.01	23.45	16.24	53.07
Mizoram	18.22	9.44	27.12	23.28	11.91	34.83
Nagaland	9.14	5.07	28.68	19.76	9.11	70.96
Orissa	18.64	15.89	34.25	26.06	21.11	54.14
Pondicherry	20.97	18.22	22.35	38.39	28.01	43.60
Punjab	17.60	11.42	29.65	26.63	14.50	50.27
Rajasthan	11.81	7.90	24.63	17.15	10.09	40.28
Sikkim	14.30	10.21	47.09	23.02	15.89	80.24
Tamil Nadu	17.59	13.81	22.40	32.26	21.51	45.93
Tripura	25.20	21.43	43.52	32.42	26.74	60.03
Uttar Pradesh	12.28	8.09	28.23	18.25	11.16	45.24
Uttaranchal	15.19	10.90	27.63	21.29	13.72	43.22
West Bengal	21.27	17.85	30.07	35.83	26.72	59.31

Source: Calculated from Economic Census 2005

**Table 2. Number of establishments and workers in retail Trade per 1000 Population**

There are some middle links and distribution process involves a chain of intermediaries in exchange that of wholesaler, distributor and retailers. On the basis of the broad structural characteristics the retail sector can be further classified into organized (formal) and unorganized (informal) segments. The organized retailing includes the trading of goods with formal licensed establishment who are registered for sales tax, income tax, and who are governed under the norms and regulations. The second format of retail trading includes privately owned large retail business stores, owner run single room retail shops at market place or at isolated locations. Now this format has increased in size in the form of corporate backed super stores, cooperative stores, hypermarkets, big malls, and retail chains. Unorganized retailing on the other hand refers to the traditional format of low cost family owned, owner managed shops, kirana (grocery) stores, paan /cigarettes shops, convenient stores, pavement vendors, hand cart sellers, and even the head load sellers.

Retail sector of underdeveloped economies is pre-dominantly controlled by traditional and unorganized formats. These formats have emerged and developed over time in rural and semi urban areas. The marketing initially emerged mostly in the form of barter where the producers exchanged surplus goods and services first locally and then moved to the places of central locations of possible maximum buyers. These market places were initially held with a time interval. The exchange was held mostly weekly on a fixed day. These retail trade forms also now exist in rural as well as urban areas. The isolated retailing in traditional “kirana stores” (grocery stores) still enjoy the leadership and commanding high position in retail trade. The small family run independent ‘mom and pop’ stores may be seen, offering a wide range of merchandise mix. These store formats are traditional and do not enjoy professionalism. A large number of these stores are run as family business through generations.

Organized sector in India accounts only 7-8 percent of total work force, the remaining employment for livelihood comes from the informal sector. The retail sector constitutes the major part of informal sector (after agriculture) because of easy entry due to low capital and infrastructure requirements. It requires no formal training or specific skill to start or to remain in it. Currently the traditional market is under threat from new formats of departmental stores, hyper markets, super markets, super specialty markets, and western types of malls, especially in cities.

India has the highest shop density in the world with an average 16.31 outlets per 1000 population and they employ 27.09 persons per 1000 population as per 2005 economic census. Though the rural areas have lesser number of outlets and workers in retail trade compared to urban areas, but still the ratio is quite high with 12.59 and 18.55 respectively. The density of both outlets and workers in urban areas is almost double to the national average i.e. 27.57 and 49.25 respectively. This difference is attributed to the low purchasing capacity in the rural areas and the forced rural urban migration that leads to the migrating rural population getting absorbed in urban informal sector particularly in retailing. Table 2 shows that the density of outlet is more in areas of isolation especially the states of north east (Assam, Manipur, Tripura, Mizoram) and union territories (Chandigarh, Delhi, Andaman and Nicobar Islands, Daman and Diu, Pondicherry). The states of Kerala and west Bengal also have relatively high density of outlets. In the above states if one looks at the urban outlet ratios this comes out to be more than 40 per 1000 persons.

The adverse consequences of FDI may be seen on employment in the retail sector in general and more alarmingly in urban areas (Table 2), because the new formats are mostly expected to come to the urban areas first. The urban areas are the highest employers in retail sector ranging between 20 to 80 workers per 1000 population. The retail sector employs very high number of workers in the states of Sikkim (80.24), Assam (75.15), Nagaland (70.96), Delhi (68.06), Himachal Pradesh (67.07), Andhra Pradesh (66.79), Manipur (62.07), and Tripura (60.03). Six states such as Andaman and Nicobar Islands, Daman and Diu, Meghalaya, Orissa, Punjab, and West Bengal provide employment between 50 and 60 work-

ers per 1000 population in retail sector. The coefficient of variation in the state wise distribution of outlets and workers engaged in retail show very low level of variation among the states confirming that the affect will come almost uniformly to the entire country. The threat to the employment in the retail sector is very high if the FDI is permitted to the retail sector in India.

The state wise cross sectional correlation analysis of the number of retail establishment and the workers engaged in the sector shows very high level of concurrence. This is indicative from the zero order correlation matrix (Table 3). The statistically significant correlation at 1 per cent level of significance between the total number of retail establishments and the workers engaged in retail trade indicates that the person do not find employment in the organized sector in a labour surplus economy but get absorbed in retail for livelihood. This relationship between establishments and workers for total, rural and urban is very high in general and it is nearly perfect in case of rural areas.

Variables	Retail Establishments			Retail Workers		
	Total	Rural	Urban	Total	Rural	Urban
Total	1.00	0.87*	0.36**	0.87*	0.83*	0.36**
Rural		1.00	0.19	0.73*	0.95*	0.21**
Urban			1.00	0.10	0.08	0.78*
Total				1.00	0.80*	0.40*
Rural					1.00	0.24
Urban						1.00

**Table 3. Zero order correlation matrix,** Significant at \*1 & \*\*5 % Significance

**Macro Economic Variables and Retail Trade**

The retail trade is an integrated part of the economy both as income and employment as they contribute significantly to the Gross domestic Product and the work force. The number of retail outlets and workers taken together with a number of macroeconomic variables for analysis (as shown in the Table 4) and factor analysis is carried out to identify the correlates. The variables having significant common variance among them form a group to be designated as factor. The values in the Eigen vector show the correlation of the variable with the factors. The first factor has the Eigen value of 6.81 which explains 35.82 per cent of the total variance. The subsequent second factor has the Eigen value of 2.89 explaining another 15.22 per cent variance. In all six factor are identified and together they take care of 82.97 per cent of the total variance. The first factor constitutes of total retail establishment and workers, rural retail establishments and workers, per capita income, and literacy. This simply means that those states having higher number of establishments of retail trade and employing more workers in the sector will also have higher per capita income and have better human development index in terms of literacy. In case total poverty is considered together with other variables it will have positive impact to reduce poverty ratio.

Further explanation was found to the retail trade sector with the help of linear bivariate regression coefficients taking macroeconomic variables as independent variables (results shown in Table 5 and 6). The macroeconomic variables such

as workers, share of trade in GDP, per capita income, concentration of scheduled caste and scheduled tribes, household workers, literacy, urban population, workers in trade, small and marginal farmers, and poverty are taken to explain retail trade. These variables directly or indirectly relate to the retail trade and reflect bearing on it. The total number of establishments in retail trade shows significant elasticity with main workers, per capita income, and literacy and regression coefficients (Beta values) are 0.31, 0.23, and 0.27 which are significant at 1 per cent levels of significance. Similar results are obtained for rural retail trade also with same level of significance with additional variable of share of trade to the state domestic product at 5 per cent level of significance. The positive regression coefficients reveal that employment in the state is proportionate to the number of outlets in total as well as rural areas. It also confirm that the state income in general and per capita income have the direct bearing on the retail outlets. This is because surplus labour finds easy entry in retail trade which does not require high capital investment. The employment is casual and seasonal in industry, service, and agriculture seasonal and the retail trade business absorbs this surplus labour to cater the local demand of goods and services. The higher employment and income components indirectly lead to higher level of literacy and vice versa. The urban areas have disproportionately very high number of retail outlets because this also takes care of rural forced seasonal migration to urban areas also. Therefore, the coefficients are not found to be statistically significant, though practically they have strong concurrence.

The number of workers in rural, urban and total retail trade is also regressed with the macroeconomic variables to establish the relationship between the two. This helps to understand how the employment in retail trade is integrated to the economy of states. The results of regression, once again confirm that the employment in the retail trade is strongly integrated with the economy. State level main workers, per capita income and literacy have positive and statistically significant at 1 per cent level regression coefficients for both rural and total retail trade workers. In case of retail workers, it has negative coefficients (significant at 5 per cent level) with the concentration of scheduled caste and scheduled tribe the marginalized groups of society. The very high ratio of employment in retail trade in rural areas, as well as, in total having inverse

	Components					
	1	2	3	4	5	6
Eigen Values	6.81	2.89	2.24	1.69	1.14	1
% variance explained	35.82	15.22	11.76	8.91	5.99	5.27
% cumulative Variance explained	35.82	51.04	62.8	71.71	77.7	82.97
Variables	Eigen Vectors					
No of total establishments per 1000 persons	0.89*	-0.18	0.00	0.31	0.04	0.11
No of rural establishments per 1000 persons	0.91*	-0.12	0.01	0.12	0.04	0.08
No of urban establishments per 1000 persons	0.06	-0.10	0.18	0.92*	-0.02	-0.06
No. of total retail workers per 1000 persons	0.83*	-0.15	-0.25	0.19	0.03	0.27
No. of rural retail workers per 1000 persons	0.92*	-0.09	-0.07	0.07	-0.03	0.11
No. of urban retail workers per 1000 persons	0.14	-0.08	-0.13	0.90*	-0.11	0.16
% Main Workers	0.55	-0.19	-0.71*	-0.06	0.17	0.02
% marginal workers	-0.55	0.19	0.71*	0.06	-0.17	-0.02
% SDP of Trade	0.30	0.05	-0.13	-0.17	0.75*	0.17
Per Capita Income	0.64*	-0.39	-0.43	-0.24	0.04	0.14
% SC/ST	-0.24	0.06	-0.06	-0.01	-0.14	-0.84*
%HH Workers	-0.08	0.00	0.77*	-0.01	-0.12	0.24
%Literacy	0.73*	-0.27	-0.05	-0.24	-0.11	-0.17
% Urban Population	-0.26	0.07	0.04	-0.03	0.83*	0.07
% Wholesale and Retail trade worker	0.08	0.31	-0.09	0.11	0.46	0.53*
% Small- Marginal Farmers	0.22	0.10	0.76*	-0.02	0.26	-0.26
% BPL Families total	-0.29	0.92*	0.12	-0.14	0.10	0.07
% BPL Families Rural	-0.33	0.89*	0.14	-0.02	0.07	-0.13
% BPL Families Urban	-0.09	0.65*	0.08	-0.51	0.11	0.41

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.  
A Rotation converged in 7 iterations.

**Table 4. Factor Analysis Results \*Variables of the Factors**

relation with SC and ST also signify that the poverty does not confine to these categories alone rather it is also wide spread among other classes. The positive and significant (at 5 per cent) regression coefficients with poverty in all the categories of rural, urban and total retail trade workers signify that the concentration of retail trade worker have higher concentration in those states which have high percentage of incidence of poverty.

The significant relationships of retail trade establishments and worker engaged in them, with macroeconomic variables show that the retail trade is deeply integrated with the regional economies because of two reasons, first it traditionally caters to the demands with low capital investment without much requirement of skill and secondly the informal activity absorbs seasonally unemployed.

Independent variable	Total				Rural				Urban			
	α	β	t	R <sup>2</sup>	α	B	t	R <sup>2</sup>	α	β	t	R <sup>2</sup>
Main Workers	-8.24	0.31*	3.37	0.2565	-11.74	0.31*	3.08	0.2235	41.11	-0.17	0.99	0.0290
SDP Share of trade	13.29	0.45	1.55	0.0678	8.53	0.61**	2.00	0.1089	30.45	-0.43	0.88	0.0231
Per Capita Income	10.73	0.23*	4.02	0.3292	6.10	0.26*	4.64	0.3951	30.71	-0.12	1.15	0.0387
SC/ST Population	18.25	-0.06	1.76	0.0854	14.76	0.06	1.85	0.0945	28.16	-0.02	0.30	0.0028
HH workers	16.76	0.099	0.32	0.3115	13.14	-0.12	0.37	0.0045	27.34	0.05	0.10	0.0003
Literacy	-2.18	0.27*	4.20	0.3480	-6.21	0.27*	3.93	0.3192	32.60	-0.07	0.57	0.0095
Urban Population	16.73	-0.007	1.43	0.0584	12.91	-0.005	1.02	0.0304	27.84	0.004	0.55	0.0091
Workers in Trade	12.88	0.23	1.14	0.0377	11.99	0.04	0.18	0.0010	28.34	-0.05	0.15	0.0007
Small/Marginal Farmers	15.03	0.03	0.75	0.0169	11.87	0.02	0.40	0.0047	25.46	0.05	0.76	0.0173
Poverty	20.92	-0.21	3.04	0.2185	16.32	-0.17	2.42	0.1509	33.31	-0.31	3.32	0.2506

\*Significant at 1 per cent \*\*Significant at 5 per cent  
Source: Calculated from Economic Census 2005

**Table 5. Number of Establishments of Retail Trade per 1000 population in States of India (Bivariate Regression and Related coefficients)**

Independent variable	Total				Rural				Urban			
	α	β	t	R <sup>2</sup>	α	B	t	R <sup>2</sup>	α	β	t	R <sup>2</sup>
Main Workers	-46.69	0.92*	5.56	0.4834	-26.47	0.57*	4.05	0.3322	30.71	0.23	0.79	0.0189
SDP Share of trade	20.45	0.99	1.58	0.0705	14.14	0.66	1.40	0.0560	54.14	-0.73	0.88	0.0231
Per Capita Income	13.95	0.58*	5.17	0.4472	8.81	0.40*	4.56	0.3868	49.70	-0.02	0.12	0.0084
SC/ST Population	31.99	-0.14**	2.08	0.1165	22.11	-0.10**	2.01	0.1099	52.00	-0.08	0.86	0.0221
HH workers	28.84	-0.39	0.58	0.0103	19.38	-0.19	0.37	0.0041	49.94	-0.15	0.18	0.0009
Literacy	-9.72	0.53*	3.72	0.2958	-10.33	0.42*	4.00	0.3269	53.28	-0.06	0.27	0.0021
Urban Population	27.75	-0.01	1.03	0.0312	19.04	-0.01	1.03	0.0311	49.82	-0.01	0.69	0.0143
Workers in Trade	16.69	0.70	1.62	0.0742	19.28	-0.05	0.15	0.0006	45.51	0.25	0.44	0.0579
Small/Marginal Farmers	28.39	-0.03	0.35	0.0038	17.83	0.02	0.26	0.0020	52.76	-0.08	0.75	0.0166
Poverty	35.69	-0.30**	2.53	0.1634	24.38	-0.26**	2.50	0.1579	57.60	-0.44*	2.73	0.1843

\*Significant at 1 per cent \*\*Significant at 5 per cent  
Source: Calculated from Economic Census 2005

**Table 6. Number of Workers in Retail Trade per 1000 population in States of India (Bivariate Regression and Related coefficients)**

### Consequences of FDI In Retail Trade

There is no agreement on the expected consequences of FDI in retail trade in India on ideological ground. The supporters of expanding capitalism and protagonist supporters of big business houses are in favour of big money in the retail trade. The government is planning to open the Indian retail market on the basis of the arguments in agreement with the supporters of FDI and corporate money in the sector. The main arguments placed in favour FDI in India are:

There is an expansion of middle and upper middle class in the recent past and also have substantial increase in their income, hence, the demand of branded consumer goods through corporate chains, hyper markets and malls has increased. This increased demand has created huge potential for the expansion of retail trade by 10 per cent per annum. Therefore, transnational capital also has shown interest in Indian retail

market. It is also argued that the growing market will also be expected to contribute significantly to the GDP of the country and accelerate the growth rate of the economy.

There is a shift in consumer demand and FDI will provide wide range of consumer goods of global products. It will help the consumers. The CII studies points out that the share of organized retail market is only 2 per cent which is expected to grow by 8-10 per cent to capture 15-20 per cent in near future.

The FDI in organized retail trade will generate millions of new jobs and the employment opportunities in retail will further expand. This argument is supported with the arguments that even the south Asian countries have absorbed about 20-30 percent of labor in retail sector therefore India also has more scope for generation of employment.

It is also often pointed out that India is a vast country and has the widest diversity therefore, the FDI will not directly affect the traditional market and the corporate retail chains and family owned small shops can coexist.

The FDI in retail trade will also eliminate middle man and consumers will benefit with the competitive price. It is also expected that the farmers will get better price for agricultural products. The retail chains will enhance the integrated infrastructure in the form of warehouses, transport, logistics and support services that will indirectly expand the agricultural base and that in turn will further help in food processing industry at the regional level. The supply chains therefore, strengthen local economy and rural communities will also be benefited.

Contrarily to the above a large group of economists and other scholars see that the FDI in the retail sector in India will adversely affect the retail sector of the economy in general and informal sector employment in particular. The common adverse affects expected are:

The FDI will lead to undermine the informal sector employment from which millions of people find their livelihood. The FDI in retail trade in corporate chains and hyper markets will lead to widespread closure of small and traditional retail outlets. In a labour surplus economy it is difficult to find secure employment in the organized job market. The easy entry with low capital requirements the unskilled labour force easily get absorbed in the retail sector may not find jobs in organized retail.

It is true that initially the rise of middle class will give rise to the growth of organized retail sector but in long term it would be counterproductive and increase dependence on the big chains and with a time interval create monopolistic market which will dictate the terms and exploit the Indian market in the interest of monopoly capital. Once it succeeds in killing the domestic traditional market gradually the organized market will shrink the employment.

The FDI lead organized retail market will cater the demand of upper class only and India does not have broad base of this

class. The studies have revealed that still approximately 78 per cent of the population still lives on Rs. 20 per day. The consumers will increasingly turn away from the traditional market to create greater opportunities for exploitation of masses without leaving any alternative.

The increased monopoly of products will gradually destroy the diversity of products counter to the claims that it will provide the global range of products. Only limited brands will appear with high price tags.

The myth of cut in prices will not come true, as the experience of many other countries reveal that the supply chains will gradually lead to monopoly once they capture the traditional retail trade the prices will be dictated by big retailers.

As far as the benefit to the farmer concern Indian agriculture is dominated by small and marginal farmers and the concepts of big capital like contract and corporate farming are beyond reality in India. If at all, it is to come, the projected benefits to accrue to the farmers will not be beyond 3-5 per cent where as the big retailers would be 50-60 per cent. These benefits to farmers will also cornered by big farmers.

Finally, there is no dearth of domestic and indigenous capital in India for the retail business. The entry of FDI in retail sector will lead to concentration and monopoly capital that will create joblessness in the country.

### **Conclusion**

Globalization is a manifestation of the growing economic crisis in the developed countries as a result of expansion of capitalism. The process of current globalization is the expansion of the global finance capital which has the only objective to maximize gains in the interest of capital alone. Foreign Direct Investment is one form of the capital expansion. The FDI has come to India with the structural adjustments tuned to the WTO regime. Though the rate of investment was slow initially but has picked up gradually but confined mostly to information technology, telecommunication, automobile and service sectors. Retail trade in India is of traditional format mostly in the unorganized sector, though it contributes significantly to GDP and provides employment to a large section of society. India has the highest shop density in the world with 16.31 outlets per 1000 population and it employs 27.09 persons per 1000 population as per 2005 economic census. The density of both outlets and workers in urban areas is almost double to the national average i.e. 27.57 and 49.25 respectively. The relationship between the number of establishments and the workers engaged in them is strong across the country. The factor analysis and regression coefficients also confirm the bearing of macroeconomic variables on both the retail outlets and workers in this sector. The retail sector is not yet opened for FDI in India yet the debate on the consequences continues. The government and a large number of scholars are in favour of it in the name of expanding middle class, shift in demand pattern, generation of employment and competitive prices but an equal number of scholars anticipate the closure of a large number of traditional retail outlets throwing millions of workers out of sources of livelihood.

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# Study of Current Software Trends of Logistics Service Providers with Feasibility of Cloud Computing as an Alternative

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## **Abstract:**

*Information Technology has been an enabling driver for supply chain management. The availability of software to manage logistics gives a competitive advantage to its users-especially to Logistics Service Providers(LSP). Logistics management software is now available in the guise of Software as a Service (SaaS)-for “Cloud” based operations. These are one of the first Cloud Computing based applications in the field of logistics and supply chain management. The following are the main objectives of the study:-*

- 1. To understand the impact of logistics software on its users*
- 2. To map the views and opinions of LSPs and other users on available logistics software solutions*
- 3. To gauge the views and opinions of LSPs and other users of logistics software solutions towards migrating to Cloud Computing*
- 4. Understand key drivers that govern decisions behind IT investments*
- 5. Preferred Logistics software of Logistics Service Providers*

*Secondary research was carried out to map the available functionalities in the different software solutions in the market and to gather information pertaining to Logistics Solutions software trends around the globe. Primary research was carried out in the form of a survey sent to major Logistics Service Providers and users of such software to understand their views on available software solutions, their preferences in choosing software and their openness to adopting cloud computing. In-depth interviews were carried out with the vendors of this software to understand the market from their perspective. Analysis of the data showed that though the market was dominated by a few large software vendors, each customer sought a customized set of IT applications that best fit their own processes. An interesting outcome was that Cloud-based logistics solutions haven't still caught up in “Advanced Logistics Hubs”-like Singapore and Dubai- in spite of being in vogue in North America- and having clear advantages of lower costs and reduced deployment times.*

**Keywords:** *Logistics, Supply Chain Management, Cloud Computing, Logistics Service Provider, IT, Logistics Solution Software, Software as a Service*

## **Introduction**

The paper is broken down into the following sections.

Section 1: Research methodology

Section 2: Overview of literature

Section 3: The findings& analysis: primary research

Section 4: Conclusion.

It is important to note at this juncture that Cloud Computing is still evolving as a field. Furthermore, the primary research was conducted in Singapore and in the United Arab Emirates (UAE) as separate surveys.

The survey that was carried out in Singapore focused on Third Party Logistics Providers (3PL). Singapore is a major logistics hub that is known for the maturity of its logistics industry and the early adoption of new technology- both software and hardware. The primary objective of this survey was to gauge the openness of the Singapore based 3PLs towards adopting a “Cloud” based Logistics Solutions. 8 valid responses were collected.

The survey carried out in the UAE was based on a structured quantitative survey. The objective of the survey was to understand the technology adoption trends in the UAE. As a part of this survey, respondents were also asked about their

opinion on Cloud based technology trends. A non-biased sampling of professionals from various hierarchy levels across different organizations and subsectors of the logistics and supply chain domain was used. The survey was rolled to over 100 companies from various industries. Valid responses were obtained from around 40 companies in the UAE.

## **Research Methodology**

### *Secondary Research*

Secondary research was carried out to map the available functionalities in the different software solutions in the market and to gather information pertaining to Logistics Solutions software trends around the globe.

Apart from the present solutions available in the market in the form of ASP (Application Specific Provider), the different aspects of Cloud Computing including its premises, advantages, issues, costs, licensing variations with an eye on comparison with present solutions were also reviewed to understand the drivers that may govern the decision of migrating to the cloud. This was carried out at a generic level to understand the structure of SaaS (Service as a Software) based solutions.

**Primary Research**

Primary research was carried out in the form of a surveys sent to major Logistics Service Providers and users of Logistics and Supply Chain Management software in Singapore and Dubai respectively to understand their views on available software solutions, their preferences in choosing software and their openness to adopting cloud computing. Singapore and Dubai (UAE) were chosen for this study as they are the important logistics hubs in Asia. In-depth interviews were carried out with the vendors of this software to understand the market from their perspective.

**Limitations**

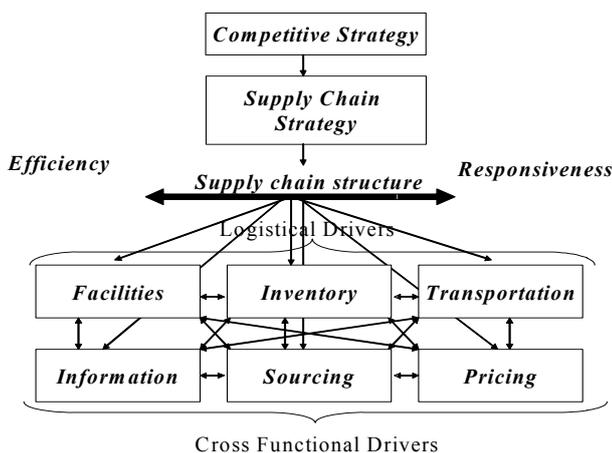
We have limited the objective of our survey to understanding the present logistics software trends and the willingness of logistics service providers and software users towards adopting cloud computing.

**Overview of Literature**

**Supply Chain, Logistics Management-Drivers and role of IT**

There are six drivers of supply chain performance (Chopra, Meindl, & Karla, 2010). These are Facilities, Inventory, Transportation, Information, Sourcing and Pricing.

Information as per the framework is a cross-functional driver. The authors mention that of the 6 drivers, Information is the most important. Of the different flows that make up the supply chain, information is the most critical. It is the information sharing across the supply chain that allows for visibility and in turn the co-ordination across its different stages. Without information flow, critical operational activities like planning, ordering, scheduling warehouse activities, transportation, production- to name a few would not be possible.



**Figure 1. Framework for Structuring Drivers. (Chopra, Meindl, & Karla, 2010)**

The advantage of added visibility allows a supply chain to become efficient and responsive at the same time. It enables better forecasting and aggregate planning in the push supply chains and is a pre-requisite in pull supply chains. In this manner, Information and in-turn Information Technology plays a crucial role in the management of today's Logistics and Supply Chains.

Technologies that enable Information sharing include EDI (Electronic Data Interchange), Internet (Web 2.0), ERP (Enterprise Resource Planning systems, Supply Chain Management software including Customer Relationship Management (CRM) software, Supplier Relationship Management (SRM) software among many others.

In this paper, the focus is on ERP and Supply Chain and Logistics Management software.

**Application of IT in Logistics and Supply Chain Management**

Logistics Management software may either be modules

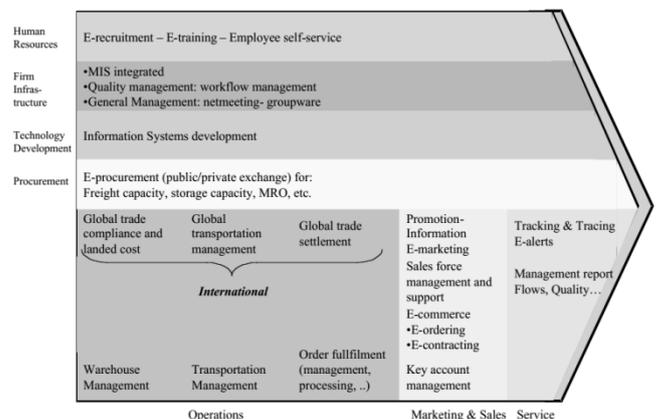
	Typical Applications	Application Focus	Contribution to Competitiveness
Transaction	<ul style="list-style-type: none"> <li>Enterprise Resource Planning (ERP)</li> <li>Warehouse Management Systems (WMS)</li> <li>Transportation Management Systems (TMS)</li> </ul>	<ul style="list-style-type: none"> <li>Accuracy</li> <li>Consistency</li> <li>Economies of scale</li> <li>Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Required to support business operations today</li> </ul>
Communication	<ul style="list-style-type: none"> <li>Supply Chain Event Management (SCEM)</li> <li>Radio-Frequency Identification (RFID)</li> <li>Collaborative Planning, Forecasting and Replenishment (CPFR)</li> </ul>	<ul style="list-style-type: none"> <li>Accuracy</li> <li>Coordination</li> <li>Speed of communication</li> <li>Visibility</li> </ul>	<ul style="list-style-type: none"> <li>May maintain position relative to competitors but will not be a sustainable competitive advantage</li> </ul>
Relationship Management	<ul style="list-style-type: none"> <li>Customer Relationship Management (CRM)</li> <li>Advanced Planning and Scheduling (APS)</li> </ul>	<ul style="list-style-type: none"> <li>Customer relevance</li> <li>Resource utilization</li> <li>Responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>Can provide extended competitive advantage by achieving more precise customer service capability and better resource utilization</li> </ul>

**Table 1. Supply Chain Information Technology Applications. (Closs, 2007)**

available in ERP solutions that are applied across a supplier as stand-alone software developed by specialists. The second variety is also called "Best of Breed" software.

The logistics software being provided can be in the form of Warehouse Management Systems (WMS), Transport Management Systems (TMS), Inventory Management Systems etc. Please refer to the Table 1 that illustrates the different kinds of IT solutions available to manage the various aspects of the supply chain.

Founou (2002) had created a framework for IT applications in the value chain of Logistics Service Providers (LSP). This frame work is illustrated in the following figure:



**Figure 2. Contribution of Internet And Related Technologies to The LSPs' Value Chain. (Founou, 2002)**

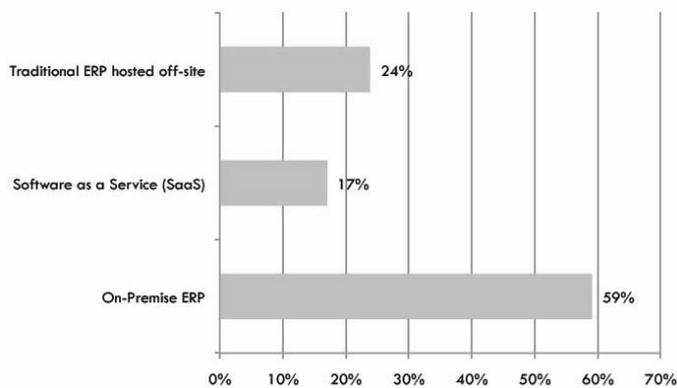
This figure highlights the use of internet for various aspects of the value chain of a Logistics Service Provider.

Presently, there exist a number of ERP solution providers. The popular of these include SAP, Oracle, Microsoft, Epicor software and Inforglobal Solutions.

From a licensing perspective, Logistics and Supply Chain Management software could either be a proprietary, open-source, on-demand licenses (SaaS) and those being hosted on premise.

### Growth of On-Demand and SaaS

Jacobson, Shepherd, D'Aquila, & Karen (2007) predicted that new methods of licensing and deployment of ERPs would gain momentum in the near future with major vendors developing on-demand and SaaS solutions.



**Figure 3. ERP Deployment Model- 2010.(Panorama Consulting Solutions, 2011)**

By 2010, users of SaaS based ERP solutions made up nearly 17 % of the total deployed solutions. In 2009, it was less than 6%.(Panorama Consulting Solutions, 2011)

### On-Demand and SaaS software

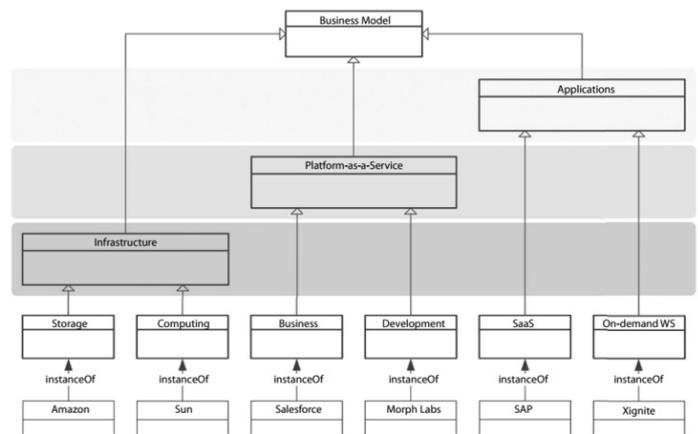
On-Demand/ SaaS (Software as a Service) are terms used to describe one of the categories of Cloud based solutions that are being offered. The other categories of Cloud based solutions being offered include Platform as a Service (PaaS) and Infrastructure as a Service (IaaS).

“The IaaS basically addresses the business of provisioning the physical architecture of the cloud in the form of storage capabilities and/ or computing power. They are organized as cluster like structures that facilitate virtualizing technologies.

PaaS addresses the availability of a platform for development of code and software for cloud based development and business platforms.

SaaS on the other hand is the aspect of cloud computing that represents the actual interface with the customer. SAP offers a B2B package in the form of BusinessByDesign- a service oriented business solution.” (Weinhardt et al.,2009)

These services may be pay-per-use, subscription type or of the dynamic pricing type



**Figure 4. Cloud Business Model Framework. (Weinhardt, et al., 2009)**

### Cloud Computing- Premise, Advantages, Issues, Costs

#### Premise

SaaS is an aspect of cloud computing. The advent of cloud computing required that “the following hardware requirements be fulfilled:-

1. Illusion of infinite computing resources available on demand.
2. Elimination of an up-front commitment by Cloud users.
3. Ability to pay for the use of computing resources on a short-term basis as needed.” (Armbust et. al, 2009).

All of these three are required to address the final effect of being to scale up and scale down the operations that are carried out as per the requirement as quickly as possible without any sort of hindrances and delays.

It is through this flexibility, that the economic benefits of cloud computing can be realized. The flexibility encompasses the “elasticity” and the “transference of risk”. The risk being mentioned being that due to over- or under-provisioning (Armbrust, et al., 2009).

#### Advantages

Torbacki (2008) mentions that the “advantages of using SaaS based ERP solutions include:-

- Low initiating costs
- Big Initiating speed (quick start-up)
- Low subscription costs (as opposed to Licensing)
- No requirement to install specific software on workstations
- Online access from any location with internet access
- Eliminates license and upgrade costs
- Lower Total Cost of Ownership
- Continuous access to newest software versions compatible with existing law
- Access to newest business technologies
- Predictability of costs”

What this implies is that Cloud computing allows for lower costs and also a greater flexibility at the same time. Lower costs could be due to the fact that Cloud Computing does not require a client to setup a server or other hardware architecture specifically for the purpose. The minimum hardware requirements could be due to the fact that existing infrastructure would be enough to service the Cloud based

application. However, a pre-requisite would be the need for an internet connection. Another place where savings could occur would be those attributed to saving IT manpower. The onus of updates and upgrades to SaaS based applications is on the provider. The upgrades take place centrally and there is no need to shut-down the system for maintenance. The pay-as-you-go model which allows customers to pay only for those resources and modules they would use would further drive down the total cost of ownership. Moreover, licensing fees are taken care of in the subscription.

These advantages are attractive to Small and Medium Businesses who may in normal circumstances not be able to afford a full scale ERP implementation carried out on-premise. These organizations benefit from the advantage of being able to pay for only the specific module of the software being used either based on a pay-per-use model or the subscription model.

Apart from these advantages, the other aspects that cloud computing promises to offer includes better mobility for the user and better opportunities to collaborate. (Hayes, 2008). Issues Apart from the advantages that cloud computing offers, there are a few issues that it faces.

Hayes (2008) highlights that one of the major challenges of moving applications to the Cloud would be the complexity involved with respect to the languages used at the different levels of Cloud. Different languages would need to be used for the back-end, client side interface and the server application that interfaces between the two. To add to the complexity, another language would need to be used to exchange the information between the different layers.

Vouk (2008) mentions that cloud computing is based on the concepts of “virtualization, distributed computing, utility computing and networking, web and software services”. It utilizes a Service Oriented Architecture (SOA) framework whose key features include “componentization of its services, an ability to support a range of couplings among workflow building blocks, fault-tolerance in its data- and process-aware service-based delivery, and an ability to audit processes, data and results, i.e., collect and use provenance information.” The author mentions that the component based approach is highlighted by the reusability of elements in multiple work-flows, the substitutability of implementations, the extensibility and scalability of the system component pool with an architecture to match, customizability, the ability to create new more complex functional solutions, reliability, availability and security.

Taking into account these basic requirements and coupling them to those of the users, one can comprehend the complexity involved in creating and running a SaaS based solution.

The other challenges that are highlighted include privacy, security and reliability.

Different cloud computing deployment models mean different security challenges. Multi-tenancy is the back-bone of cloud computing. However, it makes data management

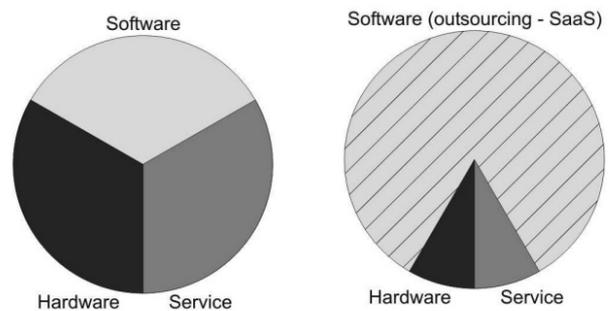
complex. Carlin and Curran (2011) mention that as cloud based services gain popularity, cloud service providers may face problems with the scalability of infrastructure. It will also be a challenge to store sensitive data and still comply with privacy regulations. Encryption and firewalls may reduce instances of unauthorized and/or accidental access to a customers’ data-but these methods are not fool proof. The needs of the hour are better security techniques apart from present solutions customized for cloud architecture and third party auditing of security measures.

The “obstacles to the adoption and growth of cloud computing include:-

- Availability of service
- Data Lock-in
- Data Confidentiality and Auditability
- Data Transfer Bottlenecks
- Performance Unpredictability
- Scalable storage
- Issues in large scale distributed systems
- Scaling quickly
- Reputation Fate Sharing
- Software licensing” (Armbrust, et al., 2009).

*Costs*

Torbacki (2008) gives the following symbolical representation of the source of costs associated with implementing and running a traditional ERP system versus one that is based on hiring a system in SaaS Mode.



**Figure 5. Distribution of Costs Borneby Company for Purchasing Traditional ERP/ MRP System License (Left) And Hiring ERP/ MRP System in SaasMode. (Torbacki, 2008)**

The lower hardware cost for an ERP offered in SaaS mode reflects the absence of the need for a specialized and dedicated implementation of hardware architecture on the customers end. It is assumed that the service costs will be lowered as the support associated would be the responsibility of the provider and thus there will not be many opportunities for support to be provided by the in-house IT staff. This presents itself as a saving in the form of lesser staff required to handle IT support.

In other words, SaaS solutions will only be attractive in terms of costs if the company foregoes hiring new IT staff to support the application, does not buy new hardware to support the software among others.

Dillion, Wu, & Chang (2010) mention that there is a trade-off between computation, communication and integration- which affect the costs associated with adoption. Cloud based solutions help reduce infrastructural costs however, “the cost of data communication increases”- as you pay per unit. The authors mention that On-demand computing would benefit jobs that are CPU intensive rather than transaction intensive applications like ERP or CRM as it would be more data intensive and expensive at the same time. They have also highlighted the time-cost aspect of splitting, storing and compiling data at different locations around the world and the associated data movement costs.

### **On-Demand/ SaaS based ERP offerings**

The major players in this market include Aplicor, Intacct, NetSuite, SAP, Workday and Oracle. (ERPsoftware360.com, 2012). The Small business ERP leaders include Intacct and NetSuite. The Middle market leaders include Aplicor. The Enterprise ERP leaders include SAP, Workday and Oracle.

### **Deployment**

A cloud deployment may be private, public or hybrid.

“Public clouds are those whose infrastructure is owned by a third party- with the general public and the individual organizations being the consumers of this service. Private clouds are those where in the infrastructure is owned and/or managed by the same organization. Hybrid clouds are those in which the cloud infrastructure portfolio includes public and private clouds.” (Peng, et al., 2009)

Major ERP providers – Oracle, Microsoft and SAP offer solutions that can be deployed by more than one of the above methods. SAP solutions for ERPs can be deployed on Private and Hybrid Clouds (Kainulainen, 2012). Oracle provides services across all deployment modes. A number of third parties that own cloud infrastructure offer both Private, Public and Hybrid cloud based ERP solutions (Tribridge, 2012). Organizations may choose a public cloud based solutions maybe cheaper, however, some also prefer a private cloud based solutions as it offers more control on the movement and storage of data (ERP Software Blog Editors, 2010).

### **Implementation**

Wainwright (2009) suggests the following steps for the implementation and or migration of ERP to the Cloud through the SaaS route.

1. “Finalize the right decision framework that encompasses the baseline requirements, adaptability of the enterprise to the SaaS environment and the key parameters for measuring implementation success
2. Understand the “fit” between SaaS offerings in the market and company’s compliance, availability, performance and customizability requirements.
3. Understand the level of readiness of the enterprise from an economic, decision making, technology management and change management perspective.
4. Choose provider based on the parameters of integration and development capability, the service delivery infrastructure, technology delivery platforms, scope for scaling-up, financial resources of the provider and finally the commitment to SaaS.

5. Decide method of system deployment- including deployment based on geography, on an as-need basis, phased functional deployment and rapid parallel deployment.

The management will also need to define the data integrity, security and authorization requirements. Further, standards for security and authorization, along with expectations of the availability, performance and compliance need to be set.

6. Manage the implementation- Specifically the data migration and integration and the design of prototyping and testing process. Training and preparation is essential to support the implementation and improve the organizational readiness.”

### **Findings & Analysis**

#### *Primary Research*

Survey: Users of Logistics and Supply Chain Management Software.

This was a structured quantitative survey. A non-biased sampling of professionals from various hierarchy levels across different organizations and subsectors of the logistics and supply chain domain was used. The survey was rolled to over 100 companies from various industries. Valid responses were obtained from around 40 companies in the UAE.

Around 30% of the responses were from companies involved in providing logistics services, 25% were from the FMCG and retail industries, 15% from the manufacturing industry, 5% from construction and engineering services firms and the rest came from other industries including supply chain technology providers, high-end luxury product manufacturers, pharmaceuticals, oil and gas firms, and an automotive wholesaler etc. 2% were from Supply Chain Management Technology Providers.

#### **• Technology Investment Strategies**

In the initial part of the survey, the respondents were asked about their readiness to adopt new technologies, their commitment to invest in them and the main driving factors behind the technology investment decisions.

There was an even divide between those who readily adopted new technology - to either stay ahead of the pack or to be on the forefront of technology, and those who were neutral towards technology or very cautious about it.

Though none of the companies saw themselves as technology averse, only 10% of the companies were technology savvy - companies who aggressively invested in new technology and took risks in order to stay ahead of competition. Around 40% of the respondents were technology friendly - they would adopt technology once it has proved to be a success. This they did to keep abreast with their competitors and remain in the race to be updated with the latest versions of technology. The rest of the respondents were evenly divided between being neutral- i.e. adopting new technologies if they were accepted by the industry as a best practice, and being cautious -i.e. adopting new technologies only when it makes real financial sense.

**• Benefits of investing in technologies:**

Around 65% of the respondents either strongly agreed or agreed that their investments in technology have helped their organizations to reduce costs. 20% were neutral, while none of them strongly disagreed. This goes to show that in majority of the cases, the advantages of enhanced visibility, better situational awareness and collaboration across the supply chain has helped to increase efficiencies and reduce wastes - and in turn costs, in spite of the large initial investment required.

Moreover, around 80% of the respondents agreed that their investment in new technology has given them a competitive edge over their competitors. This result shows that there are a number of respondents who do not adopt technology until it is a best practice and yet they perceive it as an option that gives them a competitive advantage over their rivals

**• Investment forecast for next 3 years:**

In the backdrop of uncertain outlook of global economy, and with the fact that a majority of the companies observe that their investment in technology has helped them reduce their costs and at the same time helped give them an edge over their competitors, one would argue that these companies will look to invest in new technologies in the near future too. This argument is well supported by the findings. Around 85% of the respondents indicated that their organizations were looking to invest in new technologies with more than half of them were looking at significant increase in technology investments.

Some of the areas in which the companies are planning to invest are:

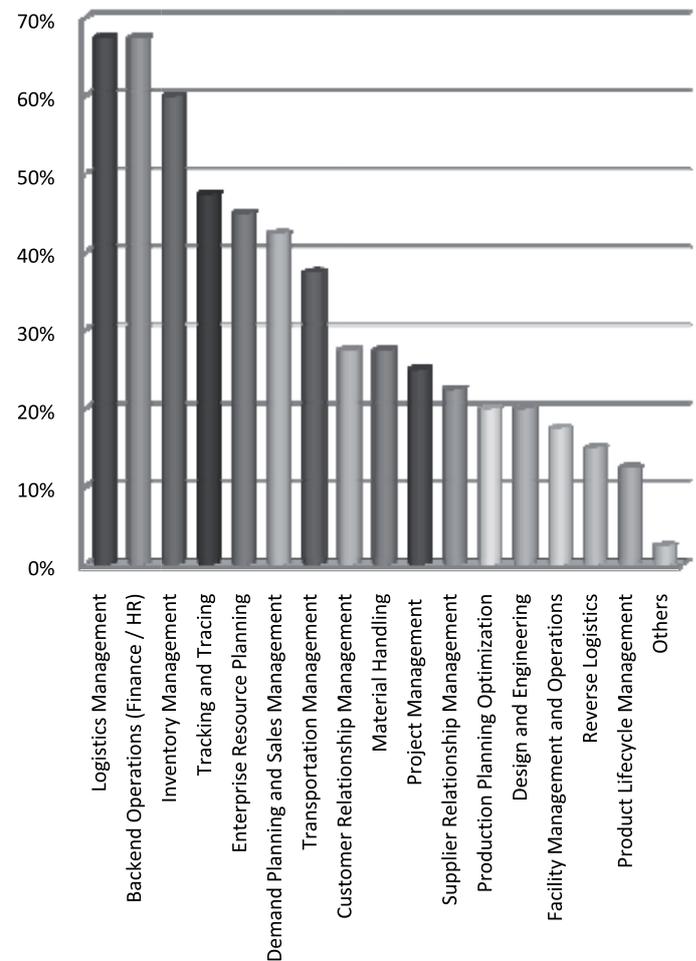
- ERP implementation and upgrades
- Warehouse Management System
- Warehouse Material Handling Equipment, Scanners- Bar Codes, RFIDs etc
- Transportation Management Systems
- Advanced Planning and Optimization software

Most of the respondents mentioned that they would be investing heavily in upgrading existing ERP systems, adding and integrating new modules and expanding its usage across a larger spread of their organization.

Information Technology (IT) is an enabling Driver of Supply Chains. This survey tried to get an idea of how and where it was being used to manage the different aspects of the supply chains across enterprises and the different operations being carried out every day. An attempt was made to understand in more depth the utilization of IT solutions in Logistics Management.

Logistics Management (67.5%), back-end operations (67.5%) and Inventory Management (60%), Tracking and Tracing (47.5%) and Enterprise Resource Planning software (45%) were the top applications of IT in the organizations surveyed. The details of the remaining applications are shown in Fig. 6.

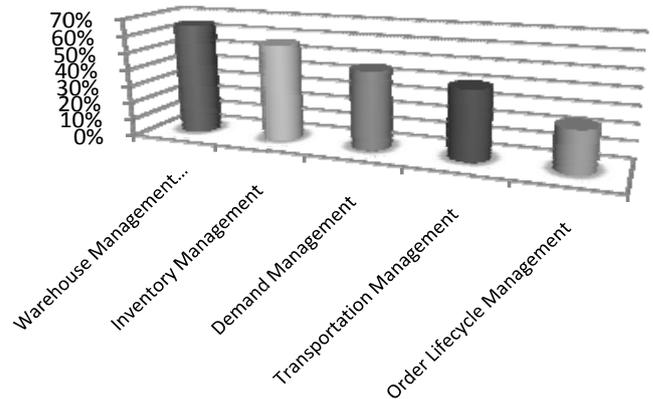
**• Operational areas where IT is used:**



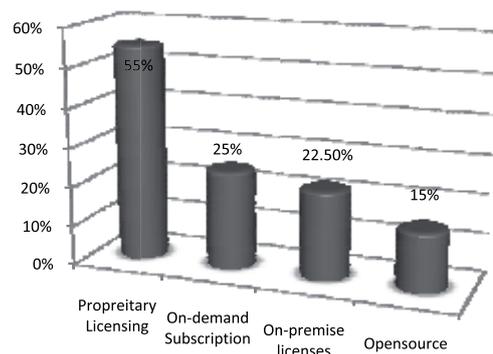
**Figure 6. Operational Areas in Which IT is Actively Used**

**• Adoption of ERP Systems:**

Around 70% of the surveyed organizations had implemented ERP solutions in their organizations.



**Figure 7. Uses of Application Specific Software (Best of Breed)**



**Figure 8. Licensing Agreements for Software Solutions**

Of these, 68% used Application Specific Software, 18.8% used excel based applications while 12% didn't use any IT based solution at all to integrate operations in their organizations.

Of the respondents surveyed, 64.9% use or plan to use Application Specific Software (Best of Breed) in Warehouse management systems. 56.8% for Inventory Management, 45.9% for Demand management, 40.5% for Transportation management, 24.3% for Order Lifecycle Management.

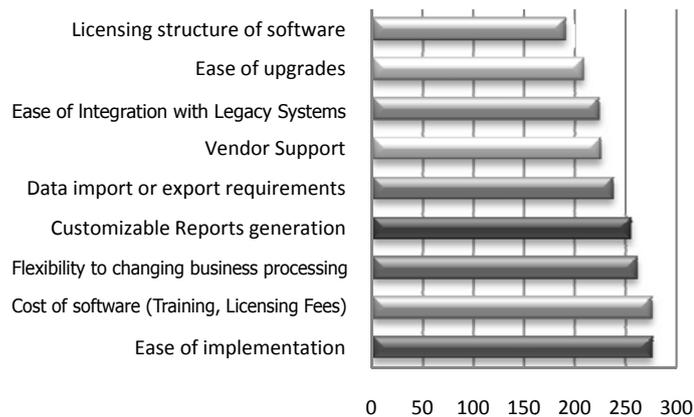
**• Top ERP Providers in UAE**

SAP (40%) and Oracle (30%) were the most popular Enterprise software providers. Other major ones being used included JDA (9%). The other ERP providers whose systems were in use included Microsoft, Baan, Epicor and DOS based systems.

**• Evaluation criteria for software selection:**

Respondents were asked to rate the criteria they used to select software solutions. The top 5 criteria included ease of Implementation, Cost of Software inclusive of training, license fees, Flexibility to changing business processes, Customizable Report Generation and data import and export requirements.

**Weighted Score based on survey rankings**



**Figure 9. Evaluation Criteria for Software Solutions**

When it came to the kind of licensing that was being used for the utilization of the different IT solutions, the most popular was using proprietary licensing (55%) followed by On-demand subscription (25%). Hosted on premise licenses accounted for 22.5% of the respondents while 15% used open-source software for these applications.

**• On-Demand software popularity:**

Users were asked regarding their outlook towards cloud-based services. 32.5% of them were unaware about cloud based setups. Of remaining who were aware, around 63% were not interested in utilizing this service for their logistics operations. This highlights a trend seen in other logistic hubs around the world, especially Singapore- where a large percentage of industry players are either not aware of cloud computing, and even if they are aware, are apprehensive to migrating to it.

Of those that were not willing to invest in cloud Computing based systems, the major reason for not opting for such a system was that the respondents were not willing to disrupt ongoing operations (47.4%). Security issues (42.1%) were the next largest concern. Other major concerns included Financial Concerns over new IT investment (15.8%).

There were a few who could have used cloud computing- but have not used the same because of non-availability of a suitable on- demand software for their requirement (15.8%).

*Survey: Users of Logistics and Supply Chain Management Software- Logistics Service Providers*

This survey was carried across 8 Third Party Logistics Providers (3PL) in Singapore.

**• Category of 3PLs**

3PLs can be categorized in different ways. One of them is based on ownership of assets in the form of fleets and warehouses. Those that do not own such assets or have the bare minimum of these are classified as asset light. Those who own them are classified as asset heavy. There are also cases when the asset light owners may also own a large asset in the form of warehouses.

37% of the respondents were asset light. 38% were asset heavy and 25% of them fell in between the two.

**• Preferred Back-office and Front-office Software**

Back-office software are those that are used by multiple departments across the company for enterprise operations planning along with different functions for Finance and HR.

Front office software may mean and refer to a number of software available to deal with the customer facing applications. In the context of this paper this will be limited to those used for logistics operations and management processes-like Warehouse management, Transportation Management, Inventory Planning etc.

The preferred back office ERP provider for 3PL companies in Singapore are SAP(50%), Oracle(37.5%) and JDA (12.5%). The preferred front office ERP providers are Manhattan and SAP (37.5% each) and Oracle (25%).

**• Evaluation Criteria in Selecting an ERP software**

There could be a number of criteria based on which a 3PL may take a decision to implement an ERP. These could be the cost of the software (inclusive of training costs, costs of implementation etc), the ease of implementation, the ability to generate customized reports, the ability to import and export data based in different formats and the software's inherent flexibility to changing business processes.

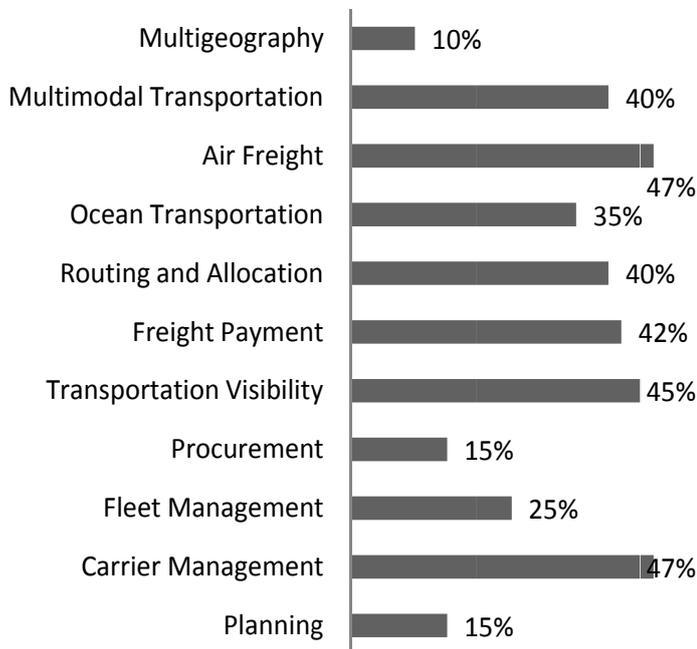
The foremost evaluation criteria that played a major role in decision making turned out to be the flexibility of software to handle changing business processes.

The decision regarding the selection of aERP was also found to be closely interlinked to the decision to buy and implement exclusive warehouse management software. Nearly 63% of

therespondents hadn't implemented Warehouse Management Software.

• **Comparison of importance of different processes for 3PLs**

The respondents were asked to rank the different processes in terms of their importance to their business. The responses were as below:-



**Figure 10. Importance of Business Processes in Logistics**

Carrier management and air-freight along with transportation visibility and multimodal transportation were the more important business processes. This would also reflect on the software that the 3PLs would select as processes associated with these processes would need to be supported.

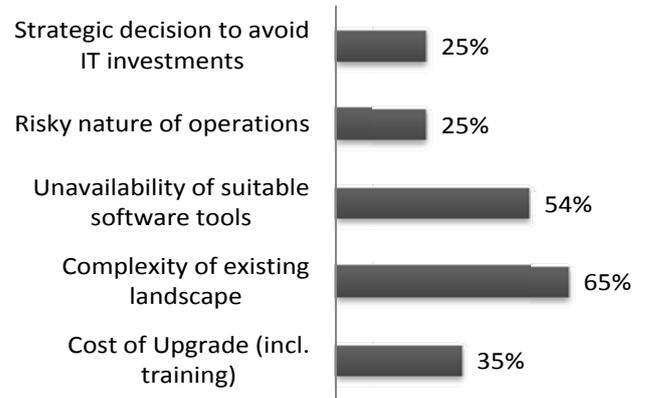
• **Usage of Logistics software and Upgrades.**

Logistics software was being used by the 3PL companies for a number of years. Around 13% of the respondents had started using them in the last 2 years, 63% for the period between 2 to 4 years and 25 % for a period between 4 to 6 years.

It is important to understand at this point that to maintain a competitive edge in a dynamic business environment using IT, it makes sense that their performance should be measured in a timely manner. At the same time, in order to improve efficiencies, upgrades and updates need to be carried out in a timely manner to avoid loss of performance due to obsolescence creeping in as new and new features get added to the software.

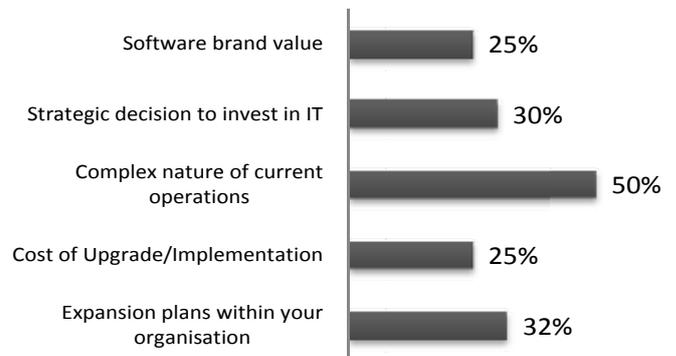
Around 38% of the survey respondents were looking forward to upgrade. Another chunk of around 38% mentioned that they were not planning to upgrade while the rest were still undecided.

Those companies who were not ready to upgrade were also asked to give the major reasons for not upgrading their software. Their responses were as below:-



**Figure 11. Major Reasons for not Up-grading the Logistics Software**

The major reason provided was the complexity of the existing landscape in terms of the business environment that they have to operate in was a setback. Moreover, the lack of fit between their present business processes and the software's capabilities was another major hurdle that would need to be overcome.



**Figure 12. Major Factors for Upgrading the Existing Logistics Software**

Those 3PLs that did however plan to upgrade surprisingly gave complexity of current operations as the prime reason that they wanted to upgrade. It is perceived that this upgrade would be in terms of different modules that would need to be implemented to handle a larger variety of business processes. This was supported by the fact that expansion plans and a strategic decision to invest in IT were the next two largest reasons to upgrade

• **On-Demand software for Logistics Operations**

Nearly 60% of the respondents were not aware of the "On-demand" software.

When asked whether they would be interested in migrating to on-demand software, only 38% were interested. The reasons for such a response could be the lack of understanding of the concept and the tendency to stick to tried and tested methods. The fear of the perceived threat of lower data security could also have caused this response.

Among respondents who were ready to migrate to "on-demand", the preferred logistics providers were IBM (37.5%), Manhattan (25%) & Red Prairie (25%).

## Interaction with Providers of Logistics Solutions Software

In an interaction with 3 major software providers in Singapore, all of them agreed that smaller 3PL providers were not mature enough in comparison to those in North America. Most of the 3PLs in Singapore still used small application specific software (BoB) instead of implementing enterprise-wide software and may still not have adopted upgraded software.

Moreover, many of the 3PLs regardless of size were not interested in migrating to Cloud Computing based Applications (On-demand/SaaS solutions). The risk averseness of the 3PLs was pointed out as one of the major reasons for this kind of behavior. It was also mentioned that the 3PL Industry in the United States of America was readily adopting cloud based solutions as an alternative to the traditional ones.

## Conclusion

- There is potential for implementing IT solutions in Transportation Management, Customer Relationship management, Project Management, Supplier Relationship Management and Production planning and optimization. Transport Management is one of the more popular options that respondents wanted to invest in the near future.
- Presently, ERP is more preferred over application specific software and other alternatives.
- Logistical software provided by IT vendors like SAP, Oracle and JDA were the preferred choice for most of the 3PL and other companies.
- A large percentage of respondents from both the surveys were unaware of “On-demand” software for logistics and supply chain management.
- Majority of the respondents who were aware were averse to migrating to the Cloud. Absence of mature IT infrastructure is cited as a major reason for this aversion.
- From both the surveys conducted it was observed that the leading factors that affected the choice for choosing logistics software were:-
  1. Ease of Implementation
  2. Cost of Software (Inclusive of training)
  3. Flexibility to changing business processes
  4. Customizable report generation and
  5. Data import and export requirements
- SaaS in its current state is easy to implement, has lower perceived costs and is flexible and customizable to a limited extent. In spite of these advantages, it has not been widely accepted.
- Limited to no adoption of SaaS in a relatively advanced logistics hub like Singapore by Small and Medium size 3PLs.

A proper understanding and awareness of the limitations and benefits of SaaS based Logistics Solutions is essential. The cognition of the inherent characteristics of the business model on which it is based by- the implementers can reap the benefits of lower costs and quicker implementation times vis-à-vis the traditional solutions. As more software providers enter the market, the number of options in terms of the available modules and customizability will also increase. The market share for these products is on the rise and will continue to increase as more and more businesses of all scales start to derive the benefits of such an offering.

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## Forthcoming Conferences

No.	Location	Dates	Area	Website Address
1.	Kuala Lumpur, Malaysia	3rd to 5th September 2012	International Conference Customer Service Systems and Management 2012 (ICSSM 2012)	<a href="http://www.iccssm.org/uitm">http://www.iccssm.org/uitm</a>
2.	Olbia, Sardinia, Italy	5th to 7th September 2012	ABSRC 2012 OLBIA - Advances in Business-Related Scientific Research Conference	<a href="http://www.absrc.org">http://www.absrc.org</a>
3.	Phuket, Thailand	6th to 7th September 2012	The 2012 IBSM-International conference on Business and Management	<a href="http://www.caal-inteduorg.com/ibsm2012">http://www.caal-inteduorg.com/ibsm2012</a>
4.	peru, Lima, Peru	11th to 13th September 2012	International Conference on Business Performance Measurement and Management	<a href="http://centrumwebs.pucp.edu.pe/icbpmm/index.php">http://centrumwebs.pucp.edu.pe/icbpmm/index.php</a>
5.	Hyderabad, India	14th to 15th September 2012	International Conference on Hotel and Business Management	<a href="http://hospitalitycongress.wordpress.com/">http://hospitalitycongress.wordpress.com/</a>
6.	Zadar / Solaris hotel resort, Croatia (Hrvatska)	19th to 22nd September 2012	2012 Global Business Conference	<a href="http://www.gbc-2012.com/">http://www.gbc-2012.com/</a>
7.	Paris, France	5th to 6th October 2012	WBM 2012 / Paris - Western Business and Management Association International Research Conference	<a href="http://www.wbmconference.com">http://www.wbmconference.com</a>
8.	Sarawak, Malaysia	15th to 16th October 2012	International Conference on Management, Economics and Finance	<a href="http://www.globalresearch.com.my">http://www.globalresearch.com.my</a>
9.	Hong Kong, China	26th to 28th October 2012	2012 3rd International Conference on Business, Economics and Tourism Management - CBETM 2012	<a href="http://www.iedrc.org/cbetm/">http://www.iedrc.org/cbetm/</a>
10.	london, London, United Kingdom	7th to 8th November 2012	International Conference on International Trade & Academic Research Conference	<a href="http://www.abrmr.com/conference_detail.php?id=95">http://www.abrmr.com/conference_detail.php?id=95</a>
11.	Kuantan, Pahang, Malaysia	10th to 11th November 2012	2nd International Conference on Accounting, Business and Economics	<a href="http://icabec.umt.edu.my">http://icabec.umt.edu.my</a>
12.	Osaka, Japan	16th to 18th November 2012	ABMC2012 - The Third Asian Conference on Business and Management	<a href="http://abmc.iafor.org/">http://abmc.iafor.org/</a>
13.	Gottenheim near Freiburg, Germany	2nd to 7th December 2012	American German Conference for Academic Disciplines	<a href="http://www.internationaljournal.org/germany.html">http://www.internationaljournal.org/germany.html</a>
14.	HONG-KONG,	5th to 6th December 2012	GLOBAL BUSINESS, COMPETITIVENESS & RISKS PLANNING	<a href="http://gbcric.review-gjsg.com/">http://gbcric.review-gjsg.com/</a>
15.	Miami, Florida, United States of America	6th to 9th December 2012	The Economics, Finance and Global Business Research Conference, Miami	<a href="http://www.jaabc.com">http://www.jaabc.com</a>
16.	Tapei, Taiwan	20th to 22nd January 2013	The 10th International Society for Business Innovation & Technology Management Conference	<a href="http://www.apbitms.org/xoops">http://www.apbitms.org/xoops</a>

<b>No.</b>	<b>Location</b>	<b>Dates</b>	<b>Area</b>	<b>Website Address</b>
17.	Tignes, France	4th to 8th February 2013	Winter Global Business Conference	<a href="http://www.gbcwinter.com">http://www.gbcwinter.com</a>
18.	New Delhi, India	4th to 6th February 2013	International Conference on the Restructuring of the Global Economy (ROGE)-2012	<a href="http://www.abrnr.com/conference_detail.php?id=96">http://www.abrnr.com/conference_detail.php?id=96</a>
19.	Matara, Southern Province, Sri Lanka	26th to 27th February 2013	2nd International Conference on Management and Economics (ICME 2013)	<a href="http://www.ruh.ac.lk/News/ICME2013/contact_information.html">http://www.ruh.ac.lk/News/ICME2013/contact_information.html</a>
20.	Beijing, China	17th to 19th May 2013	IEEE The 11th International Society for Business Innovation and Technology Management	<a href="http://www.apbitms.org/upload/files/Call_for_Paper_Beijing.pdf">http://www.apbitms.org/upload/files/Call_for_Paper_Beijing.pdf</a>

# SKYLINE BUSINESS JOURNAL

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