

International Journal on
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Journal writing is a voyage to the interior
Christina Baldwin

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Beneficial Leadership and Corporate Social Responsibility

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Abstract

Corporate social responsibility (CSR) is an area of growing importance as stakeholders increasingly require executives to address not just bottom-line financial issues but also issues that relate to the firm's impact on the "triple bottom line" (TBL): people, planet, and profits. This study introduces a new leadership model focused on serving the TBL—beneficial leadership. In this new model, we suggest that a clearly communicated leadership mission/vision (M/V) statement is critical for establishing the proper organizational climate for addressing CSR issues. Therefore, by using computerized text analysis software, we compare the M/V statements taken from benefit corporations, which are a new form of organization with a legal structure designed specifically to incorporate CSR objectives, with the M/V statements taken from Fortune 500 companies to see whether an identifiable language of beneficial leadership exists. We conclude with a discussion of the implications of our findings for theory, leadership practice, and future research.

Key Words: Leadership, Language of Leadership, Mission/Vision Statements, Corporate Social Responsibility, Triple Bottom Line, Benefit Corporations

I. Introduction

The concept of corporate social responsibility (CSR) has a long history in the management literature (Carroll, 1999) and has been an area of growing importance as stakeholders increasingly require corporate executives to address not just bottom-line financial issues but also issues dealing with social and environmental concerns. For example, in 2013, 395 CSR-related issues were filed with U.S. corporate boards, which was a 7% increase from 2012 (CSR Report, 2013). These CSR issues included items such as political contribution disclosures, environmental issues such as water and energy efficiency reports, reports on how issues of climate change were being addressed, and proposals for greater board diversity in terms of gender and race. As Porter and Kramer (2006) have noted, attention to CSR issues has become a case of enlightened self-interest because organizations that incorporate socially responsible activities into their operations can build both a better reputation with all stakeholders, including potential new shareholders, as well as differentiate themselves from competitors.

One issue that has received much less attention is the relationship between leadership and CSR (Angus-Leppan, Metcalf, & Benn, 2010; Waldman & Siegel, 2008). Although research has suggested a strong connection between an organization's competitive advantage and CSR (Carroll & Shabana, 2010; Dechant & Altman, 1994; Porter & Kramer, 2006), exactly how to implement a CSR strategy remains unclear. Some authors have argued that CSR implementation should come through incremental changes, whereas others have argued that radical, transformational change is required (Lindgreen & Swaen, 2010). Consequently, as the strategy for implementing a CSR program remains uncertain, it is little wonder that selecting an appropriate leadership style to implement CSR initiatives also continues to be unclear.

In this paper, we first review the existing literature on CSR leadership. In an attempt to bring clarity to the relationship between leadership and CSR, we then introduce a new leadership model—*beneficial leadership*—that is based on addressing the concerns of all stakeholders and is therefore appropriate for organizations with strong CSR initiatives. We define beneficial leadership as leadership that is focused on the “triple bottom line” of “profit, people, and the planet” (Elkington, 1997) with the goal of “doing good to do well” (Carroll & Shabana, 2010, p. 93). It is important to note that this model can be applied to either nonprofit or for-profit organizations. When applied to for-profit organizations, a satisfactory financial return on investment is still an important organizational goal; nevertheless, the beneficial leadership construct also recognizes the importance of addressing the needs of other stakeholder groups besides shareholders, including customers, employees, suppliers, and the local community.

In the beneficial leadership model, we suggest that a clearly communicated leadership mission/vision (M/V) statement is particularly critical for establishing the proper organizational climate for addressing key stakeholder issues, especially environmental issues. As Egri and Herman (2000, p. 572) noted, environmental leadership requires “an ability to influence individuals and mobilize organizations to realize a vision of long-term ecological sustainability.” Furthermore, leaders of eco-sensitive organizations need to be “transformational in order to create and communicate the ‘different’ vision of eco-sensitivity” (Hanson & Middleton, 2000, p. 98). Therefore, in the final section of the paper, we conduct a computerized text analysis of M/V statements taken from benefit corporations (Benefit Corp, n.d.), which are a new form of organization with a legal structure designed specifically to incorporate CSR objectives and dedicated to focusing on the “triple bottom line” (TBL). We compare benefit corporations’ M/V statements with M/V statements taken from Fortune 500 companies to see whether an identifiable language of beneficial leadership exists that differentiates companies explicitly focused on TBL from standard corporations.

This study addresses three important questions: (1) What is beneficial leadership, and how does it differ from other leadership models? (2) How can a beneficial leadership model be applied to organizations dedicated to CSR? (3) How do the M/V statements of organizations with a formal commitment to CSR (i.e., benefit corporations) differ from the M/V statements of Fortune 500 companies?

This research is important for four reasons: (1) It answers the call (Waldman & Siegel, 2008) for additional research on the role of the leader in CSR initiatives. (2) A new model of leadership, a beneficial leadership model, is proposed, thus, contributing to the advancement of the organizational leadership literature. (3) A new concept, a language of CSR leadership, will be explored through the use of computerized text analysis software, thus, contributing to the literature on leadership and sociolinguistic research. (4) Finally, this study explores ways in which organizations can create meaning through social initiatives like CSR for all stakeholders, including shareholders, employees, customers, suppliers, and the community.

II. Literature Review

As noted, there has been little research on the relationship between leadership and CSR (Angus-Leppan et al., 2010; Waldman & Siegel, 2008). Part of the reason for this lack of research may be that during the last 50 years, there have been many definitions of the meaning of CSR

(Carroll, 1999; Carroll & Shabana, 2010). Therefore, we begin by adopting Waldman and Siegel's (2008) definition that recognizes CSR initiatives "as actions on the part of the firm that signal their willingness to advance the goals of identifiable stakeholder groups, such as employees, suppliers, the local community, non-governmental organizations, or broader societal objectives (e.g., enhancing diversity or environmental performance)" (p. 117).

Although there is a consensus that senior leadership views on socially responsible practices are the key to an organization's CSR strategy (Waldman & Siegel, 2008), what that strategy should be is a contentious issue. One side of the argument, famously summarized by Milton Friedman (1970), is that managers are employees of the owners of the firm and that as agents of the owner, the manager's sole job is profit maximization. In this view, CSR can be viewed as "a misuse of corporate resources that would be better spent on value-added internal projects" (Waldman & Siegel, 2008, p. 120). According to this shareholder view of the firm, a transactional leadership style based on a strategy of maximizing shareholder financial return is the appropriate approach to leadership.

An alternative to the *shareholder model* is the *stakeholder model* that views the organization as having a responsibility to more than just the shareholders. In this model, in addition to shareholders, organizations have responsibilities to other important constituencies that include employees, customers, suppliers, and the local community (Carroll & Shabana, 2010). Return on investment is important, but other social factors need to be taken into consideration such as treatment and consideration of employees, sustainable use and recycling of material and products, and sustainable, environmentally sensitive use of all resources. In this view of CSR, a transformational approach to leadership (Bass, 1999) is appropriate.

Waldman, Siegel, and Javidan (2006) explored transformational leadership (TL) theory (Bass, 1999) as a lens for viewing how CEOs engaged their firms in CSR initiatives. According to Bass (1999), TL includes three components: (1) leadership charisma, which includes the ability to attract subordinates through a compelling vision; (2) the intellectual stimulation of subordinates; and (3) personalized consideration for the development of subordinates. In a study of U.S. and Canadian firms that engaged in CSR activities, Waldman et al. (2006) found a positive relationship between CSR activities and intellectual stimulation of employees but not of the other two components of TL. Based on this study, CSR leaders may or may not be charismatic or focused on development of employees, but the ability to conceptualize and communicate effectively a vision that incorporates CSR activities was a key attribute of CSR leadership.

Angus-Leppan et al. (2010) studied leadership style and CSR practices in a major banking institution in Australia. In a qualitative research study based on interviews with leaders of CSR initiatives within the bank, the researchers identified two conflicting CSR leadership styles—autocratic and authentic—which are associated with two approaches to CSR—explicit CSR and implicit CSR.

Explicit CSR was defined by Angus-Leppan et al. (2010) as strategic communication and public relations activities that highlighted CSR initiatives for public information purposes. According to the findings of this study, the leadership style associated with explicit CSR was autocratic leadership where CSR leaders required subordinates to establish target audiences and prepare formal

reports for submission up the chain of command to senior management that highlighted the progress of the CSR public relations initiatives.

In contrast to explicit CSR, implicit CSR was associated with the personal values of the employees responsible for developing the CSR initiatives within the bank. Implicit CSR was “closely linked to authentic and emergent leadership where discussion, independent thinking, and personal inspiration were encouraged” (Angus-Leppan et al., 2010, p. 208). Authentic leaders are “individuals who are in tune with their basic nature and clearly and accurately see themselves and their lives” (Avolio & Gardner, 2005, p. 319).

This study illustrated one challenge in implementing CSR initiatives in a for-profit organization. The concept of *explicit CSR*, sometimes called *strategic CSR* (Porter & Kramer, 2006), is based on a theory of the firm perspective (Lindgreen & Swaen, 2010; McWilliams, Siegel, & Wright, 2006), where CSR initiatives are used to generate positive stakeholder attitudes and to attract customers who are socially conscious. The challenge is that recent research (Du, Bhattacharya, & Sen, 2010) has suggested that stakeholders, including employees and current and potential customers, who hold a view of the importance of CSR initiatives based on personal values, respond unfavorably to and are suspicious of explicit CSR marketing strategies that seem to be strictly a public relations initiative. This type of public relations initiative has sometimes been referred to as “greenwashing” (*Greenwashing*, n.d.)

A New Model of CSR leadership—Beneficial Leadership

In an attempt to unify the various approaches to CSR leadership, in this paper, we begin by adopting a stakeholder theory of the firm (Donaldson & Preston, 1995; Freeman, 1984; Maak & Pless, 2006). In this theory, the company is viewed “as an organizational entity through which numerous and diverse participants accomplish multiple, and not always entirely congruent, purposes” (Donaldson & Preston, 1995, p. 70). In using this theory as a foundation, we propose a new model for CSR leadership, a beneficial leadership (BL) model.

The BL model takes as a starting point the model outlined by Schneider, Ehrhart, Mayer, Saltz, and Niles-Jolly (2005) in a study that focused on how organizational citizenship behaviors (OCBs) could be developed in organizations to improve customer service. OCB is defined as worker behavior that “goes beyond the call of duty” (Nelson & Quick, 2015, p. 59) and includes behaviors like voluntarily helping other workers, making suggestions for improving customer service, and generally behaving in a way that goes beyond normal job expectations. In the Schneider et al. study (2005), managers focused on developing an organizational culture that encouraged OCB that was customer service focused. “Leader vision as a key antecedent to service quality” (Schneider et al., 2005, p. 1019) was a central concern of this model of service leadership behavior. We take this model as the starting point, but we extend the service quality commitment to include all stakeholders, not just customers. We call this new model of leadership *beneficial leadership* because in this model the main focus is on providing products or services that benefit the TBL: “people, the planet, and profits” (Elkington, 1997). In line with a focus on the TBL, the proposed new leadership model is a three-factor model that incorporates concepts taken from three approaches to leadership that relate to the TBL. These three leadership approaches are authentic leadership (Avolio & Gardner, 2005), transformational leadership (Bass, 1999), and sustainable leadership (Avery & Bergsteiner, 2011).

The proposed BL model is based on the notion that “leadership takes place in interaction with a multitude of followers as stakeholders inside and outside the corporation” (Maak & Pless, 2006, p. 99). Furthermore, in alignment with stakeholder theory, BL is a values-based leadership model that emphasizes the importance of senior leadership making decisions that will benefit and serve the “legitimate interests of those groups and individuals who can affect (or be affected by) their activities” (Maak & Pless, p. 102). This model of leadership involves “putting together a deal so that suppliers, customers, employees, communities, managers, and shareholders all win continuously over time” (Freeman, Wicks, & Parmar, 2004, p. 365).

In the next section of this paper, we discuss each of the three approaches to leadership and identify which factors from those approaches we propose to incorporate into the new BL model.

Authentic Leadership

Authentic leaders are defined as “those who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others’ values/moral perspectives, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and of high moral character” (Avolio & Gardner, 2005, p. 321). The factor that we adopt from the authentic leadership construct for the proposed new BL model is the leadership trait of leading others based on personal *ethical and moral values*. As Angus-Leppan et al. (2010) found in their study, employees within a company who are involved in CSR initiatives are motivated by a belief in the importance of “doing good” or implicit CSR. Central to the concept of implicit CSR, authentic leaders are perceived as being able to articulate a vision about the future of the company that is compelling to subordinates and incorporates high moral values that define what it means to “do good.” Importantly, authentic leaders are viewed as exemplifying and living the values that they espouse; in other words, they are perceived as truly “walking the talk” in terms of ethical behavior (Avolio & Gardner, 2005).

Nevertheless, as Avolio & Gardner (2005) also noted, authentic leaders’ value systems are based on a strong belief in themselves but do “not involve an explicit consideration of ‘others’” (p. 320). A complete CSR leadership model, therefore, needs to incorporate a focus on other stakeholders, in particular, employees who are responsible for carrying out the CSR initiatives. Therefore, although authentic leaders are positive role models and are perceived to perform their leadership duties based on ethical and moral principles, authentic leaders may or may not be focused on transforming their organizations to meet objectives based on the TBL. The BL model of leadership requires that senior managers develop and disseminate a vision for the future that engages employees in goals that are both good for external stakeholders as well as good for the future growth of the organization. Consequently, in addition to principled and ethical authenticity, we suggest that a CSR leadership model also needs to incorporate key concepts from a transformational leadership framework.

Transformational Leadership

As noted, TL includes three components: (1) transformational leadership charisma; (2) the intellectual stimulation of subordinates to grow and transform continuously both people in the firm and the organization overall; and (3) personalized consideration for the development of

subordinates (Bass, 1999). As a focus on TBL is the key to the BL model that we are proposing, the factors that we adopt from the TL model and incorporate into the new BL model a focus on *transformation*—transformation from the purely for-profit organization model to a broader focus on the TBL. In the BL model, this transformational focus includes not just working to improve firm profits (the shareholder model) but also a focus on the humane and fair treatment of workers, suppliers, and customers (people) as well as environmental initiatives (the planet). For example, in their study of leaders for both for-profit and not-for-profit environmental product and service organizations, Egri and Herman (2000) found that leaders demonstrated strong transformational leadership traits.

Finally, central to the proposed BL model is the notion that organizations must continuously evolve to serve the needs of all stakeholders. Therefore, in addition to ethical authenticity and transformation, a leadership focus on *organizational sustainability* is the final component of the BL model we are proposing.

Sustainable Leadership

Following Avery and Bergsteiner (2011), we define sustainable leadership as “taking a long-term perspective in making decisions; fostering systemic innovation aimed at increasing customer value; developing a skilled, loyal and highly engaged workforce; and offering quality products, services and solutions” (p. 5). Sustainable leadership includes a focus on the environment and long-term ecological sustainability (Dechant & Altman, 1994; Egri & Herman, 2000), but sustainable leadership also focuses on developing and maintaining long-term relationships with key stakeholders that include employees, suppliers, customers, and the community (Avery & Bergsteiner, 2011).

See Figure 1 for this new model of beneficial leadership.

Insert Figure 1 about Here

A key question then becomes, how can we test to see whether there is a difference between organizations based on a BL model compared with standard organizations? In the following sections, we describe a research study that compared the mission/vision (M/V) statements of benefit corporations (Benefit Corps, n.d.), which are new form of corporation with a legal structure designed specifically to incorporate CSR objectives, with the M/V statements from typical organizations listed in the Fortune 500 index of companies to see whether there is a significant difference in terms of focus and emphasis. We begin by first examining and describing benefit corporations—what they are and how they differ from standard corporations. We then address M/V statements and their importance to organizational strategy. By using computerized text analysis software, we then compare the language used in the M/V statements of benefit corporations with the language of M/V statements from Fortune 500 companies to determine whether language that connotes the three factors we hypothesized to be key to the beneficial leadership model—ethical authenticity, a focus on transformation, and a focus on sustainability—differentiates the M/V statements of benefit corporations from the M/V statements of Fortune 500 companies.

Benefit Corporations

A benefit corporation is a new type of legal organizational structure. Unlike a traditional corporation, benefit corporations are required by law to balance all shareholders' interests including investors, employees, and the local community:

Benefit Corporations: 1) have a corporate purpose to create a material positive impact on society and the environment; 2) are required to consider the impact of their decisions not only on shareholders but also on workers, community, and the environment; and 3) are required to make available to the public an annual benefit report that assesses their overall social and environmental performance against a third party standard. (Benefit Corp, n.d., para. 1)

Currently, 31 U.S. states permit the establishment of benefit corporations with legislation pending in 9 other states (Benefit Corp. Status, n.d.).

B-Corps are a type of benefit corporation that have been certified by the nonprofit organization B-Lab as meeting specific organizational standards:

B Corps are certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. Today, there is a growing community of more than 1,000 Certified B Corps from 33 countries and over 60 industries working together toward one unifying goal: to redefine success in business. (B-Corp, n.d., para. 1)

It is not necessary for a benefit corporation to be certified by B Lab, but those benefit corporations that have been certified have passed a standardized assessment that rates the company in terms of impact on all stakeholders—employees, customers, suppliers, and the community. In this research study, the M/V statements from benefit corporations that are certified B-Corps were compared with the M/V statements of Fortune 500 companies.

Importance of Mission/Vision Statements

A company's *mission statement* describes "the unique purpose that sets it apart from other companies of its type and identifies the scope of its operations" (Pearce & Robinson, 2013, p. 11). A company's *vision statement* "presents the firm's strategic intent that focuses the energies and resources of the company on achieving a desirable future" (Pearce & Robinson, 2013, p. 34). The mission statement answers the question "what business are we in?" The vision statement answers the question "where will the firm be in the future?" Often these statements are combined into one statement of purpose that in this paper we are calling the mission/vision (M/V) statement of the firm.

M/V statements are typically short, three- to –four-sentence statements that give a sense to stakeholders of the current company strategy and where it hopes to go in the future. As such, M/V statements are important organizational "sense-making" devices (Weick, Sutcliffe, & Obstfeld, 2005) that assist stakeholders, both internal and external, in "turning [organizational] circumstances into a situation that is comprehended explicitly in words and that serves as a springboard into action" (p. 409). Because M/V statements are "springboards to action," developing the M/V statement is a key responsibility of senior management.

Previous research has identified the value of the M/V statement as a strategic tool for senior leaders (see Mullane, 2002, for a summary of that research). The following are a few of

the key research findings concerning M/V statements. In a survey of approximately 500 U.S. managers, Rigby (1994) found that managers valued M/V statements second only to customer satisfaction surveys. In particular, mission statements were found to promote organizational integration: “increasing teamwork, leading to greater sharing, learning, and faster and more innovative decision making” (Rigby, 1994, p. 23). Campbell (1997) found that M/V statements were useful to managers for building cohesive teams around a common set of values. Emotional commitment to a firm was greatest when employees’ values matched companies’ values as expressed in the M/V statement (Campbell & Yeung, 1991). Finally, research (Darbi, 2012; Desmidt & Prinzie, 2008) has indicated that most employees both were aware of the M/V statement of their firm and found the M/V statement to be a positive motivator.

As Miller and Jablin (1991) have noted, M/V statements are important for assisting newcomers in understanding existing organizational practices and for feeling comfortable with the organizational culture. Consequently, based on uncertainty reduction theory (Berger & Calabrese, 1975; Miller & Jablin, 1991; Saks & Ashforth, 1997), we suggest that M/V statements serve as important documents for both reducing uncertainty about the principle goals and objectives of the firm as well as giving meaning to the work of the firm, thereby promoting teamwork and potentially OCB. M/V statements function as referent information (Miller & Jablin, 1991) that informs key stakeholders, such as employees, about what will be expected of them to be successful.

Consequently, because B-Corps are defined as being different from standard corporations with the special focus on the TBL, we expect that the language used in the M/V statements for B-Corps will be different from the language of the M/V statements of standard corporations. Furthermore, in line with the beneficial leadership model that we are proposing, we anticipate that the M/V statements of B-Corps will use language that reflects the three leadership factors described earlier that are a key to the new beneficial leadership model: ethical authenticity, transformation, and sustainability. We therefore offer the following four hypotheses concerning the language used in M/V statement for B-Corps in comparison with the language used in the M/V statements for Fortune 500 companies:

H1: There will be significantly more words connoting *ethical behavior* in B-Corp M/V statements compared with Fortune 500 M/V statements. (See Appendix 2 for the list of *ethical behavior* words.)

H2: There will be significantly more words connoting *transformation and change* in B-Corp M/V statements compared with Fortune 500 M/V statements. (See Appendix 2 for the list of *transformation* words.)

H3: There will be significantly more words connoting *sustainability* in B-Corp M/V statements compared with Fortune 500 M/V statements. (See Appendix 2 for the list of *sustainability* words.)

HR4: The sum of the words connoting *ethical behavior, transformation, and sustainability* will be substantially greater in the M/V statements of B-Corps than in the M/V statements of Fortune 500 companies.

To assess the validity of these hypotheses, we next describe a research study that analyzes the language used in M/V statements taken from 75 B-Corps and the top 75 Fortune 500 corporations (Fortune, 2015).

Research Study

Sample Set

B-Corp M/V statements ($N = 75$ firms) were selected at random for linguistic analysis. These M/V statements were collected at the following Web page for each of the selected firms: <https://www.bcorporation.net/community/find-a-b-corp>. The 75 firms were randomly selected from different geographical locations around the United States, including the San Francisco Bay area, Chicago, Florida, Georgia, and New York City.

These M/V statements were compared with the M/V statements taken from the top 75 firms as listed on the 2015 Fortune 500 list. See Appendix 1 for a list of both the B-Corp. firms and the Fortune 500 firms.

III. Methodology

The language of the M/V statements was analyzed in a two-step process. In step one, the M/V statements from the 150 selected firms were processed by using the computerized text analysis program Linguistic Inquiry and Word Count (LIWC) (Pennebaker, Booth, & Francis, 2007). The LIWC program is composed of two main features: the word dictionaries and the processing component. For this study, we created three new word dictionaries by using words that are associated with each of the three leadership factors that we hypothesize define beneficial leadership: (1) ethical behavior, (2) transformation, and (3) sustainability. See Appendix 2 for a list of the words identified as being associated with these three leadership factors.

The second feature of the LIWC software, the processing feature, opens selected plain text files. These plain text files can be any text file; in this case, these text files were the M/V statements from both the B-Corp. companies and the Fortune 500 companies. After reviewing every word in the selected text files, the LIWC software calculates the percentage of word usage for each of the three LIWC word categories: ethical authenticity, transformation, and sustainability; for example, a M/V statement for a company might have 1.5% of the words assigned to the *ethical behavior* category or 1% of the words assigned to the *sustainability* category.

In step two of the analysis, independent-samples t tests were run comparing the mean percentage of word usage of the B-Corp companies with the Fortune 500 companies for each of the three word categories, ethical behavior, transformation, and sustainability, plus the sum of all three of these word categories.

IV. Results

See Table 1 for a summary of the results.

Insert Table 1 about here

The results of the independent-samples *t* test indicated that significantly more words connoted *ethical behavior* in the M/V statements of B-Corps compared with the M/V statements of the Fortune 500 companies, thus, supporting **Hypothesis 1** ($p < .001$). Also, B-Corps M/V statements contained significantly more words connoting *transformation* than the M/V statements of the Fortune 500 companies, thus, supporting **Hypothesis 2** ($p < .001$). There was no difference in the use of words connoting *sustainability* between Fortune 500 companies and B-Corps M/V statements, thus, not supporting **Hypothesis 3**. Finally, the sum of all words connoting beneficial leadership—ethical behavior + transformation + sustainability—was greater for B-Corps M/V statements than for Fortune 500 M/V statements ($p < .001$), thus, supporting **Hypothesis 4**.

V. Discussion, Limitations, and Suggestions for Future Research

M/V statements reflect both the espoused values of a firm's leadership and are indicative of senior leadership's belief in the direction the firm should head (Desmidt & Prinzie, 2008). Furthermore, the M/V statement “offers the organization's stakeholders an understanding of how things fit together and articulates what is important and unimportant” (Desmidt & Prinzie, 2008, p. 1). In other words, M/V statements give meaning to an organization's activities. Based on the findings from this study and as represented by their M/V statements, we conclude that leaders of B-Corps are more values driven in terms of using words connoting ethical behavior and words focused on transformation and change in their organizations than are Fortune 500 companies.

Additionally, based on the M/V statements, this study found no difference between Fortune 500 corporations and B-Corps in terms of words focusing on *sustainability*. One explanation for this finding is that both leaders of traditional organizations and B-Corps recognize the fact that companies can only grow and prosper through sustainability-oriented behaviors that are stakeholder centered. As Dechant and Altman (1994) have noted, leading companies that include Johnson & Johnson, P&G, IBM, and Colgate have come to recognize that “good environmental management becomes a source of competitive advantage” (p. 7).

We would argue, however, that the beneficial leadership model as shown in Figure 1 is still supported by the findings from this study and is appropriate for firms that are dedicated to CSR initiatives with the caveat that an emphasis on sustainability-oriented behaviors is common to both B-Corps and traditional organizations. The risk that Fortune 500 firms run, as noted in the Angus-Leppan et al. study (2010), is that their CSR initiatives may be perceived by stakeholders as fundamentally extrinsically motivated (i.e., purely for-profit) as opposed to the intrinsically motivated CSR of B-Corps: CSR that is motivated by a true concern for the environment and all stakeholders.

This study introduces a new model of leadership that explores a new model of corporate structure, the benefit corporation. Therefore, clearly a key limitation of this study is that the results can only be accepted as preliminary. Still, these findings suggest several interesting

questions for future research. For example, in terms of the linguistic analysis of the M/V statements, this study found a significant difference in word usage between B-Corps and standard corporations in terms of the proposed words connoting *ethical behavior* and *transformation*. Future research should examine these word categories in detail to determine whether other words should be included. Additionally, future research needs to explore whether stakeholders are aware of these categories of linguistic differences (i.e., ethical behavior and transformation) in the M/V statements and, if so, how these perceptions impact their view of the organization? Because first impressions are important (the *primacy effect*; Asch, 1946), and a company's M/V statements are often highlighted in the advertising that introduces a firm, understanding stakeholder perceptions of the M/V statement is an important area for additional future research. For example, does customer awareness of the focus of B-Corps on the TBL have an impact on firm profits?

Another question suggested by this study is that if the concerns identified in the beneficial leadership model in terms of ethical behavior and transformation are *not* perceived by stakeholders to be embodied in a firm's M/V statement, then that firm's CSR initiatives may be viewed negatively as a form of strategic CSR. This finding would be important because studies have shown that "key stakeholder's such as consumers, employees, and investors are increasingly likely to take action to reward good corporate citizens [i.e. firms pursuing CSR initiatives that are implicit] and punish bad ones [i.e. firms that are pursuing CSR initiatives that are explicit and perceived as self-serving]" (Du et al., 2010, p. 8). For example, a recent study (Cone, 2007, as cited in Du et al., 2010) found that "87% of American consumers are likely to switch from one brand to another (price & quality being equal) if the other brand is associated with a good cause" (p. 9). Furthermore, key stakeholders have been found to be accepting of extrinsic CSR initiatives (publicity related CSR) as long as they perceive intrinsic motivation as well (Du et al., 2010), thus, highlighting the importance of the M/V statement that reinforces an implicit CSR motivation. This finding is important because if companies are truly interested in implementing CSR initiatives that are more than just publicity exercises, exactly how the language of the M/V statement can embody and reinforce these values to their stakeholders requires an in-depth exploration.

Compliance with Ethical Standards

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FIGURE 1
Beneficial Leadership Model

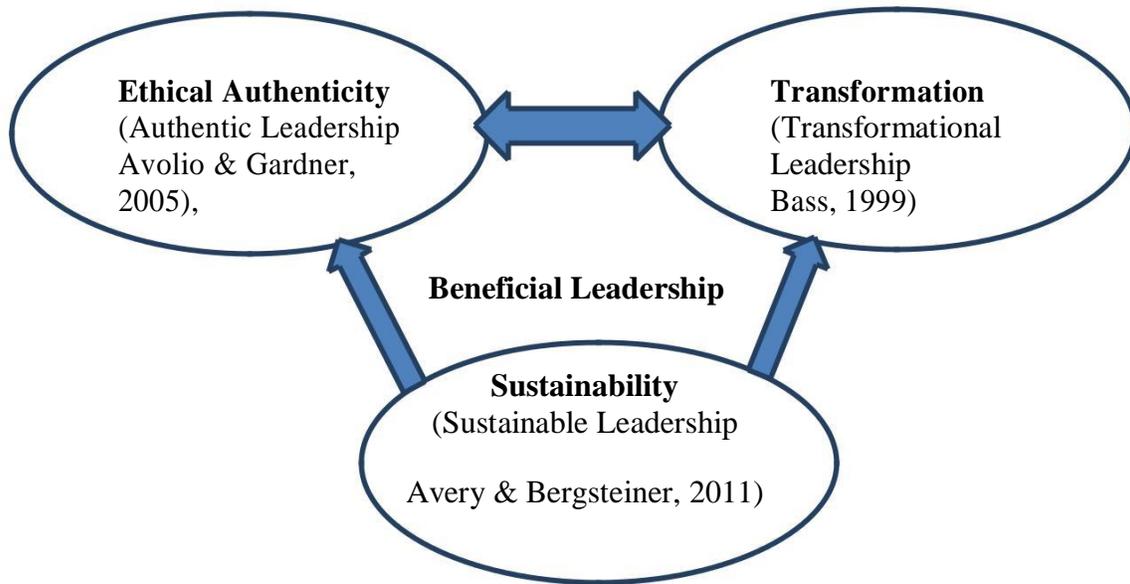


Table 1
Beneficial Leadership Results

Group Statistics					
	Variable	Organizational Type*	N	Mean	Std. Deviation
1	Transformation	1	75	0.81	1.52
		0	75	0.15	0.50
2	Ethical Authenticity	1	75	0.81	1.96
		0	75	0.05	0.25
3	Sustainability	1	75	1.20	2.28
		0	75	0.88	1.62
4	Beneficial Leadership (=1+2+3)	1	75	2.81	3.79
		0	75	1.09	1.67

* 1 = B-Corp
0 = F500 Corp

			Levene's Test for		t-test for Equality of Means						
			Equality of Variances								
			F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Mean	
									Lower	Upper	
1	Transformation	Equal variances assumed	57.41	3E-12	3.53	148	0.00***	0.65	0.19	0.29	1.02
		Equal variances not assumed			3.53						
2	Ethical Authenticity	Equal variances assumed	45.55	3E-10	3.31	148	0.00***	0.76	0.23	0.30	1.21
		Equal variances not assumed			3.31						
3	Sustainability	Equal variances assumed	3.49	6E-02	0.98	148	0.33*	0.32	0.32	-0.32	0.96
		Equal variances not assumed			0.98						
4	Beneficial Leadership (=1+2+3)	Equal variances assumed	10.90	1E-03	3.61	148	0.00***	1.73	0.48	0.78	2.67
		Equal variances not assumed			3.61						

*Not Significant ***p < 0.001

Appendix 1—Firms Analyzed

Fortune 500 Companies (2015)

1. Walmart
2. ExxonMobil
3. Chevron
4. Berkshire Hathaway
5. Apple
6. GM
7. Phillips 66
8. GE
9. Ford
10. CVS Health
11. McKesson
12. AT&T
13. Valero Energy
14. United Health Group
15. Verizon
16. AmerisourceBergen
17. Fannie Mae
18. Costco
19. HP
20. Kroger
21. JP Morgan Chase
22. Express Scripts Holding
23. Bank of America Corp.
24. IBM
25. Marathon Petroleum
26. Cardinal Health
27. Boeing
28. Citigroup
29. Amazon
30. Wells Fargo
31. Microsoft
32. P&G
33. Home Depot
34. Archer Daniels Midland
35. Walgreens
36. Target
37. J&J
38. Anthem
39. Met Life
40. Google
41. State Farm Insurance
42. Freddie Mac
43. Comcast
44. PepsiCo
45. United Technologies
46. AIG
47. UPS
48. Dow Chemical
49. Aetna
50. Lowe's
51. ConocoPhillips
52. Intel
53. Energy Transfer Equity
54. Caterpillar
55. Prudential Financial
56. Pfizer
57. Disney
58. Humana
59. Enterprise Product Partners
60. Cisco Systems
61. Sysco
62. Ingram Micro
63. Coca-Cola
64. Lockheed Martin
65. FedEx
66. Johnson Controls
67. Plains GP Holdings
68. World Fuel Services
69. CHS
70. American Airlines Group
71. Merck
72. Best Buy
73. Delta Airlines
74. Honeywell International
75. HCA Holdings

**Appendix 1 (Cont.)—Firms
Analyzed B-Corps**

1. Oaklandish
2. Beneficial Bank
3. Core Foods
4. Give Something Back
5. Ditto Hangers
6. Heller Consulting
7. Cutting Edge Counsel
8. New Leaf Paper
9. Numi Organic Tea
10. Solar Mosaic
11. Sungevity
12. Balance Edutainment
13. Revolution Foods
14. Twirl Management
15. Blue Earth Consultants
16. Schoolzilla Inc.
17. Kuli Kuli
18. AguaClara LLC
19. Method Products
20. CAP Global
21. Cleantech Law Partners
22. Elefint
23. Exygy
24. Luscious Garage
25. SVT Group
26. WaterSmart
27. Alter Eco
28. D.light
29. Parties that Cook
30. RSF Social Finance
31. Bixbee
32. Varsity
33. 3Degrees
34. Bay Area Medical Academy
35. Change.org
36. Clean Fish
37. Compass Strategy
38. Orbit Media Studios
39. The Road Less Traveled
40. Beyond Green
41. Ideaction Corps
42. Zullo's
43. Lightspan Digital
44. RedShip.com
45. Pekin Singer Strauss Asset Management
46. Meliora
47. Noble Hour
48. WorkSquare
49. Actuality Media
50. Sequil
51. Ethical Markets
52. Therafit Shoe
53. Amavida Coffee & Tea
54. Garden of Life
55. Gray Ghost Ventures
56. Rubicon
57. Better World Books
58. ifPeople
59. Womenetics
60. Boardwalk Capital Management
61. New Earth Athens
62. Catchafire
63. City Light Capital
64. Maxwell Health
65. Happy Family Organic Foods
66. Matter Unlimited
67. Mission Markets
68. The Moderns
69. Full Circle
70. Closed Loop Advisor
71. ReWork
72. Sweetriot
73. The Eco Laundry Company
74. Fig Food
75. Inspiring Capital

Appendix 2—Words Connoting “to Sustain,” “to Behave Ethically,” and “to Transform”**

Words connoting to sustain

Sustain*, aid, assist, comfort, foster, help, keep alive, nourish, nurture, provide for, relieve

Words connoting to behave ethically

Ethic*, conscientious, correct, decent, fair, fitting, good, honest, honorable, just, moral, principled, proper, right, righteous, upright, virtuous

Words connoting to transform

Transform*, alter, change, convert, make over, metamorphose, reconstruct, remodel, renew, revolutionize, transfigure, translate, transmogrify

* Includes words with this word as a base

** Retrieved from <http://dictionary.reverso.net/english-cobuild/>

Appendix 3—Sample of M/V Statements

Fortune 500 Firms

Walmart—Walmart helps people around the world save money and live better—anytime and anywhere—in retail stores, online, and through their mobile devices.

GE—GE is building the world by providing capital, expertise, and infrastructure for a global economy. GE Capital has provided billions in financing so businesses can build and grow their operations and consumers can build their financial futures. GE builds appliances, lighting, power systems, and other products that help millions of homes, offices, factories, and retail facilities around the world work better.

United Health—UnitedHealth Group is the most diversified health-care company in the United States and a leader worldwide in helping people live healthier lives and in helping to make the health system work better for everyone.

Bank of America—Bank of America’s purpose is to help improve the financial lives of its customers and clients through the power of every connection. How does BoA know when it’s achieved that? When its customers and clients say they have.

Cardinal Health—Cardinal Health is a Fortune 26 company that improves the cost-effectiveness of health care. As the business behind health care, Cardinal Health helps pharmacies, hospitals and ambulatory surgery centers, clinical laboratories, and physician offices focus on patient care while reducing costs, enhancing efficiency and improving quality. Cardinal Health employs more than 34,000 people worldwide.

B-Corps

Alter-Eco—Alter-Eco’s mission is global transformation through ethical relationships with small-scale farmers, and an integral sustainability orientation at every point on the supply chain.

Elefint—Elefint is a strategic design studio located in San Francisco, California. Elefint believes good causes deserve great design and combines thoughtful strategy with visual storytelling methods to drive action.

Amavida—Amavida Coffee and Tea is an importer, roaster, and purveyor of Organic and Fair Trade specialty coffees. Amavida operates multiple cafes in the Florida Panhandle and maintains a thriving coffee roaster and wholesale operation that focuses on providing the highest quality Organic and Fair Trade coffees in the industry.

Ideaction—Ideaction Corps is a General Contractor for Good. The Corps is a collaborative of accomplished agencies, firms, and freelancers who come together because they want to use their talents to build a better world.

Catchafire—Catchafire’s mission is to provide talented individuals with meaningful pro bono experiences to build capacity for social good organizations. Their vision is to create a more efficient and effective social good sector, as well as a world where it is commonplace to serve for the greater good.

Social innovation in Italy and Latvia **Gilberto Marzano* & Mirosław Grewiński****

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Abstract

Social Innovation is generally regarded as the capacity to respond to emerging social needs through new solutions and models without the primary aim of pursuing profit. Social enterprises, as organizations that apply business strategies to maximize improvements in human and environmental wellbeing, are widely engaged in social innovation. In Italy, social innovation appears to be a prerogative of social enterprises, especially of social co-operatives that are a type of non-profit social enterprise ruled by specific regulations. This article is the result of a meeting with the Italian LegaCoop that took place in Latvia at the Rezekne Academy of Technologies in 2016. It reports on the specificities of social innovation and social entrepreneurship in Italy and in Latvia emerged during this meeting. We are persuaded that these specificities can contribute to understand the difficulties that ex-soviet countries are encountering in shaking off their communist past and, at the same time, their potentiality for experimenting new forms of social cooperation.

Keywords: social innovation, social entrepreneurship, Latvia, Italy, social cooperatives

I. Introduction

An economic crisis affected Europe with it that has led to increasing reductions to the level of public intervention in the health and welfare sectors. This is a new experience in some European countries such as Italy, and the consequences are really serious since, lately, many people have been renouncing health care services that they cannot afford.

In Italy, recent data is alarming: one in ten people have renounced health care services because of the costs and of the long waiting lists to access them. In figures, those who are renouncing healthcare services represent about 5.1% of the population, corresponding to 2.7 million people (Cittadinanzaattiva, 2016).

In this unfavorable scenario, social enterprises and social cooperatives have assumed a strategic role since they pursue a business model capable of reconciling the objectives of economic growth, employment, and quality of life. Social enterprises and social cooperatives generally aim to satisfy the need for services in the tertiary sector, trying to create employment, particularly for those persons who are normally excluded from the labor market.

Indeed, the conventional characteristics of a social enterprise can be summarized as follows:

- pursuit of a corporate mission for the benefit of the community;
- sustainability of the business;
- participatory approach, stimulating the active participation of citizens;
- wider involvement of employees in corporate decisions;
- limited profits distribution or non-profit corporate structure.

In accordance with this, it has been observed that social enterprises should be counted in the Third Sector, since they aspire to satisfy social needs (Defourny, 2001).

In the last few years, the capacity to respond to emerging social needs through new solutions and models whose primary aim is not to make a profit has become the specific prerogative of social innovation and the Europe2020 Strategy is pointing to social innovation as one of the ways through which European countries attend to attain the strategy's targets (BEPA, 2014; Pisano, Lange, & Berger, 2015). However, although the European Union is very active on social innovation (Pelka & Terstrip, 2016), there is no single policy strategy at the European level. For example, in Italy, social innovation and social entrepreneurship appear to be closely tied, and this article will contribute to understanding this relationship. Furthermore, the Italian situation appears to be very different from that of the ex-soviet countries, where, despite the long period of communism, social entrepreneurship

is something quite new. To better understand this difference, we considered how Latvia, an ex-soviet country, is moving forward with social innovation.

In this article, we present some elements emerged in a meeting that took place in Latvia where the Italian LegaCoop illustrated its strategy to social innovation and social business. Our article aims at highlighting the principal aspects of the Italian and Latvian approach to social innovation but only as a premise for a future extended analysis.

II. Methodology

This article is the result of a meeting between the Italian LegaCoop and a panel of Latvian entrepreneurs and academics that took place in Latvia at the Rezekne Academy of Technologies in 2016. Founded in 1886, LegaCoop is an association that brings together over 15,000 co-operatives throughout Italy from all sectors. It develops services and projects to assist in the launch of co-operative businesses and to help them grow. The Latvian meeting was aimed at discussing the social innovation paradigm and the potentiality of the LegaCoop business model. The representative of LegaCoop illustrated the business model adopted by their associated enterprises focusing on those that were engaged in social services. Special attention was paid to the Italian legislation issued to regulate social enterprises and co-operatives. Participants discussed the following questions:

- Social innovation and social entrepreneurship basic notions;
- Economic factors that underpin social innovation;
- Legislation and social entrepreneurship sustainability;
- The Italian laws in favor of co-operatives.

Indeed, the intention of the meeting was to explore the opportunities of enhancing social innovation in social, business, and public sectors and to evaluate the possibility to establish further collaborations with LegaCoop in European projects.

During the meeting, some differences between the Latvian and Italian approach to social innovation emerged very clearly. We integrated the meeting discussions with the current literature analysis in order to obtain a more comprehensive picture of the Latvian and Italian situation as a propaedeutic step for a further analysis (Fiorentini&Calò, 2013; Caruso, 2016; Venturi&Zandonai, 2016; Dobeles, Grinberga-Zalite&Kelle, 2015; Paula, 2016). Latvian and Italian regulations on social entrepreneurships have been considered too.

It is useful to underline that this article is not a comparative analysis but only a presentation of two different approaches to social innovation. It aims at highlight the contextual sensitiveness of the notion of social innovation. Accordingly, before proceeding to analyze and report the situations in Italy and Latvia, it is suitable to introduce the general notion of social innovation.

What is social innovation?

Innovation is defined as “a new idea, device, or method, the act or process of introducing new ideas, devices, or methods”.¹ Although innovation is a creative process that encompasses science, business, and industry, it is not necessarily motivated by profit maximization.

Heiskala distinguished five *ideal types* of innovations, namely: technological, economic, regulative, normative and cultural (Heiskala, 2007). He argued that technological innovation is the new and more efficient way to transform the material reality, whilst economic innovation puts technological innovation to the service of producing surplus value. These two types of innovation constitute the sphere of *techno-economic innovation*. The other three form the sphere of *social innovation*. In fact, regulative innovation transforms explicit regulations and/or the ways they are sanctioned; normative innovation concerns the specification of social values into legitimate social

¹<http://www.merriam-webster.com/dictionary/innovation>; last accessed 09.06.2016.

norms; and, finally, cultural innovation transforms mental paradigms, cognitive frameworks, and habits of interpretation.

The distinction, introduced by Mulgan (2007), between social innovation and business innovation is largely shared. He underlined that business innovation is generally motivated by profit maximization, and is diffused through organizations that pursue profit maximization, whilst social innovation is motivated by the goal of meeting a social need, and is predominantly developed and diffused through organizations whose primary purposes are social. (Mulgan, 2007, 8)

Both business innovation and social innovation share the intention of changing the current state of things through the introduction of new ideas, processes, methodologies, services, or products.

An influential and expanding stream of literature in innovation research claims that the chief characteristic of social innovation is to meet social goals without pursuing the maximisation of profit.

Although many definitions of social innovation have been proposed, the concept doesn't appear to have been consolidated, and the term 'social innovation' is used in various and overlapping ways in different disciplines.

Indeed, social innovation is a multidisciplinary concept that involves many academic disciplines, the principal of these being management science and economics. Social innovation appears to be a means for improving social capital in both the profit and non-profit sectors, and refers to ethical norms, such as fair business practices and respect for worker rights, or values, such as justice, solidarity, and cooperation (Moulaert, 2009). Social innovation can also involve art disciplines, since artistic creativity can be instrumental to social changes (Tremblay & Pilati, 2013). Finally, it is related to the political sciences and bureaucratic organization, since many social innovations are services, often public sector services, aimed at providing new and more effective benefits to citizens (Mulgan & Albury, 2003; Barrett, Davidson, Prabhu & Vargo, 2015; Torfing & Triantafillou, 2016). Furthermore, in the last few years, the importance of the social dimension of innovation has become a widely accepted idea, and has been extended to include many heterogeneous scopes.

Figure 1 shows the social innovation process.

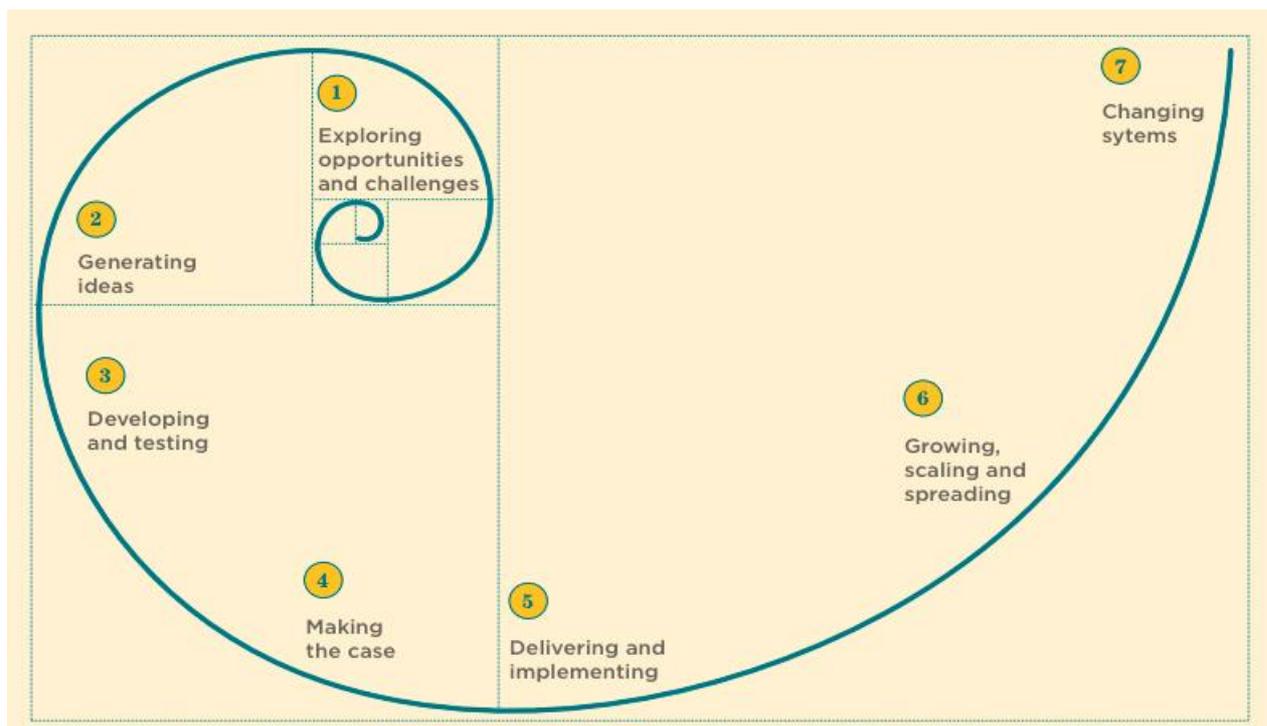


Figure 1. Social innovation spiral (source Murray, Caulier-Grice & Mulgan, 2013)

The most agreed definition of social innovation is the following:

A novel and useful solution to a social need or problem, that is better than existing approaches (i.e., more effective, efficient, sustainable, or just) and for which the value created (benefits) accrues primarily to society as a whole rather than to private individuals (Phills, Deiglmeier & Miller, 2008, 36)

Furthermore, there is a general consensus that an innovation is *social* if it enhances social welfare, although one could easily argue that every innovation, in certain aspects, can enhance social welfare. Indeed, innovation, as a term, is rather ambivalent and the word *social* is used as a modifier in other private sector concepts such as social entrepreneurship, social enterprise, social venture, and social capitalism in order to highlight the importance of the social dimension.

Classic subjects of social innovation include health, safety, education, homelessness, crime prevention, environmental protection, racial and gender discrimination, and inequality in economic opportunity.

Italian social innovation

Before to deal with Italian social innovation, some considerations on the Italian welfare state are useful. It has been observed that the essential characteristics of the Italian welfare state, as it developed after the Second World War, generated social cleavage and inequities that have affected the Italian economy ever since, and that the system requires structural reform (Lynch, 2014). The Italian welfare state appears to be inspired by a conservative model, affected by many forms of corporatism and by the increasing of older population. Its main evident anomalies are the pensions' hypertrophy, and the different levels of protection that are available for the employed population and for people who are outside the labor market (Ferrera, Jessoula, & Fargion, 2013). Moreover, the very inclusive health care policy that recognizes the equality of rights even to immigrants without legal authorization to reside in the country will no longer be sustainable. To reduce the current jungle of privileges is not an easy issue, and the attempts at reform of the welfare state are causing many tensions and political conflicts in Italy. For the moment, the Italian welfare system continues to barely focus on social services, while active labor market policies and social investment measures, in general, are still of minor importance (Agostini, C., & Natali, D., 2016).

As a consequence, social innovation is influenced by the specific context of welfare state and social services. In this regard, in 2014, AICCON, the *Italian Association for the Promotion of the Culture of Cooperation and of Nonprofit*, suggested that social innovation could be the right answer to counteract the heavy budget cuts to public social services (Venturi & Rago, 2014). In fact, in Italy the notion that social innovation and social cooperation are very closely linked to each other is widely held. This idea can be considered an Italian peculiarity based on the conviction that social cooperation within the Third sector should foster social innovation processes.

For a long time, Italian social cooperatives have oriented their business models and activities to engage communities in the co-production of new social services.

Recently, CeRIIS, the *LUISS International Center for Research on Social Innovation*, published its *Second Report on Social Innovation in Italy* that analyzes ideas and projects that respond to various needs of the Italian community (Caroli, 2016). This report analyzed 56 specific cases, selected from a database of 482 projects and initiatives that were considered to have a social innovation basis. All the cases selected involves social business and have an evident and enduring social impact. The report illustrates some new models of marketing and business that respond to social issues as well as to the development of professional skills, especially those based on the use of technology.

In Italy, the principal financiers of social innovation initiatives are private foundations and public institutions, while they are managed primarily by non-profit organizations and social enterprises. However, in the last few years, significant projects have also been developed by for-profit companies.

A very interesting initiative is a project for people aged under thirty, the *Social Innovation Citizen* project,² sponsored by the *Italian National Agency for Young People*, which supports social initiatives and networking between students and recent graduates. This project is centered on the figure of the *Social Innovation Citizen* (SIC) that is a young ambassador of social innovation with less than 30 years who has an idea, a project or an innovative solution generating a social impact. A SIC, sharing

their innovative project, thanks to a social networking platform, can contact other SICs and create with them new forms of collaboration increasing the level of active citizenship, inclusion and social capital development.

An interesting example of a new project is the *Albergo Etico* (Ethic hotel) in Asti, which is a hotel run by disabled young people affected by Down syndrome. This project follows the Italian tradition of cooperative work and social entrepreneurship. It provides an interesting example in that the project is supported by training programs with professionals that allow the staff to play an active role in the business. CeRIIS is currently working on developing a *franchise* of hotels following this model.

In Italy, the term *social enterprise* was first used in the 1980s to refer to private organizations established by volunteers that had the aim of delivering social services or of facilitating the integration of disadvantaged people into the labor market. These initiatives were initially set up using existing non-profit legal forms, but obtained their own distinct legal identity under the Act on Social Cooperatives, in 1991 (Law no. 381/1991).

In Italy, social enterprises are mainly social cooperatives, although the concept of social enterprise covers a wider range of organizations operating in the non-profit sector.

Social enterprises and social cooperatives in Italy

In order to promote pluralism in the production of social utility goods and services and a diversification of sectors of activity, the legal category of 'social enterprise' was introduced in 2005 with the adoption of the Law of Social Enterprises (Law no. 155/2006).

It is estimated that there are roughly 35,000 social enterprises in Italy that fully meet the criteria laid out by the EU operational definition, representing 0.8 percent of the total business population (Wilkinson, Medhurst, Henry, & Wihlborg, 2014).

The first city in Italy as far as the number of these enterprises is concerned is Rome (more than 5,000 social enterprises with 64,000 employees), followed by Milan (over 4,000 companies and 61,000 workers), Naples, Turin, Palermo, Bari, and Catania.

Social cooperatives are the most important form of social enterprise, representing approximately a third of the total of social enterprises. The main activities that are undertaken by social cooperatives include:

- Social services in the fields of social care and civil protection;
- Economic development and social cohesion;
- Health care services; and
- Education and research.

Italy is one of the few countries that have established a law for social cooperatives (legal form) as well as a law for social enterprises (legal status).

Law no. 381/1991 created a new form of cooperative that differs from traditional cooperatives whose primary aim is the interest of their members. In fact, social cooperatives pursue social or general interests of collectivity. They are defined as organizations that "*pursue the general interest of the community in promoting personal growth and in integrating people into society by providing social,*

²<http://www.sitizen.it/>, last accessed 09.08.2016.

welfare and educational services and carrying out different activities for the purposes of providing employment for disadvantaged people” (Law 381/1991 Art.1).

The law distinguishes between two types of social cooperatives:

- Type A being social cooperatives that provide social, health, and educational services
- Type B being social cooperatives that integrate disadvantaged persons as employers.

Social cooperatives benefit from favorable tax conditions: depending on their characteristics, they are exempt from paying taxes, or benefit from rate reductions (Di Diego, 2011; 2013). These benefits can be summarized as follows (Wilkinson, Medhurst, Henry, & Wihlborg, 2014, 5):

- Case 1: the salaries of the cooperative’s members represents at least 50 percent of the total costs incurred by the organization, excluding those for raw materials and auxiliary materials. In this case, the cooperative is exempt from the payment of corporate income tax.
- Case 2: members’ salaries represent at least 25 percent of the total costs, excluding those for raw materials and auxiliary materials. In this case, the benefits consist in the application of a reduced tax rate (50 percent of the ordinary rate) and favorable conditions for the calculation of taxable income (for example, 90 percent of the profits going into reserves are not taxed).
- Case 3: members’ salaries represent less than 25 percent of the total costs. This case is analogous to case 2, with the exception that the ordinary tax rate applies (rather than a reduced rate).

Social entrepreneurship in Latvia

Unlike in Italy, social entrepreneurship is a fairly new concept in Latvia, and the interest in social business has only picked up in the last few years because of the economic crisis. In November 2012, Providus, a non-governmental and non-partisan think-tank established in 2002, organized an international forum in Riga to discuss social entrepreneurship, and it was significant that Latvian politicians didn’t participate. At present, there are no formal policies specifically defined to support social enterprise in Latvia, and social businesses are very few. However, things are changing. In the last few years the research conducted in this scope has multiplied (Bikse, Rivza & Riemere, 2015; Ahrens & Zašcerinska, 2015; Oganisjana, Surikova & Laizāns, 2015), and the government has begun to address the issues of a policy and legal framework for social enterprise. A recent research study based on international experiences in the field of social entrepreneurship (Dobele & Dobele, 2014) estimated that the economic gains of social businesses in Latvia would be significant, whilst the social benefit burden for municipalities would decrease considerably (Fig. 2)

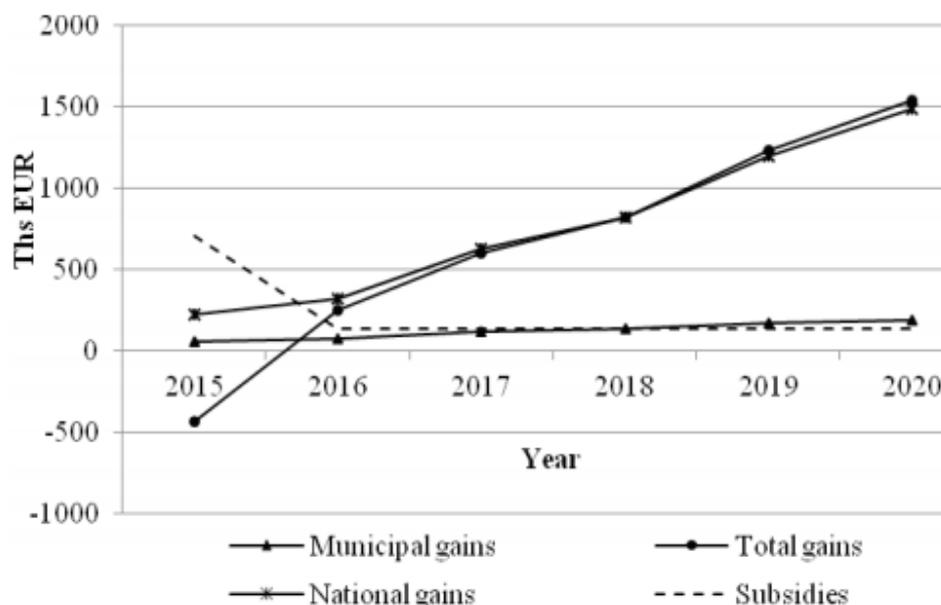


Figure 2. Economic gains from developing social entrepreneurship in Latvia in the period 2015-2020 (from Dobele & Dobele, 2014, p. 37)

It has been observed that the low level of entrepreneurship-related abilities, knowledge, and skills in Latvia's universities represents one of the main barriers to the development of social entrepreneurship (Melnikova & Zaščerinska, 2016). In fact, entrepreneurship courses are absent from non-economic fields of study, and more generally, inter-disciplinary approaches are rare. This confirms the prevailing underestimation of the potentiality of social enterprise development.

There are no fiscal incentives in place to foster and support the growth and development of social enterprises in Latvia (European Commission, 2014). Incentives are dependent on the legal form of the enterprise rather than its social purpose. Accordingly, the currently most popular form of social enterprise is that of a non-profit organization (such as for an association or foundation). However this can create some problems if the profit-making activity is the main activity of an association or foundation. In this case, the organization must register as a separate company and divide its activities into two legal entities, otherwise risk being wound up by the State Revenues Service.

Nevertheless, many Latvian economic analysts and researchers share the idea that social economy can actually contribute to reducing unemployment, inequality, and poverty, and the Latvian government has recently started work on developing a policy and legal framework for social enterprises.

The principal strands of governmental investment are in regard to the inclusion of people with special needs and to incentives for small and medium enterprises (SMEs). Of course, social businesses can also access the support available to commercial enterprises, particularly SMEs.

In Latvia, there are also some private initiatives aimed at supporting social enterprise and social entrepreneurship, such as the Latvian Christian Academy, a higher education institution in Latvia that runs an accredited Masters program in social business administration. The aim of the Masters is given as follows:

The program is focused on penetrating the acquisition of forms and methods of social care in times of change; special emphasis is placed on principles of social economy in the context of social work. These skills lay good foundations for further private entrepreneurship in the field. The knowledge is both required and innovative in the European context.³

The recent interest in social issues and in the modernization of social services is demonstrated by a new national science program on social telerehabilitation. This new three-year multidisciplinary program, whose name is VPP INOSOCTEREHI ("Innovative solutions in social rehabilitation in Latvian schools in the context of inclusive education") focuses on social inclusion (Marzano, Lubkina, & Rizakova, 2015), and is being conducted by four Latvian Universities (Rezekne Technology Academy, Latvia University, Riga Technical University, and Liepaja University). VPP INOSOCTEREHI investigates the use of mobile technology in the scope of social rehabilitation (<http://telerehabilitation.lv/>).

In 2014, only two years from the international forum of Providus, the Foundation for an Open Society organized a two-day international forum on social impact and social entrepreneurship: this time the Director of the Labor Market Policy Department of the Ministry of Welfare participated in the discussion "Social entrepreneurship in Latvia – Quo Vadis?"

Recently, Latvia and other Baltic sea countries have started to promote the awareness and understanding of social enterprise practice. In Latvia, researchers and the social organizations themselves are the principal protagonists in disseminating the knowledge necessary to create a favorable environment for social enterprise. Although the ideas of some activists sometimes risk being overly utopian and theoretical, over the last years, social innovation and social entrepreneurship are considered to represent key factors for sustainable development. The necessity of implementing

³<http://en.kra.lv/studies/master-level-studies/#master-social-bus>; last accessed 20.05.2016.

new social services whilst, at the same time, reducing their global cost, makes Latvian researchers more creative and encourages the use of knowledge to help public benefit causes. Nevertheless, the lack of legal recognition represents one of the biggest political and legal obstacles for social innovation in Latvia (Dobele, 2015). Indeed, although, some special governmental instruments have been designed, social innovation activities are mainly funded from the EU Funds.

III. Conclusion

It has been observed that although the debate on globalization requires a wide perspective on global problems, a real understanding of the present situation is only possible when focusing on local instances (Morelli, N., 2007). Accordingly, whilst the market and production are becoming increasingly globalized, social solutions need to be found at the local level. In this regard, social enterprises play a fundamental role since they focus on the social needs of communities. In fact, social innovation development depends on society values and norms as well as on collaboration between different public and private stakeholders. However, although there is a wide consensus on the general notion of social needs and innovation, the combination of practical actions of this two concepts can present many variations. Indeed, social innovation doesn't take place in an abstract space but must deal with social ideals as well as concrete social organizations and social policies. Nowadays, it must deal with the challenging changes of the contemporary society (Marzano & Grewinski, 2017), namely the digital revolution that are affecting both the people daily life and the global economy. Not only in Italy and Latvia but elsewhere too, a debate is underway concerning social enterprises and social entrepreneurship. The case of Latvia is emblematic and in certain respects is common to other ex-soviet countries. Table 1 shows the concrete barriers to social innovation that, at different levels, emerged from the literature analysis and that are present both in Italy and Latvia depending on various contextual factors.

Social innovation values	Real barriers
Democracy	Populism, nationalism
Extending inclusion	Intolerance to immigrants and refugees
Facilitating access to services, creating new job opportunities	Social discrimination: restriction to education, healthcare, employment, and so forth
Transparency, bureaucratic oppression	Restriction of freedom, constant surveillance and control
Open networking systems	Imposed restrictions
Pluralist social values	Intolerance
Sharing resources, goods, and services,	Discrimination in distribution of resources, goods, and services
Centrality of people's needs	Restriction of freedom, constant surveillance and control
New forms of protection	Environmental deregulation
Green economy	The natural world is banished and distrusted
Resilient social-ecological system	Rigid social-ecological system
Solidarity	Egoism, separation

Table 1. Principal social innovation values and barriers

Latvian and Italian situation confirms the global trend that, in the majority of cases, social entrepreneurship is not a mainstream entrepreneurial activity, and a social enterprise is neither a mainstream non-profit organization nor is it a commercial firm (Douglas, 2015). Hybridity is evident in the dual commitment to social and business functions, and often cause multiple and conflicting goals.

In Italy, social cooperatives have largely exploited their privileged status against private competitors and, thanks to their close relationships with political parties, have hegemonized social governmental services. In other countries, social enterprises are widely perceived to be illegitimate, inappropriate, and unacceptable by the public, commercial, and social sectors.

Despite this, these distortions should not lead to a rejection of the current policy on social enterprises and social cooperatives. Rather, it would perhaps be more profitable and beneficial to make an effort to liberalize local governmental services, and so encourage new forms of citizen participation in decision-making and control.

From the LegaCoop experience emerged that social entrepreneurship is an effective way to generate solutions to the most pressing social problems. Indeed, Italian social co-operatives pursue the community's interest rather than profit maximization and, accordingly, social innovation appears, in Italy, as an essential part of the sustainable development discourse.

At present, in Latvia, specific instruments for social innovation promotion are not available at the national level. In this regard, the Italian experience represents a very interesting source of inspiration.

We can conclude observing that the current picture of the Italian and Latvian approach to social innovation shows how the history and culture still affect the local policies. However, this is a transition moment since the changes that are in action at global level will quickly impose changes in people social needs and expectations.

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Role of Product Design in Consumers Purchase Decision of Modular Kitchen in Chennai

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Abstract

This study aims to investigate the relationship between design of products and consumers' purchase decision. A good design of a product attracts consumers, communicates to them, and adds value to the product by increasing the usage experiences associated with it. This study undertakes physical form or design of the product identified through its appearance. The population sample for this study taken from the consumers who visits modular kitchen showroom and were willing to fill up the questionnaire. Therefore convenience sampling method was adopted to conduct this study. The data of the study is collected via a survey form from 210 respondents from branded modular kitchen stores in Chennai. The data collected were analysed using Statistical Package for Social Sciences (SPSS 16). Kruskal- Wallis test was computed to find the difference between responses of the respondents on the relationship between the consumers' demographic factors and their evaluation of product design of modular kitchen. Pearson correlation and multiple regression tests were used to fine out the relationships and influences between product quality and purchase decision. The results of the study revealed that the influence of product design is significantly related to the consumers purchase decision of modular kitchen.

Keywords : *Product Appearance, Aesthetic, Ergonomic, Functional, Symbolic, purchase decision.*

I. Introduction

Product design is defined as "The process of creating and improving a product by learning what consumers want and examining the similar products that are already available" by Cambridge dictionary. Karl T. Ulrich (2011) states that product design is conceiving and giving form to goods and services that address needs. Product design is an opportunity for differential advantage in the market place act as a competitive tool (e.g., Hammer, 1995; Kotler and Rath, 1984; Löbach, 1976; Lorenz, 1986; Pilditch, 1976; Veryzer, 1995). The physical form or design of a product is recognized by consumers with its six different roles of appearance Mariëlle E.H. Creusen (2010). The product design contributes the success of business in several ways. Product design is one way to gain consumer attention (berkowitz 1987; dumaine 1991; jones 1991). Also product design creates initial impression and generated inferences regarding other product attributes in the same manner as price does (berkowitz 1987). There are a number of ways in which product design influences consumer preference (Bloch, 1995). The influence of product design on consumer evaluation is often complex. It is necessary to identify what exactly constitutes the value of a product design for consumers. Thus the different roles of the product design in the purchase decision of consumers should be over viewed. More precisely, the term 'product appearance' also refers to product design parts that consumers cannot see (i.e., the interior of the product). From the extensive literature review six different roles of product appearance were identified. They are aesthetic, symbolic, functional, and ergonomic product information, attention drawing and categorization (Mariëlle E.H. Creusen and Jan P.L. Schoormans, 2010). The literature is discussed below.

II. Review of Literature

Several authors mentioned the role of product or package appearance in consumer product evaluation or choice (Bloch, 1995; Garber, 1995; Garber et al., 2000; Veryzer, 1993; Veryzer, 1995). However, they did not explicitly discuss the different ways in which appearance influences consumer choice and their respective implications for product design. In addition to these more recent contributions to the literature, the functions of a product in consumer-product interaction are described in earlier industrial design literature (Löbach, 1976; Pilditch, 1976; Schürer, 1971). Several of these functions concern product appearance. There are differences between authors in the number

of roles (i.e., functions) of product appearance that they distinguish and the terms they use. For example, communication of ease of use is mentioned by Bloch (1995) and described as part of the aesthetic function by Löbach (1976), while Veryzer(1995) calls it the communicative function of a product appearance. From the literature, the following six roles of product appearance for consumers were recognized. They are communication of aesthetic, symbolic, functional, and ergonomic product information, attention drawing and categorization.

Objective

The objective of this study is to find out the influence of product design on consumers modular kitchen purchase decision.

III. Methodology

In this study, the consumers of branded modular kitchen stores were used as the respondents of the survey in Chennai city. The area chosen for this study is based on the rate of modular kitchen users and the availability of larger market scope for branded modular kitchen dealers in Chennai. The researcher uses convenience sampling method to conduct this study. The primary data of the study is collected via a survey, Out of 250 distributed questionnaire, and only 210 correctly filled questionnaires were received from the respondents of branded modular kitchen stores in Chennai. The data collected were analyzed using Statistical Package for Social Sciences (SPSS 16). Kruskal-Wallis test was computed to find the difference between responses of the respondents on the relationship between the consumers' demographic factors and their evaluation of product design of modular kitchen. Pearson correlation and multiple regression tests were used to fine out the relationships and influences between product quality and purchase decision. The survey is divided into the pilot test and the formal questionnaire survey.

At the pilot test stage, seven experts (four experienced marketing managers and three expert marketing professors) were invited to verify whether the variables extracted from literature were suitable for this study. In pilot test, the experts were asked to respond their degrees of agreement in each question on a 5-point Likert scale. On the scale, 1 means “never or do not agree at all” and 5 means “always or totally agree.”From factor analysis and reliability analysis, the construct validity and reliability were examined. The result confirmed that the extracted factor could fully explain the variance, indicating high construct validity. Moreover, the Cronbach’s α for each variable was higher than 0.8,that the survey questions had appropriate reliability. In the formal structured questionnaire survey, five modular kitchen stores were randomly selected from Chennai.

IV. Analysis & Discussion

Kruskal Wallis ranked analysis of variance has been computed to test the formulated hypothesis and the results are presented in following table 1.

H1:There is a significant positive relationship between demographic factors like age, marital status, educational qualification, income level, occupation, and family size and consumer preference of product appearance.

Table 1.Kruskal Wallis test for demographic factors

	Demographic factors	Chi- square value	p value
Product appearance	Age	13.479	.006
	Educational qualification	9.232	.16
	Marital status	7.693	.26
	Occupation	11.619	.002

	Income level	23.119	.000
	Family size	13.148	.012

From the above table 1, it is clear that the value of chi-square statistics is 13.479, 9.232, 7.693, 11.619, 23.119, and 13.148 with its corresponding p (significance value) values are 0.006, 0.16, 0.26, 0.002, 0.000, and 0.012. Since the value of $p \leq 0.05$, the null hypothesis is getting rejected. So it is concluded that there exist a significant difference between the average weightage of product appearance given by each factors within their group of respondents.

Also Gender is an important factor to examine there exist a significant relationship between the product appearance and of consumer gender difference. Mann-Whitney U-test has been computed to test the hypothesis and the results are presented in below table.

H2: There is a significant positive relationship between gender and consumer preference of product appearance

Table 2. Mann-Whitney U-test for gender difference and product appearance

	Gender	N	Mean Rank	Z value	p value
Product Appearance	Male	120	290.01	-1.621	.052
	Female	94	124.40		
	Total	210			

The above Mann-Whitney U-Test table shows that the value of Z value -1.621 with a corresponding p (significance value) = 0.052. Since the value of $p \geq 0.05$, the null hypothesis is getting accepted. Hence it is found that irrespective of their gender difference, the average weightage given to product appearance by the two different gender groups of respondent remains same.

H3: There is a significant positive relationship between product appearance and consumer purchasing Decision of modular kitchen.

Table 3. Correlation of consumer purchase decision with product appearance

		aesthetic	symbolic	Functional	ergonomic	Attention drawing	Categorization	purchase decision
purchase decision	Pearson Correlation	0.821**	.735**	.777**	.856**	0.799**	.511**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	210	210	210	210	210	210	210

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

Pearson Correlation for Independent Variables (aesthetic, symbolic, functional, ergonomic product information, attention drawing and categorization) and Dependent variable (purchase decision)

The Person correlation coefficient was performed to obtain the relationship between consumers purchase decision of modular kitchen with product appearance. The value of the correlation coefficients indicates the strength of the relation between the variables. The correlation between these two variables is shown in above table is more than 0.50 and is considered strongly correlated between variables. This indicates good associations between these six variables. Thus product appearance is considered by consumers to make purchase decision of branded modular kitchen is highly linked with aesthetic aspect of a product design and next aspect is symbolic

followed by ergonomic product information, functional, attention drawing, and categorization. So the alternative hypothesis (H3) is accepted and rejects null hypothesis.

Multiple Regression

H4: product appearance while purchasing modular kitchen does influence the consumer purchasing Decision of modular kitchen.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.971 ^a	.943	.943	1.54256	1.641E3	.000 ^a

- a. Predictors: (Constant), (aesthetic, symbolic, functional, ergonomic product information, attention drawing and categorization)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.342	.273		-12.223	.000
	Aesthetic	.392	.019	.141	4.827	.000
	Symbolic	.243	.011	.533	32.540	.000
	Functional	.064	.016	.116	4.099	.000
	ergonomic product information	.066	.006	.096	9.379	.000
	attention drawing	.055	.011	.082	4.617	.000
	Categorization	.050	.012	.067	4.589	.000

- a. Dependent Variable: purchase decision

The regression results revealed that product appearance influences consumers' purchase decision of branded modular kitchen. This study showed that consumers look into consideration of aesthetic of product design when it comes to making a purchase decision of branded modular kitchen, the next important aspect of product appearance is considered for consumers to look highly upon is symbolic followed by ergonomic product information, functional, attention drawing, and categorization. Thus the hypothesis (H4) is accepted.

V. Conclusion

From the study, product aesthetics has become an important factor and have to pay more attention by the designers and managers. The concept of product aesthetics affects many factors specifically purchase decision both directly and indirectly. The aim of the study is to explain whether there is a relationship between product design and purchase decision. According to results of this study, there is a strong relationship between product appearance and purchase decision of branded modular kitchen. In other words, when a product's design is impressive and powerful, consumers will show more interest towards purchase of the product. Therefore, striking product designs will increase the level of sales and motivates brand conscience. This will strengthen the position of companies in marketplace. In this research regarding product design, the aesthetics aspect of product enables companies to gain higher profits. Marketers should be careful while planning strategies and making decisions about their new products and product development. The success for companies is

closely related to the concept of aesthetics in the present time. Beside this symbolic identification of product is also important not only in terms of behaviour of consumer but also from the brand identity and brand image.

Managerial Implications

1. Product success and firm success are closely connected. Product Design aspects contribute the success of products in several ways. Thus the Firms takes attempt to balance product design and its appearance which will attracts consumers and lead to success in longer-term level required to invest in future for differential advantages.
2. Other important factor which is relevant to product design is market dominance (Giloni, Seshadri, and Tucci 2008) through modular design which makes marketing flexibility through product modularity, firm competitiveness, and customer lifetime value.
3. Finally, product design can be engaged to create visual recognition of brands' core values (Karjalainen and Snelders 2010). These implications provide managerially important outcomes that highlight market success through higher sales and profit.

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Role of content marketing in a value creation for customer context: theoretical analysis

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Abstract

One of the latest marketing concepts – content marketing – is oriented towards the value creation through the content in order to get better business results. Unfortunately, due to novelty there is no widely analyzed the role of content marketing in a value creation for customer context. Therefore, the main objective of this work is determining what is the role of content marketing in a value creation for customer context. The performed theoretical analysis has included the following: Content marketing concept. The first part of the paper revealed that content marketing based on the assumption that then companies create valuable information for the customer, they could expect valuable customer response. Value for the customer. The second part of the paper showed that consumer perceived value is the consumer's integrity assessment of the utility of a product based on the perception of paying costs and receiving benefits. Content marketing and value creation process. Comparative analysis revealed that there are connections between content marketing and value creation process. One of the main possibilities provided by the development of content marketing strategy in organization is that the organization can propose to the consumer a value, which is characterized not only by a greater tangible benefit for the consumer but also by an additional value that is created throughout the valuable and quality content. Finally, the theoretical model of content marketing in value creation process is developed and proved in the paper. The paper ends with conclusions, practical insights, and research directions for future development.

Keywords : *Content marketing, customer value, value creation, value of content, value proposal.*

I. Introduction

As a consequence of changing competitive environments, business organizations must find new methods to meet competition other than the traditional ways of better products, more services associated with a sell, or lower prices (Lin & Yazdanifard, 2014; Diaconu, Oancea & Brinzea, 2016; McMurrian & Matulich, 2016). Today companies must adapt to new realities in the environment in which act and to adopt marketing communication as the means by which they can develop lasting relationships with both customers and stakeholders (Laric & Lynagh, 2010; Holliman & Rowley, 2014). It is only a mouse click away in electronic commerce settings, so it is critical that companies understand how to create value and build customer loyalty by using digital marketing (Chang, Wang & Yang, 2009). One is the latest marketing trend for this purpose – application of content marketing (Kilgour, Sasser & Larke, 2015; Aguilera-Moyano, Baños-González & Ramírez-Perdiguero, 2015; Kose & Sert, 2017).

Both in the traditional marketing definition given by Grönroos (2006) and in the content marketing concept provided by numerous researchers (Kucuk & Krishnamurthy, 2007; Pulizzi, 2012; Holliman & Rowley, 2014; Kilgour et al., 2015; Ahmad, Musa & Harun, 2016) is given a strong focus on value and value creation. Although, the process of value creation is being widely investigated from different points of view (Möller, 2006; Vaitkienė & Pilibaitytė, 2008; Grönroos & Voima, 2013; Ukko, Saunila & Rantala, 2016), there is a lack of knowledge about the role of content marketing in this context.

Therefore, the **scientific problem** solved in the paper is presented as follows: what is the role of content marketing in a value creation for customer context? Accordingly, this paper **aims** to determine the role of content marketing in a value creation for customer context.

Research methods: Achieving the aim of the article, scholarly studies in the fields of content marketing (Kucuk & Krishnamurthy, 2007; Pulizzi, 2012; Holliman & Rowley, 2014; Kilgour et al., 2015; Ahmad et al., 2016; etc.) and customer value (Chang et al., 2009; Lin & Yazdanifard, 2014; Jiao, Jo & Sarigöllü, 2017; etc.), and its creation process (Möller, 2006; Vaitkienė & Pilibaitytė,

2008; Grönroos & Voima; 2013; Ukko et al., 2016; etc.) were analyzed. Comprehensive theoretical analysis led to the formation of theoretical model which is designed to respond to the scientific problem of this paper. The general scientific research methods were applied – theoretical analysis, based on results and conclusion of various scientific papers, a systematic analysis, evaluation, generalization, comparison, abstraction.

Content marketing development

The change of Internet use for information is radical and this had an impact on digital marketing too. As Lin and Yazdanifard (2014) said, people are much more marketing-smart now and are more skeptical towards the information they receive. In other words, today's consumers know what sources of information are accountable for and are not blinded by the advertisements. Rather than the brands or packaging of what businesses and companies have to offer, the consumers are more concerned and interested in the insights or content (Laric & Lynagh, 2010; Holliman & Rowley, 2014; Lin & Yazdanifard, 2014; Aguilera-Moyano et al., 2015). It's worth mentioning, that has also been a transition from two-way communications to networked communications that facilitate the users' creation and distribution of content. Consumers now access the contents they want, whenever and wherever they want; they have immediate access to an endless bank of information; they are connected to the internet and produce and share content that are, often, marketing communications (Aguilera-Moyano et al., 2015). Nevertheless, author of this paper believe, that the essence of the brand in digital space has no different from traditional media: its development remains on the list of strategic decisions and implementation is adapted to the environment. Today companies need marketing communication, which enables us to reveal the true meaning and value of the brand. In the business, it becomes a cornerstone of success, generating value not only for the company but for the consumer as well. According to the authors (Rowley, 2008; Limba & Jurkutè, 2013; Kose & Sert, 2017), the value is disclosed to the consumer through the brand experience.

As consumers turn to as many as possible sources of information, the value of marketing communication and new marketing trends has increased considerably (Limba & Jurkutè, 2013; Diaconu et al., 2016). This is because of the fact that marketing is one these fields, which often employ technologies to improve works and make everything better for more effective and efficient results. Highly targeted, integrated marketing communication campaigns are based on the strengths of existing means of communication to favorably influence the behavior of target audience. Designing an effective message and selecting the most suitable instrument of communication are important steps in terms of creating and maintaining consumer preferences for a product, brand or company (Diaconu et al., 2016). This view is complemented by Aguilera-Moyano et al. (2015), who are claiming that consumers are attracted and engaged with useful, valuable, entertaining and informative messages that are well received by the public to the point that customers are who decide to freely access those content and even to share them with other people, especially when they provoke emotions like surprise and joy and when the final transmitted emotional tone can be described as pleasant.

According to DeMers (2014), one of the main ways that companies are establishing authority and gaining trust with consumers is consistently creating valuable content through a variety of channels. This typically involves relevant industry information that provides insight or entertainment to an audience. Moreover, orientation to content allows a company to steadily build rapport with its demographic and develop a loyal following (Rahim & Clemens, 2012; Ahmad et al., 2016). There is now a diversity of marketing strategies focused on relevance, to capture the consumer's attention through unique, well produced and entertaining contents and messages, to make a more intense and significant impact than before (Aguilera-Moyano et al., 2015). Due to the increasing importance of information, usage of computer and communication technologies within marketing field, content marketing, which is a new kind of marketing method, has been created.

If we analyze content marketing definitions given by different authors it can be seen that Kucuk and Krishnamurthy (2007) proposed one of the first description of content marketing:

“Content marketing attracts potential consumers and increases their engagement and empowerment through the creation, dissemination, and sharing of free content, relevant, meaningful, valuable and able to inspire confidence in existing and potential customers”. The definition given by Pulizzi (2012) describes content marketing as “the creation and distribution of educational and/or compelling content in multiple formats to attract and/or retain customers”. Holliman and Rowley (2014) focus on digital content marketing concept: “Digital content marketing involves creating, distributing and sharing relevant, compelling and timely content to engage customers at the appropriate point in their buying consideration processes, such that it encourages them to convert to a business building outcome”. Meantime, Kilgour, Sasser and Larke (2015) said that content marketing is the active role of consumer participation for sharing and participate in media space that becomes their interest. Content Marketing Institute, which is founded 2007 in the USA, described content marketing (2015) as a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action. Ahmad, Musa and Harun (2016) suggested one of the newest definitions of content marketing “The content marketing is sharing the information regarding the products and brands to attract others to participate in purchasing activities that create the engagement relationship between consumers and the companies”.

Therefore, it is clear that the main goal of creating the content marketing is to distribute valuable and the consistency content to the target audience to drive the profitable consumer action. In other words, content marketing concept is based on the assumption that then enterprises provide valuable information for customer, they can expect useful customer response. Whereas quality of information and valuable content is one of the ways to establish a dialogue with the consumer, it can be seen, that content marketing has an interface with other processes of management, namely creation of customer value.

By the way, content marketing is today’s one of the most remarkable approaches in the context of marketing processes of companies. The value of this kind of marketing has improved in time, due to the latest developments regarding computer and communication technologies (Lin & Yazdanifard, 2014; Kose & Sert, 2017). However, Rahim and Clemens (2012) stressed that organizations that implement content marketing strategies must ensure that their content is about their prospects and customers, not about themselves. Instead of interrupting the audience to pitch about the product, content marketing focuses on delivering information that helps the customer to understand issues, to simplify complex constructs or otherwise adds value by providing useful and relevant information (Gattis, 2014). Therefore, it is easy to understand that the key factor in content marketing is the value (Rowley, 2008; Pulizzi; 2012; Steimle, 2014; Kilgour et al., 2015).

Steimle (2014) said briefly about content marketing that “You can tell if a piece of content is the sort that could be part of a content marketing campaign if people seek it out and if people want to consume it, rather than avoiding it”. Five attributes contribute to the perception of value in information were given Archer-Brown, Piercy and Joinson (2013):

1. The extent to which it resolves uncertainty;
2. Its ease of distribution;
3. The extent to which can be applied by the receiver
4. The nature of the content;
5. Its relevance to any decisions to be made by the receiver.

Content creation should be implemented through the functional and emotional values. By implementing and succeeding in this goal, companies can achieve high conversion into sales rates (Limba & Jurkutė, 2013). Based on Gagnon (2014), quality and value of content is addressed to the needs of potential customers and shows them how a product proposed by the certain company can help in solving customers’ problems. In summary, it can be said that the exclusion, perception, and commitment of value in the content marketing is combined with its application by providing the effectiveness of its application and taking into account possible perceptions of the customer.

Customer value

The meaning of value in scientific literature and practice is used in various ways. Recently, in the marketing literature (Möller, 2006; Vaitkienė & Pilibaitytė, 2008; Lindgreen, Hingley, Grant & Morgan, 2012) is dominated two concepts of value: value to the consumer and the value of the consumer. Already ten years ago, Möller (2006) underlined that value and perceived value have received considerable attention in literature on such wide-ranging issues as pricing, consumer behavior, business marketing, and strategy. However, understanding what is the value and how it is perceived is a quite an individual thing. Even in modern scientific literature, there is no unanimous agreement on the specific definitions, the structure of value and the factors that create it (Kiyak, 2013). Thus, this part of the work is concentrated in the first concept of value: value for the customer.

Various authors (Vaitkienė & Pilibaitytė, 2008; Chang et al., 2009; Lin & Yazdanifard, 2014; Jiao et al., 2017) described customer value as the consumer's integrity assessment of the utility of a product based on the perception of paying costs and receiving benefits. Vaitkienė & Pilibaitytė (2008) provided a clearer picture of main features of customer value (Fig. 1).

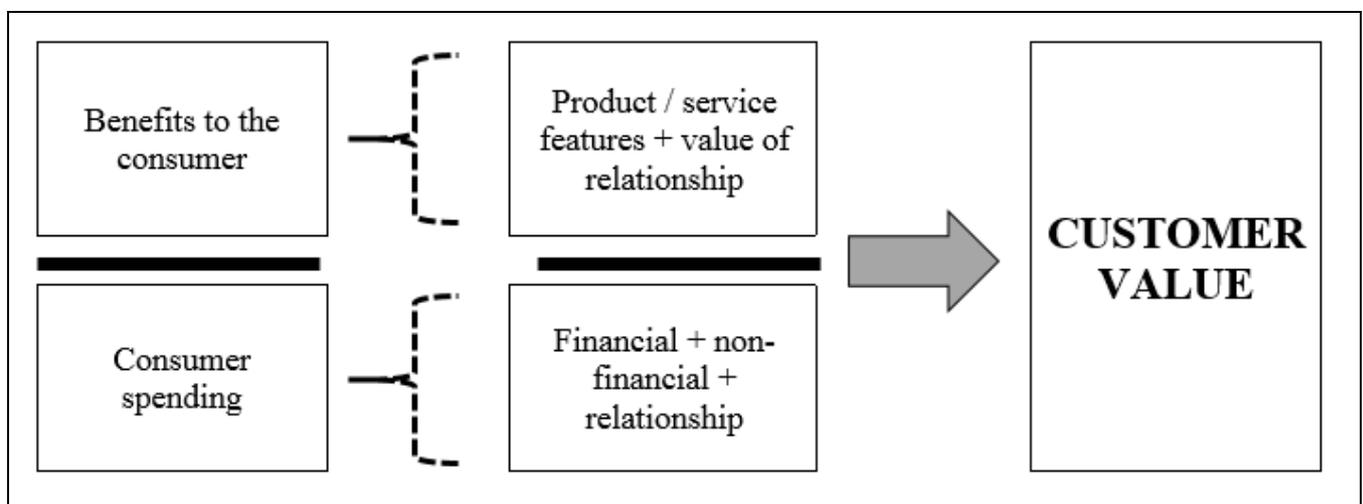


Fig. 1. Features of customer value (Vaitkienė & Pilibaitytė, 2008)

The proportion of these features leads to perceived customer value. Perceived customer value has its root in equity theory, which considers the ratio of consumer's outcome/input to that of the service provider's outcome/input (Chang et al., 2009). It can be noted that the boundary between the definitions of customer value and the perceived customer value is a quiet small, but in order to achieve the best business results, companies should concentrate on the latter one. The common denominator of different concepts (Ulaga & Eggert, 2005; Chang et al., 2009; Lindgreen et al., 2012; Grönroos & Voima, 2013; Jiao et al., 2017) concerning customer perceived value is that:

- Value for a consumer is related to his expertise or knowledge, of buying and using a product - customer value is a subjective concept;
- Value for a consumer is related to the perception of a consumer and cannot be objectively defined by an organization;
- The customer perceived value is a multidimensional concept and it presents a trade-off between benefits and sacrifices perceived by customers in a supplier's offering. Worth to mention, that these benefits and sacrifices can be multifaceted.

Researchers (Ulaga, 2001; Lindgreen et al., 2012) highlighted that customer value refers to how customers perceive superior value in a provider's offering compared to its competitors.

Moreover, the value of the same product or service varies for different customers, depending on its value in use in their usage situation.

Increasing competition, rapidly changing consumer behavior, growing quality requirements, technological innovations and the ongoing business changes make it clear that the success of each organization is based on the ability to provide consumers value that cannot be provided by any competing organization (Vaitkienė & Pilibaitytė, 2008). Besides that, according to Jiao, Jo and Sarigöllü (2017), the unique characteristics and universal popularity of internet enable consumers to experience their customer value and thus improve their psychological well-being.

From the perspective of the customer, value proposition can be formulated based on the following attributes (Kaplan & Norton, 2004):

- Price;
- Quality;
- Availability;
- Selection;
- Functionality;
- Service;
- Partnership;
- Brand / The image.

Based on previous researches (Woodall, 2003; Kaplan & Norton, 2004; Leroi-Werelds, Streukens, Brady & Swinnen, 2014) we can group together the following attributes in various ways: tangible and intangible; related to the product, related to the relationship and related with brand; rational and emotional values, etc.

Despite the fact, that all of these attributes are important, but the significance of different attributes is different. From the result of moderating effect of customer perceived value, Chang, Wang and Yang, (2009) discovered that when website owners offer acceptable e-service quality and emphasize improving customer perceived value (that is, higher level product quality or lower price), they will gain higher customer loyalty than offering higher e-service quality but having low perceived value. Based on this finding, it can be infer that customer perceived value is a key factor to affect customer loyalty under acceptable product or service quality. When perceived value is low, the customer will be inclined to switch to competing businesses in order to increase perceived value, thus contributing to a decrease in loyalty (Chang et al., 2009; Lindgreen et al., 2012). Even satisfied customers are unlikely to repurchase from the same organization, if they do not feel like they are getting the best value. Instead, they will seek out other companies in an ongoing effort to find better value.

Recent marketing trends in digital marketing provide brand experience design as a key tool of value creation (Chang et al., 2009; Limba & Jurkutė, 2013). However, customers have difficulty in fixing notions of “value” in relation to digital content and marketing actions. This raises concerns about the fragility of the core-marketing concept of “customer value” (Rowley, 2008). Therefore, it can be said it is recommended for companies to identify all contact points of the brand with the consumer and to select effective electronic marketing tools to help create a positive experience. As, Lin and Yazdanifard (2014) mentioned, marketing value is a measure of the effectiveness of marketing actions. It can be used as an indicator of consumer satisfaction with an organization’s communication products. In general, perceived marketing value is a subjective evaluation of usefulness and value. Furthermore, assessing created and perceived customer value and evaluating the customer’s contribution to firm equity are important components of performance assessment that emanate from theories in customer loyalty (Garrett & Gopalakrishna, 2010).

Considering the previously discussed content marketing concept it can be seen, that idea of content marketing has interface with idea of customer perceived value. Content marketing not only

directly and indirectly relates to consumer value attributes, but can also be integrated into the value creation process for the best results.

Content marketing and creation of customer value

The Internet has created a fundamental shift in business and consumer behaviors that is similar to the shift that arose during the Industrial Revolution (Rahimnia & Hassanzadeh, 2013). Today, we are facing a different marketing paradigm in which consumer engagement is the driving force behind its actions and decision-making. Researchers (Rowley, 2008; Rahimnia & Hassanzadeh, 2013; Aguilera-Moyano et al., 2015) states that this new paradigm involves new consumers who want to obtain positive experiences and values from their relations with brands. A strong competitive advantage can be gained through consistently creating superior customer value - through composing an offer that provides customers with a perceived value higher than that of the competition (Jiao et al., 2017). Moreover, as Lindgreen et al. (2012) mentioned: “the creation of value is paramount to any company's survival, especially when dramatic changes lead to fundamental shifts in what companies analyze, create, and deliver”. Jiao et al. (2017) said that creating customer value means that firms meet customers’ quality, delivery, information and cost expectations as well. Thus, creating superior customer value is a critical marketing issue and a key success factor for companies in today’s highly competitive environment.

In terms of value creation process, Vaitkienė and Pilibaitytė (2008) distinguished four phases that need to move in order to create value for consumers:

1. Value determination;
2. Value creation (The main value and additional value);
3. Value communication;
4. Value assessment.

Value is created collaboratively in exchange systems that interact through mutual product/service exchange relationships, improving the adaptability and survivability of all the systems engaged in the exchange by allowing the integration of mutually beneficial resource (Vargo, Maglio & Akaka, 2008). This shows that instead of focusing on how customers can be engaged in co-creating with the company, product/service providers should focus on becoming involved in the customers’ lives through the other systems in which they are already engaged (Ukko et al., 2016). The author of this paper believe that this problem can be solved by using the latest marketing trends and integrated combining different management areas.

In order to understand value creation in collaborative relationships, a few authors formulated three perspectives (Grönroos, 2011; Grönroos & Voima; 2013; Ukko et al., 2016):

- The provider perspective. For the provider perspective, by providing potential value-in-use, the company can be characterized as a value facilitator (Grönroos & Voima, 2013). In this perspective, the firm is in charge of the production process, which mostly involves the generation of potential value—or value facilitation—in which resources for customer use are developed, designed, manufactured, and delivered without any direct interaction with the customers (Ukko et al., 2016);

- The joint perspective. In the joint perspective, value co-creation can be defined as the provider’s opportunity to engage in the customer’s value creation process or the customer’s opportunity to engage in the provider’s processes as a co-creator (Grönroos, 2011; Grönroos & Voima, 2013). In direct interactions with the customer, the firm may have an opportunity to engage with the customer’s value creation process and take on the role of value co-creator. If customers are engaged in design or product development processes or in deliveries or front office operations, direct interactions take place during those processes and joint value creation is made possible (Grönroos, 2011);

- The customer perspective. In the customer perspective, the customers are in charge of their own value-creating processes in which value for them is created or emerges as value-in-use (the generation of real value) (Grönroos, 2011). No direct interactions exist and no co-creation takes place (Grönroos & Voima, 2013). In this perspective, when there are no interactions, customers are

engaged in independent value creation through interactions with the resources obtained from a company and those that are otherwise necessary and available to them (Grönroos, 2011).

Summing up, we can say that value depends upon its context and its use by particular users on specific occasions, and cannot be determined in advance. It is also difficult to predict how the value will change over time (Rowley, 2008; Ukko et al., 2016; Jiao et al., 2017). Generally, marketing communications in online environments are associated with creating presence, creating relationships, and creating value (Rowley, 2008). In other words, as a marketing communications channel, the Internet is distinct from other channels in that relationship and value building are embedded and based on intangible assets. Creating value from intangible assets follows four principles (Kaplan & Norton, 2004):

- Value creation is indirect – improvements in intangible assets affect financial outcomes through chains of cause-and-effect relationships;
- Value is contextual – the value of an intangible asset depends on its alignment with the strategy;
- Value is potential – intangible assets have potential value but not market value. Internal processes such as design, production, marketing, delivery, and customer service are required to transform the potential value of intangible assets into tangible value. If the internal processes are not directed at the customer value proposition or financial improvements, then the potential value of employee capabilities and intangible assets in general, will not be realized;
- Assets are bundled – the value of intangible assets arises when they are combined effectively with other assets, both tangible and intangible.

Hence the contextual and intangible nature of value impacts on the notion of content value, which in turn influences whether people are prepared to pay at all for an information product, and if they are willing to pay, the payment mode and level that they deem to be acceptable. Such issues are fundamental to the economic structure of the digital content industry (Rowley, 2008). The value of the content as perceived by the receiver is an antecedent to the development of relationships, which are key to the development of communities online as well as with brands (Archer-Brown et al., 2013; Aguilera-Moyano et al., 2015). Nevertheless, interaction with content increases and is valued more highly when the consumer believes that there is a need to learn more (Adjei, Noble & Noble, 2010). Whether, in a person-to-person or online setting, it is likely that customers who view themselves as having more expertise will put less value on the information provided by others. On the other hand, customers viewing themselves as less informed with regards to a particular product should place more value on the information provided by others. Therefore, content marketing development involves various platforms that can be used to deliver content based on specific rules set by users.

As was mentioned before, the objective of content marketing is to attract, build and maintain trust and value with current and prospective customers by automatically personalizing relevant and useful content to meet their specific needs (Gagnon, 2014; Rowley & Holloway, 2014; Järvinen & Taiminen, 2016). Consumers interact via numerous media applications, using both text and image-based narratives creating communities, where traditional marketing is insufficient and as such, companies are trying to rethink their marketing strategies in the digital domain focusing more on value-based interactions with their customers (Tiago & Verissimo, 2014). By the way, it must be understood that today's consumers behave differently. They are very concerned and expect information on demand; they share information, socialize on the Internet, and choose to collaborate with their peers and brands, which they consider transparent and authentic, and for which they are rewarded with loyalty and public statements about support. If everything goes well, they become lawyers (Archer-Brown et al., 2013). Trust and value are the key factors of this relationship.

Review of different authors paper about creation of customer value (Rowley, 2008; Vaitkienė & Pilibaitytė, 2008; Lindgreen et al, 2012; Grönroos & Voima, 2013; Ukko et al., 2016; Jiao et al., 2017), shows that today value creation is inseparable from various activities of marketing. As a consequence of this, it can be assumed that content marketing and valuable information play a huge role in a whole value creation process. Therefore, author of this article provide theoretical model of content marketing in value creation process (**Fig. 2**).

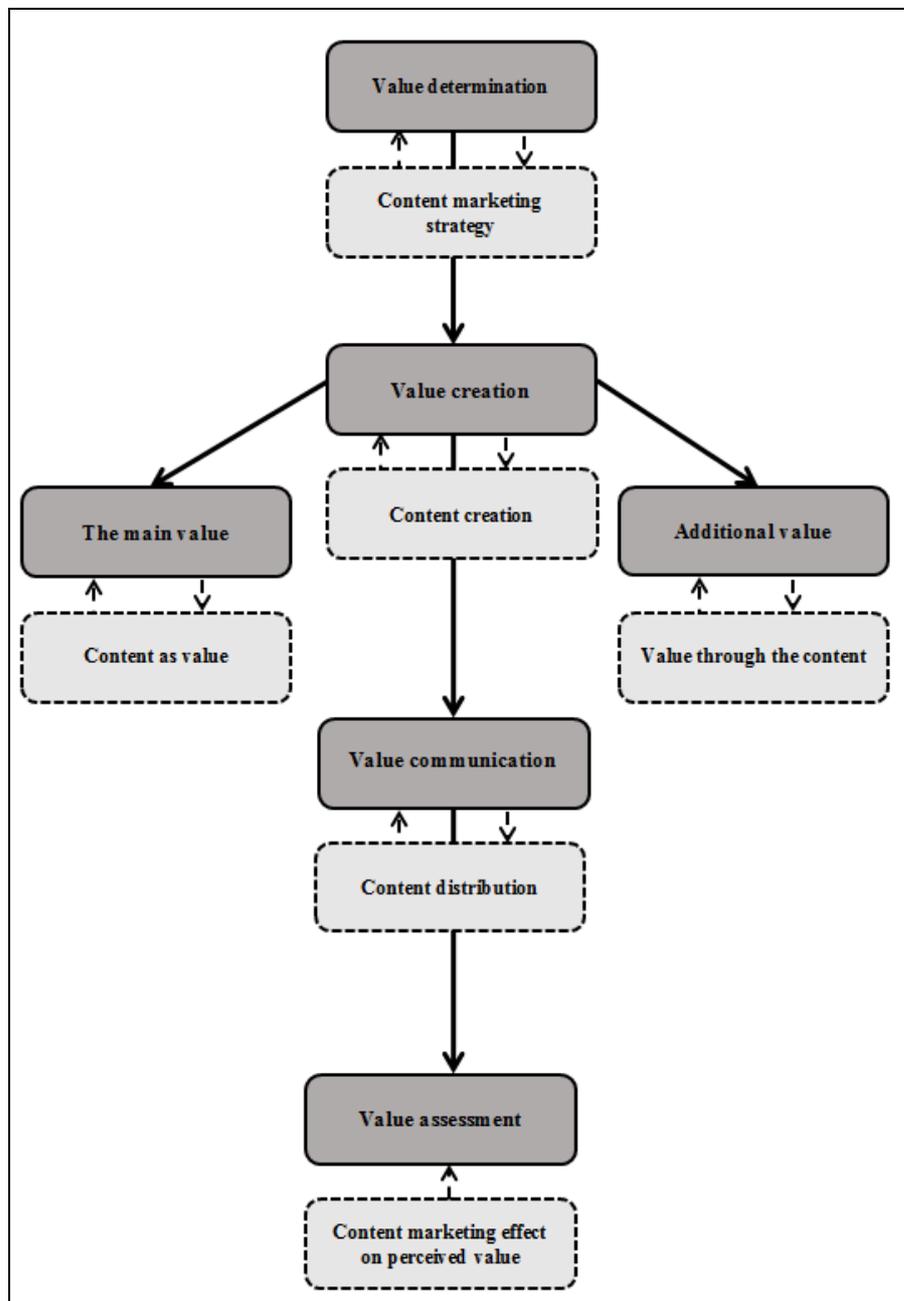


Fig. 2. Theoretical model of content marketing in value creation process

Analysis of content marketing concept (Kilgour et al., 2015; Aguilera-Moyano et al., 2015; Kose & Sert, 2017), application of content marketing (Archer-Brown et al., 2013; Rahim & Clemens, 2012; Lin & Yazdanifard, 2014), value definition (Vaitkienė & Pilibaitytė, 2008; Chang et al., 2009; Lin & Yazdanifard, 2014; Jiao et al., 2017) and customer value creation (Möller, 2006; Vaitkienė & Pilibaitytė, 2008; Grönroos & Voima, 2013; Ukko et al., 2016) allows discerning a connection with the following process steps.

First of all, value determination included customer value identification process (Kaplan & Norton, 2004; Vaitkienė & Pilibaitytė, 2008). This process is related to the main components of the preparation of marketing, including content marketing, strategy: market analysis, target audience identification, goal setting, etc.

The next step is the creation of the value stage (Woodall, 2003; Kaplan & Norton, 2004; Leroi-Werelds et al., 2014) at which the proposal of values is formulated for the user. In this phase, value proposition can be divided into the value that the user receives from the main product (The main value), and the value obtained from the relationship with the organization (Additional value). Similarly, in this application of content marketing step is created an essential component of content

marketing (Rowley, 2008; Pulizzi; 2012; Steimle, 2014; Kilgour et al., 2015) – content and its value. Moreover, as well as the creation of value, content creation can have two points of view: create content that would be valuable (Content as value) and convey a value within the content (Value through the content).

The third step of the value creation process involves value communication. This stage is inextricably linked to the various marketing activities (Vaitkienė & Pilibaitytė, 2008; Lindgreen et al., 2012; Lin & Yazdanifard, 2014), including the distribution of generated content.

The last and one of the most important stages is the evaluation of value. In the value design and delivery process, continuous surveys of consumer opinion and satisfaction should be integrated into the provision of services and products (Garrett & Gopalakrishna, 2010; Leroi-Werelds et al., 2014). Unlike the preceding stages, in this stage, the development of content marketing does not coincide with the value creation process, but is part of it: assessment of content marketing effect on consumer perceived value, let it know how much useful was application of content marketing for the particular value creation.

Author believe that content marketing is ideologically and practically linked to the value creation and can be used as a tool in this process. Moreover, usage of content marketing can significantly contribute to additional value creation or even become the value by itself. Certainly, this model is still a theoretical one. Seeking to prepare the model for the practical applications, it is necessary to expand the field of research by using quantitative and qualitative research methods.

Conclusion and recommendations

One of the newest marketing trend and type is content marketing. Comprehensive theoretical analysis has shown that main idea of content marketing is that content marketing concept is based on the assumption that then companies create valuable information for the customer, they can expect valuable customer response. Moreover, analysis revealed that the key factor in content marketing is value.

There are two concepts of value: value to the consumer and the value of the consumer. The customer perceived value is a multidimensional concept and it presents a trade-off between paying costs and benefits perceived by customers in a company offering. However, value depends upon its context and its use by particular users on specific occasions, and cannot be determined in advance. Creating a customer value is a complex process based on the main steps of the creation process and selected value proposals.

After the systematic analysis of the content marketing, value for the customer and its creation process, it can be noted, that there are connections between these components. Taking this into account, the theoretical model of content marketing in value creation process is provided. The model reveals the role of content marketing in the value creation process and creates preconditions for its usage for the particular purpose and further research.

Restrictions of this paper offer opportunities for further studies. This paper has focused on content marketing role in a value creation for customer context by using theoretical analysis. For wider practical development, it is necessary to expand the field of research and verification the adjusted model by using other research methods.

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Macroeconomic Factors Causing Variations in the Exchange Rate of the Indian Rupee

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Abstract

This paper is directed towards a study into what factors affect the movements in the exchange value of the Indian Rupee against the US Dollar. The value of a domestic currency is of immense significance. Therefore it is necessary to study and analyse various parameters that cause variations in the value of a currency so as to be able to control such factors. This paper has considered annual data of 6 variables viz. Gross Domestic Product (GDP), interest rates, foreign exchange reserves, imports, exports and inflation for a period of 26 years i.e. from 1990-2016. Multiple regression technique indicates that inflation, forex reserves and interest rates are the factors that have a significant impact on the Exchange rate of the Indian rupee. Granger causality was used to study if there exists a causal link between the variables. Results indicated a uni-directional causal relationship between GDP and exports, GDP and Inflation rate and between Imports and inflation rate. The results of the Johansen Cointegration test indicated that all the chosen variables were highly cointegrated in the long run.

Keywords: Foreign exchange, Grangers Causality, Johansen's Co-integration, Multiple regression.

I. Introduction

Foreign exchange refers to the price of a domestic currency in terms of another foreign currency. The exchange rate of a country is tracked and monitored daily by various parties mainly the government, exporters and importers, speculators, arbitrageurs, hedgers, traders, investors, travellers and consumers at large. This is because foreign exchange fluctuations have an immediate impact on the income and expenditure of the government; the volume and value of imports and exports; profit potential for speculators, arbitrageurs, hedgers, investors and traders; cost of international travel and ability to consume essential imported commodities by the consumers of a country.

Till the year 1991 the Indian foreign exchange market was regulated and the Indian economy was still a closed economy. Restrictions were imposed on the transactions India could have with other countries. There were barriers imposed on trade and therefore the value of the Indian rupee against other foreign currencies was not a major concern. Another important aspect which existed till 1991 in India was a fixed exchange rate system. However in the year 1991 the Indian Economy became a part of a globalised market through the LPG program engineered by the then Finance minister of the country Dr. Manmohan Singh. Since then the rupee has experience high volatility as the Liberalized Exchange Rate Management System was introduced which was later replaced by the Unified Exchange Rate System in 1993 resulting in the devaluation of the rupee.

The inflow of foreign exchange into the Indian foreign exchange market come in the form of export earnings, invisibles in the current account and inflows in the capital account such as FDI, portfolio investments, external commercial borrowings (ECB) and NRI deposits. However the demand i.e. outflow of foreign exchange comes from imports and invisible payments in the current account, external aid, redemption of NRI deposits as well as outflows on account of direct and portfolio investment. International trade and investment decisions become more difficult due to volatile exchange rate because volatility increases exchange rate risk. Therefore it is important to understand the reason behind what leads to fluctuations in the exchange rate value of the Indian Rupee.

Factors Influencing Rupee Fluctuations

Following are the factors studied and analyzed as the factors that lead to variation in the exchange rate of the Rupee

Inflation: A country with a lower inflation rate will have a currency value that is strong. This is because the purchasing power of the currency increases relative to other currencies. Countries with a high rate of inflation will experience depreciation in their currency. Therefore Indian goods become less competitive. The demand for exports will consequently fall. This study considers inflation rate with respect to the Consumer Price Index.

Gross Domestic Product (GDP): The GDP is an important economic indicator for the foreign exchange market as it has significant implications. A high GDP rate indicates that the economy is robust and there is increase in export of goods and this contributes towards the appreciation of the currency. If the GDP growth rate is low, then the economy will weaken and the currency will depreciate.

Foreign exchange reserves: The exchange rate of the rupee is mainly determined by the demand and supply of the dollar. Forex reserves allow the government to mainly reduce depreciation of the rupee. Adequate reserves of foreign currency allow a government to stabilize the foreign exchange rates.

Exports: The exports of a country will increase when there is a high rate of output due to production. The country earns income from export proceeds as it is an inflow of funds into the country. Thus increased exports help the country to earn foreign exchange. Increase in demand for the domestic currency leading to its appreciation.

Imports: When the imports of a country are in excess of its exports the country will face a trade deficit. Excess imports imply that the country needs adequate foreign exchange reserves to meet fund outflow. There will be a higher demand for the foreign currency which is usually in short supply. Thus the exchange rate value of the domestic currency will fall leading to its depreciation against the foreign currency like the US dollar.

Interest rate: When interest rates of a country are high i.e. lenders in an economy offer a higher return compared to other countries, foreign capital is attracted which causes the exchange rate to appreciate. Lower interest rates makes the exchange rate depreciate as it is relatively less attractive to save money in the India as a better rate of return can be earned in another country. Therefore the demand for the Indian Rupee will reduce causing a fall in its value i.e the rupee depreciates.

II. Literature Review

Previous studies have tried to investigate into what could lead to fluctuations in the exchange rate of a currency as well as the impact of exchange rate volatility on various economic variables.

(Mirchandani, 2013)(Ramasamy & Soroush, 2015) studied the factors determining foreign exchange volatility and concluded that interest rates are highly negatively correlated which was also confirmed by (Amith & Kalyani, 2016) who also added that Foreign Direct Investment (FDI) has a positive significant relationship with foreign exchange value of the rupee. (Venkatesan & Ponnamma, 2017)(Khan, 2014) also confirm the mentioned findings that FDI has a significant long term relationship and added that inflation has a negative impact on foreign exchange. However besides interest rates and foreign Direct Investment (FDI), (Arora, et al., n.d.) used average quarterly observations for 10 years i.e. 1993-2003 and analysis indicated that money supply and output growth rate also contribute towards variance in the value of the rupee against the dollar using techniques such as ADF Unit root test, OLS and Co integration test. (Murari & Sharma, 2013) also used OLS modelling and results indicated that in addition to money supply, inflation and interest rates, trade balance is a significant variable. Unlike previous studies, (N R Bhanumurthy, 2006) surveyed dealers through a primary survey to conclude that in the short and medium term the rupee is influenced by micro variables such as speculation and central bank intervention and in the long term macro variable influence foreign exchange fluctuations. Contrary to the mentioned studies (Dr. G. Jayachandran, 2013) examined the impact of exchange rate volatility on real imports and exports for 40 years through co integration. Results indicated that imports and exports are co integrated with exchange rate volatility as higher exchange rate volatility reduces real exports in the long run however the same is not true in the short run. (Noel & Noel, 2012) studied the weekly data for 12

months to investigate into the impact of foreign exchange rates(GBP, CAD, USD & JYN) on the stock market (SENSEX) with respect to FII. Findings indicated that FII increases when there is high fluctuation in value of the Sensex.

Literatures on the currency of Bangladesh suggest that currency depreciation is evident when there is stock of money and increase in debt burden. However increasing foreign exchange reserves results in appreciation of the currency (Kazi Mohammed, et al., 2013). A similar study by (Akhter & Faruqi, 2015) concluded that export and remittances have a positive impact on the exchange rate and import a negative impact. However contrary to the previous study, foreign currency reserves according to this study have a negative impact on exchange rate.

(Khan & Alamgir, 2010) studies the factors that lead to forex fluctuations in Pakistan using SVAR and concludes that in the short run monetary and exchange rate policies have an impact on the real exchange rate but in the long run real shocks play a role in explaining real exchange rate fluctuations. In addition discount rate and interest rate appear to have a positive impact on the forex of Pakistan through correlation analysis (Ul Islam & Raza, 2014). On the other hand (Mahmood, et al., 2011) investigates whether exchange rate variability affects macro-economic variables like GDP, FDI, Growth rate and trade openness by using GARCH model and OLS regression. Analysis indicated that GDP, growth rate and trade openness have positive effects on exchange rate while FDI has a negative effect on exchange rate.

Exports have shown to have a significant relationship with exchange rate in case of select ASEAN countries by a study of (Modh Abdoh, et al., 2016). (Azhar, et al., 2015) investigated the effect of exchange rate volatility on FDI from 1981-2013 using GMM technique and Unit root test where exchange rate was found to have a significant negative impact on FDI.

(Osuji, 2015) studied the impact of oil price movements on exchange rate in Nigeria using OLS and VAR on monthly data from 2008-2014. Oil prices exhibited to have a significant effect on exchange rate and the causal link between oil prices and exchange rate was found to be unidirectional. A similar study by (Inyama & Ikechekwn, 2015) concluded that volume of oil export and oil selling price has a positive but not significant impact on exchange rate. However in case of the Philippines studied by (Niziel Q, et al., 2016) and Dominican Republic (Dawson, 2006) oil prices have a negative relationship with the exchange rate. Similarly, (Ibrahim, Erk, & Ugur, 2012) used generalized impulse response functions and VAR method to investigate the relationship between oil prices and exchange rate in 13 select emerging countries using daily data from 2003-2010 and results indicated that oils price shocks do not have a permanent effect on exchange rates but an increase in oil prices lead to a depreciation of the domestic currency.

Unlike previous studies (Twarowska & Kakol, 2014) who studied the factors determining fluctuations in the exchange rate of the Polish Zloty concluded that inflation and higher economic growth causes currency depreciation while rise in Current Account Deficit, Interest rate, Government deficit and finance account surplus leads to appreciation in the Polish Zloty. However in case of a cross section of 85 developing and transition economies (Kriljenko & Habermeier, 2004) concluded that high inflation and fiscal deficits lead to higher NEER volatility while faster real GDP growth and more open economies experience lower NEER volatility.

Therefore it can be observed that there has been no study conducted to analyse the factors that influence foreign exchange fluctuations of the Indian Rupee through the various economic transitions of the Indian economy since 1990.

Objectives of the study

- To study the impact of select macro-economic variables on the exchange rate of the Indian Rupee.
- To study the causal link between select macro-economic variables of the Indian economy.

III. Data and Research Methodology

This study examines the annual data of six factors viz. Gross Domestic Product (GDP), interest rates, foreign exchange reserves, imports, exports and inflation for a period of 26 years i.e. from 1990-2016 and its impact on the exchange rate of the Rupee against the US Dollar. The data is collected from World Bank data base and RBI website.

The data has been tested using multiple regression analysis to investigate and find out the impact of select variables on the exchange rate of the Rupee. Before applying regression, the variables are tested for stationarity using Augmented Dickey Fuller test. Although regression analysis deals with the dependence of one variable on other variables, it does not necessarily imply causation. In other words, the existence of a relationship between variables does not prove causality or the direction of influence. In order to test the causality relationship empirically, it is common to apply the Granger causality test. Granger's Causality was used to test whether there exist a causal link between the variables. In addition, Johansen's Co-integration test was used to indicate whether the variables have a long term relationship.

Statistical Techniques

Augmented Dickey-Fuller unit root Test:

The time series data of each variable is stationary if it's mean, variance and auto-covariance at different lags are same and so time independent. If the data is not stationary, a study cannot be carried out as non-stationary data lead to spurious regression.

Augmented Dickey-Fuller unit root Test has been employed to examine the stationary property of the select variables. Each series has been tested under following regression equations:

1. Without Constant and Trend $\Delta = \delta Y_{t-1} + U_t$
2. With Constant $\Delta = \alpha + \delta Y_{t-1} + U_t$
3. With Constant and Trend $\Delta = \alpha + \beta T + \delta Y_{t-1} + U_t$

Further difference-stationary process has been used to transform non-stationary series into stationary series. The regression equation for the Difference-stationary process is as follows: $\Delta (\Delta Y_t) = \alpha + \delta \Delta Y_{t-1} + e_t$

Hypothesis Statement

H0: Variable has a unit root or Variable is not Stationary

H1: Variable does not have a unit root or Variable is Stationary

Johansen Cointegration Test

Johansen's co-integration test has been used for investigating the long term relationship between Gross Domestic Product (GDP), interest rates, foreign exchange reserves, imports, exports, inflation and exchange Rate. The Johansen's test approaches the testing for co-integration by examining the number of independent linear combinations for time series variables that yields a stationarity process.

Hypothesis Statement:

H0: There is no co-integration among the variables in the long run

H1: There is co-integration among the variables in the long run

Multiple Regression Analysis

Regression analysis has been used to find out the significant relationship between the independent factors i.e. Gross Domestic Product (GDP), interest rates, foreign exchange reserves, imports, exports and inflation and Independent factor i.e. exchange Rate of the Indian rupee . Regression analysis helps to understand how the dependent variable changes when the independent variable changes. Regression Equation is as follows: $Y = a + bX$

Exchange rate = c Inflation rate GDP Forex reserves Exports Imports Interest rate

Granger Causality Test

In order to test causality relationship, Grangers Causality test is used to find out the causal relationship between Dollar/Rupee Exchange rate, Gross Domestic Product (GDP), interest rates, foreign exchange reserves, imports, exports and inflation. Granger causality test could indicate the following findings. First, neither variable Granger causes the other. Second, unidirectional causality from y_2 to y_1 , which means y_2 causes y_1 but not vice versa. Third, unidirectional causality from y_1 to y_2 that means y_1 causes y_2 but not vice versa. Fourth, bilateral causality between two variables, which means y_1 and y_2 Granger cause each other. This test also requires that the variables used should be stationery.

IV. Results and Discussion

Table I: Augmented Dickey-Fuller Test for the Variables

Variables	Level			At First Difference
	None	Trend	Trend and Intercept	
USD/INR exchange rate	2.9633	(3.7884)	(3.9881)	(3.8403)
	0.9985	0.0086	0.0228	0.0004
Inflation Rate	(0.6624)	(2.1859)	(2.1546)	(6.3658)
	0.42	0.2158	0.4925	0.0000
GDP	4.4621	0.9570	(2.3682)	(2.8498)
	1	0.9946	0.3856	0.0063
Forex Reserves	3.9598	(2.5331)	(1.6299)	(3.0378)
	0.9999	0.1201	0.7515	0.0039
Exports	5.3465	0.1797	(1.9013)	(2.2817)
	1	0.9655	0.6239	0.0245
Imports	4.3383	0.1550	(1.9668)	(2.3910)
	1	0.9637	0.5903	0.0191
Interest rate	(0.8115)	(1.0248)	(1.4366)	(2.9511)
	0.3543	0.7282	0.8241	0.0049

Source: Author's compilation

Table I indicates the results of ADF unit root test. All the Variables are not stationery at its level at 5% level of significance; since the P-value is more than 0.05 therefore it was necessary to test at first difference. After testing the variables at first difference, all variables were found to be stationery at 5% level of significance.

Table II: Multiple Regression Analysis

	Coefficient	Std Error	Z-Statistic	Prob.
Constant	0.122423	0.736360	0.166254	0.8697
Inflation rate	-0.199678	0.065938	-3.028260	0.0069
GDP	0.186423	0.473416	0.393782	0.6981
FOREX Reserves	0.241152	0.093490	2.579433	0.0184

Exports	0.440702	0.439187	1.003449	0.3283
Imports	-0.510029	0.362468	-1.407100	0.1755
Interest rate	0.449217	0.149679	3.001198	0.0073

Source: Author's compilation

The value of $R^2=0.89$ denotes that our model explains for over 89% of the variation in the dependant variable, i.e. Dollar – Rupee Exchange Rate. From the p-values of the variables, and a 5% confidence interval (i.e. 0.05 critical value), we reject the null hypotheses for inflation rate, Forex reserves and Interest rate. Their effects on the Dollar – Rupee exchange rate movements are significant and cannot be neglected. On the other hand, we also see that GDP, Exports and Imports has a p-value of 0.6981, 0.3283 and 0.1755 resp. which can be interpreted as there is a 69%, 32% and 17% probability of accepting the null hypothesis. Hence it is not a significant explanatory variable. The Coefficient of inflation rate and Imports is -0.199678 and -0.510029 which suggests that if inflation rate and Imports is going up by 1% then the exchange rate will go down by 0.019 % and 0.051% resp.

However the coefficient of GDP, Forex reserves, Exports and Interest rate is 0.186423, 0.241152, 0.440702 and 0.449217 resp. which suggests that if GDP, Forex reserves, Exports and Imports goes up by 1% then the exchange rate will go down by 0.018%, 0.024%, 0.044% and 0.044% resp.

Table III: Grangers Causality Test

Null hypothesis	F-Stat	P-value	Result
Forex reserves does not granger cause exports	2.34583	0.1405	Accept
Exports does not granger cause Forex reserves	0.79563	0.3825	Accept
GDP does not granger cause Exports	5.04551	0.0356	Reject
Exports does not granger cause GDP	0.72384	0.4045	Accept
Imports does not granger cause Exports	0.82025	0.3754	Accept
Exports does not granger cause Imports	1.46790	0.2391	Accept
Inflation rate does not granger cause Exports	0.30338	0.5876	Accept
Exports does not granger cause Inflation rate	9.36607	0.0059	Accept
Interest rate does not granger cause exports	0.37591	0.5464	Accept
Exports does not granger cause Interest rates	0.19088	0.6666	Accept
GDP does not granger cause forex reserves	1.19086	0.2875	Accept
Forex reserves does not granger cause GDP	0.09249	0.7640	Accept
Imports does not granger cause Forex reserves	0.15114	0.2875	Accept
Forex reserves does not granger cause Imports	4.80450	0.7640	Accept
Inflation rate does not granger cause Forex reserves	0.30618	0.5859	Accept
Forex reserves does not granger cause Inflation rate	0.26956	0.6091	Accept
Interest rate does not granger cause forex reserves	0.11297	0.7401	Accept
Forex reserves does not granger cause Interest rate	0.19472	0.6635	Accept
Imports does not granger cause GDP	0.0000	0.9931	Accept
GDP does not granger cause Imports	2.44187	0.1331	Accept
Inflation rate does not granger cause GDP	0.10975	0.7437	Accept
GDP does not granger cause Inflation rate	6.04445	0.0227	Reject
Interest rate does not granger cause GDP	0.21121	0.6505	Accept
GDP does not granger cause Interest rate	1.50484	0.2335	Accept
Inflation rate does not granger cause Imports	0.61294	0.4424	Accept
Imports does not granger cause Inflation rate	10.9961	0.0033	Reject
Interest rate does not granger cause Imports	0.81020	0.3783	Accept
Imports does not granger cause Interest rate	0.60433	0.4456	Accept
Interest rate does not granger cause Inflation rate	0.93416	0.3448	Accept
Inflation rate does not granger cause Interest rate	0.18827	0.6688	Accept

Source: Author's compilation

Table III indicates the results of Granger causality. The result indicates that there exist a uni-directional causal relationship between GDP and exports, GDP and Inflation rate and between Imports and inflation rate. Granger Causality test does not indicate the existence of Causal relationship between any of the other variables.

Table IV: Johansen Co integration Test

Hypothesized Number of Cointegrating Equations	Eigen Value	Trace statistics	Critical Value at 5% (p-value)	Maximum Eigen statistic	Critical Value at 5% (p-value)
None	0.998704	389.9949	125.6154 (0.0000)	159.5698	46.23142 (0.0000)
At the most 1	0.955012	230.4251	95.75366 (0.0000)	74.43261	40.07757 (0.0000)
At the most 2	0.943652	155.9925	69.81889 (0.0000)	69.02913	33.87687 (0.0000)
At the most 3	0.802996	86.96339	47.85613 (0.0000)	38.98877	27.58434 (0.0011)
At the most 4	0.710488	47.97462	29.79707 (0.0002)	29.74940	21.13162 (0.0024)
At the most 5	0.434603	18.22522	15.49471 (0.0189)	13.68543	14.26460 (0.0616)
At the most 6	0.172344	4.539787	3.841466 (0.0331)	4.539787	3.841466 (0.0331)

Source: Author's compilation

The result of Johansen's co integration test indicates strong cointegration among the variables at 5% level of significance. This result has been supported by Trace test as well as Max Eigen values. Therefore null hypothesis of no co integration can be rejected at 5% level of significance. Thus on the basis of above observation, it can be concluded that Gross Domestic Product (GDP), interest rates, foreign exchange reserves, imports, exports, inflation and exchange Rate are cointegrated and there exists a strong long term co integrating relationship between these variables.

V. Conclusion

This study made an attempt to study the factors that influence fluctuations in the exchange rate of the Indian Rupee. The Granger causality test revealed that there exist a Uni-directional causal relationship between GDP and exports, GDP and Inflation rate and between Imports and inflation rate in the short run, but results of Johansen co integration test suggest that there exist a strong long run relationship between all the selected variables. Multiple regression analysis indicated that inflation rate, Forex reserves and Interest rate have a significant impact on the exchange rate value of the Indian Rupee. Inflation has a negative relationship with the exchange rate value of the Indian Rupee which is in line with (Venkatesan & Ponnamma, 2017)(Khan, 2014) whose studies confirm that inflation has a negative impact on foreign exchange. Therefore it is important that inflation should be monitored so that the value of the Indian Rupee is not adversely affected. Besides, having adequate forex reserves will help the Indian economy to absorb forex fluctuations shocks moreover favourable interest rates will attract foreign institutional investors thus helping in the economic development of the country.

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Digitalization and Social Innovations - Prospects and Risks for the Society

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Abstract

It needs to be stressed, however, that not everyone in the world has the opportunity to use technology and the Internet. Over a half of the world's population has no contact with the Internet or information technologies. On the other hand, those who overuse technology run into different kinds of problems – addictions, new civilization diseases, various pathologies and dysfunctions. Thus, a hypothesis is formed – can digitalization and technological innovations as social innovations generate dangers and new risks? The aim of the article is an attempt to answer the question: Does the development of digital economy and social innovations involve prospects or rather new types of dangers, also in the context of social stratification and new social risks?

Keywords: Digitalization, Social Innovation, Technology, Internet

I. Introduction

The process of digitalization of the economy and the social sphere, which has occurred in the last two or three decades, has gone beyond all imagination of technological precursors who were beginning their works on digital and computer technology several tens of years ago. Information technologies and new opportunities for electronic communication have completely changed the trade, economic and social relations, as well as the labour market, industries and professions. The increasingly bigger and faster access to resources, products and services, which is possible thanks to the development of the Internet, has currently been changing entirely the way of running enterprises, the style and form of communication, advertising and promotion. The global society is becoming a digital society where technologies as social innovations are transforming the style of working, forms of education and development, affiliation with social networks or consumption patterns. The young generation – in their early twenties – entering the labour market today is a generation brought up in the direct contact with technologies and the Internet since their childhood, and starting to treat the virtual reality as real, and the real one sometimes as the unreal.

It needs to be stressed, however, that not everyone in the world has the opportunity to use technology and the Internet. Over a half of the world's population has no contact with the Internet or information technologies. On the other hand, those who overuse technology run into different kinds of problems – addictions, new civilisation diseases, various pathologies and dysfunctions. Thus, a hypothesis is formed – can digitalisation and technological innovations as social innovations generate dangers and new risks? The aim of the article is an attempt to answer the question: Does the development of digital economy and social innovations involve prospects or rather new types of dangers, also in the context of social stratification and new social risks?

II. Digitalization as social innovation

Most briefly, digitalisation of the economy is a process of introducing technology into the technical, economic, organisational and social spheres using digital technology and information systems. It is an activity aimed at the introduction of digital devices and systems into various social and economic fields. One has to agree with the opinion that *digitalisation of the economy and the society is one of the most dynamic changes of our times which opens new possibilities in developing business models, but at the same time entails uncertainty and various kinds of dangers connected with, among other things, social effects of the automatisisation of production processes or safety in its broad sense* (J. Pieregud 2016). Digitalization certainly is the main driving force for innovation and changes in the majority of sectors of the economy, but also for deep social and cultural transformations. As argued by Jan Pieregud, the key factors driving the development of digital economy today are (Pieregud 2016):

1. the Internet of Things – IoT and the Internet of Everything – IoE,
2. hyper connectivity,
3. applications and services based on cloud computing,
4. Big Data Analytics – BDA and Big-Data-as-a-Service – BDaaS,
5. automation and robotisation,
6. Multi-channel and Omni-channel models of product and service distribution.

Innovations (including social innovations) is another term, difficult to define, which has recently been popular both in technical sciences and the humanities in their broad sense. This is connected with the fact that the increasing pressure of competitiveness in all spheres of social and economic life enforces the need for searching for more and more innovative, creative solutions, products, services, institutional reconstruction, stimulating processes which would be able to satisfy the increasingly newer needs of the citizens – consumers, but also contribute to the economic and social development of the country (M. Grewiński 2015).

As argued by G. Sempruch *social innovations were frequently the point of interest for scholars at the turn of centuries, especially in times of major civilisational transformations. So far they have always remained out of the mainstream of the disputes. In recent years their importance has risen significantly moving them into the centre of the discourse on the modes and methods of action relevant to the current social and economic challenges* (G. Sempruch 2015). Innovations are interdisciplinary and may be analysed from the perspectives of various scientific disciplines, most of all economics, sociology, politics and pedagogy. Innovations in social policy have been an increasingly more popular subject in the literature recently (G. Sempruch 2015).

There are many definitions of social innovations. In the most general approach, it is assumed that social innovations are all kinds of new social activities aimed at improving the quality of life of people, nations, or whole communities. According to the definition accepted by the Polish National Centre for Research and Development – social innovations are *solutions which address social demand and at the same time result in a permanent change in particular social groups. They may include products, services, methods, tools, models, etc.*

Innovations are eagerly sought in business and industrial activities of enterprises and their owners as the creation or implementation of innovative products and services often connected with new technologies or new forms of management. They often allow for producing high value added and synergy effects. Their significance is yet increasingly growing also in applied social policy where innovative or alternative systemic, organizational solutions or the ones in particular methods of intervention are sought in order to better respond to the changing needs of citizens and to meet new social issues. Social policy is becoming a space for searching for both innovative models and systemic solutions, and innovations in the applicable methods, instruments, services, financing and social tasks management modes. What is searched for are the best practices through benchmarking of solutions between particular countries on the one hand; and on the other, they are alternative ways of conducting social policy which would give greater effectiveness and efficacy while maintaining high quality social services (M. Grewiński, Brussels 2011).

The innovative solutions in social policy which from time to time emerge in the science and practice are attempts at legitimizing the fresh ideas and solutions which have been applied in a model of welfare state somewhere in the world. The search for innovations in social policy owes a great deal to the institutions of the EU which has promoted innovative, often international projects of exchange of experience, transfer of knowledge or implementation of best practices into the mainstream public policies by means of strategies such as: the Lisbon Strategy, the 2020 Strategy, the European Employment Strategy, the European Strategy on Social Inclusion and numerous programmes and projects financed from the European Social Fund and other sources. The example of the EU initiative EQUAL from 2004-2006, the PROGRESS initiative, many innovative projects financed from EU structural funds prove that Brussels is determined to look for innovatory solutions in social policy which has to address completely new, so far unknown social phenomena. Due to demographic and labour market changes, mass migrations, new civilisational diseases, new social pathologies, family transformations and changes within the educational system, and without seeking innovative solutions, social policy will have to be left behind by the citizens' needs and will not be able to effectively counter threats (M.Grewiński, G. Marzano 2017).

It is worth emphasising the fact that innovativeness has always been a subject of interest for business as well as social policy where new theories, concepts, models, products or services were sought. However, social innovations ought to be distinguished from innovations in social policy. While the former are often linked with business / market and have impact on the general public, the latter are aimed only at a certain field of public policies and most often concern improvements for the benefit of a particular social group. Social innovations have a broader scope of application, whereas innovations in social policy are confined to a specific segment of the activity of the state, the local government and other social institutions whose activities are directed at particular social groups and social issues (M. Grewiński, A. Karwacki, G. Marzano, G. Sempruch 2017).

Technological and digital social innovations having impact on the global society

One of the greatest digital innovations of the last 30 years has become the popularisation of the Internet worldwide as well as the development of the social media. The Internet has completely changed the economic, social and communication realities, with the latter becoming extremely fast. Unlimited access to immense repositories of knowledge, science, culture, and entertainment has made the world accelerate greatly – what used to last weeks, or even months, is possible to be achieved within one day and sometimes even faster – within an hour or minute. Electronic mail, the use of Skype, the possibility to give multimedia presentations at a distance have changed interpersonal and business relations, accelerated communication and the ways of making choices and decisions. The popularisation of the Internet may be compared to the invention of the wheel and electricity as the global innovation revolution. Thanks to the Internet, millions of jobs closely connected with IT, Internet websites services, or operation of social networking websites have been created worldwide. The invention of Internet browsers has facilitated the selection of information and fast retrieval of resources. The Internet has become a global information and communication tool without which it is difficult to imagine the functioning of today's societies, economies, outlets and labour markets. Internet shops, virtual libraries, unlimited access to music, films, the possibility to place orders for actually any kind of product or service via the Internet have influenced the complete transformation of consumer behaviours. In 2016 with 7.4bln world population, the Internet was used by 3.42bln people, that is over 40% world population. However, this means that nearly 60% of people in the world do not have access to the Internet nor benefits from what it offers. In 2016, 2.3bln people worldwide actively used the social media, and 3.8bln are unique users of mobile devices (phones, smartphones, tablets, etc). The number of active users of mobile devices amounted to 2bln people.

It is worth stressing the fact that the evolution of Internet use is not identical in all countries. The pace of changes is the fastest in the Middle East where the number of Internet users has risen by as much as 17% within 12 months reaching 21mln users. The APAC region has reported the largest growth of the absolute number of Internet users – up to nearly 200mln users, which translates into the impressive increase by 12% year-on-year. In the APAC region every day half a million people used the Internet for the first time within the last 12 months – that is six new users per second. The highest Internet penetration is in Iceland (98%), then in Bermuda (97%) and Norway (96%). At the other end of the ranking there is North Korea with the lowest Internet penetration in the world, where only 7,000 people have access to the Internet. However, considering the fact that in North Korea there are no Internet service providers, these are mainly foreigners using Facebook on mobile devices. For example, in Poland the current Internet penetration is 67% (WeAreSocial 2016).

The Internet and the touchscreen phone and the new social dangers processes

It is worth noticing the fact that nowadays virtualisation is becoming an extension of the real world, especially for generation Z. For young people at the ages of 15-25 the Internet is becoming the real and not the virtual world. This is the generation which have had access to technology and the Internet since their birth. It is difficult for the young to imagine that their parents' generation grew up without the Internet, PCs or mobile phones. There emerges social polarisation into digital indigenous people and digital migrants. Migrants had to learn the technology but they are still behind the young who use very advanced programmes and techniques which they learned at school, home and from their peer community. Young people spending as many as 4-6 hours every day on Facebook, Instagram, WhatsApp, or Twitter, obtain everything at once, which results in new health and psycho-social problems. There are problems of addiction to the computer, games, Internet communities. Psychologists and psychiatrists warn that young people more and more often suffer from the FOMO (Fear of Missing Out) Syndrome – the fear of being offline. The Internet also causes a number of other problems such as easy access to pornography, sects, subcultures – linked with the world of crime (J. Lizut 2014). The network built thanks to the Internet may be positive but also negative in its essence.

A global digital innovation which has revolutionised the society and offered new possibilities of obtaining information and communicating is the touchscreen mobile phone. Some ten years ago very few people assumed that the touchscreen phone would replace the traditional one. Nokia who was the leader in mobile phones a decade ago has almost gone bankrupt not having predicted people's needs and new functionalities of touchscreen devices. People have fallen in love with touchscreen phones which basically have become small personal computers. Some claim that the name of this device is archaic since it is not primarily used for calling but for searching information online, checking emails, and communicating by means of social media. The telephone functions are only on the 4th or 5th position. In the touchscreen mobile phones we have permanent access to the Internet and its resources. Research conducted in the USA in 2015

showed that as many as 90% of people return home to take the phone if they have forgotten it. The success of the touchscreen phone has also been caused by the fact that as a multi-purpose device it is very often integrated with other digital devices – the stationary computer or laptop, TV set, CD / DVD player and other. Applications for touchscreen phones offered on the market are currently related basically to everything. The touchscreen phone is thus a device for communicating, learning, obtaining information, or for entertainment (games, music and film application, etc.). Touchscreen phones are desired by increasingly younger potential users. As young as 5-6-year-old children ask their parents for touchscreen mobile phones which become the absolute essential for them. The intuitive features of touchscreen phones enable even the youngest to perfectly cope with using these devices. It is likely that the touchscreen phone market will develop since there are 10-15% new users worldwide every year.

It cannot be denied that the Internet as the social mega-innovation has created enormous opportunities for the development of new enterprises, professions and markets. Also, the development of PCs and touchscreen mobile phones with 24/7 access to the Internet resources has completely been changing the society, communication and interpersonal relations. Thanks to the Internet and new phone / computer applications, creative young people have earned several-billion fortunes. The Internet has given new possibilities of purchasing goods and services but also new opportunities for education (e-learning, on-line education, distance learning). Many people all over the world participate in non-formal education using Internet resources every day. An increasingly bigger problem is yet the ability to select content and information. Many young people overusing the Internet have difficulties in concentrating, synthesising or connecting content into a logical argument. Several year ago Manfred Spitzer triggered an important discussion in Germany when he claimed that digitalisation may lead to dementia in people who overuse technologies in the process of learning and growing up. His famous book entitled *Digital Dementia* has become the foundation for the critics of the excessive digitalisation of the cognitive process, especially in children and youth (Spitzer 2013). In his book, Spitzer is very critical of the new media and the new ‘pseudo-communication’. He argues that over-digitalisation and technologies result in the limitation of the brain and memory capabilities. What is more, handwriting (and not typing) is key to a child’s development. He believes that the computer has very negative psycho-somatic consequences for the young (among others, addictions). The promoted multi-tasking together with digitalisation causes bigger and bigger difficulties with concentration, accurate task completion, problems with focussing attention. Tablets for children are – in Spitzer’s opinion – educational evil which should be banned. Another critical voice on the excessive use of the Internet and computer was presented in the famous book by Robert Putnam *Our kids – The American Dream of Crisis* (Putnam 2016). In the context of computerisation and digitalisation, among other things, Putnam points out to the problem of unequal access to technology, information asymmetry and most of all the fact that children of the impoverished use the Internet thoughtlessly – treating it mainly as entertainment and not as a source of knowledge or learning. Also, some experts consider the Internet to be to blame in the context of the crisis of the man’s responsibility for the family and children. As argued by Philip Zimbardo, the masculinity crisis observed in many countries worldwide is linked, among other things, with technologies: young men’s addiction to computer games, easy access to pornography, escaping from everyday problems into the Internet and e-communities, as well as the lack of mindfulness, overprotective attitude of parents in the process of upbringing boys (Zimbardo 2012).

The above extracts prove that the Internet and new digital devices offer many advantages and benefits, but at the same time one has to bear in mind the negative effects of its overusing, especially among children and youth.

Electronic money as a digital social innovation

A social innovation which has globally contributed, among other things, to the change in our consumer behaviours, and also influenced financial settlements and transfers between banking institutions, is plastic and electronic money which has been displacing the traditional form of cash settlements for two decades now. Relatively recently there was only one accepted form of payment (cash), cheques were also accepted occasionally, especially in countries of high public trust. Nowadays, online banking and non-cash trade in goods and services has been developing very dynamically. The society is offered more and more possibilities to settle various forms of payments for consumption and purchase of goods and services, among other things these are proximity cards, Blik code payments, e-banking, credit (debit) cards. Non-cash transactions function basically everywhere in the world with just a few exceptions. The possibility to obtain credit on one’s card has made “life on credit” extremely common within many social groups – e.g. many young people use their credits on cards, hence the term “credit card generation” has already been introduced by sociologists. A great convenience is certainly the worldwide network of ATMs and more and more often

ADMs where one can safely withdraw money in the currency of the country without the need to contact the bank directly. The development of electronic banking and the new possibilities of the direct online management of one's bank account have greatly facilitated payments, transfers, managing one's capital, or investing funds. Obviously, part of the 21st c. conveniences involves risks which pertain to the safety of these electronic transactions, personal data protection, the risk of impersonating identities, the loss of resources as a result of hacking activities. However, there is the other side to the popularisation of e-banking and electronic money – the one which excludes part of the society from these services. This refers to the social groups of the poorly educated, the elderly, the dependent (partially, people with disabilities) who are unable to take advantage of e-payments and e-banking. There appears polarisation and division into the social groups included in the world of electronic money and those excluded from it. This is certainly a form of financial exclusion which we can observe in the poorer regions of the world, but it can also be noticed among certain social groups in countries such as Poland as well.

Innovations in the approach to the new socio-economic world governance

A social innovation (not yet digital) may be considered to some extent the alternative approach to the socio-economic world governance. The global economic crisis of 2008 and its consequences for the general public have caused the return to the debate on the current economic doctrine. The questions on the sense and aims of the neoliberal order and its consequences for the world have come back. The large-scale development and popularisation of financial instruments have imposed new types of risks, unknown in the last decades, onto the society and the economy. There has been a revival of the thought in the area of social economy, and the sharing economy as the alternative to the neoliberal governance, which has given rise to great inequalities and polarisation, has been given more attention. In the case of social economy, the objectives of economics and economy have been redefined, moving away from simple financial profits towards linking them with social and environmental (ecological) benefits. The social economy doctrine connected with TBL approach is to redefine the objectives of sustainable socio-economic development and wellbeing / welfare of entire societies, not only the selected success / interest groups (A. Henriques, J. Richardson 2004). The global-scale interest in social economy has drawn attention to the views of the Nobel Peace Prize Laureate Prof. M. Yunus and his concept of micro-credit which has changed the face of Bangladesh as well as other countries (Yunus 2003,2008,2011), but also on the regional or local scale there has been an actual renaissance of social entrepreneurship and social cooperative, partly supported by the EU within the Structural Funds (e.g. in Poland).

The idea that entrepreneurship in the spirit of sharing economy may be considered a social and economic innovation was mentioned in the last book by the Authors of *Sharing economy – gospodarkawspółdzielenia*, published in the SGH Warsaw School of Economics in Warsaw in 2017 (M. Poniatowska - Jaksch, R. Sobiecki 2017). The Authors of this highly interesting work indicate that the basis of this approach is the assumption that both individuals, households and enterprises possess resources which have not been fully used and which should be introduced into the economic cycle. This way the exchange of products and services may occur, especially by means of Internet platforms which allow for omitting the middlemen. This specific system of exchange consists in chargeable, partly chargeable or free-of-charge use of the available and untapped resources being the property of other entities. The condition for the sharing economy is not the possession of resources but solely the access to them (J. Pietrewicz, R. Sobiecki 2017). This kind of entrepreneurship may be considered a social innovation as it is in line with the sustainable distribution of goods and services and the return to the link between the market and values. Since technology and digitalisation are used as the means for the exchange, the transactional costs are lower in this approach (J. Pietrewicz, R. Sobiecki 2017).

Innovations in the way of thinking also concern various areas of social policy and the search for the most appropriate model of welfare state – from the redefinition and holistic model of social policy, through the search for new systems and subsystems of social policy, new institutional and organisational solutions, including the legal ones, new provisions and ways of financing them, to creating new societal and social services and multi-sector partnerships. As regards the search for a new paradigm of social policy, several important concepts, which have been and to a large degree still are innovative when compared to the traditional approach to the welfare state, have been developed in Europe in the last quarter of a century.

One of them is activation policy which involves changing the function of the state from the passive transfer and redistribution of financial benefits in the direction of developing activation and social and occupational integration services, connected with increasing the chances of the unemployed and the excluded on the labour market. The state becomes more active through its institutions and programmes directing its

activities at greater social inclusion, as well as social and supported employment. The main idea is “a job instead of a benefit” which results in applying active rather than passive provisions within the systems of labour market policy and social assistance (M. Grewiński, M. Rymysza 2011).

Another quite an innovative concept is multi-sector social policy which consists in distributing tasks and including various stakeholders from different sectors – public, non-governmental, church, market, informal – into the provision of social services. This is the way the pluralism of entities offering diverse societal and social services as well as the quasi-market of competitive services are formed. This approach is closely correlated with the model of governance where the networks of relationships are managed in a partner-like and horizontal manner. The multi-sector social policy is financed through the model of finance mix, that is mixed investment sources (M. Grewiński 2009).

In social policy studies in the last decade in Europe there has been a discussion on the innovative paradigm of the investment social policy which is perhaps to replace the model of neoliberal approach to welfare state which has been dominating the discourse for the last three decades in the majority of European countries. The investment model of social policy consists in treating it in a productivist way not as a cost which is not recovered but as an investment which brings benefits in the mid- and long-term perspective. Social policy is treated as investment which is to bring results in the next generation, thus the following components are highly important in it: investment in early childhood education, investment in family and children, investment in occupational education and skills, the policy of equal opportunities for all, active labour market policy and social integration policy (N. Morel, B. Palier, J. Palme 2015).

An innovation is also the issue of social services deinstitutionalisation and integration. Deinstitutionalisation consists in community-based organisation of social services for various social groups (seniors, dependent people, people with disabilities, etc.) and not in tearing somebody out of their community and placing at various nursing homes, out of their places of residence. Social services integration means the provision of different services and benefits in one place so that it could be the closest to the person in need of assistance. However, service integration requires cooperation and partnership of different service providers and institutions, hence it is difficult to manage and coordinate (M. Grewiński 2008).

Innovations in social services – towards a greater use of technology?

Social innovations also pertain to particular social services or benefits (M. Grewiński, A. Karwacki 2010) which seek to use or apply technologies to a greater degree. An example of an innovative social service is the “One Button” service. Such a service is available in the Scandinavian countries, Spain, Italy and Great Britain. The idea is that lonely and ill people, the disabled, people without care, and the infirm receive a special digital device permanently implanted onto their bodies in form of a large electronic button. In the case of feeling unwell, fainting or a sudden medical condition (or any other reason), after pushing the button, installed on the device, an electronic signal is sent to the operator who has the local sanitary and emergency services at their disposal. The public or non-public operator immediately sends an ambulance or medical assistants who are usually private subcontractors of the service. The system is supported by the GPS so that the person in need will be located fast.

An example of an innovative solution may be the “Take a Break” service available in many countries of the EU (for example in Spain, Sweden, Great Britain) which means that persons living with the dependent may once a year receive support from a public institution consisting in financing the place of stay and care for the dependent in a public care institution. Alternatively, they may receive funds to hire a carer for the dependent who would visit them directly at home. All these refer to the cases when the carer who looks after the dependent on a daily basis goes on holiday. The service is available once a year and is limited to 30 days. The carers who go on holiday also receive a special mobile device (a phone application) to be able to monitor the condition – the wellbeing of the dependent temporarily cared for by other people or institutions.

Another innovative service realised in Austria and Germany is “Technical Support for the Deaf-mute and Deaf-blind”. Every person with such disabilities who purchased or is moving house may benefit from the service in form of complex adaptation of their flat to the specific type of their disability. A special group of technicians will adjust all kinds of home equipment and fittings (doors, windows, hangers, taps, doorbells, toilets, sockets, beds, armchairs, etc.) to meet the needs of the deaf or blind people. The whole cost of adaptation is incurred by the local government and from the state grant.

In Latvia an interesting innovative service is “Mobile Hairdresser and Beauty Salon” which offers the elderly, the ill, people living alone, often in small towns and in the country, the service of assistance with

bathing, maintaining personal cleanliness, the services of body, hair and nails care. Additionally, it is possible to obtain help with cleaning the flat or house. This service is completely free of charge for beneficiaries. The Mobile Salon is paid for by the local government and the state. The service is available for everyone interested once a week.

An innovative approach to financial transfers in social policy may be considered “One social transfer” introduced in Australia. The innovativeness of this solution consists in the fact that in the social assistance system the material and social situation of a citizen/household is analysed as a whole and the financial support is provided by means of one transfer whose amount is limited. The citizen cannot obtain financial help in form of various benefits and different systems since this may lead to abuse. One integrated IT system visible for all social services enables them to get knowledge on what the actual situation of the person in need of assistance is.

The above solutions are obviously only examples of services and programmes which are being developed in countries with complex systems of social policy or aspiring to having major social programmes. Surely, the pursuits of social innovations will be continued so that the effectiveness and efficacy of provided services and benefits within social policy systems will be increased. In many European countries there are currently several sources of testing and implementing social innovations within the structural fund for the period of 2014-2020. Certainly, it remains to be seen what we will manage to develop and implement into the mainstream of the conducted policy in the future.

III. Conclusion

The answer to the question posed in the Introduction to the article – Does the development of digital economy and social innovations involve prospects or rather new types of risks, also in the context of social stratification and new social dangers – is not unequivocal. On the one hand, social innovations through technologies and digitalisation change the world which is completely different than the one we used to know 20 or 30 years ago. The process of digitalising economic and social relations, the mass access to the Internet, and communicating by means of social media have considerably accelerated relationships but also made them more superficial. The development of computers and mobile phones with 24/7 access to the Internet, that is offering permanent access to information, has also totally transformed the media and the possibilities of using the content. Technologies offer the opportunity for new forms of products, services and jobs. On the other hand, what is observed are yet increasingly more numerous dangers of digital, technological and e-financial exclusion of some social groups or regions of the world. Persons overusing the Internet or computers are exposed to new forms of addictions and civilisational diseases. Social relations and form of communicating become more superficial. For young people the virtual world becomes the real world, which may result in serious psycho-somatic consequences in the future.

The article yet seeks to show that social innovations are not only digital technologies but also the search for new social ideas and values. The search for an alternative socio-economic doctrine due to the global economic crisis and the “distortions” of neoliberalism is certainly a social innovation. The discourse returns to the solutions from social economics; also, a new concept of the sharing economy is being developed; a new model of welfare state is being sought because new social issues and new forms of social risks are emerging, also those connected with the development of technology and digitalisation. It remains to be seen to what degree global and local social innovations will help us resolve problems and difficulties, and to what degree they create new social issues which will have to be overcome by means of further innovatory solutions.

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Impact of Motivation, Change the Stress Level of Personnel of Indian Army – An Empirical Study

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Abstract

Motivations acquired multiple dimensions and we wanted to further cement those bases. Motivation formed an integral part of Human Resource Management. The article “Impact of Motivation, Change the Stress Level of Personnel of Indian Army – An Empirical Study” is based on a “Requirement of Motivation and Handling of Stress Management”. The article has been developed through a 15 Years of Experience in the Indian Army and examine the various challenges that are being faced by the Personnel and provide solutions to overcome the problems.

The present study focuses on the stress on work places among the Junior Commissioned Officers (JCOs), Non-Commissioned Officers (NCOs) & Other Ranks (ORs) of Indian Army. It consists of a sample of 25 associates of Indian Army from various departments on 15 questions. For this purpose the stress level measured through questionnaire were administered individually to JCOs, NCOs & OR. Various techniques were applied to see the results. The study outcomes shows that personnel of Indian Army how comes under pressure and stress and how to overcome from stress.

Keywords: Indian Army, Junior Commissioned Officers, Non-Commissioned Officers, Other Ranks, Motivation, Stress.

I. Introduction

Abraham Lincoln, until past forty, was a failure in almost all activities he undertook. When asked about the change he said, ‘*My father taught me to work but did not teach me to love my work. I hit that accidentally, when I was past forty*’. This ‘love or will to do’ (called motivation) depends on the strength of people’s motives. Motives are the expressed needs and could be conscious or subconscious. They are always directed towards goals.

Motivating people to perform better and thus to achieve targets has been the greatest challenge. Why do some persons perform better than others? Why does the some person act differently at different times? These and many other questions related to their performance have been confronting leaders continuously.

Motivating people to perform, higher than their normal physical and mental capacities, and to keep them satisfied is a very complex function.

Motivation in the Indian Army implies dedicated, reliable and sustained performance from the warriors under most trying and dangerous situations fraught with risks to life. Consequently, the motivational drives and needs of a Personnel will be different from that of a worker, supervisor or manager in a civilian organisation. Motivational aspects in civilian organisations are adequately covered by research and studies. However, no dedicated study has been undertaken to assess motivational drives and needs in respect of Personnel of the Indian Army.

About the Organization.

The Indian Army has its origin in the armed guards of the East India Company of merchant from Britain. These guards were required for the company’s protection. Initially there were Englishmen but gradually Indians were also enrolled. In 1902 when Lord Kitchener took over as Commander-in-Chief (C-in-C) of Army it was further reorganized as a new regular force. In 1947,

with the partition of the country, two-third of the strength remained with India and one-third went away to Pakistan. On the eve of our independence the strength of undivided Army was nearly 25,00,000. On 15 January 1948, Lieutenant General K.M. Cariappa became the first Indian Commander-in-Chief (C-in-C). 15 Jan is now celebrated every year as 'Army Day'. Our Army is the ultimate insurance policy to safeguard our freedom as it stand guarantee against disintegration of the country, whether planned by the enemies outside the country or from within.

India has 1.13 million strong Army making it world's second largest Army. No better soldier than the Indian soldier. The Indian soldier can suffer the privacy, his needs are few and more importantly, he can brave the hardship of Army life even in combat better than any other soldier in the world. Though it has not fought a full blown war in decades, the force is bogged down in fighting domestic insurgencies, guarding restrictive borders and sometime quelling civilian rioting. Each type of profession has its own difficulties and demands adjustment to it. Adjustment and devotion in any work get hampered by non-fulfilment of basic needs e.g. physical and emotional needs and this is true for our army men too. The need for physical survival and bodily comforts includes the needs for food, clothing, shelter, sleep, rest etc the love and affection for family, religious as well as national sentiments are emotional needs that drives human behavior. The changing times through which army has traversed during the past over six decades, the Politico-Bureaucratic establishment, the socio-economic changes and the consequent changes in value of the society and advent of booming electronic media and telecommunication revolution have had their direct impact on the men in the uniform. Their levels of aspirations are high and they feel they are left behind in the race of life than their counterparts in the civil society. The armed forces personnel have perceived to have been neglected vis-à-vis their counterparts especially the IAS/IPS cadres. Armed forces appear to be the last option for the youth. This transition is inconsistent with the core value of Armed Forces depriving them of the best material in the youth and resulting in the continued shortage of officers in junior ranks.

Stress has become the biggest wary of the Army personnel. Stress therefore is the byproduct of the environment from which they come and the environment in which they operate Violence by itself has become synonymous with trauma and stress. That is why 80,000 people from Kashmir alone complained of depression during 2005-2006 with over three fourth of them being diagnosed with serious physiological disorders. Axiomatically, warfare without doubt is among the most distressing circumstances that human beings endure. To be separated from family, friends and familiar locations for longer period is sufficient enough to produce stress reaction in most healthy people. Death and injuries to friends and colleagues are emotionally devastating and cause intense grief reaction. Add in the constant threat of personal maiming or death and contributions to killing of others. The result is extremely high level of psychological arousal, aggression, anxiety and fear. Therefore from Generals to the enlisted in lower ranks everyone in the military is stressed.

II. Motivations Definitions & Theories

Motivation as the processes that account for an individual's intensity, direction and persistence of effort toward attaining a goal. Motivation is the inner drive that directs a person's behaviour toward goals. Motivation can be defined as a process which energizes, directs and sustains human behaviour. In HRM the term refers to person's desire to do the best possible job or to exert the maximum effort to perform assigned tasks. Personnel motivation is the level of energy, commitment, and creativity.

Motivation is defined as the energy or the force that stimulates a person to act towards the fulfilment of one's desired goal. Before one can achieve a deeper understanding of motivation, one must be able to gain knowledge of its basic process and the elements involved in it.

Four theories of employee motivation formulated during the 1950s, although now of questionable validity, are probably still the best known.

Hierarchy of Needs Theory. The best known theory of motivation is Abraham Maslow's **Hierarchy of Needs**. Maslow hypothesized that within every human being, there exists a hierarchy of five needs i.e Physiological, Safety, Social, Esteem and Self-Actualization.

Theory X and Theory Y. Douglas McGregor proposed two distinct views of human beings: one basically negative, labelled Theory X and the other basically positive, labelled Theory Y. **Theory X**, assumed that employees dislike work, are lazy, dislike responsibility and must be coerced to perform. **Theory Y**, assumed that employees like work, are creative, seek responsibility and can exercise self-direction.

Two-Factor Theory. Believing an individual's relationship to work is basic, and that attitude toward work can determine success or failure, psychologist Frederick Herzberg wondered, "What do people want from their jobs?" He asked people to describe, in detail, situations in which they felt exceptionally good or bad about their jobs. It relates intrinsic factors to job satisfaction and associates extrinsic factors with dissatisfaction. Also called motivation-hygiene theory.

McClelland's Theory of Needs. A theory developed by David McClelland and his associates. It looks at three needs: -

Need for achievement (nAch) – is the drive to excel, to achieve in relationship to a set of standards.

Need for power (nPow) – is the need to make others behave in a way they would not have otherwise.

Need for affiliation (nAff) – is the desire for friendly and close interpersonal relationships.

Importance & Scope of Motivation: -

Greater efficiency. Motivation enhances the efficiency of the personnel and of organization. When personnel are motivated, they can perform with commitment and dedication.

Team spirit. Motivation improves team spirit of personnel, and this improves the work environment and the overall performance of the personnel and the organization.

Cordial relations. Motivation enables cordial and healthy relationship between JCOs, NCOs & ORs. Motivation helps reduce their grievances. It ensures sound relations between them.

Cases

Of late, incidence of suicide in the military, have been highlighted by the national press and the issue also came up for discussion in the Parliament. The yearly average of suicides in the Indian army is around 100. Some may argue that in an army of 1.2 million that figure is not alarming. For the military life of every soldier is valuable and needs to be protected. There are some very complex reasons for these suicides and it is not possible to compartmentalize these into any set pattern or causes.

Indian soldier's woes have been many fold. A number of wars and low intensity operations in Sri-Lanka and Kargil, and combating unending insurgencies has been his bane. One who may have suffered traumatic brain injury during engagement with the enemy or insurgents could end up with posttraumatic stressed disorder (PTSD) and has all the possibilities of going into severe depression. Death of a colleague in operations, have led to depression in some cases. Added to these are the repeated postings to operational areas, where one experiences persistent feeling of isolation, loneliness and is haunted by possible sickness and impossibility of air evacuation due to persistent bad weather in such areas. Spell in peace stations are burdened with over work and little rest.

The Armed Forces continue to lose around 100 personnel to suicides every year despite successive governments holding that several measures have been taken to reduce stress among soldiers. As many as 125 military personnel took the extreme step to end their lives in 2016.

Replying to a question in Lok Sabha, Minister of State for Defence Subhash Bhamre said, *'101 Soldiers, 19 Airmen and 05 Sailors committed suicide in 2016, with another three cases of fratricide being reported from the Armed Forces'*.

In 2017, 13 Army soldiers have already committed suicide, while two such cases have been reported from IAF.

Reasons

Soldiers posted in far-flung areas often undergo tremendous mental stress for not being able to take care of the problems being faced by their families back home, which could range from property disputes and harassment by anti-social elements to financial and marital problems.

Prolonged deployment in counter-insurgency operations in J&K and the North East also takes a toll on the physical endurance and mental health of soldiers.

All this is compounded by lack of basic amenities, denial of leave and ineffectual officer leadership.

Apart, major problem that persists is that civil and police district administrations around the country are now largely unresponsive to the grievances of soldiers and their families, unlike before.

One of the biggest worries for personnel is the hardship their families face back home. With mobile phones, they are keep getting constant updates from their families, which adds to their mental stress and strain.

The Main Purpose of this Paper is to Study: -

- The difference level of stress among the Personnel in the Indian Army.
- With the stress how to handle the organizational commitment by them.

Hypotheses:

- There would be high level of stress due to lack of motivation.
- There would be high level of results achieved after motivation.

Rationale of the Study:

Survival of any organisation largely depends upon their ability to attract, motivate and retain the key talent needed to meet aggressive organisational goals. While the factors such as capital, equipment and other resources are important for organisational success, the human factor appears to be the most important since it is the people who have to use all other resources. The material and other resources of the organisation would be of no use not even the latest technologies would be able to produce the targeted results for the organisation without the right people with the right attitude to utilize them.

Research Design:

The sample of this study consists of 25 Junior Commissioned Officers (JCOs), Non-Commissioned Officers (NCOs) & Other Ranks (ORs) from various units of Indian Army on 15 different level of questions.

III. Methodology:

Simple Random sampling technique was followed to obtain a representative sample. The questionnaires were administered personally to all the associates. There were certain tools which were used in the form of questionnaire and scales to test the hypothesis. The tools and scales have been briefly described below: -

Organisational Stress Questionnaire:

This questionnaire was developed by the researcher to find out the stress Junior Commissioned Officers (JCOs), Non-Commissioned Officers (NCOs) & Other Ranks (ORs) of Indian Army. It is a 15 –item questionnaire consists both positively and negatively keyed items in which each statement is rated on a 5-point scale from strongly disagree to strongly agree. In all, dimensions were identified to measure the magnitude of job stress. These are as follows: -

1. **Repeated Postings to Operational Areas.** A situation of stress when incumbent is posted in insurgency/ operational areas repeatedly.
2. **Death of a Colleague in Operations.** A situation of stress when close friend/ buddy attend martyrdom during operations.
3. **Separation from Spouse.** A situation of stress when incumbent has to be separated from the spouse due to requirements of the job.
4. **Family Problems.** A situation of stress where incumbent experiences problem on family front due to job.
5. **Marital Discord.** A situation of stress when spouse has given a mental torture and push to marital discord.
6. **Denial of Leave.** A situation of stress when authorize leave has not been given as per requirement.
7. **Mobile Phones.** A situation of stress when they are keep getting constant updates from their families, which adds to their mental stress and strain.
8. **Ineffectual Officer's Leadership.** A situation of stress when working under incompetent officers.
9. **Harassment.** A situation of stress when they harassed by seniors.
10. **Detailed in Unauthorise Tasks.** A situation of stress when they are detailed in unlawful/ unauthorise work/ tasks.
11. **Role Over Load.** A situation of stress where incumbent feels that he is required to do too much.
12. **Health.** A situation of stress where incumbent feels that his/her health problem is due to job.
13. **War Time.** A situation where incumbent feels stressed due to violence and fear of loss of life.
14. **Salary and Promotions.** A situation of stress where incumbent feels that salary and promotions are not according to the work and performance.
15. **Fratricides.** A situation of stress where threatening of life by subordinates/ co-workers.

Table 1: Showing the Mean of Dimensions of Stress

Groups	N	Mean	Std. Deviation	Std. Error Mean
Repeated Postings to Operational Areas	25	3.6400	1.03602	.20720
Family Problems	25	3.6400	.99499	.19900
Separation from Spouse	25	3.3600	.86023	.17205
Death Of A Colleague In Operations	25	2.6800	1.02956	.20591
Marital Discord	25	2.6800	.90000	.18000
Denial of Leave	25	3.1600	1.10604	.22121
Mobile Phones	25	2.7200	1.06145	.21229
Ineffectual Officer's Leadership	25	3.2000	.70711	.14142
Harassment	25	2.9200	1.07703	.21541
Detailed in Unauthorise Tasks	25	2.6800	.94516	.18903
Role Over Load	25	3.3600	1.15036	.23007
Health	25	2.9200	.99666	.19933
War Time	25	2.0400	.73485	.14697
Salary and Promotions	25	2.8400	.94340	.18868
Fratricides	25	2.0000	.91287	.18257

Table 2: Showing the Descriptive Dimensions of Stress

Groups	N	Range	Mini mum	Maxi mum	Mean	Std. Deviation	Variance	Skewness		
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	
Repeated Postings to Operational Areas	25	4.00	1.00	5.00	3.6400	.20720	1.03602	1.073	-.897	.464
Family Problems	25	4.00	1.00	5.00	3.6400	.19900	.99499	.990	-1.111	.464
Separation from Spouse	25	2.00	2.00	4.00	3.3600	.17205	.86023	.740	-.807	.464
Death Of A Colleague In Operations	25	3.00	1.00	4.00	2.6800	.20591	1.02956	1.060	-.031	.464
Marital Discord	25	2.00	2.00	4.00	2.6800	.18000	.90000	.810	.713	.464
Denial of Leave	25	4.00	1.00	5.00	3.1600	.22121	1.10604	1.223	-.341	.464
Mobile Phones	25	4.00	1.00	5.00	2.7200	.21229	1.06145	1.127	.843	.464
Ineffectual Officer's Leadership	25	3.00	2.00	5.00	3.2000	.14142	.70711	.500	.461	.464
Harassment	25	4.00	1.00	5.00	2.9200	.21541	1.07703	1.160	.170	.464
Detailed in Unauthorise Tasks	25	3.00	1.00	4.00	2.6800	.18903	.94516	.893	.075	.464
Role Over Load	25	4.00	1.00	5.00	3.3600	.23007	1.15036	1.323	-.787	.464
Health	25	4.00	1.00	5.00	2.9200	.19933	.99666	.993	.445	.464
War Time	25	3.00	1.00	4.00	2.0400	.14697	.73485	.540	.621	.464
Salary and Promotions	25	3.00	1.00	4.00	2.8400	.18868	.94340	.890	.019	.464
Fatricides	25	3.00	1.00	4.00	2.0000	.18257	.91287	.833	.714	.464

Table 3: t Test for Equality of Mean on Stress

t Test						
Groups	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Repeated Postings to Operational Areas	17.567	24	.000	3.64000	3.2124	4.0676
Family Problems	18.292	24	.000	3.64000	3.2293	4.0507
Separation from Spouse	19.530	24	.000	3.36000	3.0049	3.7151
Death Of A Colleague In Operations	13.015	24	.000	2.68000	2.2550	3.1050
Marital Discord	14.889	24	.000	2.68000	2.3085	3.0515
Denial of Leave	14.285	24	.000	3.16000	2.7034	3.6166
Mobile Phones	12.813	24	.000	2.72000	2.2819	3.1581
Ineffectual Officer's Leadership	22.627	24	.000	3.20000	2.9081	3.4919
Harassment	13.556	24	.000	2.92000	2.4754	3.3646
Detailed in Unauthorise Tasks	14.177	24	.000	2.68000	2.2899	3.0701
Role Over Load	14.604	24	.000	3.36000	2.8852	3.8348
Health	14.649	24	.000	2.92000	2.5086	3.3314
War Time	13.880	24	.000	2.04000	1.7367	2.3433
Salary and Promotions	15.052	24	.000	2.84000	2.4506	3.2294
Fatricides	10.954	24	.000	2.00000	1.6232	2.3768

Repeated Postings to Operational Areas						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	1	4.0		4.0	4.0
	Disagree	3	12.0		12.0	16.0
	Neutral	4	16.0		16.0	32.0
	Agree	13	52.0		52.0	84.0
	Strongly Agree	4	16.0		16.0	100.0
	Total	25	100.0		100.0	

Family Problems						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	1	4.0		4.0	4.0
	Disagree	3	12.0		12.0	16.0
	Neutral	3	12.0		12.0	28.0
	Agree	15	60.0		60.0	88.0
	Strongly Agree	3	12.0		12.0	100.0
	Total	25	100.0		100.0	

Separation from Spouse						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Disagree	6	24.0		24.0	24.0
	Neutral	4	16.0		16.0	40.0
	Agree	15	60.0		60.0	100.0
	Total	25	100.0		100.0	

Death of a Colleague in Operations						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	3	12.0		12.0	12.0
	Disagree	9	36.0		36.0	48.0
	Neutral	6	24.0		24.0	72.0
	Agree	7	28.0		28.0	100.0
	Total	25	100.0		100.0	

Marital Discord						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Disagree	15	60.0		60.0	60.0
	Neutral	3	12.0		12.0	72.0
	Agree	7	28.0		28.0	100.0
	Total	25	100.0		100.0	

Denial of Leave						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	2	8.0		8.0	8.0
	Disagree	5	20.0		20.0	28.0
	Neutral	7	28.0		28.0	56.0
	Agree	9	36.0		36.0	92.0
	Strongly Agree	2	8.0		8.0	100.0
	Total	25	100.0		100.0	

Ineffectual Officer's Leadership						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Disagree	3	12.0		12.0	12.0
	Neutral	15	60.0		60.0	72.0
	Agree	6	24.0		24.0	96.0
	Strongly Agree	1	4.0		4.0	100.0
	Total	25	100.0		100.0	

Mobile Phones						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	1	4.0		4.0	4.0
	Disagree	13	52.0		52.0	56.0
	Neutral	5	20.0		20.0	76.0
	Agree	4	16.0		16.0	92.0
	Strongly Agree	2	8.0		8.0	100.0
	Total	25	100.0		100.0	

Harassment						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	1	4.0		4.0	4.0
	Disagree	11	44.0		44.0	48.0
	Neutral	3	12.0		12.0	60.0
	Agree	9	36.0		36.0	96.0
	Strongly Agree	1	4.0		4.0	100.0
	Total	25	100.0		100.0	

Detailed in Unauthorized Tasks						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	2	8.0		8.0	8.0
	Disagree	10	40.0		40.0	48.0
	Neutral	7	28.0		28.0	76.0
	Agree	6	24.0		24.0	100.0
	Total	25	100.0		100.0	

Role Over Load						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	2	8.0		8.0	8.0
	Disagree	5	20.0		20.0	28.0
	Neutral	2	8.0		8.0	36.0
	Agree	14	56.0		56.0	92.0
	Strongly Agree	2	8.0		8.0	100.0
	Total	25	100.0		100.0	

Health						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	1	4.0		4.0	4.0
	Disagree	8	32.0		32.0	36.0
	Neutral	10	40.0		40.0	76.0
	Agree	4	16.0		16.0	92.0
	Strongly Agree	2	8.0		8.0	100.0
	Total	25	100.0		100.0	

War Time						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	5	20.0		20.0	20.0
	Disagree	15	60.0		60.0	80.0
	Neutral	4	16.0		16.0	96.0
	Agree	1	4.0		4.0	100.0
	Total	25	100.0		100.0	

Salary and Promotions						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	1	4.0		4.0	4.0
	Disagree	10	40.0		40.0	44.0
	Neutral	6	24.0		24.0	68.0
	Agree	8	32.0		32.0	100.0
	Total	25	100.0		100.0	

Fratricides						
				Valid		Cumulative
		Frequency	Percent	Percent		Percent
Valid	Strongly Disagree	8	32.0		32.0	32.0
	Disagree	11	44.0		44.0	76.0
	Neutral	4	16.0		16.0	92.0
	Agree	2	8.0		8.0	100.0
	Total	25	100.0		100.0	

IV. Results and Discussion

Scrutiny of the results shows that stress level increased repeated postings to operational / Counter Insurgency areas (13 Nos), however family problems and separation from spouse are also have same Nos (15 each). The t values are found to be significant for ineffectual officer's leadership (22.627) as 15 personnel are in Neutral statement. Apart, repeated postings to operational / CI areas (17.567), family problems (18.292) and separation from spouse (19.530) are indicates stress level has increased.

Frequent redeployment is unique characteristic of CI operations. Large numbers of troops are sent out as patrol to carry out search operations with proper intelligence report. It gets contact with militants, however inadequacy of specialized equipment is a factor which enhances stress when the militants are equipped with modern technology arms. The Army Personnel could also become a victim of human right violation for inflicting casualties and collateral damage during an encounter with the militants in populated areas. The fear of perpetuating human rights violations and subsequent judicial harassment inhibits the action of Army Personnel and also make them vulnerable to militants during operations. The worst is when the higher commanders fail to hold the hands of subordinates during HR violation. No Mistake Syndrome impacts the psyche of the person in uniform. When operations are on, reverses is a natural fall out. But this is not acceptable and formal enquires are ordered. This has a negative impact on Officers.

War time is the stressful time for Armed Forces personnel and their families. Army fights with enemies during war but there are various other factors like obsolete defense system and lack of adequate weaponry creates stress. During War Time the Ineffectual Officer's Leadership is high. The living and hygienic conditions during war are not good. The fear of unknown and concern for the family back home particularly in case something happens to them.

During posting in operational areas personnel cannot take their families with them and anxiety results when family is left alone and personnel are not able to solve the problems of the family and they feels like that their family is suffering because of their job and posting. They misses them a lot as they are very much attached with the family and thus feels the pangs of separation.

On the basis of the above result the **hypothesis**: -

- The personnel of Indian Army have a stress due to repeated postings to operational areas, family problems, separation from family and role over load are **Agree**.
- War time, marital discord, mobile phones, death of colleague in operations, denial of leave, harassment, detailed in unauthorized tasks, salary and promotions and fratricides are **Disagree**.
- Ineffectual officer's leadership, health condition are **Neutral**.

Overcome from Stress

Efficient administration in the unit, such as timely grant of leave, ensuring that soldiers get their rightful emoluments, their professional skills are periodically enhanced adds to their well being and contentment and all this reduces stress and anxiety which could be precursors to depression. Some units adopt a system of early detection of cases of stress and anxiety through the '*Buddy System*' and arrange counselling.

A large number of officers have been trained to provide counselling to personnel and their families. Civilian psychological counsellors have also been employed to provide mental health

services. Psychologists also visit units and formations from time to time to carry out counselling, individually and at times in groups.

As an immediate help at unit level, certain number of Junior Commissioned Officers (JCOs) are given basic training in counselling. The following methods may also help: -

Direct Intervention with Troops.

Contact Motivational Lecture Classes.

Screening and Counseling.

Social Interventions.

Contact Entertainment Programmes.

Contact Social Evening.

One to One Interaction.

Limitations of the study

This study was carried out during transit/ re-deployment of personnel of Indian Army from peace station to field station & operational areas and focused on their stress level. That's why limited number of samples are taken to research. Due to these reasons the results may vary from place to place and these results may not be applicable to other locations.

V. Conclusion

Indian Army has an enviable record spread over two centuries. Troops have been through some very hard and prolonged fighting in the two World Wars and innumerable other campaigns with long separation from families.

Years ago recruitment pattern was changed, in that vacancies from traditional classes who had been providing manpower for the Army, were shifted to overall population spread in the country and recruitment came to be based on Recruitable Male Population (RMP) of a province. Military service is not just another avenue for the unemployed. It may be valuable to determine if this recruitment pattern had added to the suicide cases. It is only a detailed analysis of all relevant data and more that a workable solution to this serious problem can be evolved. It is a problem that the Army cannot just shoot it down or run a tank over it!

It would be pertinent to look into the enrolment standards. Military service has been rendered so unattractive that for the present, it is the last choice for those who seek government employment. Military service is not just another avenue for employment for the unemployed or the unemployable. It is a well acknowledged fact that soldiering is not every one's cup of tea. It may be worth the while to introduce some elementary psychological tests (like DIPR tests) for those seeking to join the military service as soldiers. Comprehensive tests on these lines are already conducted by the Services Selection Boards for those seeking entry into the officer cadre.

India's Raksha Mantri seems to have found a simplistic remedy in liberal leave and good living conditions, etc for the soldiers. He asked the defence secretary and the three vice chiefs of the services to go into this issue of suicides. Predictably this could be followed by constituting a "Group of Secretaries," (government's ultimate solution for any complicated issue) to go into the problem and put up recommendations.

The final solution could possibly point to creating a, 'Department of Prevention of Suicides in the Military,' with an IAS officer as its full time secretary. But these are perfunctory steps, which have become a norm with the government and there is unwillingness to look at serious problems in the eye.

In the absence of adequate data on the subject, taking into consideration all cases, background of these soldiers, their known problems, age group, marital status, financial state, details of their past ten years tenures, detection of signs of depressions and methods employed for the purpose and once signs of depression are observed, steps taken to seek expert help etc, no worthwhile examination of the problem is feasible.

The government should also taken various measures to prevent such incidents, these include improvement in living and working conditions through provision of better infrastructure and facilities, additional family accommodation, liberalised leave policy, establishing grievance redressal mechanism, conduct of yoga and meditation as part of the unit routine.

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Campus Recruitment - Post assessment of skill sets depicted by fresh graduates

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Abstract

Campus hiring is one of the traditional methods still followed by several organizations, inspite of modern methods of recruiting methods done through social media. It is done with an intention to hire fresh young graduates for the organizations, which might serve as a great source of new knowledge flow into the organization. When it is being done, the fresh graduates are being hired immediately upon graduating. They are being hired based on certain definite assessments and interviews which vary between organizations. However, how they actually perform with respect to their skills needs leads to understanding the fresh graduates' skill levels and how they may be fit for the organization. This study mainly aims at studying the skill sets that are depicted by fresh engineering graduates from Tamilnadu, a state in India, after being hired through campus interviews. 165 Recruiting consultancies and corporate hiring from the various engineering colleges all over Tamil Nadu were considered for the study by non-probability purposive sampling method. A scale to measure the Employers' expectation from engineering college students in Tamil Nadu was administered to collect data from the samples. A tested scale comprising of 116 items pertaining to 22 skill sets was administered to identify the skills depicted by the fresh graduates. One way ANOVA was applied to ascertain if there is any significant influence of type of organization on factors of skills that was experienced by the organization after selecting the candidates through Campus interview. The findings from the study are being discussed in this paper.

Key words: Recruitment, Hiring, Skill sets, Students, Campus hiring, Campus recruitments.

I. Introduction

Recruitment is the process of locating potential individuals who might join an organization and encouraging them to apply for existing or anticipated job openings. During this process, efforts are made to inform the applicants fully about the qualifications required to perform the job and the career opportunities the organization can offer its employees. Campus hiring is one form of external recruitment done by major organizations as a traditional practice from several years ago. Whatever is the situation of employment in the country as unemployment or employability issue, campus recruitment is not being avoided. Every year the organizations ensure having hired fresh blood for the organization. The researcher in this study tries to find out the effects after hiring fresh graduates through campus recruitments. They are being hired based on some assumptions of possessing certain skills.

II. Literature Review

Relevant literature was collected to proceed with the proposed study. The need to identify the skills of the fresh graduates is significant and hence the proposed study was done in the same direction.

Jainab Zareena & Yasmeen Haider (2013) in their study found that Employers view graduate's achievements related to the subject discipline as important but not sufficient for them to be recruited. Achievements outside the boundaries of the subject discipline such as possession of practical knowledge, skills, mental and physical ability are generally considered to be important in the recruitment of graduates. This study investigated whether the independent variables, knowledge, skills and ability have correlation with the dependent variable that is confidence level of students in getting recruited. Two-hundred engineering final year students of 2013 passed outs were selected as respondents for the study. Hundred students belonged to private self financing engineering college affiliated to Government University and the other hundred were from Private engineering Deemed University. It was concluded that irrespective of the type of institutions, students with better knowledge, skills and ability were highly confident of getting employed as compared to those graduates who are low on these attributes.

Faheem Ahmed, (2012) – Software Requirements Engineer: An Empirical Study about Non-Technical Skills- Over a period of time software industry has seen a steady growth and the main reason for this growth is increase in the supply and demand of software. On the regional side although Australian, Asian and European cultures exhibits more similarity than North American culture on the choice of non-technical skills requirements in hiring new employee in case of software requirements engineering profession but generally concluded that cultural difference does not have a major impact on this decision.

Vijayakumar,M & Ramalingam,S.(2013) : conducted a study to find out the recruiters perception of fresh graduates from five engineering colleges in Tamil Nadu. The researcher has made this attempt to identify the factors expected by the recruiters from the engineering college graduates in the recruitment process. Core skills, followed by professional skills and communication skills were the most important skills expected in the specified hierarchy from the fresh engineering college graduates.

Mohd. Razi-Ur-Rahim, (2012) - Measuring service quality and student satisfaction in NAAC accredited B-Schools- The new generation in search for a professional career has begun to aspire for management education. Now management education has become “Mass Education” rather than “Class Education”. This research paper is an attempt to investigate that seeks to establish a method to predict service quality perceptions, measure the gap between expectations and perceptions of students and measure the effect of service quality on user satisfaction and institution reputation.

Rajesh Kumar Agrawal, (2011) - A Study of expectation of B-School students from Management Institutes with reference to B-Schools in Pune - The demand for good business schools in India has risen with the rise in popularity of the MBA degree and diplomas in both government as well as private sector of India. These business schools are facing the double challenge in India the challenge of meeting the demands of students as well as industry and sustain its growth. Students are looking into various factors like the quality of the school, the brand name it has in the marketplace, the rank it holds, an active placement cell, Alumni Strength, quality faculty, good infrastructure, the accreditations and recognition held by the institute.

Samer Barakat, Khalil Yaghi, Zaina Hamdan, (2011) – MIS Students Perception of Most Wanted MIS Job Market Skills- The rapid advancements in information technology and the global economic crisis have affected the MIS job market. New skill sets has been adapted by human resource departments with respect to hiring new MIS graduates. Keeping up to date with these new changing and rapidly growing skills is a continuous and challenging process for MIS curriculum developers at academic institutions. There is a growing need for a study to investigate the skills gap between MIS recruiters in Jordan and MIS graduates from Jordanian universities.

The above discussed studies highlight the importance of hiring and employability issues exist with respect to the present employees in the workplace. However, hardly any studies exist regarding campus recruitments and its post effects experienced by the recruiters, which has been focused by the researcher.

III. Research Methodology

The Research Problem that has been discussed in this study is to find out about the difference in skill sets that are experienced by the recruiters after recruitment. The recruiters originally hire the graduates expecting certain skills from the candidates. But they see a difference in them after they hire the candidates.

The objective of the researcher was to study whether different organizations experienced difference in the skills possessed by the fresh engineering college graduates in Tamilnadu. The corporate organizations that hire fresh graduates from the Engineering Colleges were identified using non-probability purposive sampling method. The organizations were classified as IT organizations, Non-IT organizations and other organizations which were involved in this study process. The purposive sampling by non-probability method was adopted to obtain the responses from the recruiters hiring from the engineering colleges in Tamilnadu. Purposive sampling, also known as judgmental, selective or subjective sampling, reflects a group of sampling techniques that rely on the Judgement of the researcher when it comes to selecting the units (e.g., people, cases/organizations, events, pieces of data) that are to be studied. A scale consisting 116 items was constructed to measure the Employers' expectation from engineering college students in Tamil Nadu. An attempt was made to identify the depicted skill of the fresh graduates after six months of being hired.

IV. Results of the study

The study was done by classifying the organizations as IT, Non-IT and others. Their opinion about campus hiring has been discussed below:

Influence of Type of Organization on Skill Sets Experienced After Selecting Candidates through Campus Interview

To test the significant influence of type of organization on skill sets (Learning skills, Investigating, Analyzing and Problem solving skills, Flexibility, Verbal communication, Written communication, Team work, Planning and Organizing skills, Developing professionalism, Computing skills, Persuading skills, Leadership skills, Personal skills, Positive Work ethics, Confidence, Numeric skills, Inter personal skills, Domain skills, Technology Savvy, Multicultural skills, Personal Appearance, Enthusiasm and Motivation, Creativity skills)

experienced after selecting candidates through Campus interview, one way ANOVA was applied to ascertain if there is any significant influence of type of organization on factors of skills that was experienced by the organization after selecting the candidates through Campus interview.

Hypothesis : There is influence of type of organization on experienced skill sets after selecting candidates through campus interview

Table 1, 2, 3, and 4 shows the results of influence of type of organization on factors of skills experienced by the organization after selecting the candidates through Campus interview.

Table 1 : Influence of type of organization on Learning skills, Investigating, Analyzing and Problem solving skills, Flexibility, Verbal communication, written communication and Team work experienced by the organizations

	Organization	N	Mean	S D	F-values
Learning skills	IT	60	31.52	6.923	F=20.706** (p<.001)
	Non-IT	43	26.90	5.987	
	Others	62	23.69	5.719	
Investigating, Analyzing and Problem solving skills	IT	60	27.03	10.708	F=2.399 (p=.094)
	Non-IT	43	27.66	5.285	
	Others	62	24.61	5.317	
Flexibility	IT	60	31.56	5.618	F=40.892** (p<.001)
	Non-IT	43	32.58	7.607	
	Others	62	23.75	3.953	
Verbal communication	IT	60	29.95	4.412	F=87.915** (p<.001)
	Non-IT	43	31.58	5.941	
	Others	62	20.87	3.681	
Written communication	IT	60	19.85	6.467	F=1.005 (p=.368)
	Non-IT	43	21.28	5.640	
	Others	62	20.72	3.019	

Team work	IT	60	22.86	4.056	F=9.699** (p<.001)
	Non-IT	43	21.02	4.137	
	Others	62	20.12	2.115	

** significant at 1% level

Learning Skills

The obtained 'F' value is 20.706 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Learning skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 31.52 and the lowest mean value was scored by the Other organizations (23.69). This shows that the efficiency of candidates towards learning skills is more in IT organizations and the efficiency of candidates towards learning skills is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type organization on Learning Skills experienced by the organizations after selecting the candidates through Campus interview.

Investigating, Analyzing and Problem solving skills

The obtained 'F' value is 2.399 and it is not significant at 5% level. The value indicates that there is no significant influence of type of organization on Investigating, Analyzing and Problem solving skills experienced by the organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on Investigating, Analyzing and Problem solving skills experienced by the organizations after selecting the candidates through Campus interview.

Flexibility

The obtained 'F' value is 40.892 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Flexibility experienced by the organizations after selecting the candidates through Campus interview. Further, the mean table indicates that Non IT organization have scored higher mean value of 32.58 and the lowest mean value was scored by the Other organization (23.75). This shows that the efficiency of candidates towards Flexibility is more in Non IT organization and the efficiency of candidates towards Flexibility is less in other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on Flexibility skills experienced by the organizations after selecting the candidates through Campus interview.

Verbal communication

The obtained 'F' value is 87.915 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Verbal communication experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that Non IT organizations have scored higher mean value of 31.58 and the lowest mean value was scored by the Other organizations (20.87). This shows that the efficiency of candidates towards Verbal communication is more in Non IT organizations and the efficiency of candidates towards Verbal communication is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on Verbal communication skills experienced by the organizations after selecting the candidates through Campus interview.

Written communication

The obtained 'F' value is 1.005 and it is not significant at 5% level. The value indicates that there is no significant influence of type of organization on Written communication experienced by the organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on written skills experienced by the organizations after selecting the candidates through Campus interview.

Team work

The obtained 'F' value is 9.699 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Team work experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 22.86 and the lowest mean value was scored by the Other organizations (20.12). This shows that the efficiency of candidates towards Team work is more in IT organizations and the efficiency of candidates towards Team work is less in other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on team work experienced by the organizations after selecting the candidates through Campus interview.

Table 2 :Influence of type of organization on Planning and Organizing skills, Developing professionalism, Computing skills, Persuading skills, Leadership skills and Personal skills experienced by the organizations

	Organization	N	Mean	S D	F-values
Planning and Organizing skills	IT	60	19.70	6.742	F=3.738* (p=.026)
	Non-IT	43	17.74	3.842	
	Others	62	17.45	2.843	

Developing professionalism	IT	60	22.78	3.589	F=36.071** (p<.001)
	Non-IT	43	18.93	3.065	
	Others	62	18.26	1.684	
Computing skills	IT	60	20.26	5.742	F=19.638** (p<.001)
	Non-IT	43	17.23	4.492	
	Others	62	15.01	3.360	
Persuading skills	IT	60	19.73	5.316	F=9.161** (p<.001)
	Non-IT	43	17.41	4.354	
	Others	62	16.48	2.034	
Leadership skills	IT	60	17.00	3.025	F=22.716** (p<.001)
	Non-IT	43	17.38	4.873	
	Others	62	13.16	3.339	
Personal skills	IT	60	18.10	3.398	F=22.102 (p=.475)
	Non-IT	43	17.48	5.067	
	Others	62	13.93	2.691	

** significant at 1% level * significant at 5% level

Planning and organizing skills

The obtained 'F' value is 3.738 and it is significant at 5% level. The value indicates that there is significant influence of type of organization on Planning and Organizing skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 19.70 and the lowest mean value was scored by the Other organizations (17.45). This shows that the efficiency of candidates towards Planning and Organizing skills is more in IT organizations and the efficiency of candidates towards Planning and Organizing skills is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on planning & organizing skills experienced by the organizations after selecting the candidates through Campus interview.

Developing professionalism

The obtained 'F' value is 36.071 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Developing professionalism experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 22.78 and the lowest mean value was scored by the Other organization (18.26). This shows that the efficiency of candidates towards developing professionalism is more in IT organization and the efficiency of candidates towards developing professionalism is less in Other organization after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on professionalism experienced by the organizations after selecting the candidates through Campus interview.

Computing skills

The obtained 'F' value is 19.638 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Computing skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 20.26 and the lowest mean value was scored by the Other organizations (15.01). This shows that the efficiency of candidates towards Computing skills is more in IT organizations and the efficiency of candidates towards Computing skills is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on computing skills experienced by the organizations after selecting the candidates through Campus interview.

Persuading skills

The obtained 'F' value is 9.161 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Persuading skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 19.73 and the lowest mean value was scored by the Other organization (16.48). This shows that the efficiency of candidates towards Persuading skills is more in IT organization and the efficiency of candidates towards Persuading skills is less in Other organization after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on persuading kills experienced by the organizations after selecting the candidates through Campus interview.

Leadership skills

The obtained 'F' value is 22.716 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Leadership skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that Non IT organizations have scored higher mean value of 17.38 and the lowest mean value was scored by the other organizations (13.16). This shows that the efficiency of candidates towards Leadership skills is more in Non IT organizations and the efficiency of candidates towards is less towards Leadership skills in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on leadership skills experienced by the organizations after selecting the candidates through Campus interview.

Personal skills

The obtained 'F' value is 22.102 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Personal skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organization has scored higher mean value of 18.10 and the lowest mean value was scored by the Other organization (13.93). This shows that the efficiency of candidates towards Leadership skills is more in IT organization and the efficiency of candidates towards is less towards Leadership skills in Other organization after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on personal skills experienced by the organizations after selecting the candidates through Campus interview.

Table 3 : Influence of type of organization on Positive Work ethics, Confidence, Numeric skills, Inter personal skills and Domain skills experienced by the organizations

	Organization	N	Mean	S D	F-values
Positive Work ethics	IT	60	18.37	3.471	F=13.457** (p<.001)
	Non-IT	43	17.26	3.457	
	Others	62	15.50	1.715	
Confidence	IT	60	16.95	5.156	F=7.110** (p<.001)
	Non-IT	43	15.90	2.653	
	Others	62	14.50	1.964	
Numeric skills	IT	60	17.77	4.575	F=15.703** (p<.001)
	Non-IT	43	15.48	4.532	
	Others	62	13.74	2.739	
Inter personal skills	IT	60	15.01	3.362	F=57.309**

	Non-IT	43	15.30	3.700	(p<.001)
	Others	62	9.96	1.907	
Domain skills	IT	60	11.06	1.998	F=51.907** (p<.001)
	Non-IT	43	11.67	2.222	
	Others	62	7.37	2.943	

** significant at 1% level

Positive Work ethics

The obtained 'F' value is 13.457 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Positive Work ethics experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 18.37 and the lowest mean value was scored by the Other organizations (15.50). This shows that the efficiency of candidates towards Positive Work ethics is more in IT organizations and the efficiency of candidates towards Positive Work ethics is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on positive work ethics experienced by the organizations after selecting the candidates through Campus interview.

Confidence

The obtained 'F' value is 7.110 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Confidence experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 16.95 and the lowest mean value was scored by Other organizations (14.50). This shows that the efficiency of candidates towards Confidence is more in IT organizations and the efficiency of candidates towards Confidence is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on confidence experienced by the organizations after selecting the candidates through Campus interview.

Numeric skills

The obtained 'F' value is 15.703 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Numeric skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 17.77 and the lowest mean value was scored by Other organizations (13.74). This shows that

the efficiency of candidates towards Numeric skills is more in IT organizations and the efficiency of candidates towards Numeric skills is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on numeric skills experienced by the organizations after selecting the candidates through Campus interview.

Inter personal skills

The obtained 'F' value is 57.309 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Inter personal skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that Non IT organizations have scored higher mean value of 15.30 and the lowest mean value was scored by the Other organizations (9.96). This shows that the efficiency of candidates towards Inter personal skills is more in Non IT organizations and the efficiency of candidates towards Inter personal skills is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on interpersonal skills experienced by the organizations after selecting the candidates through Campus interview.

Domain skills

The obtained 'F' value is 51.907 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Domain skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that Non IT organization have scored higher mean value of 11.67 and the lowest mean value was scored by the Other organization (7.37). This shows that the efficiency of candidates towards Domain skills is more in Other organization and the efficiency of candidates towards Domain skills is less in Non IT organization after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on domain skills experienced by the organizations after selecting the candidates through Campus interview.

Table 4 : Influence of type of organization on Technology Savvy, Multicultural skills, Personal Appearance, Enthusiasm & Motivation and Creativity skills experienced by the organizations

	Organization	N	Mean	S D	F-values
Technology Savvy	IT	60	9.38	3.385	F=1.408 (p=.248)
	Non-IT	43	10.00	2.380	
	Others	62	9.00	2.997	
Multicultural	IT	60	9.73	3.961	F=25.697**

skills	Non-IT	43	10.32	1.960	(p<.001)
	Others	62	6.93	1.084	
Personal Appearance	IT	60	9.83	2.681	F=8.341** (p<.001)
	Non-IT	43	9.95	2.197	
	Others	62	8.33	2.095	
Enthusiasm and Motivation	IT	60	6.58	2.211	F=0.469 (p=.626)
	Non-IT	43	6.27	1.991	
	Others	62	6.61	1.334	
Creativity skills	IT	60	7.18	1.567	F=13.946** (p<.001)
	Non-IT	43	6.07	1.730	
	Others	62	5.74	1.425	

** significant at 1% level

Technology Savvy

The obtained 'F' value is 1.408 and it is not significant at 5% level. The value indicates that there is no significant influence of type of organization on Technology Savvy experienced by the organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on technology savvy experienced by the organizations after selecting the candidates through Campus interview.

Multicultural skills

The obtained 'F' value is 25.697 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Multicultural skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that Non IT organizations have scored higher mean value of 10.32 and the lowest mean value was scored by the other organizations (6.93). This shows that the efficiency of candidates towards Multicultural skills is more in Non IT organizations and the efficiency of candidates towards Multicultural skills is less in other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on multicultural skills experienced by the organizations after selecting the candidates through Campus interview.

Personal Appearance

The obtained 'F' value is 8.341 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Personal Appearance experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that Non IT organizations have scored higher mean value of 9.95 and the lowest mean value was scored by the Other organizations (8.33). This shows that the efficiency of candidates towards Personal Appearance is more in Non IT organizations and the efficiency of candidates towards Personal Appearance is less in Other organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on personal appearance experienced by the organizations after selecting the candidates through Campus interview.

Enthusiasm and Motivation

The obtained 'F' value is 0.469 and it is not significant at 5% level. The value indicates that there is no significant influence of type of organization on Enthusiasm and Motivation experienced by the organizations after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on enthusiasm & motivation experienced by the organizations after selecting the candidates through Campus interview.

Creativity skills

The obtained 'F' value is 13.946 and it is significant at 1% level. The value indicates that there is significant influence of type of organization on Creativity skills experienced by the organizations after selecting the candidates through Campus interview.

Further, the mean table indicates that IT organizations have scored higher mean value of 7.18 and the lowest mean value was scored by the other organization (5.74). This shows that the efficiency of candidates towards Creativity skills is more in IT organization and the efficiency of candidates towards Creativity skills is less in other organization after selecting the candidates through Campus interview. From the above it is evident that there is significant influence of type of organization on creativity skills experienced by the organizations after selecting the candidates through Campus interview. Therefore, the hypothesis that there is influence of type of organization on experienced skill sets after selecting candidates through campus interview is accepted at 1% level of significance.

V. Conclusion

The present study highlights that there is significant influence of type of organization on skills experienced by the organizations after selecting the candidates through Campus interview. Every form of organization experienced differences in terms of skills possessed by the employees relating to different kinds of skills possessed by the fresh graduates hired through campus recruitments. However, the skills required by employees belonging to IT organizations may not be needed for Non-IT organizations and other organizations. In such cases skills become important for being hired specifically according to the organizational needs. In certain situations, certain skills like creative skills are required for every kind of organization. Such

kind of skills need to assessed for availability among all graduates being hired. The researcher concludes from this study, that a need prevails to classify the skills to look for in IT, Non-IT and other organizations. By doing this hiring them suitably as per the organizational needs may be easy rather than doing a post assessment of skills possessed by the fresh graduates hired through campus recruitments.

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