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## **Antecedents, coping strategies and consequences of repatriation adjustment: What do we know?**

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### **Abstract**

*In the competitive and globalized era, expatriates and repatriates become exporters, importers and local traders of skill, knowledge and expertise and, they are the most competitive resource of the organization. For both an organization and repatriates, managing repatriation has become a challenge, and most of the organizations and repatriates get feeble returns on their investments. However, the literature on repatriation remains fragmented. This paper provides a comprehensive analysis on antecedents and coping approaches of repatriation adjustment and provides a framework. This paper enables the repatriates and the organizations to understand the repatriation process well and thus enable them to manage the repatriation transition better. Further, this study by giving a comprehensive view of repatriation literature guides future researchers to identify the gaps in the existing literature on repatriation and help them to advance the existing knowledge in this field.*

**Keywords:** *Adjustment, coping strategies, expatriation, repatriation.*

### **1. Introduction**

With a borderless world, the business opportunity has tremendously increased that results in increased employees' international mobility. Multinational companies send their employees (expatriates) abroad to work in their overseas subsidiary (expatriation), and they (repatriates) return to their parent organization after completing their assignment (repatriation) (Bossard & Peterson, 2005; Chiang, Esch, Birtch, & Shaffer, 2018; Kraimer, Shaffer, Harrison, & Ren, 2012; Vidal, Valle, & Aragón, 2007). In the knowledge era, as expatriates and repatriates become exporters, importers and local traders of knowledge, they are the most precious resource of all (Inkson, Arthur, Pringle, & Barry, 1998).

Up until now, the literature has mainly focused on the expatriation stage of international assignments (Chiang et al., 2018). This bias in the literature because of the perception that returning to home is less problematic than going abroad (Black, 1992; Change et al., 2018).

In the beginning, the severity of the repatriation process for corporate employees was not recognized well; organizations assumed that as repatriates were coming back home, they should have no trouble in readjusting to their home environment. Consequently, this process was often expected to require much less Human Resource (HR) attention than expatriation (Black, 1992; Black & Gregersen, 1999; Cox, Khan, & Armani, 2013; Greer & Stiles, 2016; Harvey, 1982, 1989). In contrast to their anticipation, repatriates found readjustment to their home context was more painful and challenging than their expatriation experiences (Adler & Gundersen, 2008; Gomez-Mejia & Balkin, 1987).

Repatriates were suffering from problems of adjustment which leads to adverse consequences, for example, employee dissatisfaction (Suutari & Brewster, 2003), lack of knowledge sharing (Oddou, Osland, & Blakeney, 2008) and feelings of alienation upon repatriation (Adler, 1981; Bossard & Peterson, 2005). Most importantly, the high turnover rate among repatriates was noticed following the first two years of repatriation (Brookfield, 2015). When repatriates leave an organization, the organization loses its investment and will not get any return out of their investment. Their competitors can employ the leaving repatriates, and competitors can make use of them with the least investment (Kraimer et al., 2012). This situation can affect the competitive position and weakens the organization immediately as well as in the long run. Therefore, both repatriates and organizations should take the necessary steps to manage the repatriation transition. However, successful management of repatriation has become a challenge for both the organization and repatriates (Greer & Stiles, 2016; Jassawalla, Connelly, & Slojkowski, 2004; Solomon, 1995) and they need a comprehensive view of repatriation to manage the repatriation transition better. However, the existing repatriation literature is fragmented.

Therefore, this study provides a comprehensive review on causes and coping approaches of repatriation adjustment with the aim of;

- a) Equipping organization and repatriates for the better management of repatriation
- b) Providing a platform for further advancement on repatriation research, and
- c) Providing suggestions for future research on repatriation

This paper is significant because it enables the repatriates and the organizations to understand the repatriation process well and thus enable them to manage the repatriation transition better. Further, this study by providing a comprehensive view of repatriation literature guides further researchers to identify the gaps in the literature and helps them to advance the existing knowledge in this field.

## **2. Scope of the review**

The literature on repatriation is vast, covering different groups of repatriates such as corporate employees, students, missionaries, peace group volunteers, returning migrants, soldiers and journalists (Szkudlarek, 2010). This review focus on repatriation of corporate employees. In this review, the researcher encompass research on the repatriation adjustment process and draw on scholarly works across the fields of management, International Human Resource Management (IHRM) and International Business (IB).

A two-stage process was adopted to select articles for consideration (Doherty, Haugh, & Lyon, 2014). To begin this process, the researcher did a keyword search using the search engine Google Scholar to generate a list of articles. The search terms were selected to ensure inclusivity and focus on the repatriation process. Using a series of keywords "repatriation", "repatriation adjustment" generated hundreds of journal publications related to the repatriation of different groups such as corporate employees, students, missionaries and migrant/refugee. The researcher selected articles that talked about repatriation of corporate employees, and end up with 52 articles from 18 journals.

In the second stage, the researcher used the reserves search method in which additional papers were obtained from the citations in the selected journal articles. This snowballing approach produced a further 38 journal papers. In the end, this two-stage process generated 90 articles from 22 journals. This review paper starts by defining repatriation and how repatriation adjustment has been conceptualized. Next, this paper explores the main themes that have emerged in the repatriation literature, including adjustment expectation, cultural shock, and identity change. Further, this study discusses hoping approaches and consequences of repatriation adjustment. Finally, this study suggests a possible avenue for further research in repatriation.

## **2.1 Repatriation and repatriation adjustment**

Repatriation is a transition from a host country to one's home country after living overseas for a significant period (Adler & Gundersen, 2008; Black, Gregersen, & Mendenhall, 1992; Kulkarni, Lengnick-Hall, & Valk, 2010). Research on repatriation of corporate employees has been developed from its research roots in domestic relocation and expatriation literature. Theory on repatriation was developed based on the work of adjustment theorists of domestic relocation (Dawis & Lofquist, 1984; Nicholson 1984) and expatriation (Black, Mendenhall, & Oddou, 1991).

In most cases, in expatriation and repatriation research, adjustment, adaptation and acculturation were used somewhat interchangeably (Mendenhall & Oddou, 1985; WeShi & Franklin, 2014). However, one can observe some differences between them. Acculturation is a process that changes individuals' attitude and behaviour from one culture to another culture because of regular contact with people in other culture. Adjustment and adaptation can be seen as two essential elements of the acculturation process. Adaptation can be viewed as a process involving changes of individual behaviour to achieve a fit with many aspects of the new context (Aycan & Berry, 1996; Chan, 2000). Not like acculturation, adoption is a short-term process, and a means to achieve fit with the new context. Adjustment is a more specific concept which is psychological well-being with the various aspect of the new context (Black & Gregersen, 1991).

The process of repatriation adjustment continues until repatriates adjust adequately with different aspects of their home context (Sussman, 2000). During the adjustment period, changes occur in repatriates towards increasing fit, and decreasing clashes between environmental demands and individual attitudes and behaviour. In other words, in the process of repatriation adjustment repatriates attempt to reduce uncertainty and achieve a degree of fit with the different aspects of the home context (Black et al., 1992). Better adjusted repatriates

feel acceptance, well-being, and psychological comfort and better-fitted to the home context (Adler, 1981; Black et al., 1992).

Literature has been consistently suggesting that the process of repatriation adjustment was more severe than that repatriates expected, and their overseas adjustment. The causes for adjustment difficulties have been discussed in the literature from different perspectives such as reverse cultural shock (Gomez-Mejia & Balkin, 1987; Vidal et al., 2007), the incongruence between repatriation expectation and reality (Black et al., 1992; Harvey, 1982; MacDonald & Arthur, 2003), identity change (Kohonen, 2008; Kraimer et al., 2012), and cultural identity transition (Cox, 2004; Sussman, 2000, 2002).

## **2.2 Repatriates' expectations and cultural shock**

Repatriates experience shock known as a reverse cultural shock that creates uncertainty and stress (Black & Gregersen, 1991; Gomez-Mejia & Balkin, 1987; Stroh, 1995). Reverse cultural shock can be a consequence of unmet expectations. Repatriates from expectations in relation to their repatriation while they are overseas. The expatriation context provided them with different stimuli that forced them to change themselves (Hermans & Dimaggio, 2007; Kohonen, 2004). Expatriates accommodate these changes, which broaden the outlook and expand the mind with respect to many dimensions, such as cultural aspects, mental maturity and managerial competencies, and work-related self-concepts (Baughn, 1995; Kohonen, 2004, 2008; Shaffer et al., 2006). The new alterations change their perception of themselves. In other words, expatriates change their identity that influences their attitudes, behaviour, and perceptions. However, repatriates are not well aware of the changes within them (Martin & Harrell, 1996), and with these changes, they develop their repatriation expectations.

At the same time, the home organization can undergo substantial changes during their absence (Baughn, 1995; Greer & Stiles, 2016). Changes are likely to take place in the home organization in the form of structural and policy changes, as well as changes in employees' positions; employees may have been promoted or a new member may have replaced a previous employee. These changes may alter the power structure of the informal organization. Therefore, unfortunately, expatriates tend to form inaccurate expectations about their repatriation.

Also, they assume that they will be rewarded in terms of promotion, and the organization will be more supportive of them (Gregersen & Black, 1996; Hurn, 1999; Stroh, 1995). Contrary to their expectations, repatriates observe changes in the home context and experience a lack of recognition and lack of respect for their global expertise (Adler, 1981; Black, 1992; Harvey, 1989). This situation increases the difference between the repatriates' expectations and the reality they see upon their repatriation, resulting in feelings of uncertainty and loss of control (Black et al., 1992) and reintegration to their home organization becoming a more stressful experience.

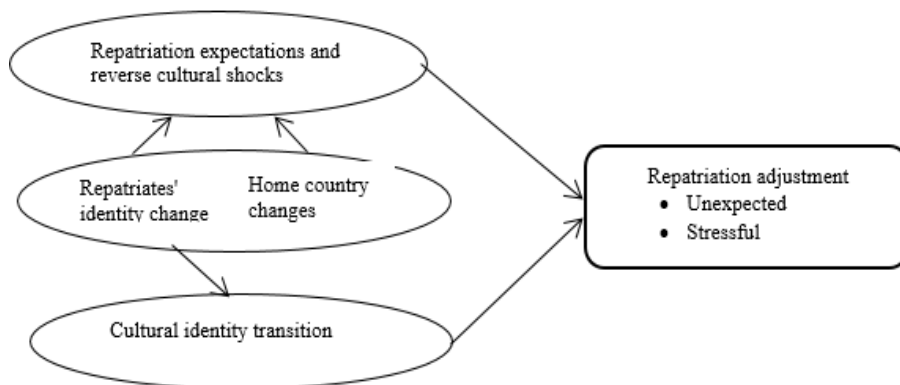
## **2.3 Cultural identity transition/change**

Cultural identity transition is the consequence of an expatriate's adaptation to the host country's cultural context. Cultural identity transition is "the degree to which an individual identifies with the home country and the host country" (Sussman, 2002). The key cultural

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identity transitions were labelled as subtractive (disintegrated), additive (host favoured), global/intercultural (integrated) and affirmative (home favoured) based on to what extent they established their link with home and host culture (Cox, 2004; Hyder & Lövblad, 2007; Sussman, 2000, 2002). Subtractive and additive shifters are those who have a weak link with their home culture and strong ties with their host culture, respectively. On the other hand, affirmative and intercultural shifters are those who have strong ties with home culture and those who accept both home and host culture, respectively.

As discussed above, repatriates experience repatriation as an unexpected and stressful process, and this process was more painful than their expatriation experiences. Repatriates' identity change (Baughn, 1995; Hermans & Dimaggio, 2007; Kohonen, 2008; Kraimer, 2012) and changes in home organization/country (Black et al., 1992; Harvey, 1982) make repatriates form unrealistic expectations. Repatriates' identity change (Hermans & Dimaggio, 2007; Kohonen, 2004) influences their cultural identity transition. Along with unmet expectations (Black et al., 1992; Harvey, 1982; MacDonald & Arthur, 2003) cultural identity transition (Cox, 2004; Sussman, 2000, 2002) made repatriation experience a painful process. Figure 1 shows the critical antecedent conditions developing repatriation adjustment as an unexpected and stressful process.



**Figure 1** Key antecedent conditions of repatriation adjustment

*Source: Developed by the researcher based on the review.*

The antecedent conditions, mentioned above, can be common to all repatriates. For this reason, all kinds of repatriates found that the repatriation experience was stressful, and reintegration to their home organization/country was a painful process (Adler, 1981; Szkudlarek, 2010). Along with these antecedent conditions, there are more antecedent conditions of repatriation adjustment depending on the repatriation context. For example, among corporate repatriates, role clarity and role conflict were found to be significant antecedents of repatriation adjustment (Black, 1994; Black & Gregersen, 1991). The following are more specific antecedent conditions of repatriation adjustment of business employees.

## **2.4 Antecedents of repatriation adjustment**

Black et al. (1992) proposed a comprehensive model of repatriation adjustment by explaining repatriation adjustment as a process of uncertainty reduction and re-establishing a sense of

control. This model highlights individual organizational situational and general antecedents of repatriation adjustment. According to Black et al. (1992), adjustment takes place in two stages; before repatriation (anticipatory adjustment), and after repatriation (in-country adjustment). The anticipatory adjustment refers to the process before repatriation where repatriates develop expectations concerning their work, interactions and general environment based on their experience and the information they had. In the stage of in-country adjustment, individual variables (need for control, expatriation adjustment), job variables (role clarity, role discretion and role conflict), organizational variables (post-arrival training, repatriation career objectives/policies), and non-work variables (social status, housing conditions, spouse adjustment) influence the in-country adjustment. At the same time, in addition to predictive control, behavioral control also influences in-country adjustment.

Apart from the role of individual control, this model highlighted three facets of adjustment: adjustment to work, adjustment to interaction, and adjustment to the general environment (Black et al., 1990, 1992; Black & Gregersen, 1991). This multifaceted nature implies that different antecedents may have different degrees of impact on each facet of the adjustment. For instance, Black and Gregersen (1991) found that only two variables, such as housing conditions and role discretion, influence all facets of the adjustment. Two other variables; time overseas and time back in the home country, influence work adjustment only. This may imply that particular antecedents are strictly related to particular facets of adjustment. However, there is no consistent evidence to show which antecedent is related to which facet of adjustment: there were inconsistencies among them (Black 1994; Suutari & Välimaa, 2002; Vidal et al., 2010). For example, while Black and Gregersen (1991) found role discretion was related to three facets of adjustment, Suutari and Välimaa (2002) found it was only related to work adjustment.

Hyder and Lövblad (2007) developed a model that was an extension of the Black et al. (1992) theoretical model. While the focal point of Black et al.'s (1992) model was repatriation adjustment, the focus of Hyder and Lövblad's (2007) model was repatriation experience and their retention. While Black et al.'s (1992) argument was grounded on uncertainty reduction and the personal control theory, Hyder and Lövblad (2007) developed their argument based on employment contract theory. They stress that, as expatriation and repatriation are dramatic events that relate to the relational nature of employment, the repatriates' experience can have a significant impact on this relationship. When repatriates perceive their home organization is unsupportive, and they are unable to receive what they expected, they will feel the relational contract is violated by the organization and intend to leave the organization. In addition to meeting expectations, repatriates' cultural identity (Cox, 2004; Sussam, 2000, 2002) and their demographic variables influence repatriation experience. Though Hyder and Lövblad (2007) talk about repatriation experiences, they agree that when the repatriation experience was positive, repatriates can adjust to their repatriation better.

The number of interrelated antecedents was evidence of the complexity of the adjustment process, and made repatriation transition more painful than expected by repatriates and organizations. The antecedent variables of repatriation adjustment can be related to a number of individual, organizational, cultural, and social variables. This signifies that managing repatriation is a challenging role for human resource management in organizations (Adler & Gundersen, 2008; Kulkarni et al., 2010), and in addition to the efforts of the organizations the

contribution of existing members and repatriates is also necessary to smooth the process of repatriation adjustment (Adler, 1981).

The model of Black et al. (1992) included most of the antecedents of repatriation adjustment. This model has been empirically tested among repatriates in different cultural and organizational contexts (Black, 1994; Gregersen & Stroh, 1997; Suutari & Välimaa, 2002; Vidal et al., 2010). The expected direction of each antecedent was confirmed by the empirical study. However, a few antecedents, for example, age, showed mixed or unexpected directions towards repatriation adjustment, as detailed below.

Black and Gregersen (1991) examined the influence of 12 antecedent variables on three facets of repatriation adjustment among 125 repatriates (U.S managers) who returned after completing at least nine months of their overseas assignment. The examined antecedent variables were: age, time overseas, total years spent overseas, clarity of repatriation process, time back in US, role discretion, role clarity, role conflict, culture novelty, and social status housing conditions. They found that a few variables - such as total time overseas, housing conditions, social status and age - influenced all three facets of adjustment, and variables except cultural novelty and clarity of repatriation process influenced at least one facet of adjustment. The antecedent variables explained from 29 percent to 53 percent of the variance in the adjustment models related to the three facets of adjustment. Black (1994) examined the same antecedent variables among 173 Japanese repatriates. Black (1994) compared his results with Black and Gregersen's (1991) results. The comparison showed exciting differences between American repatriates and Japanese repatriates that signifies the contextual influences on repatriation adjustment.

Gregersen and Stroh (1997) focused on Finnish repatriates and examined the influence of the 12 antecedent variables on the three facets of adjustment. Work adjustment was found to be related to time overseas, time since returning home, and role discretion and role clarity. In regards to interaction adjustment time overseas, culture novelty, and social status were found to be correlated significantly. Antecedent variables such as time overseas and time back home related to repatriates' general adjustment.

These three studies (Black & Gregersen, 1991; Black, 1994; Gregersen & Stroh, 1997) examined the influence of almost the same antecedent variables on the three facets of adjustment of corporate repatriates in three different cultural contexts: the US, Japan and Finland. It is interesting to note that the findings of these studies were not exactly the same. Further, while Black and Gregersen's (1991) study explains up to 53 percent of the variance, the other two studies describe a maximum of 29 percent of variances in the model. Therefore, it can be concluded that the antecedents of repatriation adjustment are not the same in all contexts, even though all repatriates experience readjustment difficulties.

It is interesting to note that there is no one predictor that influences the same facet of adjustment in all studies. The antecedent variables have different weights in various studies. For example, the influence of age on three facets of adjustment has been examined in four studies (Black & Gregersen, 1991; Black, 1994; Gregersen & Stroh, 1997; Suutari & Välimaa, 2002). One study by Gregersen and Stroh (1997) found no significant influence of age on any facets of adjustment, but the other three studies found it impacted at least one facet of adjustment. Furthermore, some variables are significantly correlated with the adjustment but

have no impact on adjustment. For example, in the Black and Gregersen (1991) study age was significantly correlated to work adjustment, but in the model, it has no significant influence on work adjustment. In this case, we may say that the correlation of age with other antecedent variables make age a non-significant variable. The influence of each predictor on each facet of adjustment is discussed below.

## **2.5 Personal and situational variables and repatriation adjustment**

All empirical research except one (Vidal et al., 2010) investigate the impact of age on the three facets of the adjustment. The empirical evidence confirms the positive impact of age on adjustment (Black, 1994; Black & Gregersen, 1991), but Gregersen and Stroh (1997) and James (2018) found no effect. However, interestingly, Suutari and Välimaa (2002) found a negative impact of age on general adjustment and no impact on any other facets of the adjustment. This contradictory relationship may be due to the cultural differences where the study was conducted.

High self-efficacy repatriates can manage repatriation transition stress better than low self-efficacy repatriates (Black et al., 1992). This variable has been investigated among the Spanish repatriates only, but it was found that self-efficacy has no impact on any facets of the adjustment (Vidal et al., 2010). Likewise, social capacity and conceptual capacity have no significant effect on any facets of the adjustment (Vidal et al., 2010). This suggests that an individual's development may facilitate them to progress well in their career path, but not facilitate them to adjust to their repatriation transition better. These repatriation adjustment difficulties can preclude them from using their newly acquired skills and knowledge which badly affects both the organization and the individual. Thus, both the organization and repatriates must take the necessary steps to ease repatriation transition difficulties.

Only one study (Vidal et al., 2010) investigated social capacity and conceptual capacity as the antecedents of the two facets of repatriation adjustment; work adjustment and general adjustment. They found social capacity has a positive impact on general adjustment but not on work adjustment. Conceptual capacity was not found to be correlated with either general adjustment or work adjustment.

The literature highlights that expatriates' unrealistic expectations make their repatriation a difficult one (Black et al., 1991, 1992; MacDonald & Arthur, 2003). However, the influence of accurate expectations of repatriation adjustment has not been empirically investigated except in one study (Vidal et al., 2010). This study found that accurate expectations have a positive impact on general adjustment, but not on work adjustment.

Concerning the time of overseas assignment, the empirical evidence was inconsistent. While Black and Gregersen (1991) found the period spent on an overseas assignment influenced work adjustment negatively, Gregersen and Stroh (1997) and Suutari and Välimaa (2002) found its negative influence on general adjustment. However, Black (1994) has found no significant impact on any facets of adjustment. This mixed result suggests that the effect of the length of the overseas adjustment may depend on the repatriation context; more empirical investigation is needed to arrive at a conclusion about its implications for the adjustment.



As with the period spent on an overseas assignment, the time passed upon repatriation also has a substantial influence on repatriation adjustment. Repatriates need time to reduce uncertainty and reintegrate to the home country/organization (Adler, 1981; Cox et al., 2012; Sussman, 2002). While Gregersen and Stroh (1997) found time passed upon repatriation has a positive impact on both general and work adjustment, Black (1994) and Gregersen (1991) found its positive impact only on the general adjustment and work adjustment respectively.

When employees perceive that they can apply their newly acquired skills to the role performance, they will be satisfied and motivated. This positive energy may lead to better adjustment (Solomon, 1995; Stroh et al., 1998). Suutari and Välimaa (2002) and Vidal et al. (2010) investigated its impact but found it does not affect adjustment. Suutari and Välimaa (2002) and Vidal et al. (2010) found that expatriation adjustment problems influenced general and interaction adjustment negatively, whereas expatriation satisfaction positively influenced interaction adjustment, but not work or general adjustment.

Gathering up-to-date information provides a better understanding of home country changes that facilitate repatriates in developing accurate expectations and better adjustment (Black et al., 1992). Suutari and Välimaa's (2002) empirical investigation found that it had a positive influence on general and work adjustment, but did not have a significant impact on interaction adjustment.

The repatriation process can be influenced by cultural disparity (Gregersen & Black, 1996; Vidal et al., 2007). When there are significant differences between home and host country culture, repatriates' adopted host cultural values, customs, and norms contradict with the home country's cultural values and norms. This situation may lead to feelings of discomfort (Black et al., 1992). However, to what extent they have changed their cultural identity during their overseas stay influences their sense of comfort upon repatriation (Sussman, 2002). In a study among Finnish repatriates, Gregersen and Stroh (1997) found cultural novelty negatively influenced interaction adjustment only, but another two studies (Black & Gregersen, 1991; Black, 1994) found no significant influences on many facets of the adjustment.

## **2.6 Organizational variables and repatriation adjustment**

Role discretion permits employees to adjust their work role to match their abilities better. Thus, role discretion can reduce work-related uncertainties and facilitate their adjustment. Black and Gregersen (1991) found role discretion influences all three facets of repatriation adjustment while three other studies (Black, 1994; Gregersen & Stroh, 1997; Suutari & Välimaa, 2002) observed role discretion only related to work adjustment.

Unambiguity in the role facilitates repatriates by reducing the uncertainty related to the work setting and thus would facilitate repatriates adjusting to their work setting better (Black et al., 1992). However, empirical evidence on the influence of work clarity on repatriation adjustment was inconsistent. Role conflict can lead to uncertainty in the work environment, and thus hinder work adjustment (Black et al., 1992; Nicholson, 1984). While role conflict was found to be associated with three facets of adjustment in Black's (1994) study, it was associated only with work adjustment in the other two studies (Black & Gregersen, 1991; Suutari & Välimaa, 2002). However, Gregersen and Stroh (1997) found no association with any facets of adjustment. Only one study (Vidal et al., 2010) examined the influence of work

autonomy, promotion, compensation and post-arrival training. Nevertheless, these variables have not a significant influence on work adjustment except for work autonomy. Timing of role decision and negotiation and role novelty are examined by Suutari and Välimaa (2002) only. While the timing of role decision and negotiation influence at least one facet of adjustment, role novelty has no significant influence on many facets of adjustment.

## **2.7 General variables and repatriation adjustment**

While Black and Gregersen (1991), Black (1994), and Gregersen and Stroh (1997) found social status was related to repatriation adjustment, Suutari and Välimaa (2002) and Vidal et al. (2010) found no link between them. Black and Gregersen's (1991) study found housing conditions were related to three facets of adjustment. However, Black (1994) found housing conditions were related to only general adjustment. Gregersen and Stroh (1997) and Vidal et al. (2010) found no significant link between any facets of adjustment.

The antecedents of repatriation adjustment can be categorized into two groups. Group one is the antecedents that create or increase uncertainty and reduce a sense of control - such antecedents make repatriation adjustment a stressful process, and group two is the antecedents that reduce uncertainty and increase the sense of control - these antecedents smooth the process of repatriation, one can say such antecedents are "coping approaches". The organization, co-workers and repatriates are involved in smoothing the process of repatriation (Adler, 1981; Black et al., 1992; DeFillippi & Arthur, 1994; Feldman & Tompson, 1993; Jassawalla & Sashittal, 2011; O'Sullivan, 2002).

## **2.8 Coping approaches: social support**

Social support practices can reduce repatriation stress and make repatriates feel comfortable. Notably, in the work environment employees may receive support from their organization and co-worker. Organizational support can be perceived from a supportive corporate culture, practice, procedures, policies and rules. Co-worker support may be in the form of providing background information about work, role behaviour, formal and informal group settings, and behavioural norms.

*Co-worker support:* Co-workers were not ready to accept repatriates' new identity and undervalued repatriates' overseas experience (Adler, 1981). A study by Gama and Pedersen (1977) among Brazilian returnees who returned from their graduate studies in the US found that returnees (university professors) experienced peers' professional jealousy. However, co-workers' influence on repatriation adjustment of academics has apparently been neither discussed nor empirically tested among repatriates so far.

*Organizational support:* Repatriates can adjust to their repatriation when they are provided with necessary support practices (Gomez-Mejia & Balkin 1987; Harvey, 1989; Kulkarni et al., 2010; Shen & Hall, 2009). A longitudinal study (Takeuchi, Wang, Marinova, & Yao, 2009) on expatriation adjustment found that perceived organizational support was positively associated with adjustment. Providing appropriate organizational support during the foreign stay and upon repatriation positively influences the adjustment upon repatriation (Black et al., 1992). However, different global assignments require different types of organizational support (Caligiuri & Lazarova, 2002). Gilliot, Overlaet, and Verdin (2002) suggested organization

support practices such as providing a stimulating work environment, developing a diversified and dynamic career policy, and paying attention to the work-life balance, will facilitate retention of employees in academic institutions as well as in business organizations.

A study by Lazarova and Caligiuri (2002) with 58 repatriates found that organizational support practices increase repatriates' general perception about their organization. Repatriates perceived that organizational support practices help successful repatriation and those who perceived more support practices intended to remain with the organization. Their study further suggested that organizational support practices were not found to be related to repatriates' turnover intention but perceived organizational support practices were found to be related to repatriates' turnover intention. This suggests repatriates' perceived support practices may be more important than the support practices provided.

## **2.9 Repatriates' proactive behaviour**

In the context of repatriation, repatriates are proactive: they find possibilities to change the context or make use of the context, and attempt to find necessary information for the attainment of personal and organizational goals (DeFillippi & Arthur, 1994; O'Sullivan 2002). This study defines repatriates' proactive behaviors as repatriates' attempts to change the repatriation context, change themselves or change both in order to better adjust to their repatriation and fit to the organization.

Repatriates engage in proactive behaviors such as developing networks and seeking information to adjust to their repatriation better (Allen & Alvarez, 1998; O'Sullivan, 2002). Engagement in such proactive behaviors enables repatriates to adjust to the environment and achieve a better position within a short period (Jassawalla & Sashittal 2011; Stroh, 1995). The link between proactive behaviour and repatriation adjustment has not been clearly discussed in the repatriation literature. However, four studies (Adler, 1981; Black et al., 1992; Feldman & Tompson, 1993; O'Sullivan, 2002) discuss the individual's role in the repatriation adjustment process.

Adler (1981) proposed a model of coping with repatriation that focuses on the attitudes repatriates used to fit back into their home. Adler identified four different groups of repatriates (readjustment modes) based on their attitudes: whether they were optimistic or pessimistic and whether they were active or passive in relation to their re-entry adjustment. The four groups are named as re-socialized repatriates, proactive repatriates, alienated repatriates and rebellious repatriates. Proactive repatriates made attempts to change both their situation and themselves to fit back to their home organization. They quickly adopted the norms and values of their home organization and exploited their overseas experience there. Proactive repatriates were satisfied with their repatriation and saw themselves as effective.

In the theoretical framework of repatriation adjustment, Black et al. (1992) did not directly use the term 'proactive behavior' but indirectly talked about the connection between repatriates' proactive behaviour (control behaviour) and adjustment. They highlighted two different forms of a repatriate's control behavior: predictive control and behavioral control. Predictive control enables an individual to forecast the situational demand; in contrast, behavioral control enables an individual to control their behavior to reduce uncertainty and

re-establish control over the environment. Both behavioral and predictive control facilitates repatriation adjustment (Black et al., 1992).

Feldman and Tompson (1993) investigated the relevance of proactive behavior during the career transition of three transition groups: expatriates, repatriates, and domestic geographical relocations. This study has analyzed their coping strategies such as information seeking, looking for the positive side of the job, keeping feelings to themselves, refraining from telling their boss about their problems, changing work procedure, and working long hours. Most of these proactive strategies significantly influence the indices of job adjustment, such as general satisfaction, intention to remain and satisfaction with growth opportunities. Though this study supports the effectiveness of proactive behaviors for better adjustment, the generalizability of this finding to the repatriation population is limited, as the study included only 40 repatriates out of 459 respondents.

The theoretical work of O'Sullivan (2002) focuses on the role of repatriates and their proactive behavior in the process of repatriation adjustment, beyond organizational responsibility. O'Sullivan suggests that repatriation behaviors such as social networking and information-seeking aimed at securing repatriation support are an alternative means to manage repatriation transition, and proactive behavior is needed both before and after the repatriation. The model suggests proactive personality characteristics that lead to proactive behaviors are the predictors of successful repatriation outcomes. James (2019) empirically investigated the influence of the organization, co-workers and individuals (proactive behaviours) on repatriation adjustment among academic repatriates. In this study, James (2019) found that though the three predictor variables have a significant influence on repatriation adjustment, repatriates' engagement in proactive behaviour had more effect in predicting repatriation adjustment of academic repatriates.

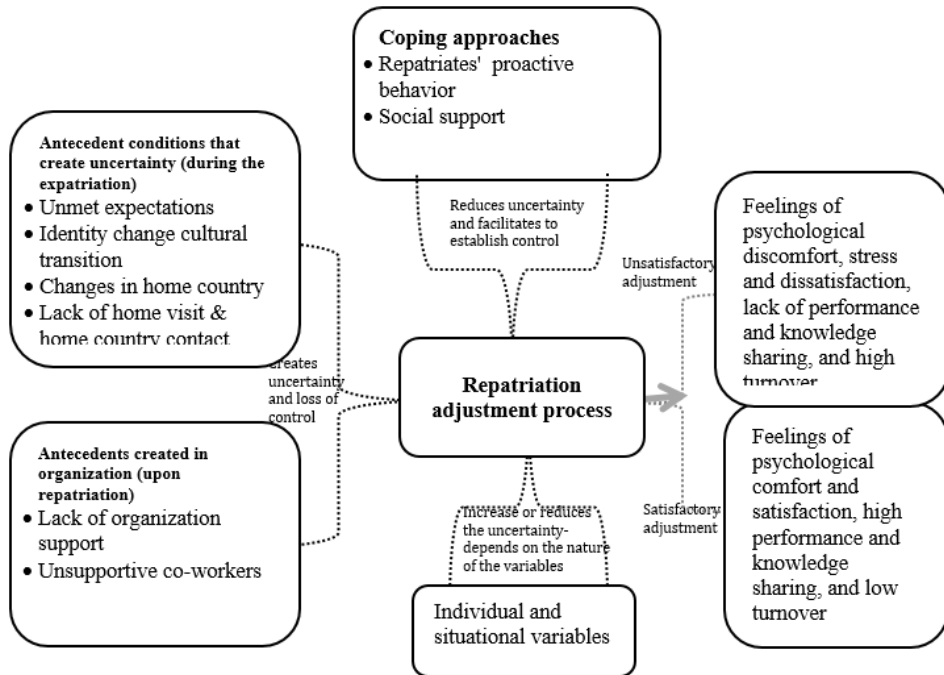
Although these five studies viewed the repatriates' proactive behavior in different angles, they reflect that proactive behavior enables repatriates to adjust to their repatriation better. Repatriates engage in proactive behaviour such as job change negotiation (Suutari & Välimaa, 2002), information seeking (Black et al., 1992; O'Sullivan, 2002), networking (Ahad & Hyder, 2008; Black et al., 1992; O'Sullivan, 2002) and positive framing (De Fillippi & Arthur, 1994; Feldman & Tompson, 1993).

## **2.10 Consequences of repatriation adjustment**

Satisfactory repatriation adjustment motivates employees to remain with their organization and share their knowledge. On the other hand unsatisfactory adjustment results in a lack of knowledge transfer (Oddou et al., 2008), stress and loss of motivation at work (Harvey, 1989; Sussman, 2000), low performance (Black et al., 1992; Harvey, 1989; Vidal et al., 2010), and increased employee turnover (Lee & Liu, 2007; Stroh, 1995; Suutari & Brewster, 2003).

The critical issues of repatriation adjustment discussed in the literature: antecedents and coping approaches and consequences of repatriation adjustment are summarized and presented in Figure 2. This figure provides only the antecedents and coping approaches related to repatriates' reintegration process to their home organization and the consequences of this process, which are the focus of this study. Unmet expectations, identity change, home country change, expatriation issues, and lack of home county visits and contact with the home country

are the antecedents developed during their expatriation, which create uncertainty and loss of control upon repatriation. The antecedents that are created in the organization upon repatriation, related to organization adjustment, emerged from the organization and co-workers, or both. Such conditions make repatriation a stressful process.



**Figure 2** Antecedents, coping strategies, and consequences of the repatriation adjustment process

Source: Developed by the researcher based on the review.

Individual personal and demographic characteristics and situational factors also influence the adjustment process. Such antecedents increase or reduce the uncertainty depending on its nature. However, the organization, co-workers and repatriates all contribute to reduce the uncertainty and re-establish the sense of control that facilitates the repatriation adjustment process. A satisfactory adjustment leads to favourable outcomes for both repatriates and the organization, such as feelings of psychological comfort and satisfaction, high performance and knowledge sharing, and low turnover. In contrast, unsatisfactory adjustment leads to unfavourable outcomes for both repatriates and the organization.

### 3. Implication and directions for further research

This paper provides a comprehensive analysis on antecedents and coping approaches of repatriation adjustment to equip organization and repatriates for the better management of repatriation. Further, this paper highlights the gaps and limitations in the existing literature. The roles of an organization, co-workers, and individuals in the adjustment process were discussed in the literature, but there is no single study that empirically investigates these three variables simultaneously among corporate repatriates. Empirically examining the role of individual, group and organizational level effort in repatriation adjustment simultaneously

will enable scholars and practitioners to understand the single and complex effects of each variable on repatriation adjustment.

In an organizational setting, all elements are interrelated. For example, employees' intention to leave may be influenced by their perceived organizational support and adjustment. At the same time, adjustment can be influenced by perceived organizational support. Examining the influence of related variables independently and simultaneously would provide valuable knowledge to enable understanding of the independent and interrelated effects of several variables better, and enable policymakers to take appropriate decisions.

In addition to repatriate's turnover and knowledge sharing repatriates work engagement can be an outcome of repatriation adjustment. When repatriates experience unsatisfactory adjustment, they feel uncertainty, loss of control, and high stress (Adler, 1981; Black, 1992; Harvey, 1989; Stroh, 1995; Sussman, 2002) which are the conditions that adversely affect one's engagement at work (Hakenen et al., 2002, 2006; James, 2019). Therefore, further studies are required to understand the influence of adjustment on repatriates' work engagement.

Repatriates positive framing attitude can positively influence repatriation adjustment by increasing one's own resources (James, 2019). An individual involved in role transition needs resources to adjust to their transition better (Black et al., 1992; Suutari & Brewster, 2003; Saks & Gruman, 2012). Positive framing is a personal resource (Saks & Gruman, 2012) that facilitates adjustment and helps to assimilate more resources to reduce adjustment stress and overcome adjustment challenges (Hobfoll, 2002; Saks & Gruman, 2012). Empirical studies are required to assess the influence of repatriate's positive framing on adjustment. Also, the influence of the personal competencies such as self-efficacy (Vidal et al., 2007) emotional stability (O'Sullivan, 2002) right attitudes (Jassawalla & Sashittal 2011) and core self-evaluations (Chiang et al., 2018) on adjustment needs empirical investigation.

#### **4. Conclusion**

Interest in repatriation is raising, and repatriation adjustment has become a crucial part in repatriation literature. This paper provides a review of conceptual and empirical research on repatriation; particularly it focusses on causes and coping strategies of repatriation adjustment. As both organizations and individuals bear the cost of unsuccessful repatriation adjustment, there is a growing need for organizations as well as repatriate employees to understand the repatriation process and coping strategies for the better adjustment. Repatriates are the most valuable resources and they play a crucial role in strategy development and implementation process. Three levels of effort: organization, group and individual is necessary to retain repatriates and get the return on the investment made by both organization and repatriates through better repatriation adjustment. In the international assignment literature, compared to expatriation, repatriation, and particularly, coping strategies for repatriation adjustment remain under-researched areas that require more considerable scholarly attention. This study further suggests, more individual-level variables such as repatriates' positive framing, self-efficacy, and attitudes need to be included as the predictors, and engagement as a consequence of repatriation adjustment in further empirical studies.

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## **Factors affecting young consumers' purchase intention of green products: With special reference to undergraduates of the University of Ruhuna**

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### **Abstract**

*The purpose of this paper is to investigate the factors affecting young consumers' purchase intention of green products in Sri Lanka, due to the lack of studies that deliberate green issues in the Sri Lankan context. This study focuses on three variables (i.e., environmental attitude, environmental knowledge and social influence) that influence on young consumers' purchase intention. The data were collected over a survey technique by conveniently administering structured questionnaires from 150 young consumers in the University of Ruhuna, Sri Lanka to test hypotheses. The analysis was carried out the multiple regression analysis while the results indicated that all three variables have a significant and positive impact on young consumers' purchase intention of green products. Moreover, it suggested that the environmental attitude was the most significant while social influence was the less significant variables towards young consumers' purchase intention. The findings of this study provide new insights to marketers to formulate appropriate strategies for promoting green purchase behavior among young consumers. But, this study evaluates the construct of purchase intention as an expressed intention for green products based on cross-sectional approach rather than actual purchase for such products. Hence, future scholars should adopt a longitudinal approach by focusing on changes in consumers purchase intention.*

**Keywords:** *Environmental attitude, environmental knowledge, green marketing, green purchase intention, social influence.*

### **1. Introduction**

Unsustainable consumption patterns worldwide lead to serious environmental issues, such as global warming and climate change, which drive people to change their conventional lifestyles (Lai & Cheng, 2016). Because of climate changes in the global environment, environmental

issues have become critical social issues that are increasingly apparent in daily life (Wang, 2014). When the business sector promotes effective green marketing concepts and sustainable marketing plans, consumers are likely to walk the extra mile and pay the premium price to behave in an eco-responsible manner and achieve green consumerism (Lai & Cheng, 2016). Consumers have challenged their growing concern for the environment through the demand for eco-friendly products and this movement of “going green” has expanded worldwide due to intensified awareness of living more healthily (Thøgersen, De Barcellos, Perin, & Zhou, 2015). Furthermore, Wanninayake and Randiwela (2008) reveal that green products have substantial awareness among Sri Lankan consumers and they are willing to pay something more for green products. Then the various companies, now being more environmentally responsible, have developed environment-friendly products and services, generally referred to as green products, to meet the requirements of environment-friendly consumers (Sachdev & Mahna, 2014).

Beginning in the 1970s, a significant amount of research has been conducted on consumer behavior for green products. Many variables including values, beliefs/knowledge, needs and motivations, attitudes, and demographics were shown to drive consumer choice in regards to purchasing environment-friendly products (Bui & Loyola, 2005). The previous studies have used the attitude to examine the motivation towards purchase intention of green products without factoring in the impacts of environmental attitudes and environmental knowledge (Maichum et al., 2016). They have not considered green consumer values such as environmental knowledge and social influence impact to the purchase intention of green products. Numerous studies have examined the purchase intentions of consumers towards green products in developed countries such as Italy, Germany, United Kingdom and United States (Maichum et al., 2016). However, there has been very few studies conducted on green purchasing behavior and researches argued that compared to Western countries, the green marketing studies in Asian countries are relatively less (Lee, 2008). Especially, there only a few studies have addressed green consumer purchase attitudes and behavior in Sri Lanka (Wanninayake & Randiwela, 2008).

The young generation is the future of our society and country, which seems to have an attitude and concept is different when compared to other generations (Kanchanapibul, Lacka, Wang, & Chan, 2014). Wray-Lake, Flanagan, and Osgood (2009) demonstrated that young people are the starting point for a movement of green behavior. Young consumers are the most potential of green consumer group due to they are ready with ideas, knowledge, attitude and green consciousness (Sullivan & Heitmeyer, 2008). Thus, they can understand the complexity of the green market as well (Maichum et al., 2016). Therefore, the study focuses on understanding the views of young people on green behavior is very important as they are the future consumers and representatives of society (Kanchanapibul et al., 2014).

This study adopts a different perspective by focusing on young consumers’ purchase intention of green products with special reference to young undergraduates at the University of Ruhuna. The results of this research are useful for producers of various green consumer products and marketing professionals who can use them as a source of competitive advantage in their marketing plans. Additionally, this research is interested in the results to gain a better understanding of consumer behavior to conduct further studies. Therefore, the main objectives of this study to determine whether environmental attitude, environmental knowledge and social influence affect green purchase intention of young consumers in the University of Ruhuna, Sri Lanka.

## **2. Literature review**

### **2.1 Green marketing**

The concept of green marketing is the marketing practice that considers prevention and conservation of the natural environment (Singh, 2014). Due to more pollution in the environment, arisen from industrial sectors manufacturing activities consumers are concern about the environmental problem (Chen, 2011) and willing to purchase environmentally friendly products (Erdil, 2018). Due to consumer pressure regarding environmental issues, companies develop new business models based on green trends (Singh, 2014). Green marketing is considered one of the major trends in modern business (Chen & Chai, 2010). Green marketing can be defined as “the activities taken by firms concerned about environmental problems, by delivering the environmental sound goods or services to create customer’s and society’s satisfaction” (Chen & Chai, 2010).

According to Peattie (2001), the evolution of green marketing has three phases that are Ecological, Environmental and Sustainable. The green marketing began in Europe in the early 1980s after identified the specific products were being harmful to the earth’s atmosphere. During the first stage; the concept of green marketing was integrated and discussed with industrial marketing by the scholar in the ecological stream (Peattie & Crane, 2005). The second stage of green marketing has occurred towards to end of the 1980s. This stage is the period that today’s modern green marketing principals have occurred and developed. The thought which is about green marketing is not for only an industry, it applies to all forms of production and consumption industries is the name of this second stage (Durmaz & Yasar, 2016). Further then, Achchuthan and Velnampy (2016) points that, since 2000, the third stage has been evolved, in which, implementation of more advanced technology, legislation for green issues and governmental regulation and incentives were greatly improved and practiced among marketers to regain the consumer confidence.

### **2.2 Green products and green consumers**

Green products have evolved as a result of the growing concerns about global and local pollution levels, global warming, diminishing natural reserves, and overflowing of wastes (Srivastava, 2007). The green products have been proven to have reduced harmful side effects, reduced hazards, reduced toxic substances, reduced health issues, improved recyclability, and improved environmental friendliness (Azevedo, Carvalho, & Machado, 2011). Green products help conserve energy, minimize carbon footprints or the emission of greenhouse gases and don’t lead to a lot of toxicity and pollution. The humans all over the world have identified the importance of protecting the environment and using green products, and then the demand for green products has become increasingly higher. According to Maniatis (2015), the economic gains realized improved recyclability helps in reducing waste disposal costs that is one of the benefits to consumers.

In the existing literature, green consumers are who are aware of and interested in environmental issues are called green consumers (Chen & Chai, 2010). According to Renfro (2010) green consumers as the consumers who support a business that operates in environmentally friendly ways. Further, Samarasinghe (2012) defines green consumers are

those who avoid products that are likely to endanger the health of the consumers or others; cause significant damage to the environment during manufacture, use or disposal; consume an unfair amount of energy; cause unnecessary waste; use material derived from threatened species or the environment. In line with the above definitions, it can be concluded that the green consumer is as consumers who purchase, use, disposal products and services which they perceive to have a positive impact on the environment or pro-environmental attitudes.

### **2.3 Young consumers**

The young generation is the future of society and the country, which they seem to have an attitude and concept is considerably different when compared to other generations (Kanchanapibul et al., 2014). Wray-Lake et al. (2009) demonstrated that young people are the starting point for a movement of green behavior. They are characterized as being interested in material consumption, seeing money as a representation of personal success (Chau & Ngai, 2010). They tend to react more flexibly than others, and more ready to accept new and innovative ideas (Lai & Cheng, 2016). Young buyers tend to search for more information before making an actual purchase and they find that technology can conveniently support their lifestyles (Kanchanapibul et al., 2014). Moreover, they do not only consider the present but are also concerned about the future effect of their present actions, preferring to become lifelong customers of the green market and relative to their level of judgement, the young generation seems to have more ability to reflect on their choice of environmentally-friendly products (Kanchanapibul et al., 2014).

The young consumers are the most powerful consumer group because they have more disposable income than that of any previous generation and the freedom of personal commitment of young consumers appears to encourage them to decide on their selection depending on their affective response (Kanchanapibul et al., 2014). Furthermore, Young consumers constitute a large citizen group globally and have the potential to influence others towards sustainability and environmental protection (Lukman, Essa, Muazu, Bukhari, & Basheer, 2013). A study by Uddin and Khan (2016) reveals that the majority of young consumers from Europe believe that their behavior and attitude towards the environment are significant for protecting the environment. Scholars such as Kanchanapibul et al. (2014) and Lai and Cheng (2016) have also argued that young people are likely to be more concerned with green behavior and there exist differences in their overall environmental behavior (Lee, 2008).

### **2.4 Green purchase intention**

Rashid (2009) describes green purchase intention as the possibility and eagerness of consumers to give priority to green products over traditional products in their purchase decision. It can also be described as an inner desire and willingness of consumers to purchase a less environmentally detrimental product. It positively affects the consumer's decision to buy green products (Usmani, Kumari, Husain, & Jamal, 2015). Chan (2001) defines green purchase as a specific kind of eco-friendly behavior that consumers perform to express their concern to the environment. Purchase intention is a critical factor to predict consumer behavior (Mei, Ling, & Piew, 2012).

Green purchase can be simply defined as an intention to buy service or product which is less or not harmful for the society and environment or internal wish, desire and willingness of the people to buy a less harmful and environmentally friendly product. The intention is a significant predictor of individuals' actual behavior in the future. Green purchase behavior is highly strung on green purchase intention; which can be explained by reasoned action and planned behavior theories (Erdil, 2018). Extensive research has been done on green purchase behavior at the beginning of the 1970s. Many factors were responsible for influencing consumer choice of buying green products including, beliefs, motivations, needs, values, demographics, knowledge and attitudes (Bui & Loyola, 2005). Chan and Lau (2000) tested a model consisting of environmental concern, green purchase intention, environmental knowledge, man-nature orientation and actual purchase behavior. Their results suggested that actual green purchase behavior was dependent on a person's green purchase intention.

## **2.5 Environmental attitude**

Attitude refers to people's feeling, tendencies, evaluation toward the object, idea or concept. People actions and learning are affected by attitude. According to Laroche, Bergeron, and Barbaro (2001) explain attitude, as opposed to knowledge and behavior, is the most significant predictor of consumers' willingness to pay more for ecologically favorable products. Lee (2008) defines environmental attitude as the individuals' value judgement of environmental protection which taps on the individuals' cognitive assessment of the value of the environment protection. Rashid (2009) defines environmental attitude as a learned predisposition to respond consistently favorable or unfavorable manner concerning the environment. According to Trang, Lee, and Han (2019), attitude is a person's consistently favorable or unfavorable evaluations, feelings and tendencies towards an object or idea. Environmental attitudes are found in a person's self-concept and can be defined as the level to which individuals distinguishes themselves to be an integral part of the environment (Zelezny & Schultz, 2000). But always attitude does not become a behavior. Sometimes positive attitude cannot generate the behavior, for example, consumer want to buy green cosmetic but she may not have enough money to buy because green cosmetic is more expensive than chemical one (Pickton & Broderick, 2005). Negative attitude also cannot automatically stop a purchase as can see from the example of cigarette smoking. If the strong attitude overcomes the negative aspect, then that the behavior will occur. It can be explained that the importance of purchase is high, the importance of attitude towards product will be high. When the purchase is a part of habit or routine, the attitude will less influence on purchase intention (Pickton & Broderick, 2005). According to Kotler and Armstrong (2004), attitudes are difficult to change. Therefore, the company should try not to change consumer attitude but the companies should design the message about their product or service which is suitable for their attitude. Tan (2011) and Baker and Ozaki (2008) argue that the marketer can change the consumer's attitude by adapt consumer evaluation through inputting new belief.

## **2.6 Environmental knowledge**

In most cases, knowledge was found to be significantly related to how consumers gather, organize, and evaluate products (Mei et al., 2012). The environmental knowledge as defined

as the ability to understand and evaluate the impact of the ecosystem on the society, and the amount of knowledge about environmental issues (Said, Yahaya, & Ahmadun, 2007). In similar Eles and Sihombing (2017) defined environmental knowledge as the sets of ecological knowledge that individuals have of environmental topics. They believe there are three sources knowledge can be derived. There is ecological ethnocentrism, information about environmental issues and personal experience and environmental insight. Furthermore, Fryxell and Lo (2003) define environmental knowledge as a general knowledge of facts, concepts, and relationships concerning the natural environment and its major ecosystem. Hence, it involves public knowledge about the environment, key relationships concerning environmental facts or impacts, and admiration of the entire organism, and mutual conscientiousness for sustainable development. According to D'souza, Taghian, Lamb, and Peretiako (2006), environmental knowledge expands in two ways; firstly, consumers have to be educated to be able to understand the impact of a product on the environment and secondly, consumers have to be sure that the product is gone through an environmentally friendly manufacturing process.

## **2.7 Social influence**

Social influence is derived from the concept as the subjective norm in the Theory of Planned Behavior (TPB) (Achchuthan & Velnampy, 2016). Rayan (2001) stated that social dynamic as association among an individual with other people. That means individual shares their beliefs, values, thoughts and attributes with other people that he/she communicated. Lasuin and Ching (2014) further explain that social influence is the changes in a person's attitude and behavior which influenced by another person's action such as persuading and threatening. Karunarithna, Naotunna, and Sachitra (2017) stated that change in the environment can change the mindset and influence the behaviors of people. That means, if the social context is encouraging people to behave in a green manner then people will buy green products. Gupta and Ogden (2009) found that most of the green consumers had a high level of trust in others and they expected that others will also engage in green behavior. Changing in an individual's thoughts, feelings, attitudes, or behaviors that result from interaction with another individual or a group (Ramayah, Lee, & Mohamad, 2010). The social appeal is also found influential in developing their product references (Lee, 2008). So, they intend to buy products that follow the perceptions of society as well as construct their social-identities (Sen & Bhattacharya, 2001).

## **3. Conceptual framework and hypotheses**

The research model proposed in the present study is shown in figure 1. When developing the conceptual framework of the present study, based on the previous literature, measure the positive impact on purchase intention of green products by the three factors (i.e., environmental attitude, environmental knowledge, and social influence). As mentioned, observational data collected prior to this study were important as they led to a research idea and hence provided some direction to the investigation. In this section focuses to develop an initial research model and the hypotheses assumed from the research question. Much care has been exercised to satisfy the criterion of replicability (Kerlinger, 1986).



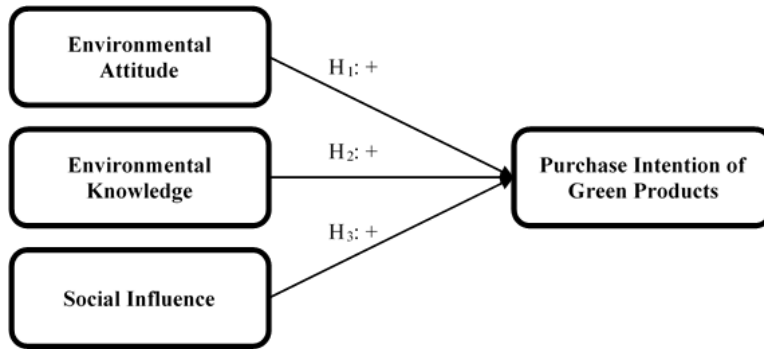


Figure 1 Conceptual framework

### 3.1 Environmental attitude and purchase intention

According to Armstrong and Kotler (2009), attitudes are a person's consistently favorable or unfavorable evaluations, feelings, and tendencies towards an object or idea. Environmental attitude, which is defined as the individuals' value judgment of environmental protection, which taps the individuals, cognitive assessment of the value of the environmental protection (Lee, 2008). Attitudes are well predictors of pro-environmental behavior (Padel & Foster, 2005). Kotchen and Reiling (2000) found that the people having a positive attitude towards the environment to purchase environmental-friendly products. Similarly, Florenthal and Arling (2011) revealed a significant relationship between green purchase attitudes and buying intentions. Erdil (2018) showed that environmental attitude led to green purchase intentions, especially in developed markets. Uddin and Khan, 2016 provided evidence that young consumers who demonstrate pro-environmental attitude were more likely to behave in a pro-environmental manner. This statement was reversed by Erdil (2018) who indicates that although consumers had a favorable attitude towards green products; it did not ensure the buying of green products. In many other studies (Akehurst, Afonso, & Goncalves, 2012), a gap between attitude and behavior was discovered. Hence the following is hypothesized:

*H<sub>1</sub> - Environmental attitude positively influences on young consumers' purchase intention of green products.*

### 3.2 Environmental knowledge and purchase intention

Environmental knowledge is the ability to understand and evaluate the impact of the ecosystem on the society, and the amount of knowledge about environmental issues (Said et al., 2007). Environmental awareness is considered as knowledge about the facts and general concepts related to the environment and ecosystems (Mostafa, 2007). If the consumers are informed about the environmental problems, their awareness level will rise and so they will build positive attitudes towards green products (Erdil, 2018). Environmental knowledge is linked to positive environmental behavior (Erdil, 2018). According to Jang, Kim, and Bonn (2011), the awareness of green product consumption is essential to create an environmental ethic and it subsequently changes the consumption behavior. Furthermore, Lai and Cheng (2016) suggest that young consumers, who tend to be aware of eco-friendly products and are knowledgeable about environment-related issues, are usually highly educated people.

According to Maichum et al. (2016), knowledge is a key element in the young consumer's decision to purchase green products. In line with this, Erdil (2018) discovered a positive relationship between environmental knowledge and pro-environmental attitudes. Hence the following is hypothesized:

*H<sub>2</sub> - Environmental knowledge positively influences on young consumers' purchase intention of green products.*

### **3.3 Social influence and purchase intention**

An individual can be highly influenced by his or her social surrounding including relatives, friends, colleagues and business partners (Han, Hsu, & Sheu, 2010). A social perspective is required to understand green consumption behavior (Peattie, 2010). Previous studies have indicated that social influences, such as subjective norms, exert a positive effect on recycling intentions and intentions to purchase sustainable and environmentally friendly products (Park & Ha, 2012). Ewing (2001) also revealed that social norms significantly motivate environmental friendly behavior. Lee's (2008) study found that social influence is the main determinant of green purchasing behavior. This is due to the characteristics of social groups where people tend to share the same thinking, desires and habits can result in supporting eco-friendly behavior (Zia-Ur-Rehman & Dost, 2013). Studies conducted in developed countries assume that social influence significantly influences green purchase behavior (Costa, Zepeda, & Sirieix, 2014). Young consumers, as a part of a community or a social group, receive and share information, and know what others think for a particular product (Dholakia, Bagozzi, & Pearo, 2004) and evaluate the products based on the comments and opinions of others (Escalas & Bettman, 2005). This way, young consumers form, clearly define and elaborate on their preferences and tastes (Dholakia et al., 2004). Furthermore, social and reference groups, especially peers and other individuals with proximity to consumers have a stronger influence on consumers' green purchase decision-making process (Lee, 2010). Hence the hypothesis is as follows:

*H<sub>3</sub> - Social influence positively influences on young consumers' purchase intention of green products.*

## **4. Study design and methods**

### **4.1 Population, sample and data collection**

Population refers to the entire group of people, events or things of interest that the researcher wishes to investigate (Sekaran & Bougie, 2010). The scope of this study includes young consumers in Sri Lanka. Because of, the educated younger generation is more ready to accept the new and innovative ideas (Lai & Cheng, 2016) and they are aware of eco-friendly products and are knowledgeable about environment-related issues and should have a sense of responsibility for protecting the environment (Lee, 2008). As educated young consumers, the study has selected undergraduates from the University of Ruhuna, Sri Lanka. Although they are financially supported by their parents, they are regarded as typical consumers for making purchasing decisions and therefore, undergraduate students are one of the target groups for studying purchasing behaviors, such as online shopping and luxury brand purchase (Lai & Cheng, 2016).

Zikmund, Babin, Carr, and Griffin (2012) defined the sample frame as a list of elements from which a sample may be drawn; also called the working population. According to that the sample frame of this study is a registered list of all the undergraduates at the University of Ruhuna. The sample is a subset of the entire population, and inferential statistics is to generalize from the sample to the population (Cooper & Schindler, 2008). In this research, the number of respondents was 150, while a convenience sampling method was applied to select the respondents from the population. The research conducts on 95 percent confidence. The data collection had happened during from May 2020 to July 2020 using the self-administered questionnaire. This study, therefore, uses SPSS to process the data because of sample size is somewhat sufficient. 101 respondents were mail and that was 67.3 percent, 49 were females that was 32.7 percent. 113 (75.3 percent) respondents were recently purchased green products, while 37 (24.7 percent) respondents have frequently purchased the green products. The questionnaire is composed of three parts. The first part of the questionnaire was designed to collect background information, while the second part was designed to operationalize key variables. The third part of the questionnaire asks demographic information about undergraduates. The four study constructs of the study i.e., environmental attitude, environmental knowledge, social influence and purchase intention of purchase intention were operationalized as multi-item constructs. To measure environmental attitude, five items from Chen et al. (2018) were used. Environmental knowledge was measured using six items which were adopted from Jaiswal and Kant (2018), while social influence was measured using four items which were adopted from Chen et al. (2018). To measure green purchase intention of young consumers, five items were adopted from Paul, Modi, and Patel (2016). The questions were developed by using a five-point scale ranging from “1 = strongly disagree” to “5 = strongly agree”.

## 5. Data analysis and results

### 5.1 Validity and reliability test

Factor analysis can be used to measure the construct validity of the questionnaire. Field (2009) explains that all the variables need to be measured at an interval level to conduct factor analysis. Keiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of Sphericity can be used to decide the appropriateness of factor analysis to test the construct validity. According to Field (2009), KMO of sampling adequacy is used to decide whether the sample size is large enough to conduct the factor analysis and is should be greater than 0.5. When the significant level of Bartlett's test of Sphericity is less than 0.05, results of the factor analysis can be accepted. Table 1 shows the values of KMO and Bartlett's test for independent variables and dependent variable.

Table 1  
KMO and Bartlett's test

	<b>Independent Variables</b>	<b>Dependent Variable</b>
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.799	0.753
Approx. Chi-Square	892.276	275.739
Bartlett's Test of Sphericity	Df	10
	Sig.	0.000

Source: Survey results (2020).

The discriminant validity of the latent variables was tested using Fornell and Larcker (1981) approach. Table 2 shows the discriminant validity of each latent variable. The discriminant validity of the latent variables was tested using Fornell and Larcker's (1981) criterion, which requires that each latent variable's AVE is greater than the latent variable's squared correlation with any other construct in the model. Internal consistency of the items was measured by using Cronbach's Alpha coefficient.

Table 2  
Discriminant validity of variable constructs

<b>Latent Variables</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Environmental Attitude	0.83			
Environmental Knowledge	0.16	0.89		
Social Influence	0.61	0.17	0.78	
Purchase Intention	0.38	0.33	0.40	0.76

Source: Survey results (2020).

Table 3  
Reliability statistics

<b>Variable</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>
Environmental Attitude	5	0.857
Environmental Knowledge	6	0.833
Social Influence	4	0.618
Green Purchase Intention	5	0.819

Source: Survey results (2020).

Reliability coefficient as Cronbach's Alpha coefficient shows the average correlation among items that include under a variable as in Table 3.

## 5.2 Testing parametric assumptions

Chan (2004), suggests that normal distribution of the data set, independency, outliers and multicollinearity need to be tested before performing regression analysis. Normality test should be done to check whether the data set follows a normal distribution.

Table 4  
Normality test statistics

	<b>N</b>	<b>Skewness</b>		<b>Kurtosis</b>	
	<b>Statistic</b>	<b>Statistic</b>	<b>Std. Error</b>	<b>Statistic</b>	<b>Std. Error</b>
Environmental attitude	150	-1.888	0.198	5.442	0.394
Environmental knowledge	150	-0.101	0.198	0.514	0.394
Social influence	150	-0.268	0.198	0.312	0.394
Green purchase intention	150	-0.403	0.198	0.611	0.394
Valid N (listwise)	150				

Source: Survey results (2020).

According to the Skewness and Kurtosis test in Table 4, Test of Normality, Skewness values of environmental knowledge, social influence and green purchase intention are near to the zero and also the Skewness and Kurtosis values are in between the more liberal z value range between -3.29 and +3.29 (Hair, William, Barry, & Anderson, 2010). Hence, it can be able to conclude the data of that 3 variables follows a normal distribution. But the test of Normality, Skewness value of environmental attitude is not near to the zero and also the Kurtosis value is not in between the acceptable range. Hence the data of environmental attitude did not follow a normal distribution.

Table 5  
Collinearity statistics

	Model	Collinearity Statistics	
		Tolerance	VIF
1	Environmental attitude	0.909	1.100
	Environmental knowledge	0.761	1.313
	Social influence	0.817	1.223

a. Dependent variable: Green purchase intention.  
Source: Survey results (2020).

Multicollinearity indicates the interrelationship exists among independent variables in multiple regression. Variance Inflation Factor (VIF) and Tolerance are used to measure the Multicollinearity. If the independent variables consist of the VIF values less than 10 and Tolerance values greater than 0.2, there are no Multicollinearity problems among them. As per the Table 5, the Tolerance values for all variables are greater than 0.2 and also, VIF values are perfectly below 10. Hence, it can be concluded that there are no any Multicollinearity problems among them.

### 5.3 Correlation analysis

Correlation analysis indicates that the relationship between the independent variables on the dependent variable as in Table 6.

Table 6  
Result of correlation analysis

		Green purchase intention
Environmental attitude	Pearson Correlation	0.460**
	Sig. (2-tailed)	0.000
Environmental knowledge	Pearson Correlation	0.468**
	Sig. (2-tailed)	0.000
Social influence	Pearson Correlation	0.339**
	Sig. (2-tailed)	0.000
Green purchase intention	Pearson Correlation	1
	Sig. (2-tailed)	

Notes: N=150, \*\*. Correlation is significant at the 0.01 level (2-tailed).  
Source: Survey results (2020).

As per the observations, P - values for all the independent variables are less than the critical P - value of 0.05. The Pearson correlation values indicate that all the independent variables have positive relationships with the dependent variable, because of all the Pearson values are positive.

#### 5.4 Multiple regression analysis

The present study examines the impact of factors (i.e., environmental attitudes, environmental knowledge and social influence) on green purchase intention with young consumers in Sri Lanka. According to the adjusted R Square in Table 7, the green purchase intention is changed 35.2 percent by the independent variables of environmental attitude, environmental knowledge and social influence.

Table 7  
Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.593 <sup>a</sup>	0.352	0.339	0.41379

a. Predictors: (Constant), Social influence, Environmental attitude, Environmental knowledge.

Source: Survey results (2020).

According to Table 8, ANOVA indicates whether the “regression analysis” is suitable or fit for the data while the sig value is 0.000. It can be concluded that; regression model predicts the green purchase intention significantly well.

Table 8  
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.585	3	4.528	26.447	0.000 <sup>b</sup>
	Residual	24.999	146	0.171		
	Total	38.584	149			

a. Dependent variable: Green purchase intention.

b. Predictors: (Constant), Social influence, Environmental attitude, Environmental knowledge.

Source: Survey results (2020).

The Coefficient values as shown in Table 9 represents the degree to which extent the dependent variable can be affected by a certain independent variable while other independent variables remain constant.

Table 9  
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	0.719	0.383		1.877	0.062
	Environmental attitude	0.375	0.076	0.347	4.960	0.000
	Environmental knowledge	0.292	0.075	0.296	3.878	0.000
	Social influence	0.144	0.067	0.159	2.161	0.032

a. Dependent variable: Green purchase intention.

Source: Survey results (2020).

According to the Table 9, the results reveal that there is a significant and positive effect of environmental attitude on young consumers' purchase intention of green products. This is supported by data ( $\beta = 0.375$ ,  $t = 4.960$ ,  $p < 0.000$ ) in harmony with postulated theory, while results show that an environmental knowledge has a positive and statistically significant effect upon young consumers' purchase intention of green products ( $\beta = 0.292$ ,  $t = 3.878$ ,  $p < 0.000$ ). There is a positive and statistically significant impact of social influence on young consumers' purchase intention of green products ( $\beta = 0.144$ ,  $t = 2.161$ ;  $p < 0.05$ ).

## 6. Discussion

The main aim of this study is to investigate the factors affecting the young consumers' purchase intention of green products with special reference to young undergraduates at the University of Ruhuna, Sri Lanka. In conclusion, "go green" has become a slogan and being discussed by people from all walks of life. The current study shows that the key to raising green purchase intention among young consumers lies on three factors, which are environmental attitude, environmental knowledge and social influence. In this study all the hypotheses have been accepted, it can be concluded that environmental attitude, environmental knowledge and social influence play a major role in affecting young consumers' purchase intention of green products. Moreover, the results indicate that environmental attitude is the strongest influencing factor on young consumers' purchase intention of green products. And the findings of previous researches are also proved that environmental attitude, environmental knowledge and social influence play a major role in affecting young consumers' purchase intention of green products (Karunaratna et al., 2017; Erdil, 2018). The findings of previous researches also show that the environmental attitude, environmental knowledge and peer pressure positively related to the green purchase intention (Mei et al., 2012; Erdil, 2018). Furthermore, Karunaratna et al. (2017) found that environmental knowledge and social influence has a significant relationship with young consumers' purchase intention of green products. Therefore, the findings from this study provide insights for marketers to help them formulate appropriate strategies for promoting green purchase behavior among young consumers in Sri Lanka. The research findings have provided some insight and feedback to marketers who facing a lot of challenges in encouraging consumers to buy environmentally friendly products. To successfully enhance and redefine this new target market, they need to understand the path that moves the environmental factors to green purchase intention. However, marketers should take note that extant literature from Karunaratna et al. (2017) indicate that environmental attitude is not significant predictor on young consumers' green purchase behaviour. The identification of factors which influence their purchase intention is important to develop effective marketing strategies for eco-friendly goods and services. Factors which increase consumer's likelihood in pro-environmental decision making are important for marketers in designing strategies. Furthermore, Karunaratna et al. (2017), mention that the marketers must practice market segmentation for them to be successful in this competitive business world because, regarding current people lifestyle, eco-friendly products are paid much attention. Sri Lanka suffers due to a great deal of environmental degradation such as water, air and noise pollution and a high level of waste disposal. In comparison with the west, Sri Lanka is at its infant stage of green

living. This study clarified the profile of young consumers to their respective green purchase influences. Furthermore, this study will be beneficial for the retail industry in Sri Lanka as it gives insight into the buying patterns of green consumers.

### **6.1 Recommendations and future research**

The results of this study validate the theoretical framework with the topic under investigation on this subject matter. However, few limitations are noticed, suggesting some remarks in the possible avenues for future research in the context of green purchase intention. First, the study is set in the context of young consumers at the University of Ruhuna, Sri Lanka. Hence, the ability to generalize the results to young consumers may be restricted. Further studies are needed to test the proposed factors from other universities and the other rest of young consumers excluding undergraduates. Furthermore, this study focalizes on young consumers in Sri Lankan platform proposed conceptual model also might be applied among general consumers to predict the green purchase intention. Next, this study evaluates the construct of purchase intention as an expressed intention for green products based on cross-sectional approach rather than actual purchase for such products. Hence, future scholars should adopt a longitudinal approach in their studies by focusing on changes in consumers purchase intention. Further, researches can develop new models based on this conceptual framework and past literature findings by using many other independent variables with dimensions that effect on young consumers' purchase intention of green products. Besides, future researches can test the other aspects in the demographic profile such as marital status to determine whether there is a significant difference between demographic and young consumers' green purchase intention or not. By doing this, the result can be more accurate by including youth from different states in the future. The hypotheses have tested through empirical data and analysis done with IBM SPSS determinant of statistics software, further different statistical software's and techniques can be used for the analysis of data and have an opportunity to compare analysis with demographic factors, etc.

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## **Impact of mobile banking applications usage on customers' satisfaction for selected commercial banks in the Manmunai North Division of Batticaloa District**

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### **Abstract**

*Mobile banking applications would be an attractive way of providing banking services and it could contribute to the development of the economy through the promotion of better financial services. The aim of the study is to measure the impact of using mobile banking applications on customers' satisfaction for selected commercial banks in the Manmunai North division of Batticaloa district. This study uses six dimensions as the independent variables such as reliability, security, ease of use, efficiency, responsiveness, and convenience, while customer satisfaction was taken as the dependent variable. For this study, 290 customers have responded out of 300 samples. Further, the researcher used convenience sampling methods to select the sample from selected commercial banks which are the People's Bank, Bank of Ceylon, Commercial Bank of Ceylon, Sampath Bank, and Hatton National Bank. The Pearson's correlation analysis showed that the reliability, security, responsiveness and convenience have a strong positive correlation while ease of use and efficiency has a medium positive correlation with customers' satisfaction. Regression analysis showed that the reliability, security, ease of use, responsiveness and convenience have a significant impact and efficiency has an insignificant impact on customers' satisfaction for this study.*

**Keywords:** *Customers' satisfaction, efficiency, mobile banking applications, reliability, responsiveness.*

### **1. Introduction**

The banking sector is dynamic in the modern economy. It is one of the key financial pillars of the financial sector, which plays an essential role in the functioning of an economy. The technological innovation provides an effective base for the banking industry. Therefore, the banks have to introduce new technologies and modern services to retain their customer with

the greatest satisfaction. Nowadays, banks have shifted from traditional banking to nontraditional banking such as telephone-banking, online banking, mobile banking, and conversational banking (Mistry, 2019). The adoption of the latest technology and value added services have enabled banks to expand their customer base.

Every state and private bank in Sri Lanka is embracing new technologies. As a result of technological advancement, customer expectation levels related to mobile banking services increase as counter-services. It is noticeable in Sri Lanka that the mobile phone and internet usage is growing. The number of Cellular Phones subscribers are 28,199,083 (2017), 32,528,104 (2018), and internet subscribers are 5,904,269 (2017), 7,263,161 (2018) (Central Bank Report 2018). Therefore, it is a good opportunity for the banking industry to extend and improve mobile banking applications as the next evolution in mobile banking. Mobile banking application is considered as the provision of banking services to the customers through the banking software on their mobile phones and other mobile devices.

According to the Central Bank of Sri Lanka (2019), there are 26 Licensed Commercial Banks, both state and non-state banks, operating with 2,877 branches throughout the country and nearly all banks provide mobile banking applications. The introduction of the mobile banking application has entirely changed the history of the banking sector. Through the mobile banking application, customers can open a bank account by downloading the applications (apps) with a one-time visit to a service point of the bank for Know Your Customer (KYC) information verification and for the collection of the debit card also. Mobile banking applications allow the customers to deposit cash without fill-up the deposit slip manually (Commercial Bank of Ceylon 2020).

According to Bai (2019), mobile banking supports a variety of services such as account balance and account statement inquiry, cheque status inquiry, transfer of funds between accounts, cheque book requests, credit/ debit alerts, bill payments, and access transaction history while on the go or waiting for something. Mobile banking applications are convenient, flexible, and easy to use, reduce the time and cost of transactions with secure services. On the other hand, from the bank's point of view, it will cost for the banks to promote their applications among the customers.

For customers, mobile banking has a risk of receiving fake and scams, loss of a mobile device leads to access Personal Identification Number (PIN) and other sensitive information by an unknown person, mobile banking is suited for only some modern devices, difficult to access internet connection in rural areas, security threat and most people still not have enough idea about mobile banking applications (Bai, 2019). Banks usually add new features to mobile banking applications, with the hope of improving the satisfaction of customers, but customers fail to understand or use the added features and this decreases the satisfaction of customers (Gomachab & Maseke, 2018).

In Sri Lanka, there are various opinions about mobile banking applications among customers. Some people are satisfied with their mobile banking applications as others do not, which is determined by several factors. Thus, the research sought to study the impact of mobile banking applications usage on customers' satisfaction for selected commercial bank customers in the Manmunai North division of Batticaloa district.



## 1.1 Research problem

The shift from cash to less-cash society is disheartening. Approximately 95 percent of all Sri Lankan retail transactions remain cash-based (The Fintech Revolution Begins in Sri Lanka, 2018). Banks in Sri Lanka continue to invest in digital capabilities such as banking apps and internet banking, but banks may not satisfy all customer expectations now. There are still many people who prefer visiting a bank branch. It is difficult for banks to train both digital native staff and digital immigrant staff to satisfy digital native customers as well as digital immigrant customers (Daniel, 2019).

In Sri Lanka, there have been several mobile banking apps introduced by the banks to make the transactions easier for their banking customers. Voting poll result for Technnovation Awards on Most Popular Electronic Payment Product of the Year 2019 shows the votes that the bank has received for their app is very low when compared with the total number of Sri Lankan banking customer accounts.

Mobile apps and web portals will create more vulnerabilities than traditional banking channels. These alternative channels are essential for business as customers seek greater convenience. Mobile apps and web portals are vulnerable to insecure data shortages, insecure authentication, and code tampering (KPMG Sri Lanka, 2019). This is because most of the bank customers are not attached with the mobile banking application activities. Long queues and the huge crowd still exist in the banking premises especially when salaries and pension have been released, even though there is a scope for mobile banking since most of the customers using smartphones and able to access the internet.

Many researchers carried out research to identify and analyses the various factors influencing customers' satisfaction. There is a lack of researches on how mobile banking applications impact on customers' satisfaction. So far, there are very few studies that deal with mobile banking applications and customers' satisfaction. In terms of the Sri Lankan context, there is a lack of studies regarding the impact of mobile banking applications on customers' satisfaction. This shows there is a population gap in the related topic.

Based on the above evidence, there is a need to investigate the impact of mobile banking applications usage on customers' satisfaction and this study addresses the following specific research issue:

*“What is the Impact of Mobile Banking Applications on Customers' Satisfaction?”*

## 1.2 Research questions

- a) What are the relationships between features of mobile banking applications (reliability, security, ease of use, efficiency, responsiveness, and convenience) and the customers' satisfaction?
- b) What are the impacts in the features of mobile banking applications (reliability, security, ease of use, efficiency, responsiveness, and convenience) on the customers' satisfaction?

### **1.3 Research objectives**

- a) To identify the relationships between features of mobile banking applications (reliability, security, ease of use, efficiency, responsiveness, and convenience) and the customers' satisfaction.
- b) To examine the impacts in the features of mobile banking applications (reliability, security, ease of use, efficiency, responsiveness, and convenience) on the customers' satisfaction.

## **2. Literature review**

### **2.1 Features of mobile banking applications and customers' satisfaction**

Customer satisfaction is defined as an evaluation that determines how customers are happy with a company's product or services. The customer's satisfaction is commonly defined as the full meeting of one's expectations (Haonga, 2015). There is a positive and significant relationship between the customer satisfaction and the variables of service quality and customer loyalty as well as there is a negative significant relationship between security and customer satisfaction (Murugiah & Akgam, 2015). Mobile banking software application also called mobile apps is a software program designed to run on the mobile device depending on a particular operating system to support installation. They can come preloaded on the mobile device as well as users can download them from mobile app stores (Cheah et al., 2011).

According to Asfour and Haddad (2014), reliability is the functional standard to know whether the product or service meets the expectations of the customers. And the researcher recommends telecommunication companies and banks should work hard to offer high quality service to enhance customer satisfaction in a secure way (Asfour & Haddad, 2014). Customers don't trust the technology and feel insecure if mobile banking applications are susceptible to fraud. It will affect the customers' satisfaction (Aldiabat et.al, 2019). Perceived ease of use of mobile services had a positive effect on customer satisfaction (Tung, 2013). According to Kahandawa and Wijayanayake (2014), when technology links to the product, it is difficult to handle and the ease of use of it has always been very critical in customer satisfaction. Customers can easily access a huge number of mobile banking services efficiently by installing the application on their mobile phones. Mobile banking may help to increase the productivity of the workforce by increasing their efficiency in daily routine. Further, their study indicates there is a positive impact of efficiency on customer E-satisfaction in mobile banking (Asfour & Haddad, 2014). Responsiveness is the customer representative service offered to fulfill their requirements, dealing with their quarries, and solve their complaints. Customer representative services are very attractive and helpful in solving customers' problems. These services include take prompt action to the complaints of the customers, mailing transaction slips immediately without any unnecessary delays, and calling the customer back quickly to solve their issues. Further, their analysis shows that there is a strong positive relationship between responsiveness and customer satisfaction. This positive relationship indicates that the responsiveness goes higher the customer satisfaction also moves into the higher direction (Asfour & Haddad, 2014). The study of Jannat and Ahmed (2015) revealed that the convenience of mobile banking has a positive relationship with customer satisfaction. Convenience refers to the ability to use the service anytime, anywhere, and without any delays. As a dimension of service quality, convenience has a positive influence

on customer satisfaction (Sagib & Zapan, 2014). According to Yousuf and Wahab (2017), the customer feels difficulties to search for information due to the constraints of small screens and inconvenient input. It will affect the customer satisfaction towards mobile banking.

Table 1

Electronic service quality (e-service quality) dimensions

<b>Research</b>	<b>E-service quality dimensions</b>
Dabholkar et al. (2000)	efficiency, ease of use, performance, perceived control, and convenience
Swaid and Wigand (2009)	personalization, information quality, website usability, responsiveness, reliability, assurance
Bedi (2010)	assurance, empathy, reliability, responsiveness, tangible product availability, product convenience, interaction
Munusamy et al. (2010)	assurance, responsiveness, empathy, tangibles, reliability
Ganguli and Roy (2011)	technology security and information quality, technology convenience, technology usage easiness, and reliability, customer service
Sharma and Malviya (2013)	reliability and responsiveness, assurance and security, convenience of location, efficiency, and easiness to operate

*Source: Extracted from Sagib and Zapan (2014).*

Based on the above literature, the hypotheses for the study can be formulated as:

H<sub>1</sub>: Reliability of mobile banking applications which has a positive impact on customers' satisfaction for selected commercial banks in the Manmunai North division of Batticaloa district.

H<sub>2</sub>: Security of mobile banking applications which has a positive impact on customers' satisfaction for selected commercial banks in the Manmunai North division of Batticaloa district.

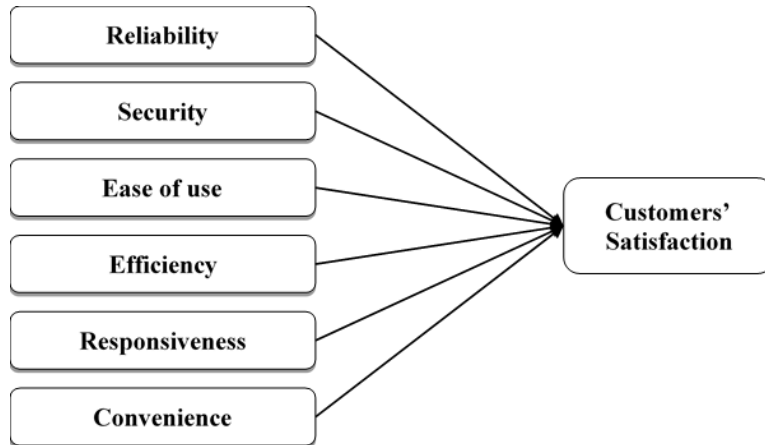
H<sub>3</sub>: Ease of use of mobile banking applications which has a positive impact on customers' satisfaction for selected commercial banks in the Manmunai North division of Batticaloa district.

H<sub>4</sub>: Efficiency of mobile banking applications which has a positive impact on customers' satisfaction for selected commercial banks in the Manmunai North division of Batticaloa district.

H<sub>5</sub>: Responsiveness of mobile banking applications which has a positive impact on customers' satisfaction for selected commercial banks in the Manmunai North division of Batticaloa district.

H<sub>6</sub>: Convenience of mobile banking applications which has a positive impact on customers' satisfaction for selected commercial banks in the Manmunai North division of Batticaloa district.

### 3. Conceptual framework



**Figure 1** Conceptual model

*Source: Developed by researchers (2020).*

### 4. Research methodology

In this research, the total study population was covered the total number of mobile banking application users who have accounts in the full-fledged mobile banking especially with People's Bank, Bank of Ceylon, Commercial Bank of Ceylon, Sampath Bank, and Hatton National Bank branches in Manmunai North division of Batticaloa district. Out of these populations, the sample size was selected through convenience sampling technique. The researcher has taken as a sample size of 300 respondents for study purposes. Questionnaires were distributed over an online survey and a printed questionnaire. The survey instrument was posted online through Google Survey Form. The “Five Point Likert Scale” will be used to measure the dependent variable (customers’ satisfaction) and the independent variable (features of mobile banking applications). This scale consists of five boxes ranging from “Strongly Disagree” to “Strongly Agree” was applied in part II of the questionnaire to identify responses. However, the analysis consists of the response from 290 individuals out of 300 respondents. Pearson’s correlation analysis and regression analysis are used to analyze the collected data.

Table 2  
Operationalization

Variable	Dimensions	Source	Measurement
Features of Mobile Banking Applications	Reliability	Sagib and Zapan, 2014; Prameela, 2013; Kumbhar, 2011	Five Point Likert Scale
	Security		
	Ease of use		
	Efficiency		
	Responsiveness		
	Convenience		
Customers’ Satisfaction			

*Source: Developed by researchers (2020).*

## 5. Findings

Table 3  
Results of Pearson's correlation analysis

Relationships	Correlation Coefficient	Sig. Value	Decision Attributes
Reliability and Customers' Satisfaction	0.715	0.000	Strong Positive
Security and Customers' Satisfaction	0.704	0.000	Strong Positive
Ease of use and Customers' Satisfaction	0.580	0.000	Medium Positive
Efficiency and Customers' Satisfaction	0.694	0.000	Medium Positive
Responsiveness and Customers' Satisfaction	0.726	0.000	Strong Positive
Convenience and Customers' Satisfaction	0.708	0.000	Strong Positive

Source: Survey data (2020).

According to Ratner (2009), decision attributes for the above result of Pearson's correlation analysis are  $r = 0.1$  to  $0.29$  (weak positive),  $r = 0.3$  to  $0.69$  (medium positive),  $r = 0.7$  to  $1.0$  (strong positive),  $-0.1$  to  $-0.29$  (weak negative),  $-0.3$  to  $-0.69$  (medium negative) and  $-0.7$  to  $-1.0$  (strong negative).

Table 3 shows that the dimensions in the features of mobile banking applications such as reliability, security, responsiveness, and convenience have a strong positive relationship with customers' satisfaction while ease of use and efficiency have a medium positive relationship with customers' satisfaction.

Table 4  
Coefficients of multiple regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1 (Constant)	-2.230	0.169		-1.320	0.188		
Reliability	0.180	0.050	0.175	3.586	0.000	0.399	2.506
Security	0.218	0.036	0.259	6.074	0.000	0.520	1.921
Ease of use	0.113	0.046	0.103	2.450	0.015	0.538	1.858
Efficiency	0.052	0.057	0.048	0.916	0.360	0.343	2.913
Responsiveness	0.246	0.048	0.243	5.178	0.000	0.429	2.330
Convenience	0.253	0.053	0.218	4.747	0.000	0.499	2.227

Source: Survey data (2020).

Coefficient result in Table 4 indicates that, Reliability ( $p < 0.05$ ;  $\beta = 0.180$ ), Security ( $p < 0.05$ ;  $\beta = 0.218$ ), Ease of Use ( $p < 0.05$ ;  $\beta = 0.113$ ), Responsiveness ( $p < 0.05$ ;  $\beta = 0.246$ ) and Convenience ( $p < 0.05$ ;  $\beta = 0.253$ ) had statistically significant and positively impact on Customers' Satisfaction. Efficiency ( $p > 0.05$ ;  $\beta = 0.052$ ) had not statistically significant impact on Customers' Satisfaction.

The VIF values of all six dimensions of the independent variable are indicating below 10 (Hair et al., 1995), it shows that there is no problem of multicollinearity between dimensions, which means that the model used in this study is correct.

## 6. Discussions on findings

Discussion on personal information includes distribution of most preferable/ frequently used mobile banking applications, the purpose of usage, gender, age, educational qualification, and work status of 290 respondents, who are using mobile banking applications in the Manmunai North division of Batticaloa district. Most of the respondents used COMBANK Digital which is 29.7 percent. The next preferred mobile banking application is People's Wave which is 23.8 percent. The rest of 20 percent, 13.8 percent, and 12.7 percent used Bank of Ceylon Mobile Banking, HNB Mobile Banking, and Sampath Bank Mobile App respectively. The majority of the respondents used the mobile banking application for fund transfer which is 31 percent, 24.1 percent of respondents used for balance-inquiry, 17.2 percent used for mobile recharge, 13.8 percent used to check transaction history, and 12.9 percent used for bill payments. Only 1 percent of respondents used to get a mini bank statement. Majority of the respondents were males 59 percent (171) and the rests of the respondents were females 41 percent (119). Most of the respondents are coming under the age limit of 18-30. It represents 43.8 percent. 40.7 percent, 10.7 percent, 3.4 percent and 1.4 percent of respondents are between the age limit of 31-40, 41-50, 51-60 and above age 60 respectively. Under the age group of 18-30 are using mobile banking applications at the most and fewer amounts of the respondents are fall above age 60. The majority of the respondents, 35.9 percent are with G.C.E Advanced Level and 34.5 percent of respondents are with diploma/ equivalent. 25.2 percent of mobile banking application users have a bachelor degree/ equivalent. 1.7 percent, 1.4 percent and 1 percent of respondents has G.C.E Ordinary Level, below G.C.E Ordinary Level and master degree/ equivalent respectively. Very less number of respondents that is 0.3 percent has other educational qualification. Work status of mobile banking application users who have accessed Selected Commercial Banks (SCB) in the Manmunai North (MN) division of Batticaloa district. It indicates 6.6 percent of users are students, 7.9 percent of users are undergraduates, 3.8 percent of users are entrepreneurs, 3.8 percent of users are self-employed, 30 percent of users are government servants, 35.5 percent of users are private sector employees, 9 percent of users are semi-government employees, 1.7 percent of users are pensioner and 1.7 percent of users are unemployed.

Correlation ( $r$ ) between reliability and customers' satisfaction is 0.715 and significance at 0.01 levels (2-tailed) is 0.000. It is concluded that there is a strong positive relationship between reliability and customers' satisfaction for SCB in the MN division of Batticaloa district. Previous researchers Rahman et al. (2017) found that there is a significant and positive relationship between the reliability dimension of service quality and customers' satisfaction of mobile banking users. Correlation ( $r$ ) between security and customers' satisfaction is 0.704 and significance at 0.01 levels (2-tailed) is 0.000. It is concluded that there is a strong positive relationship between security and customers' satisfaction for SCB in the MN division of Batticaloa district. Ahmad and Al-Zu'bi (2011) found that there is a significant and positive relationship between security and customer satisfaction. Correlation ( $r$ ) between ease of use and customers' satisfaction is 0.580 and significance at 0.01 levels (2-tailed) is 0.000. It is

concluded that there is a medium positive relationship between ease of use and customers' satisfaction for SCB in the MN division of Batticaloa district. Perceived ease of use has a significant and positive relationship with customer satisfaction (Ngwenya & Manjera, 2015). Correlation ( $r$ ) between efficiency and customers' satisfaction is 0.694 and significance at 0.01 levels (2-tailed) is 0.000. It is concluded that there is a medium positive relationship between efficiency and customers' satisfaction for SCB in the MN division of Batticaloa district. Analysis of the correlation matrix has shown that the value of efficiency and customer satisfaction has a strong positive relationship at the significance level. It means that with the increase in the efficiency of the service quality provided it will increase the level of satisfaction among the customers (Khan et al., 2014). Correlation ( $r$ ) between responsiveness and customers' satisfaction is 0.726 and significance at 0.01 levels (2-tailed) is 0.000. It is concluded that there is a strong positive relationship between responsiveness and customers' satisfaction for SCB in the Manmunai North division of Batticaloa district. The value of Pearson correlation indicates that there is a very strong positive relationship between responsiveness and customer satisfaction meaning that customers are very much satisfied with the customer representative services provided online, response of emails very fast and customer representatives get back to the customer quickly on his call (Khan et al., 2014). Correlation ( $r$ ) between responsiveness and customers' satisfaction is 0.726 and significance at 0.01 levels (2-tailed) is 0.000. It is concluded that there is a strong positive relationship between responsiveness and customers' satisfaction for SCB in the Manmunai North division of Batticaloa district. Ahmad and Al-Zu'bi (2011) found that there is a significant and positive relationship between convenience and customer satisfaction.

Regression analysis shows that reliability positively contributes to the creation of customers' satisfaction for SCB in the MN division of Batticaloa district ( $\beta = 0.180$ ,  $t = 3.586$ ,  $p < 0.05$ ). Hammoud et al. (2018) found that reliability is the strongest dimension of service quality affecting customers' satisfaction. Further, the researcher found that the standardized beta was high and positive, indicating a significantly high influence of reliability on customers' satisfaction. Security positively contributes to the creation of customers' satisfaction for SCB in the MN division of Batticaloa district ( $\beta = 0.218$ ,  $t = 6.074$ ,  $p < 0.05$ ). According to Asfour and Haddad (2014), security has a positive impact on customer E-satisfaction at the level of significance. Regression analysis shows that ease of use positively contributes to the creation of customers' satisfaction for SCB in the MN division of Batticaloa district ( $\beta = 0.113$ ,  $t = 2.450$ ,  $p < 0.05$ ). Al-Hawary and Al-Smeran (2016) hypothesized that there is a statistically significant effect of ease of use on customer satisfaction. Ease of use has a significant and positive impact on customer satisfaction of mobile banking (Jannat & Ahmed, 2015). Efficiency is not contributing to the creation of customers' satisfaction for SCB in the MN division of Batticaloa district ( $\beta = 0.052$ ,  $t = 0.916$ ,  $p > 0.05$ ). Al-Hawary and Al-Smeran (2016) found that efficiency has an insignificant effect on customer satisfaction. Their study shows that efficient websites of banks affect customer satisfaction through electronic service speed and ease of use by a customer with a few clicks and less time as possible reflecting the effectiveness of the website where the service was quick and easy. Responsiveness positively contributes to the creation of customers' satisfaction for SCB in the MN division of Batticaloa district ( $\beta = 0.246$ ,  $t = 5.178$ ,  $p < 0.05$ ). Al-Hawary and Al-Smeran (2016) found that responsiveness has a significant and positive effect on customer satisfaction. Convenience

positively contributes to the creation of customers' satisfaction for SCB in the MN division of Batticaloa district ( $\beta = 0.253$ ,  $t = 5.178$ ,  $p < 0.05$ ). According to Kumbhar (2011), convenience has a significant and positive impact on customer satisfaction of e-banking. Convenience was found significant and was a good predictor of overall satisfaction in e-banking.

## **7. Conclusions**

To find out the relationships among mobile banking application users, the Pearson correlation technique was applied. It indicated that there is a strong positive relationship between features of mobile banking applications such as reliability, security, responsiveness, convenience and customers' satisfaction while there is a medium positive relationship between ease of use and efficiency with the customers' satisfaction.

The result of multiple regression analysis indicated that there is a significant positive impact of reliability, security, ease of use, responsiveness, and convenience on customers' satisfaction. Efficiency has an insignificant impact on customers' satisfaction among mobile banking application users for selected commercial banks in the Manmunai North division of Batticaloa district. The reason for the insignificant impact of efficiency is that the indicators of using mobile banking application doesn't require a lot of effort, the mobile banking application registration process is simple, mobile banking application creates positive experience for users, and effective speed of service are not considered much more important among mobile banking application users in the Manmunai North division of Batticaloa district.

### **7.1 Limitations of the study**

The study consists of several limitations. The first limitation is that the survey was limited to one geographic division of a single country that is selected mobile banking application users in the Manmunai North division of Batticaloa district. Only five Licensed Commercial Banks' Mobile banking applications are selected to conduct the research.

This study surveyed only 300 respondents based on the convenience sampling technique. Only some people choose to take part in the survey and some do not. Selected sample respondents have been relatively small if any study consists of more than this sample size finding would be further confirmed. From the overall collected samples, 290 respondents are insufficient to represent the overall Sri Lankan mobile banking application users. The sample representation did not fairly represent the overall Sri Lankan demographics.

The scale used to measure the research questions were a five-point Likert scale instead of a seven-point scale was used, measurement is more accurate would have been taken for each variable. Due to the analysis complexity, it was avoided.

### **7.2 Direction for future studies**

This study may not have pointed out all the factors that influence customers' satisfaction and therefore it is recommended that further research be done to unveil other factors of mobile banking applications that influence customers' satisfaction.



As the current status quo stands, we are moving into a digital world which tends to be paperless and banks aim to move into that direction, so further research is recommended on how mobile banking applications can be interlinked with internet banking; how mobile banking applications contribute to the economy's GDP; and the relationship between mobile banking applications and branch banking.

Mobile banking applications have a higher potential and opportunity in rural areas. However, this research focused on customers' from urban areas only and therefore, future research could be carried out with a population of balanced representation from both rural and urban communities.

## **8. Recommendations**

The correlation analysis confirmed a significant positive relationship between the features of mobile banking applications and customers' satisfaction for Selected Commercial Banks in the division of Manmunai North, Batticaloa district. Therefore, banks can improve the features of mobile banking applications to improve their customers' satisfaction.

Illiterate people cannot understand mobile banking applications' instructions. So, there is a need to simplify it and instructions should be given in regional language. Banks have to conduct some programs and give proper training toward the operation of mobile banking applications among the customers.

Banks need to simplify fewer procedures for the accessibility of mobile banking applications. Banks should make the procedure for transaction simple and easy. When designing a mobile banking application, the bank should customize its application according to its customers' requirements. Banks have to create trust in the mind of customers about the security of their accounts.

People's needs and behavior is changing over time. The people are being influenced by the advantages of technology in their life. So they will be happy in making life easier using technology such as mobile banking applications. Therefore, banks need to continue upgrading the mobile banking application system as technology changes.

Sri Lankan banks think that are two groups of customers, the 1<sup>st</sup> is willing to have and use mobile banking applications and will be happy in that upon their knowledge of the advantages of mobile banking applications. The 2<sup>nd</sup> group is still using traditional banking services and visiting the physical branches. Therefore the bank needs to focus on the needs and wants of both groups from one hand and investing increase the awareness and willingness of the 2<sup>nd</sup> group to move the mobile banking applications shorter.

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## **Impact of Pfeffer Seven Human Resource Management practices on firm performance in Manufacturing Small and Medium Enterprises, Sri Lanka**

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### ***Abstract***

*To satisfy most of their needs, Sri Lankans continue to depend on small and medium-sized businesses, but they are increasingly distrustful of their results. If workers are better handled by managers and leaders, it is possible to move towards a productive workforce and to fulfill the general standards of individuals. The purpose of this study is to explore how the model of Pfeffer's from human resource management research to clarify and examine human resource management practices impacts the small and medium enterprise's firm performance. The population of the study was 6053 manufacturing small and medium-sized enterprises in the Western Province. The analysis was performed concerning Sri Lanka's 448 manufacturing small and medium-sized enterprises selected by using simple random sampling technique. To cover 448 human resource managers/executives or responsible authorities in different small and medium-sized enterprises in Sri Lanka, the standardized questionnaire was administered; however, data could only be collected from 135, giving a response rate of 30.1 percent. Correlation analysis and regression analysis were used with the assistance of the Social Science Statistical software package to analyze quantitative data. The results of the study showed a significant and low positive relationship with seven human resource management practices: employment security; selective hiring; use of self-managed teams and decentralization; use of compensation contingent on organizational performance; the extent of training; reduced status distinctions and sharing of information with manufacturing small and medium-sized enterprises performance in Sri Lanka. Regression analysis analyzed the influence of the variables and it was found that 32.4 percent of the variance in the dependent variable was collectively and substantially explained by the combined variance in all the independent variables considered in the sample. This study recommends that, as a way to enhance organizational efficiency, managers should pay more attention to their human resource management practice. Furthermore, this study indicates that potential researchers should cover other sectors to better understand the relationship between the variables.*

**Keywords:** *Compensation, employment security, organizational performance, selective hiring, sharing of information, training, use of self-managed teams and decentralization.*

## 1. Introduction

Given contemporary financial market constraints and limited growth in demand, smaller firms refocusing increasingly on how to utilize existing resources more efficiently and effectively (Gallego, Rubalcaba, & Hipp, 2012). Given their resource limitations, small and medium-sized firms have fewer options than their larger counterparts to improve performance. However, one resource that is common to all organizations, which has been the focus of increasing theoretical, empirical, and practical attention in small and medium-sized enterprises (SMEs), is that of human resources. Pfeffer (1998), Wimbush (2005) noted that the most valuable asset that an organization can possess is its human resource. Subsequently, human resources in the organization can vitally contribute to the success (or failure) of the organization. Hence, scholars have suggested that adopting specific human resource management (HRM) practices can improve small firm performance and sustain competitiveness (e.g., Michie and Sheehan, 2008; Patel and Cardon, 2010; Razouk, 2011; Williamson et al., 2002).

Most Western-based studies (Delaney & Huselid, 1996; Delery & Dot, 1996; Huselid, 1995; MacDuffi, 1995; Pfeffer, 1998; Wimbush, 2005; Vlachos, 2008; Michie and Sheehan, 2008; Patel and Cardon, 2010; Razouk, 2011, Sheehan, 2013) have revealed that human resource practices can enhance organizational performance. Besides, prior empirical studies have indicated that some human resource practices are positively associated with organizational performance. Researchers in the field of human resource management suggest that more future empirical investigations need to be carried out to ascertain and validate these findings (Givord & Mauri 2004). This is an important consideration as human resource practices are found to vary across countries and these variations are postulated to cultural values a country possesses (Ngo, et al., 1998, and also organizational size (Heneman, Tansk & Camp 2000). Majority of findings from human resource management – performance research in large firms point in the direction of a positive relationship (Combs et al., 2006). There are reasons to assume that these are not necessarily applicable to SMEs. In comparison with large organizations, SMEs lack economic scale, less number of employees, and HR decisions in SMEs are usually taken by owners/managers in an informal and personalized manner (De Winne & Sels, 2013).

Over the years, researchers have suggested many HRM practices that have the potential to improve and sustain organizational performance. These practices include an emphasis on employee selection based on fit with the company's culture, behavior, attitude, and necessary technical skill (Ahmad & Schroeder, 2003). Same time growing number of empirical studies have confirmed that not every HR practice can impact firm performance or organizational sustainability (Ahmad & Schroede, 2003; Cardon & Stevens, 2004; Barring, Jones & Neubaum, 2005, Boxall, 2013). Pfeffer (1998) has proposed seven HRM practices that are expected to enhance organizational performance. The practices proposed by Pfeffer (1998) are; employee security, selective hiring of new personnel, self-managed teams of decision making as the basic principles of organizational design, comparatively high compensation contingent on organizational performance, extensive training, reduced status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels and extensive sharing of financial and performance information throughout the organization. Wickramsinghe and Wickramsinghe (2020) examined the relationship between HRM practice

and lean production practices and lean duration on performance. However, the examination was limited to HRM practices that are relevant to lean production. Rathnaweera and Fernando (2019) examined the impact of HRM practices on machine operators' performance in the large scale apparel sector in the Kalutara District. A growing quantity of empirical evidence suggests that the HR practices proposed by Pfeffer (1998) have a significant effect on various settings. For instance, Ahmad and Schroedent (2003) and Vlachos (2008) attempted to generalize the findings of the impact of seven HRM practices, proposed by Pfeffer (1998), on operations management across countries and industries. The findings provide overall support for Pfeffer's HR practices. These prior studies in HRM practices and performance by using the Pfeffer model were mainly focusing on large scale firms Ahmad and Schroedent (2003) and Vlachos (2008). With exception to Subramaniam, Shamsudin and Ibrahim (2011), the above study was oversea based. But in the Sri Lankan SMEs, there are few studies (i.e., Rathnaweera, 2017; Gamage and Takayuki, 2013) relevant to the topic but there is no study examining the relationship between HRM practices on firm performance by using the Pfeffer model. Within the Sri Lankan manufacturing SMEs, it is very rare to come across studies that have been conducted on HRM practices on firm performance (Rathnaweera, 2017; Rathnaweera & Fernando, 2019). Thus this study aims to examine Pfeffer's seven HRM practices are effect firm performance in manufacturing SMEs, Sri Lanka. The findings of the present study would provide new insights for manufacturing SMEs in Sri Lanka.

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study was oversea based. But in the Sri Lankan SMEs, there are few studies (i.e., Rathaweera, 2017; Gamage & Takayuki, 2013) relevant to the topic but there are no study examine the relationship between HRM practices on firm performance by using Pfeffer model. Within the Sri Lankan manufacturing SMEs, it is very rare to come across studies which have been conducted on HRM practices on firm performance. For an instant, Rathaweera (2017), Rathaweera and Fenando (2019). Thus this study aims to examine the Pfeffers' seven HRM practices are effect on firm performance in manufacturing SMEs, Sri Lanka. The findings of the present study would provide new insights for manufacturing SMEs in Sri Lanka.

## **2. Literature review**

HRM practices – HRM practices have aimed at the acquisition, development, and motivation of employees as a key to attaining firm performance. Barney (1991) argued that human resource practices are the key to attaining sustainable competitive advantages and that HRM practices should, therefore, be treated as a central part of organizational strategy. Many theories in the extant literature support this notion that staff is to be treated as an integral resource of any organization; most importantly, the resource-based view (RBV) and knowledge-based view (KBV) theories have both presented this argument, and weighted human resources equal with other organizational resources in generating firm performance (Chang & Huang, 2005). Organizational managers have responded over recent decades by adopting a range of human resource practices to support their business performance, including in the areas of employee staffing, performance management, staff development, and compensation and benefits. Analysis of these highlighted HRM practices has provided many insights for the field of strategic management, and led to developments in the economics of organizations, firm competitiveness, and the working dynamics of employees.

Firm Performance- In general terms, performance is a prominent achievement in one specific field of activity. The idea of performance defines how a person or group concludes to accomplish a goal. Referring to Yucesoy and Barabási (2016), performance represents the totality of objectively measurable achievements in a certain domain of activity. The term “performance” is applied in several areas: economic, financial, technical, sporting, or social performance. A performance measurement system is one of the determinants which creates an enterprise's value and is often indicated as an important supporting tool for a SMEs' managerial development (Garengo et al., 2007). It is supposed to lead to an enterprise maintaining or improving its performance in the long-term perspective. Performance measurement systems are widely used by large companies, but they have not yet gained much recognition among small and medium enterprises (Chalmeta et al., 2012). It is pointed out that despite their limitations, small enterprises in the information era should link strategy with performance measurement and use a performance measurement system in decision-making processes (Chalmeta et al., 2012). Performance is multidimensional, and it is therefore advantageous to integrate different dimensions of performance (Wiklund & Shepherd, 2005).

### **2.1 Theoretical framework**

HRM Practice – Firm performance Relationship - For firms to sustain competitive advantage, the RBV of the organization postulates that better performance is the result of the mix of human resource practices (Barney, 1991; Sheehan, 2013). Razouk (2011) said that an organization can develop a sustainable competitive advantage only by creating value through



internal resource and RBV emphasizes the internal characteristics of the firm (Sheehan 2013), Barney (1991) noted that resource that is rare, valuable, inimitable, and non-substitutable can provide sources of sustainable competitive advantages. In contrast with other resources that are easier to imitate, the management of human resources is complex, ambiguous, and dynamic, and thus a potential source of significant competitive advantage (Barney & Wright, 1998; Backer & Huselid, 1998, Razouk, 2011, Sheehan, 2013). Several researchers (Cappelli & Singh, 1992; Wright et al., 2001) showed the relationship between the RBV and the HRM is widely and finally, its effect on the firm performance (Ahmad & Schroedent, 2003; Cardon & Stevens, 2004; Barring, Jones & Neubaum, 2005, Razouk, 2011; Boxall, 2013; Sheehan, 2013). Besides that human resources are regarded as a crucial input to the resource base of the firm (Barney & Wright, 1998; Backer & Huselid, 1998; Huselid, 1995) because better management of human resources contributes to sustained competitive advantage. But the management of human resources is different in SMEs and larger firms. But several researchers have called for more research on HRM in SMEs, especially given the role and pervasiveness of SMEs in the economy (Cassell et al., 2002).

There is little agreement as to which HRM best practices can be considered as strategic in an organization (Paauwe, 2004). Much of the prior research on the relationship between HRM practices and organizational performance has concentrated on a single HR practice (Wattanasupachoke, 2009; Tessema & Soeters, 2006) however, a growing number of researchers have argued for instituting complementary bundles of HRM practices to enhance organizational performance (Osterman, 1994; Sheehan, 2013). The first works on HRM in SMEs have claimed for a long time that these last invest less in human capital and that their HRM practices remain informal (Mayson & Barrett, 2006). One reason for this fact is the concentration on the financial aspects in SMEs. Marlow and Patton (1993) argue that the concentration on financial criteria for SME success has led to an imbalance in research towards financial investigation and away from human capital and reinforced the argument that HRM within SMEs may not be real. However, as SMEs control their fate and involve everyone in the business, they are the best image for the involvement-oriented approach (Lawler, 1992). A further issue complicating analyses of the HRM–performance relationship is the potential for the difference between rhetoric and reality regarding policy presence and implementation (Legge, 2005). Specifically, a human resource practice may formally be in place, but it may be delivered only sparingly, especially when delivery has been devolved to line managers and/or is not consistently applied to all employees (Legge, 2005; Bowen & Ostroff, 2004; Guest & Conway, 2011). In the small firm context, given the importance of informal practices, any survey about whether a formal practice is in place or not has the potential to underestimate, and possibly misrepresent, the extent to which human resources are managed in practice since the use and effectiveness of informal management will not be captured in a survey.

Pfeffer's seven HRM practices are internally consistent with one another. The seven practices are expected to foster such inimitable attributes in human resources and, thereby help an organization attain a competitive advantage. Several researchers (Delery & Doty, 1996; Huselid, 1995; Arthur, 1994; Osterman, 1994) including Pfeffer (1998) have argued why these practices are expected to enhance organizational performance. According to Vlachos

(2008), results provide overall support for all HR practices except for job security. Selective hiring was found to be a key practice that improved organizational performance. Compensation policy, information sharing, decentralization of decision making, and extensive training were significant predictors for all performance variables. Directions for further research are provided. However, Ahmad and Schroedent (2002) noted, empirical validation of the findings in operations across countries and/or industries is nearly non-existent and very limited at best. But, the impact of HRM practices on organizational performance as proposed by Pfeffer (1998) can be generalized across manufacturing plants operating in different industries and countries. Therefore, the present study set of a hypothesis as;

H<sub>1</sub>: HRM practices will be positively related to manufacturing SMEs performance in Sri Lanka.

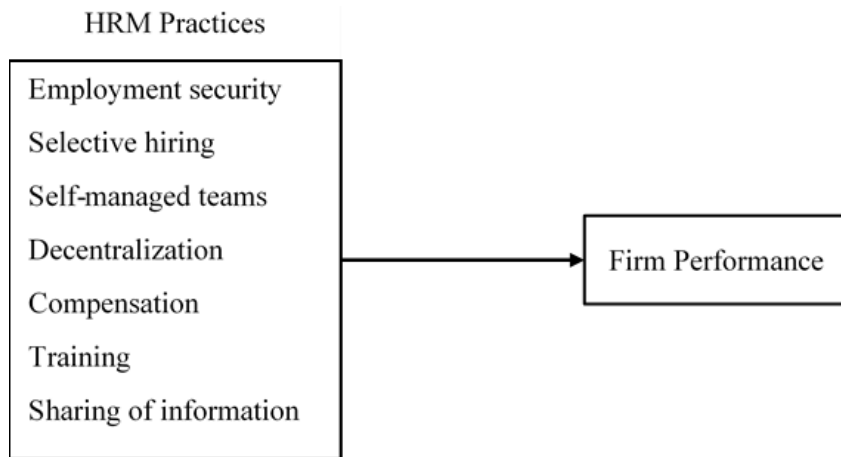


Figure 1 Conceptual framework

### 3. Methodology

#### 3.1 Sample and data collection

To achieve the research objective, a survey was carried out amongst SMEs in the Western Province of Sri Lanka only because more than 46 percent of manufacturing SMEs are located in this area. According to Chelliah, Sulaiman, and Yusoff (2010), SMEs are usually defined by the socioeconomic development of each country. For example, in the US, Carusgil, Knight, and Riesenberger (2008) defined SMEs as a company with 500 or fewer employees while in Taiwan SMEs it is 650 employees or less (Lin & Chen, 2007). However, Sri Lanka does not have a nationally accepted definition for small and medium enterprises. For example, the Department of Small Industries defines SMEs as those with a capital investment of less than Rs. 5 Million, and which employ less than 50 employees; Export Development Board defines SMEs as those with a capital investment of less than Rs. 20 Million in the plant, machinery, and equipment excluding land and buildings and an annual export turnover not exceeding Rs. 40 Million and a total annual turnover not exceeding Rs. 100 million (www.srilankabusiness.com); Department of Census and Statistics has defined an establishment with less than 10 persons engaged as considered as a small establishment and an establishment with 10 or more persons engaged was considered as a large establishment

(Census of Industry, 2010). Therefore, the researcher adopted the definition given by the World Bank in 1997 for this study. According to them, a small enterprise was defined to include 1-49 workers, and a medium enterprise with 50-99 (Ayyagari et al., 2003). At the initial stage, six hundred manufacturing SMEs were selected for the sample by applying a random sampling procedure. After cross-checking with particular firms researcher was identified that hundred and fifty-two SMEs have not come under the World Bank definition. Hence, these SMEs were dropped from the sample.

The questionnaire was prepared to be in line with the research objective and variables. Closed questions are used since the research outcome is mostly quantitative study than qualitative. Structural questionnaires were sent out to selected four hundred forty-eight firms namely to the human resource manager and in some instances the owner or proprietor of the organization. The questionnaire was pilot tested with randomly selected twenty SMEs first before final distribution and several changes were incorporated based on the feedback received. The participants were given three weeks to respond to the questionnaire and a follow-up call was made to remind them also. After the stipulated period given to them, only a hundred and thirty-five questionnaires were returned and used for analysis, making a response rate of thirty percent. According to Wijesinghe, Foreman, and Ten (2011), the usable response rate is mostly less than 30 percent in South Asian SME research. Hence, the response rate of the present study satisfied to carry out the analysis.

The items used to measure seven HRM practices (employment security, selective hiring, self-managed teams, decentralization, compensation, training, and sharing of information) were adapted from Pfeffer (1998) and Ahmad and Schroeder (2003) respectively. A set of Likert scales was used to measure pertinent constructs. Each item of a construct was answered using the following five-point scale: strongly agree (5), agree (4), neutral (3), disagree (2), and strongly disagree (1). Firm performance was measured using Vlachos's (2008) instrument, which tapped the categories of self – reported measures on organization-specific, market-specific, and overall organization. Past empirical research has mostly investigated the effects of HRM practices on financial performance (Delery & Doty, 1996) and some on efficiency and employee turnover (Huselid, 1995). However, very few studies have examined the impact of HRM practices on operational performance measures, such as quality, cost, or delivery (MacDuffie, 1995) or intangible performance measures, such as organizational commitment (Kalleberg & Moody, 1994). According to Backer and Gerhart;

*“The appropriate dependent variable will vary with the level of analysis, but in each case, the focus should be on variables that have inherent meaning for a particular context” (Backer & Gerhart, 1996).*

Because the unit of analysis for this study is a manufacturing SME, Hence, HRM practices will impact the operational performance measures at the organizational level. Therefore, this study investigates the impact of HRM practices on operational performance measures. The content validity of a construct was ensured through pre-testing of the questionnaires and structured interviews with the managers in the field. Each scale was evaluated for its reliability and uni-dimensionality. A value of Cronbach's alpha of 0.7 or more was used as a criterion for a reliable scale (Nunnally, 1978).

#### 4. Results

The data has been analyzed in Statistical Package for Social Sciences (SPSS). Correlation analysis technique is used to find out the relationship among the variables and their relative strength. The results are given in Table 1.

Table 1  
Mean and correlation of HRM practices and organization performance

HRM Practices	Mean	1	2	3	4	5	6	7	8
employment security	3.35	1							
selective hiring	4.32	0.31**	1						
self-managed teams	4.08	0.24*	0.38*	1					
decentralization	3.32	0.27*	0.33*	0.28*	1				
compensation	4.58	0.39*	0.42**	0.39*	0.32*	1			
training	4.19	0.40**	0.53*	0.47*	0.35**	0.37*	1		
sharing of information	3.40	0.29*	0.27*	0.32*	0.43*	0.42*	0.41*	1	
firm performance	4.21	0.38*	0.47*	0.36*	0.34*	0.56*	0.47*	0.39*	1

Significance at \* $P < 0.05$ ; \*\* $P < 0.01$

Table 1 presents the means and correlation values of the variables. High mean values indicated that most organizations agreed the HRM practices are important. The correlations show a low to moderate correlation between organization performances. It obtained for the values were employee security 0.38, selective hiring 0.47, self – management teams 0.36, decentralization 0.34, compensation 0.56, training 0.47, and sharing information 0.39.

Multiple regression analysis was applied to test the hypothesis which is set in this study. Multiple regression analysis is used to determine what proportion of the variance in the dependent variable is explained by the independent variables are entered into the regression analysis (Cramer, 2003).

Table 2  
Result of multiple regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig
1	0.395	0.324	0.312	0.67413	12.623	0.000

a) Predictors: (Constant), employment security, selective hiring, self-managed teams, decentralization, compensation, training, sharing of information.

According to Table 2, a reliability test of the regression line was conducted, and  $R = 0.395$ . It indicates that the line is reliable. That means the multiple correlations (R) is 0.395 an indication of low multiple correlations between the effectiveness of applicant attraction (dependent variable) and a set of independent variables. The coefficient of multiple determination ( $R^2$ ) indicated that  $R^2 = 0.324$ . This suggests that 32.4 percent of the variance in the dependent variable is jointly and significantly explained by the collective variance in all the independent variables considered in the study. Hence, HRM practices have a moderate positive impact on organization performance in manufacturing SMEs thus supporting hypothesis 1.

## **5. Discussion and conclusion**

Previously, a limited number of studies have found a positive relationship between a greater number of human resource practices and SME performance in both a cross-sectional context (Messersmith & Wales, 2013; Michie & Sheehan, 2008; Nguyen & Bryant, 2004; Verreyne et al., 2016) and longitudinally (Razouk, 2011). This study investigated the relationship of specific HRM practices which was introduced by Pfeffer (1998) and organization performance among the SMEs in the Western Province of Sri Lanka. It was discovered that HRM best practices enhance firm performance. The study found that employment security, selective hiring, self-managed teams, decentralization, compensation, training, sharing of information have a positive relationship with firm performance. The results found in this analysis are consistent with the previous studies, (Ahmad & Schroeder, 2003; Wright et al., 2005; Cho et al., 2006; Khan, 2010; Qureshi et al., 2010; Arumugam & Mojtahedzadeh, 2011; Boohene & Asuinura, 2011). Compare with other HRM practices compensation is highly influencing the firm performance. Further, it is also confirmed by Chew and Chan (2008), who said that compensation plays an important role in maintaining their employment and enhancing work commitment. The present study has shown that compensation practiced by manufacturing SMEs in Sri Lanka has an impact on firm performance. This finding is also consistent with Subramaniam, Shamsudin, and Ibrahim (2011). Nevertheless, the present study also found that training could influence significantly firm performance. Pfeffer (1998) noted training is an investment in the organization's staff and the current business environment. Successful firms that emphasize training do so almost as a matter of faith and because they believed in the connection between people and profits. The present study also confirmed it because the training of the manufacturing SMEs in Sri Lanka has a positive impact on firm performance. This finding is also consistent with Ahmad and Schroeder (2003). Besides, organizations serious about obtaining profit through people, for that organization needed a large pool of applicants, able to identify critical skills and attributes needed in its applicants and job requirements (Pfeffer, 1998) subsequently it leads to enhance the performance. The present study has shown that selective hiring also impacts firm performance. The present study also revealed that sharing information, employment security, self – management teams, and decentralization have weak moderated but positive relationship with firm performance. In conclusion, the present study has provided additional insight into the effects of HRM practices which was introduced by Pfeffer especially amongst the manufacturing SMEs in Sri Lanka.

According to the findings of the present study have managed to provide empirically Pfeffer model still valid to test the relationship between HRM practices and firm performance not in the large scale organizations but also SMEs.

## **6. Directions for future research**

The findings of this study revealed that Pfeffer's HRM practices predict the operational performance of manufacturing SMEs. This study adds to the body of knowledge in the field of HRM practices, however, there are still some limitations. Particularly, only seven HRM practices were taken for investigation in the present study and thus the other HRM practices

such performance evaluation, grievance management, discipline management, employee movement, etc. could be considered by future researchers. Also, this study was conducted in the manufacturing SMEs which are grouped under the Colombo District. The study could be extended to other regions and other sector organizations including larger samples to find the HRM practices that predict operational performance and the factors mediating and/or moderating the effect of HRM practice on operational performance.

As there are no adequate studies in the manufacturing SME sector in Sri Lanka, more research should follow with different samples from various sectors, types of businesses, and in different regions. Comparative studies also may be conducted to find out differences based on sectors, types of businesses, locations, etc.

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## **Ownership structure and firm's financial performance: Sri Lankan evidence**

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### **Abstract**

*Financial performance is vital importance for every organization, and it is affected by many factors. The ownership structure is one of the main determinants that influence the firm's financial performance. Many researchers have given the importance of company's ownership structure in corporate governance mechanisms, whereas studies on ownership structure and financial performance of firms have yielded non-conclusive empirical findings. Limited studies have observed, explored, and quantified in Sri Lanka. Further, extant studies have not examined the impact of ownership structure with ownership identity on financial performance. Hence, the purpose of this study is to investigate the relationship between ownership structure and financial performance and then examine the impact of ownership structure on the financial performance of companies listed on the Colombo Stock Exchange. Based on the ownership diversification, three sectors were selected as the population and 24 companies were selected as the sample as per the availability of information. Data collection period was 2015-2019. This study reveals that institutional ownership and foreign ownership are significantly and positively correlated with financial performance, while individual ownership and ownership concentration are negatively correlated with financial performance. Further, ownership concentration has a significant impact on company's financial performance, and the ownership identity has no significant impact on company's financial performance. These findings may help investors and policymakers to make decisions regarding ownership structure.*

**Keywords:** *Foreign ownership, individual ownership, institutional ownership, ownership concentration, ownership structure.*

## 1. Introduction

Different parties who have invested in shares of a listed company are known as owners of that company, and they are also known as shareholders of that particular company. Various types of owners can be found in nationally as well as internationally, and they are further categorized as foreign ownership, government ownership, institutional ownership, and individual ownership (Connelly, Hoskisson & Tih, 2010). Primarily, these owners' concern is to reap the benefits from firm profits or maximize their wealth. To achieve these objectives, owners appoint management, and then agency conflict occurs (Jensen & Meckling, 1976). The term ownership structure can be defined by using two applied dimensions: ownership concentration and owner identity. Ownership concentration is a measurement of the degree of concentration of voting right in listed corporations, and it is measured by using the voting right of the largest shareholders. The Ownership Identity can be identified as a measure of the extent to which members of the organization identify themselves as genuine owners of the company. Ownership structure influences a company in various aspects, and Jensen and Meckling (1976) found that ownership structure has a significant impact on corporate governance mechanisms because they determine the incentives of managers and thereby the economic efficiency of the corporations they manage. Thus, various indications from previous studies can be found that ownership structure is directly or indirectly related to financial performance, but rare to find consistent conclusions among these two.

The relationship between ownership structure and firms' financial performance is still a debatable problem in the finance literature. Some previous literature stated that there is an inverse relationship between shareholdings and firm performance (Ganguli & Agrawal, 2008) while other researchers emphasize that the ownership structure of a corporation should be thought of as an endogenous outcome of decisions that reflect the influence of shareholders and of trading on the market for shares (Demsetz, 1983).

In 1970, almost all Sri Lankan enterprises were state-owned enterprises, but with the introduction of the open economy policy, privatization and restructuring of state-owned enterprises, the ownership switched from public to private, and ultimately this ownership has ended up with some concentrated family owners and individuals. In the late 1970s, the Sri Lankan government started free trade zones to attract new business and this was results in increased foreign ownership gradually. Therefore, at present various types of owners can be found in Sri Lankan companies. This motives to investigate how ownership structure affect firm's financial performance and what kind of relationship between ownership structure and financial performance in Sri Lankan firm.

Many research studies with contradictory results can be found in the literature which investigates the relationship between ownership structure and financial performance, but it is rare to find a study that considers the impact of ownership structure with ownership identity on financial performance. Therefore, this study sought to investigate whether there is a relationship between ownership structure and financial performance through investigating the pattern and variation of the ownership structure of listed firms in Sri Lanka and their financial performance while investigating the impact of ownership structure on the financial performance of that same sample of the study.

Empirical significance and application significance were clearly mentioned under the introduction section as sub section in order to ensure the significance of this study. Second section demonstrates previous research studies on the same research area that providing a theoretical and empirical evidences derived from past literature. Third section depicts statistical results generated by the data analysis and it discusses the results critically. Finally conclusion section summarizes whole paper while emphasizing key points of this research study.

### **1.1 Empirical significance**

Jensen and Meckling (1976) indicate that it is very important for having an acceptable ownership structure in corporate governance because it affects to determine the economic efficiency of the corporations. Since the Sri Lankan listed companies are having dispersed and concentrated ownership, it is very important to know about how the ownership structure affects the company's financial performance in order to maximize the shareholder wealth. Most of the studies in Sri Lankan context were considered only the ownership concentration for investigating the relationship between ownership structure and firm financial performance. There was also a lack of research that considers the two concepts of ownership structure when investigating the relationship between ownership structure and firm's financial performance. Therefore, this study considered ownership structure, including both ownership concentration and owner identity, to investigate the relationship between ownership structure and firm financial performance.

### **1.2 Application significance**

This study was conducted in the context of the Colombo Stock Exchange (CSE) and a variety of ownership structures can be found in these listed companies. Therefore, this study covers three sectors (Diversified, Telecommunication, Healthcare,) for the period of 2015-2019 in order to identify the relationship between ownership structure and financial performance.

However, the connection between ownership structure and financial performance is an ongoing debate in the corporate finance literature; therefore the study motives to identify the significance of the ownership structure on financial performance. Ultimately, the study examines the impact of ownership concentration and ownership identity on the financial performance of companies listed in CSE.

## **2. Literature review**

### **2.1 Theoretical review**

*Agency Theory:* An agency is any relationship between two parties in which those two parties represent the role of agent and principal. In order to maximize the wealth of the principles, owners hire agents to perform day to day transactions and services on behalf of them. Further, they delegate decision making authority to agents while maintaining a certain level of trust and confidence (Shapiro, 2005). But in practice, when one party is expected to act in the best interests of the other, a conflict of interest might be occurring, which is known as an agency problem. Typically, the cause of agency problem can be identified as the convergence of interest between the principal and the agent. There are three types of agency problems in an

organization known as Principal-Agent Problem, Principal–Principal Problem, and Principal–Creditor Problem (Dharwadkar, Gerorge, & Brandes, 2000). When identifying the impact of ownership structure on firm’s financial performance, agency theory takes an important place because the conflict of interest between owners and managers can directly affect the firm’s financial performance.

*Ownership Structure:* Ownership is the state of exclusive rights and control over property such as land or real estate or intellectual property. Ownership structure defines how this ownership and control of a company is distributed (Jensen & Meckling, 1976).

Ownership concentration is an amount of stock that is owned by investors; they might be individual, institutional or foreign investors. Investors who have owned more than 5 percent of equity ownership within a particular organization will be able to influence and control the firm’s management. Therefore, a higher level of ownership concentration denotes a higher level of investor's monitoring power over a firm’s managerial decisions in order to protect their investments. A low level of ownership concentration indicates a weaker governance power because investors with fewer ownership interests have little incentive to pay attention to the strategic decisions of the firm.

Ownership can be identified as a measure of the extent to which members of the organization identify themselves as genuine owners of the company.

## **2.2 Empirical review**

### *Ownership Concentration*

Warrad, Alnimer, and Almahamid (2013) examined the relationship between ownership concentration and business performance of non-financial businesses listed on the stock exchange of Jordan for the period of 1994-2005. Two different group assessment criteria are determined for this study, and those criteria are accounting and market. According to accounting criteria, the ownership structure does not have a significant impact on business performance, however, market criterions determined that ownership structure affects business performance significantly. Similarly, Zeckhauser and Pound (1990) investigate the impact of large outside shareholders on corporate performance and corporate financial policy. This study employs a sample of firms from 22 industries to test whether the presence of large shareholders is associated with systematic differences in expected earnings growth, dividend payout ratios, or leverage ratios. Overall, they have found that eleven industries with a relatively open information structure, large shareholders are associated with significantly higher expected earnings growth rates.

Thomsen and Pedersen (1999) suggest that after controlling for other variables, ownership concentration has a positive relation with market-to-book value of equity as well as the ROA. They took a sample of 435 from the largest European companies, and they find that ownership identity has important implications for corporate strategy and performance.

Manawaduge and De Zoysa (2013) present ownership of companies in Sri Lanka is highly concentrated, with a presence of controlling shareholders in most enterprises. Further results suggest that concentrated ownership has a significant positive relationship with firm performance while confirming the same conclusion drawn by Chandrasena and Kulathunga

(2014). In contrast, Demsetz (1983) indicates that ownership concentration is a factor that balances the costs and benefits of ownership. This argument is supported by a paper that argues the ownership structure varies systematically in ways that are consistent with value maximization. It considered variables that are significant in explaining the variation in ownership structure for 511 corporations such as firm size, instability of profit rate, whether or not the firm is a regulated utility or financial institution, and whether or not the firm is in the mass media or sports industry and also found the relationship between ownership concentration and accounting profitability is not significant when controlling other variables that are related to financial performance (Demsetz & Lehn, 1985). Thomsen and Pedersen (1999) also report the same results that examining the causes and effects of ownership concentration among the largest companies in twelve European countries, and it found that ownership concentration has an insignificant effect on accounting profitability.

#### *Individual Ownership*

According to Thomsen and Pedersen (2000) there is no effect on financial performance when the ownership is highly concentrated in one owner. Similarly, Lauterbach and Vaninsky, (1999) suggest that family owner-managed firms appear less efficient in generating profits, whereas firms owned by business concerns and managed by non-owners perform better. Therefore, these findings suggest that the modern form of business organization, which have an open corporation with disperse ownership and non-owner managers, promotes performance. In the contrary, Manawaduge and De Zoysa (2013) suggest that there is a significant positive relationship between individual ownership and return on assets (ROA) through an examination of the impact of ownership structure and concentration on firm performance in Sri Lanka. The overall results of the study provide more proof for a strong positive relationship between ownership concentration and accounting performance measures. Therefore, it suggests that a greater concentration of ownership causes better performance of an organization. As opposed to the previously mentioned study, Chandrasena and Kulathunga (2014) found a significant negative relationship between individual ownership and firm performance. In this study, researchers have considered seventy-six (76) non-financial companies that are listed in CSE during the period of 2008 to 2014 as a sample. Concentrated ownership too has a significant positive relationship with firm performance, supporting the well-known agency theory propositions.

#### *Foreign Ownership*

Gurbuz and Aybars (2010) have used a sample of 205 non-financial listed companies covering the 3-year time period from 2005-2007 and employed panel data analysis to identify the impact of foreign ownership on the firm's financial performance. In terms of operating profitability, the results indicated that minority foreign-owned companies perform better than domestic ones and also the overall results of this study provide evidence that confirms foreign ownership improves the financial performance of companies in Turkey up to some certain level, beyond which additional ownership by the foreigners does not add to firm profitability. Confirming the results of the previous study, Bilyk (2009) investigated the effects of foreign ownership on the performance of Ukrainian manufacturing companies, and the results provide evidence that foreign ownership positively affects the firm's financial performance. In addition, these arguments were supported by an investigation done by Balagobei and

Velnampy (2017) that suggests ownership concentration and foreign ownership structure are significantly and positively correlated with the financial performance of listed beverage food and tobacco companies. Further, it suggests that institutional ownership does not significantly correlated with financial performance. It is also providing evidence that there is a significant impact of foreign ownership on the financial performance of the company.

When referring literature it is very clear that many research studies show contradictory results which investigate the relationship between ownership structure and financial performance. Some research studies indicate positive relation while others show negative relation. Moreover, it is rare to find a study that considers the impact of ownership structure with ownership identity on financial performance. Thus researchers were able to discover the literature gap by exploring various research papers relevant to this study. Therefore, this study aims to investigate whether there is a relationship between ownership structure and financial performance of listed firms in Sri Lanka while investigating the impact of ownership structure on the financial performance for the same sample of this study.

### 3. Results and discussion

To identify the relationship between ownership structure and firm’s financial performance influence, three sectors were selected as the population and whole population was considered as the sample, but 24 companies were selected for the sample as per the availability of information for the period of 2015-2019. Three sectors have been selected for this study, namely Diversified Holdings, Telecommunication and Healthcare as these sectors record highest foreign and domestic shares. Data were collected through annual reports of each company which were downloaded through CSE website.

In the data screening and cleaning stage, the researcher identified the data on institutional ownership and foreign ownership follows a normal distribution, but it is non-normal for financial performance, institutional ownership, and ownership concentration. Then few outliers were detected and winsorized at a 5 percent significant level to remove the outliers.

#### 3.1 Conceptualization

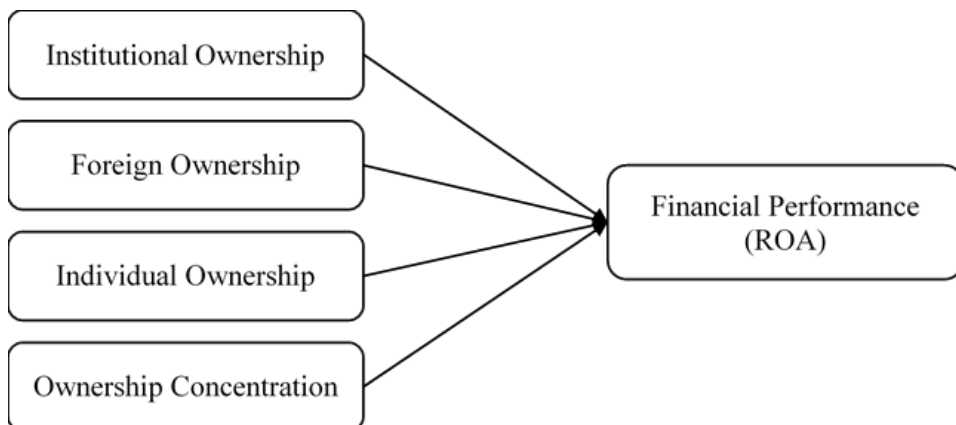


Figure 1 Conceptualization of variables

Source: Authors constructed.



In this research, the researcher has used five variables consist of one dependent variable (financial performance, which is measured by ROA) and four independent variables (institutional ownership, foreign ownership, individual ownership, and ownership concentration).

### 3.2 Operationalization of variables

Table 1  
Operationalization of variables

	Variable	Indicator	Measurement	References
Dependent Variable	Financial performance	ROA	Net profit after tax / Total Assets	Mirza and Javed (2013)
Independent Variable	Ownership Concentration	Concentration Ownership (CON)	(percentage of sum of shares controlled by each of the top 5 shareholders)	Manawaduge and De Zoysa (2013)
	Institutional ownership		Percentage of shares held by institutional shareholders	Chandrasena and Kulathunga (2014)
	Foreign ownership		Percentage of shares held by foreigners	Chandrasena and Kulathunga (2014)
	Individual ownership		Percentage of shares held by individual shareholders	Chandrasena and Kulathunga (2014)

Source: Authors constructed.

### 3.3 Hypotheses development

H<sub>1</sub>: There is a significant relationship between institutional ownership and firm's financial performance.

H<sub>2</sub>: There is a significant relationship between foreign ownership and firm's financial performance.

H<sub>3</sub>: There is a significant relationship between individual ownership and firm's financial performance.

H<sub>4</sub>: There is a significant relationship between ownership concentration and firm's financial performance.

### 3.4 Correlation analysis

To examine the relationship between dependent variable and independent variables Pearson Correlation was used and Table 2 depicts the directions of relationships between two types of variables of this study.

Table 2  
Correlation analysis

	Financial performance	Institutional Ownership	Foreign Ownership	Individual Ownership	Ownership Concentration
Financial performance	1				
Institutional Ownership	0.3689*** (0.0002)	1			
Foreign Ownership	0.4660*** (0.0000)	0.1065 0.3045	1		
Individual Ownership	-0.4771** 0.0000	-0.9975** 0.0000	-0.4581** 0.0000	1	
Ownership Concentration	-0.1902** 0.0448	0.0775 0.4581	-0.0165 0.8745	-0.1677 0.1163	1

\* Correlation is significant at the 0.05 level

$p < 0.05$ \*

$p < 0.01$ , \*\*

Source: STATA Output.

From Table 2, it is apparent that there exists a significant positive relationship between institutional ownership and the dependent variable (financial performance) of the study. This shows that when an organization is owned by another institution, the profitability and operating efficiency of the firm can be improved.

Similarly, the relationship between foreign ownership and the dependent variable has a significant positive relationship at a significant level of 5 percent. Further, there is a significant negative relationship between foreign ownership and individual ownership with a correlation coefficient value of -0.4581.

In the contrary, Table 2 presents a significant negative relationship between the individual ownership and dependent variable. This shows that when an organization is owned by individuals, the profitability and operating efficiency of the firm difficult to improved.

The concentrated ownership also illustrates a significant negative relationship with ROA. This means that when the ownership is concentrated, the financial performance of an organization is difficult to improve. This is in line with the agency theory, which suggests that concentrated ownership may cause to raise agency costs within an organization.

The significant positive relationship between concentrated ownership and institutional ownership structure represents that the ownership of most Sri Lankan firms are concentrated by the existence of a large shareholding owned by institutional owners.

There was a lack of research, such as Thomsen and Pedersen (2000) suggest that there is no relationship between individual ownership and financial performance. However, the findings of this study suggest that individual ownership has a negative relationship with financial performance, which is not consistent with the findings of Manawaduge and De Zoysa (2013). Moreover, findings of this study which despite the findings of Bhattacharya and Graham (2007), Chen and Chen (2007), and Tamimi (2011) and consistent with the findings of Welch (2003), Herdjiono and Sari (2017) and Gurbuz and Aybars (2010), suggest that there is a positive relationship between institutional ownership and financial performance as well as between foreign ownership and financial performance. Further, the findings of current study

consists of the findings of Demsetz (1983) and Pedersen and Thomsen (1999), which shows that ownership concentration has a negative relationship with firm financial performance.

### 3.5 Regression analysis

In order to determine the most suitable model (Fixed Effect Model or Random Effect Model) to run the panel regression analysis, the researcher conducted a test called Hausman Test (not tabulated) where the null hypothesis is that the preferred model is random effects vs the alternative the fixed effects.

After estimating the Hausman Test, it was revealed that Random Effect Model was the most fitted model where  $\text{prob} > \text{Chi}^2$  is 0.64 ( $\text{Prob} > \text{Chi}^2 > 0.05$ ). Then panel regression analysis were done and results were depicted in Table 3.

As per the Table 3 R Squared value of 0.3497 denotes that 34.97 percent of the observed variability in ROA can be explained by the differences in variables, namely institutional ownership, foreign ownership, individual ownership, and ownership concentration.

Table 3  
Regression analysis

Financial performance	Coef.	Std. Err.	Z	P> z	[95 % Conf. Interval]	
Institutional Ownership	0.001322	0.001147	1.15	0.249	-0.0009256	0.0035705
Foreign Ownership	0.000315	0.000239	1.32	0.187	-0.000152	0.0007827
Individual Ownership	0.000882	0.0011348	0.78	0.437	-0.0013422	0.0031062
Ownership Concentration	-0.00077	0.000325	-2.38	0.017	-0.0014113	-0.0001362
_cons	-0.02606	0.115948	-0.22	0.822	-0.2533100	0.2011994
<i>sigma_u</i>	0.022224	<i>R</i> <sup>2</sup> =0.3497				
<i>sigma_e</i>	0.017153					
<i>Rho</i>	0.626686					

The remaining 65.03 percent is not explained by the explanatory variables of this model, which means that the remaining 65.03 percent of the variance in ROA is related to other variables that have not been depicted in this model.

According to the two tail p values which present in Table 3 at a 95 percent confidence level, all three variables that represent owner identity have no any significant impact on the company's financial performance since all three variables' p values are more than 0.05. Contrary to these results, ownership concentration has a significant impact on financial performance by having p-value of 0.017 which is less than 0.05 percent.

In summary, ownership concentration has a significant impact on the company's financial performance and the rest part of the ownership structure which means the ownership identity (institutional ownership, foreign ownership, and individual ownership) has no impact on the company's financial performance.

These results are consistent with the findings of Chandrasena and Kulathunga (2014) and Pathirawasam and Wickremasinghe (2012), who suggest that ownership concentration has a significant impact on firm's financial performance.

#### **4. Conclusion**

The statistical evidence of this study depict that the higher portion of ownership structure in Sri Lankan firms which included in selected sample, represents by the ownership concentration, and it has a negative relationship with financial performance. It reveals that ownership of selected firms is concentrated by the existence of a large shareholding owned by individual owners, and these owners have an ability to influence on financial performance which means, ownership concentration has an impact on company's financial performance as well as there is a negative relationship between ownership concentration and company's financial performance in selected 24 listed companies. This may cause the rise an interest conflict between owners as well as between owners and managers. Therefore, organizations should have established proper corporate governance mechanisms to prevent or minimize the situation of occurring higher agency costs within an organization.

Institutional ownership, foreign ownership, and individual ownership were considering as the components of ownership identity and each and every ownership category was separately analyzed in order to identify the relationship between ownership identity and firm's financial performance.

The statistical evidence show that institutional ownership and foreign ownership has a significant positive relationship with financial performance while individual owners have a significant negative relationship with financial performance as well as the ability of these owners to impact or influence the financial performance is very low, which means ownership identity has no any significant impact on firm's financial performance.

The study selected both the components of ownership structure to identify the impact between ownership structure and firm's financial performance. With the results of this study, it seems to be that, the ability or power to influence financial performance is with the owners who have hold the highest number of shares of an organization, which means the owners who are highly concentrated can impact on firm's financial performance. On the other hand, it can be illustrated as a matter of fact that ownership identity cannot impact on financial performance only the ownership concentration can impact on firm's financial performance.

As the limitations of this study it can be mentioned that the current research study is consisted only with four independent variables. Thus, it can be recommended that future research studies can be conducted by employing new variables such as directors' ownership as well as including some control variables which affects to the financial performance. Further, current study considered only three sectors and future research studies can be expanded by taking more than three sectors.

Future studies may employ alternative firm performance measures (i.e., Earning per Share, Stock Return) to see how results may be sensitive to performance variable selection when examining the ownership – firm performance relationship and affirm the empirical findings

obtained by the present study. It might be informative to replicate the estimates using a bigger sample so that the results could be generalized.

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## **Service brand attachment on customer citizenship behavior: The mediating role of perceived value**

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### **Abstract**

*This study aims to identify the impact of service brand attachment on customer citizenship behavior and to clarify the role of perceived value among selected cellular telephone operators in the telecommunication industry. Quantitative methods have used to analyze the data of this study. Primary data that has been used for the study were obtained from Cellular Mobile Telephone subscribers from each Cellular telephone operators. Convenience sampling method was used to obtain 405 responses from Subscribers. The collected data were analyzed by using descriptive, correlation analyses, simple regression, and multiple regression analysis using IBM SPSS Statistics 22 and Sobel testing. Based on the findings of the study, it concludes that Service brand attachment significantly affects customer citizenship behavior and perceived value partially mediate between service brand attachment and customer citizenship behavior and this result shows the significance of perceived value and suggest that service executives should strengthen customers, the perceived value of service brand to enhance customer citizenship behavior.*

**Keywords:** *Customer citizenship behavior, perceived value, service brand attachment.*

### **1. Introduction**

Service companies must continuously improve competition because of globalization in the service sector and a free international market. Recently, utility providers concentrated on consumers to increase competition (Yang & Qin Hai, 2011). A citizenship activity of clients reveals that clients are like 'part-time workers,' contributing to low marketing expense and increased operating performance for businesses. Citizenship is discretionary and social behavior shown by consumers that helps both the service provider and others (Yi, Gong, & Lee, 2013). Citizenship behaviors are extra-role initiatives above the necessities of the consumer role implemented in most service experiences. Customers can also assist well-

known businesses in different voluntary, non-profit programs, such as assisting others to enhance the delivery of services or giving valuable feedback to their companies. Increasingly, customer citizenship behavior (CCB) is contributing to productive businesses and is therefore particularly important to service companies, which do not achieve substantial productivity gains by capital replacement (Bartikowski & Walsh, 2011).

Attachment in the realm of parent-infant connections an emotional-laden-target specific bond between a person and a specific objective. The bond varies in strength, with some individuals demonstrating a weak bond with an attachment object and others exhibiting a strong bond.

In the consumer context, consumers can develop attachments to gifts, collectibles, and places of residence, brands, and other types of special or favorite objectives (Park, MacInnis, & Priester, 2006). Attachment, engagement, trust, and loyalty to the brand are among the main components of this bond. The importance of bond for a company is not to be any more demonstrated in a context of increasing competition, abundant supply, and product, and service standardization, brands offer the managers an exciting means of differentiation and consequently give the company a competitive advantage which can be translated by the notion of brand equity (Smaoui & Temessek, 2011).

Creating and sustaining long-term relations with customers is the most challenging task in today's world (Sameeni & Qadeer, 2015). Brands play an identification role for products, services, and companies, but also a self-expression role for the buyers. Brand attachment outcome from desire for social connectedness. Therefore, persons are likely to form stronger attachments to brands if they are lonely or elderly and typically have fewer social connections (Huang, Huang, & Wyrjr, 2018). Strong of the bond linking the consumer with brand, attachment is critical because it should affect behaviors that foster brand profitability and customer lifetime value (Thomson, MacInnis, & Park, 2005).

The ultimate goal of marketing is to create an intense bond between the consumer and the brand. Work on relationship marketing recommends that developing connections between consumers and brands is important given their implications for customer loyalty and price insensitivity (Park, MacInnis, & Priester, 2008). When customers have strongly attached thoughts and feelings as regards a service brand, brand-self connection, and brand prominence may exert a disproportionately strong influence on consumers' attitudes and behaviors (Thomson et al., 2005). When customers attached one of the service brands among brands that caused perceived value. Consumer perceived value has been emerged into business, to marketing. PV is accepted as one of the most significant factors in the success of the business and it is considered as an essential tool of competitive advantage of the business (Jansri, 2018). PV is consumer overall assessment of the utility of a service based on perceptions of what is received and what is given to them. The nature of products or the services offer, the more satisfied the customer thus, the higher the chance that leads to positive behavior (Aulia, Sukati, & Sulaiman, 2016). The PV does not only result in creating the more satisfied customers, but more importantly, it is also found to have a direct effect on customer repurchase intention, loyalty and CCB (Lin, Shih, Sher, & Wang, 2005).

Customers of telecommunication industry go up year by year. In 2019, the Sri Lankan population is 21,361,031 in World meters 2019. But Cellular mobile telephone subscribers are 32,723,283. Hence, there is a difference between Sri Lankan population and Sri Lankan



Cellular mobile telephone subscribers. In this study try to investigate regarding impact of SBA on CCB and mediating effect of PV to that differences. In Sri Lankan context, there is so far lack of researches has been conducted regarding the impact of SBA on CCB and mediating effect of PV within cellular telephone operators in telecommunication industry. The under telecommunication industry cellular telephone operators are one of the leading dynamic contributors to Sri Lankan economy and Service sector. But, most of the researches are lacks paid attention for the cellular telephone operators in telecommunication industry.

Strong connections that connect the service brand with the self are related with customers' commitment to protecting relationship with the brand, which in turn influences CCB (Yi & Gong, 2008). When customers have strongly connected thoughts and feelings with respect to a service brand, brand-self association and brand prominence may exert an excessively strong influence on customers' attitudes and behaviors. SBA may enhance the customers' PV, which turn affects CCB (Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010). According to the aforementioned literature, PV may play a mediating role in liking SBA and CCB. Although previous studies have examined the relationship between SBA and CCB (Cheng, Luo, Yen, & Yang, 2016), the mechanism underlying the impact of SBA on CCB remains unknown. Therefore, there is an empirical gap between the impact of SBA on CCB and to clarify the role of PV.

This study aims to investigate based on the impact of SBA on CCB and to clarify the role of PV and based on the above mention problem, the following research questions were formulated to full fill empirical knowledge gap of this research area. As the result, the following research problem has been formulated.

*“Whether the PV impact on SBA and CCB from cellular mobile telephone subscribers within selected cellular telephone operators in telecommunication industry?”*

#### Research Questions

- a) What is the level of SBA, PV, and CCB from cellular mobile telephone subscribers within selected cellular telephone operators in telecommunication industry?
- b) What is the relationship among SBA, PV, and CCB from cellular mobile telephone subscribers within selected cellular telephone operators in telecommunication industry?
- c) Whether there mediation influence of PV to the relationship between SBA and CCB from cellular mobile telephone subscribers within selected cellular telephone operators in telecommunication industry?

## 2. Literature

### 2.1 Service brand attachment

Brand attachment effect the creating of strong brand relationships, increasing customer' loyalty, and decreasing price sensitivity (Park et al., 2008). Whereas psychological research focuses on the attachments of people to others, current marketing research indicates that attachments can stretch beyond the meaning of the relationship between people (Park et al., 2006). While research has explored communication in interpersonal contexts, marketing research indicates that customers may also build links to market entities, including goods and

service labels (Park et al., 2010). Lacoueilhe has created a five-part model of measuring, which communicates the passion, enjoyment, connection, attraction and comfort of the brand in one single structure (Smaoui & Temessek, 2011). A three-factor calculated model describing brand attachment, Thomson et al. (2005) suggested three emotional components (1) affection (peaceful), (2) enthusiasm (passionate, enjoyable and enthralled) (3). Connection (including the items bonded and attached). The notion that the relationship system encompasses the cognitive and emotive dimensions of the consumer-market relation was recently developing (Park et al., 2006), but it is understood that the cognitive idea in its expression, the brand-self relation is fundamentally emotional, imaginative and potentially dynamic. Park et al. (2010) introduced a two factor measurement model cover the brand self-connection previously integrated in other brand attachment measurement scales, and a second factor brand prominence, which reflects the perceived ease and frequency with which brand-related thoughts and feelings are brought to mind.

## **2.2 Perceived value**

The creation of perceived worth is considered crucial to the construction and preservation of competitive advantages (Sanchez-Fernandez & Iniesta-Bonillo, 2007). Perceived value has been well defined as one-dimensional perspective (considering value as signal overall concept) and multi-dimensional perspective (believing value consist of several interrelated attributes) (Parente, Costa, & Leocadio, 2015). The perceived value principle not only creates a happier customer but also has a significant impact on the intent and the loyalty of consumers to buy back (Lin et al., 2005).

Worth has been historically related to utility and or desirability in economic terms. Here the logical foundation derivative value construct provides the “theory of utility”. The principle notes that the benefit generated by consumers depends on the difference between the “utility” of a good or service’s qualities and the “disutility” of the prize paid. Taking this approach, numerous scholars have used the word “utility” in their perceived value meanings. The present argues that perceived worth is complex to establish, which demands more than a simple logical calculation of 'usefulness.' In comparison, 'price' is an indiscriminate, mysterious structure in itself. While price is often understood as a nominal value for a good, the term often involves an aggregate expense, cost, and sacrifice for the consumers in the consumption interactions being taken into account in its complete appreciation (Huaman-Ramirez & Merunka, 2019).

## **2.3 Customer citizenship behavior**

Customer citizenship offers businesses, consumers themselves and all customers’ substantial advantages. For example, CCB enhances organizational efficiency by enhanced connection between service counter participants (Assiouras, Skourtis, Giannopoulos, Buhalis, & Koniordos, 2019). This activity is therefore strongly promoted as it can improve the service and improve the efficiency of the experience of telecommunications services (Kim & Yi, 2017). However, citizenship conduct is not limited to the overt interaction of customers with their fellow consumers. This can also include indirect citizenship, such as consumer patience, if the provider does not satisfy its requirements and increases input on enhancing the telecommunications experience (Vantonder, Saunders, Lisita & Debeer, 2018). CCB

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recognize by term such as customer discretionary behavior, customer voluntary performance, customer extra-role Behaviors, CCB, customer organizational behavior, customer helping behaviors (Groth, 2005).

Bettencourt and Brown (1997) recommended three dimensions for CCB (loyalty, participation, and cooperation). Groth (2005) suggested that consists of three dimensions: making recommendations, providing feedback to the firms, and helping other customers. Further, Johnson and Rapp (2010), propose slightly eight dimensions (expanding behaviors, supporting behaviors, forgiving behaviors, increasing quality, competitive information, responding to research, displaying brands, and increasing price). Yi et al. (2013), argue that CCB covers feedback, advocacy, and tolerance dimensions.

## **2.4 Theories supporting conceptual framework**

Conceptualization framework based on Emotional attachment theory and Social exchange theory. According to the theory of emotional attachment (Bowlby, 1979), persons with deep emotional attachments to a particular cause show particular behavior like preservation of proximity and pain from the separation. When a customer is familiar with a brand, use is viewed as appealing, which contributes to good sentiments and a positive appraisal of the brand (Belaid & TemessekBehi, 2011). These people usually want their relationships with a brand to be sustained to build the illusion that the brand is irreplaceable. A good psychological identification to the organization is a brand attachment. Moreover, heavy brand attachment tends to more than its practical demands statistically reflect the needs of customers. Buyers' loyalty to a particular service brand continues to enrich their understanding of meaning according to the concept of the fundamental usefulness of perceived value (Parasuraman, Zeithaml, & Berry, 1988). Brand attachment thus has a positive benefit for consumers.

According to the Theory of social exchange; the basic tenets of the behavioral viewpoint of relative worth are shared exchange experiences. The theory of social exchange claims that interpersonal relationships between two parties rely on perceived benefits and social exchange costs (Balaji, 2014). In addition, the benefit obtained by one party imposes a mutual duty on the other (Liu & Mattila, 2015). If consumers see a high degree of benefit for consumption, they appear to demonstrate good conduct intentions and show voluntary conduct (Ha & Jang, 2010). Therefore constructive voluntary and discretionary attitudes when consumers consider a bid as worth. Park et al. (2010) recommended the stronger the consumers committed to a particular brand, the more able to give up their personal capital to keep the brand in touch. When attached consumers dedicate themselves to and understand the aims and value of a business, they are involved in the company's offerings and are able to adapt to the benefits already perceived (Yi & Gong, 2008). Figure 1 shows conceptual framework proposed for the present study.

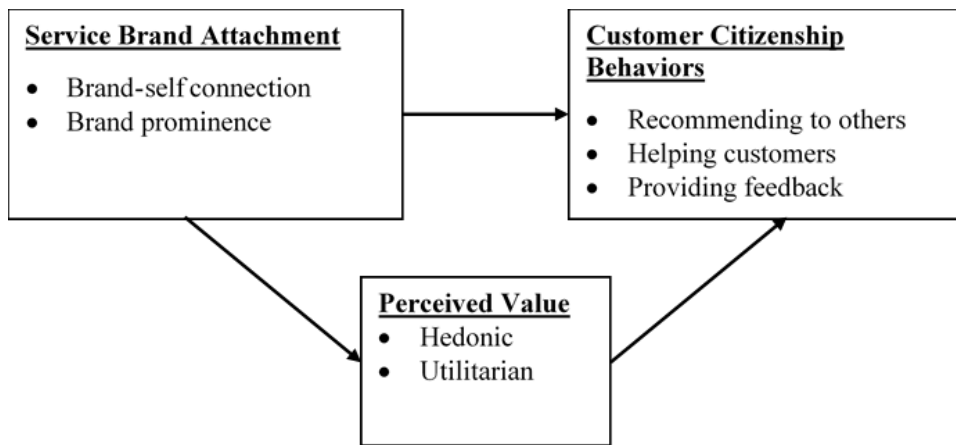


Figure 1 Conceptualization framework

Source: Developed by the researchers.

Based on the proposed conceptual framework, the following hypotheses were developed and tested.

H<sub>1</sub>: SBA is significantly impact on CCB.

H<sub>2</sub>: SBA is significantly impact on PV.

H<sub>3</sub>: PV is significantly impact on CCB.

H<sub>4</sub>: Significantly, PV mediates the impact on SBA and CCB.

## 2.5 Methodology

The research was placed in the positive paradigm of research, using the quantitative method of research (Sekaran & Bougie, 2016). The study was done in a single cross-sectional nature in a natural environment where techniques remain unaffected. Data has been obtained from individuals who are Sri Lankan telecommunications subscribers through a self-administered questionnaire. The survey therefore consisted of 405 persons chosen by means of a non-probabilistic convenience method. The analysis was carried out in three steps. First, there was a literature survey to gather detailed information on the study subject. Constructs have been made practical by means of a rigorous literature review (Yi et al., 2013) and all items were measured by Five-point Likert scales (1 = strongly disagree; 5 = strongly agree). Second, there have been few expert evaluations to ensure questionnaire accuracy and applicability. First, 30 respondents completed a pilot study and the requisite revisions to the final questionnaire were based on their findings. Finally, an on-site data collection survey was performed.

In order to locate missed values and descriptions all questionnaires are screened. The multivariate assumptions like normality were then verified. Furthermore, data were tested in terms of validity and reliability and data were analyzed using descriptive and regression analysis.

### 3. Results and discussion

#### 3.1 Cronbach's Alpha analysis

The reliability of the instrument was measured using Cronbach's Alpha analysis. It measures the internal consistency of the instrument, based on the average inter-item correlation. The result of Cronbach's alpha test shows in tables, which suggests that the internal reliability of each instrument was satisfactory. All the Cronbach  $\alpha$  value is above 0.7 indicates an acceptable internal consistency of the scale (Sekaran & Bougie, 2016). Based on the Table 1, the following reliability shows for variables and dimensions. Table 1 indicates the results of reliability test for the selected variables and dimensions.

Table 1  
Reliability for variables and dimensions

<b>Instruments</b>	<b>Cronbach's alpha</b>	<b>No of items</b>
<b>Service Brand Attachment</b>	<b>0.881</b>	<b>9</b>
Self-brand connection	0.844	5
Brand prominence	0.748	4
<b>Customer Citizenship Behavior</b>	<b>0.899</b>	<b>12</b>
Recommending to others	0.743	4
Helping customers	0.742	4
Providing feedback	0.859	4
<b>Perceived Value</b>	<b>0.740</b>	<b>12</b>
Hedonic	0.831	9
Utilitarian	0.476	3

#### 3.2 Univariate analysis

Univariate analysis is appropriate for any single variable to explore individual qualities of its data. It was carried out for evaluating the attributes of dimensions and variables individually based on the response in the questionnaire. Table 2 shows the results of descriptive analysis of the study.

Table 2  
Descriptive statistics for variables and dimensions

<b>Dimension/ Variable</b>	<b>Mean</b>	<b>Standard Deviation</b>
Brand-Self Connection	3.97	0.662
Brand Prominence	4.04	0.631
<b>Service Brand Attachment</b>	<b>4.00</b>	<b>0.601</b>
Recommending to others	4.12	0.591
Helping Customers	4.11	0.580
Providing Feedback	4.17	0.505
<b>Customer Citizenship Behaviors</b>	<b>4.14</b>	<b>0.479</b>
Hedonic	4.06	0.547
Utilitarian	4.01	0.551
<b>Perceived Value</b>	<b>4.01</b>	<b>0.429</b>

### 3.3 Pearson's correlation analysis

Table 3

Pearson's correlation analysis for variables

		<b>SBA</b>	<b>CCB</b>	<b>PV</b>
<b>SBA</b>	Pearson Correlation	1		
	Sig (2- tailed)			
<b>CCB</b>	Pearson Correlation	0.814	1	
	Sig (2- tailed)	0.000		
<b>PV</b>	Pearson Correlation	0.769	0.782	1
	Sig (2- tailed)	0.000	0.000	

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

Table 3 shows following relationship between variables.

Correlation analysis was used to achieve this objective. Researcher identified there is strong positive relationship ( $r = 0.814$ ,  $p < 0.05$ ) between SBA and CCB, strong positive relationship ( $r = 0.769$ ,  $p < 0.05$ ) between SBA and PV, and strong positive relationship ( $r = 0.782$ ,  $p < 0.05$ ) between PV and CCB.

Table 4

Summary table for Pearson's correlation analysis

<b>Variables</b>	<b>Relationship</b>
SBA and CCB	Strong positive relationship
SBA and PV	Strong positive relationship
PV and CCB	Strong positive relationship

### 3.4 Simple regression analysis

Table 5

Summary of regression models

<b>Detail</b>	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>
R	0.814 <sup>a</sup>	0.769 <sup>a</sup>	0.782 <sup>a</sup>	0.850 <sup>a</sup>
R Square	0.662	0.592	0.611	0.722
Adjusted R Square	0.661	0.591	0.610	0.720
ANOVA – Sig	0.000 <sup>b</sup>	0.000 <sup>b</sup>	0.000 <sup>b</sup>	0.000 <sup>b</sup>
Constant	1.545	1.819	0.634	0.770
$\beta$ coefficient				
SBA	0.649	0.549		0.414
PV			0.873	0.426

To identify the mediating role of PV four models were taken into consideration.

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The coefficient of determination (R) measures the proportion of the total variance of the dependent variable about its mean that is explained by the independent or predictor variables.

H<sub>1</sub>: SBA is significantly impact on CCB.

Model 1, which is in the column 1, summarized the impact of SBA on CCB. Correlation coefficient of the model 1 is 0.814, there is high positive relationship. R square is 0.662. Adjusted R square is 0.661. Therefore, it can be concluded that 66.1 percent of variability in CCB of telecommunication industry in Sri Lanka are accounted by SBA. As per ANOVA Table result, p-value (0.000) was similar compared to chosen Alpha level (0.05). Therefore, SBA explain the variation of CCB. Coefficient result shows that every unit of increasing in SBA, there is an increase of CCB in 0.649 units individually.

H<sub>2</sub>: SBA is significantly impact on PV.

Model 2, which is in the column 2, summarized the impact of SBA on PV. Correlation coefficient of the model 2 is 0.769, there is high positive relationship. R square is 0.592. Adjusted R square is 0.591. Therefore, it can be concluded that 59.1 percent of variability in PV of telecommunication industry in Sri Lanka are accounted by SBA. As per ANOVA Table result, p-value (0.000) was similar compared to chosen Alpha level (0.05). SBA explain the variation of PV. Coefficient result shows that every unit of increasing in SBA, there is an increase of PV in 0.549 units individually.

H<sub>3</sub>: PV is significantly impact on CCB.

Model 3, which is in the column 3, summarized the impact of PV on CCB. Correlation coefficient of the model 3 is 0.782, there is high positive relationship. R square is 0.611. Adjusted R square is 0.610. Therefore, it can be concluded that 61 percent of variability in CCB of telecommunication industry in Sri Lanka are accounted by PV. As per ANOVA Table result, p-value (0.000) was similar compared to chosen Alpha level (0.05). So, PV explain the variation of CCB. Coefficient result shows that every unit of increasing in PV, there is an increase of CCB in 0.873 units individually.

H<sub>4</sub>: Significantly, PV mediates the impact on SBA and CCB.

Model 4, which is in the column 4, summarized the impact of both SBA and PV on CCB. Correlation coefficient of the model 4 is 0.850, there is high positive relationship. R square is 0.722. Adjusted R square is 0.720. Therefore, it can be concluded that 72 percent of variability in CCB of telecommunication industry in Sri Lanka are accounted by SBA and PV. As per ANOVA Table result, p-value (0.000) was similar compared to chosen Alpha level (0.05). Therefore, SBA and PV jointly explain the variation of CCB. Coefficient result shows that every unit of increasing in SBA, there is an increase of CCB in 0.414 units jointly. At the same time, every unit of increasing in PV, there is an increasing of CCB in 0.426 units jointly.

Therefore, according to the above derived result, it can be concluded that PV playing a partial mediating role in the connection in between SBA and CCB of telecommunication industry in Sri Lanka.

### 3.5 Sobel Test-Calculating the indirect effect

There are potential problems with this approach; however, one problem is that it does not ever really test the significance of the indirect pathway that X affects Y through the compound pathway of and b. A second problem is that the Barron and Kenny approach tends to miss some true mediation effects. An alternative, and preferable approach, is to calculate the indirect effect and test it for significance. The regression coefficient for the indirect effect represents the change in Y for every unit change in X that is mediated by M. Therefore, Sobel test is used to illustrate the indirect effect between the variables.

$$Sab = \sqrt{(Sb.a)^2 + (Sb.b)^2}$$

Where,

Sb = Standard error of path b

Sa = Standard error of path a

b = coefficient of path b

a = coefficient of path a

$$\begin{aligned} \text{Indirect effect} &= a \times b \\ &= 0.549 \times 0.426 \\ &= 0.234 \end{aligned}$$

$$\begin{aligned} \text{Sobel's SE} &= \sqrt{(Sb.a)^2 + (Sb.b)^2} \\ &= 0.0270 \end{aligned}$$

$$\begin{aligned} \text{Z value} &= \text{Indirect effect} / \text{Sobel's SE} \\ &= 0.234/0.0270 \\ &= 8.633 \end{aligned}$$

Based on the calculations the Z value is not coming under the Z table range and it implies that the P value is extremely lower than 0.05 significant level. Hence, the findings illustrate that the mediator effect can influence on the relationship between independent and dependent variable.

$$\begin{aligned} \text{Portion of independent variable on dependent variable due to mediator} &= (c-c')/c \\ &= (0.649-0.414)/0.649 \\ &= 0.362 \\ &= 36.2 \% \end{aligned}$$

Based on the above Sobel calculation, it illustrates the portion of SBA on CCB due to the mediating effect of PV it is 36.2 percent at the 0.05 significant level. Thus that this study accepted the formulated hypothesis.

**H4: PV mediating on the relationship between SBA and CCB**



#### **4. Discussion**

This study mainly focused on examining the impact of SBA on CCB in telecommunication subscribers with the mediating effect of PV. Results show a mediating positive impact of SBA on CCB ( $\beta = 0.649$ ,  $p < 0.05$ ) such that the PV playing a partial mediating role in the connection in between SBA and CCB.

The literature related to SBA and PV in telecommunication industry is rare. However, similar results were found in different service contexts. For an instance, Cheng et al. (2016), found a positive relationship between SBA and PV in 299 hotel customers in Taiwan. Further, this study suggests that brand managers should concentrate on overall consumer satisfaction retention systems, which should actively track the PV of the brand service by consumers. In 299 hotel customers in Taiwan, Cheng et al. (2016), found a positive relationship between PV and CCB. In addition, these findings show that service firms should concentrate on developing and sustaining interpersonal connections between consumers and their brands.

Our study found that the PV significantly mediated the impact of SBA on CCB such that the impact becomes partially. Similarly, positive effect of PV on the relationship between SBA and CCB was found in services (Cheng et al., 2016). However, the findings suggest that brand attachment is not positively linked to the behavior of the consumer. Previous studies suggested a model to explore the mediating role of perceived consumer importance in the service context (Kim, Jin-Sun, & Kim, 2008). The findings of this study suggest that the perceived importance mediates in partially the interaction between brand attachment and the actions of consumer citizenship. Customer citizenship conduct is also not based on a company's blindly formed dedication, but is based on whether the company's offering meets the arbitrary customer metrics of rewards and expenses that are viewed as a customer-perceived attribute. These findings indicated that a clear brand attachment to service of its own would not influence the actions of consumers. Customer understanding of social exchange relationship should be taken care of by the managers.

#### **5. Conclusion**

This study focused on “investigate impact of SBA on CCB and to clarify the role of PV”. The study found the mediation influence of PV to the relationship between SBA and CCB from cellular mobile telephone subscribers within selected cellular telephone operators in telecommunication industry. According to the study, 66.2 percent of variation in CCB of selected Cellular telephone operators in telecommunication industry are accounted by SBA and 72.2 percent of variability in CCB of selected cellular telephone operators in telecommunication industry are combination of SBA and PV. 61.1 percent of variability in CCB of selected cellular telephone operators in telecommunication industry are explain by PV individually without considering SBA. 59.2 percent Variability in PV of selected cellular telephone operators in telecommunication industry are accounted by SBA. Finally, it could be concluded that PV is playing a partial mediating role in the connection in between SBA and CCB of selected cellular telephone operators in telecommunication industry Sri Lanka.

## **5.1 Recommendations**

Based on the findings and discussions on the impact of SBA on CCB and mediating effect of PV within selected cellular telephone operators in the telecommunication industry Sri Lanka the researcher recommends the service managers practicable insights into how to promote customer citizenship behaviors. Service firms should focus on constructing and maintaining effective relationships between consumer and cellular telephone operators' brands. For consumers a strong sense of belonging to the service brand through exclusive member club functions, confident service experience during their usage time of telecommunication service, and sharing of brand-related information history with their customers.

Customers have a considerable effect on successful service brands. Therefore, their voluntary behaviors toward a service brand can be valued assets to the cellular telephone operators' brands and company. Service brand managers should build positive connections with their customers' self-concepts to endorse customer citizenship behaviors. Cellular telephone operators Managers might consider approaches to inspire service brand attachment through private online communities based on the customer's reward status. Such programs not only foster customer connections but are also an effective avenue for demonstrating customer citizenship behaviors among exclusive members. For example taking the time to help other customers, helping others find information and advising other customers on correct use.

This study shows that service brand attachment alone does lead to customer citizenship behaviors. The mediating effect of perceived value on service brand attachment's influence on customer citizenship behaviors recommends that improving consumer brand attachment is insufficient for enhancing customer citizenship behavior. Strategic management of value perceptions should accompany it. Moreover, Cellular telephone operators Managers should consider the effect on service brand attachment on perceived value when the aim is to promote customer citizenship behavior. Therefore, service brand managers should place superior emphasis on total customer value management programs and constantly monitor customers' perceived value of the service brand. Cellular telephone operators Managers who are aware of customer service regarding the quality of a package including utilitarian and hedonic value should be able to intensify customer attachment.

By continuing to strengthen tangible and intangible service quality and experience quality, cellular telephone operators Managers can introduce the service environment perceived by customers to have the highest value. Cellular telephone operators' brand managers must create positive customer perceptions of the service consumption experience. These approaches strengthen customers' perceived value of the package, thereby increasing customer citizenship behaviors.

## **5.2 Limitation and future direction**

In this research study, can be identified few limitations. Therefore, it must be taken some action to reduce the effect of those limitation faced to make sure the research can be done more accurately.

This study faced a number of challenges as it only focused on cellular mobile telephone subscribers within selected cellular telephone operators in telecommunication industry Sri

Lanka. As the questionnaires should issue for the cellular mobile telephone subscribers in selected cellular telephone operators. Difficult to find whole cellular telephone operators from selected cellular telephone operators and also cannot be generalized to all populations. Because the researcher investigated selected cellular telephone operators in telecommunication industry Sri Lanka. Sample size and sampling method showed another limitation of this study. The present study sample size was limited to 405 selected cellular mobile telephone subscribers. Another limitation of the study showed that present study was limited to service brand attachment variable and its dimensions, perceived value and its dimensions and customer citizenship behavior and its dimensions.

The current study aimed to examine the gap impact of service brand attachment on customer citizenship behavior and mediating effect of perceived value from cellular mobile telephone subscribers within selected cellular telephone operators in telecommunication industry.

First direction is this research including only perceived value, service brand attachment, and customer citizenship only. Therefore, future researchers can conduct research by adding new variables such as customer trust and customer commitment. This study only covered selected cellular telephone operators in telecommunication industry. Future studies can conduct comparisons in different industries and more in-depth discussions on the impact of service brand attachment on customer citizenship behavior. Research can explore other segments of the service industry, such as Fixed Access Telephone service, International Telecommunication Operators, Direct-to-Home Satellite Broadcasting Service, Cable TV Distribution Network. The fourth direction is that this study only taken a minor period to collect the data from cellular mobile telephone subscribers. Therefore, if anyone can take the long period to collect the data it may become an effective one. The sample of the study was cellular mobile telephone subscribers from selected cellular telephone operators in telecommunication industry Sri Lanka. If anyone can include a border, survey of countries can be conducted in future research to empirically validate the impact examined in this study.

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## **Undergraduate soft skill development as an outcome of service-learning programs: A systematic literature review**

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### ***Abstract***

*Soft skill development of university students has been identified by researchers as key to their employability. The objective of this study is to systematically review the existing literature on applicability of service-learning on soft skill development for university students. The researchers expect to identify gaps in service-learning literature. The current study systematically reviewed 17 research articles that have been dedicated to university student outcome of soft skill development due to service-learning programs. Popular research journal articles published in electronic databases were explored and filtered. The findings reveal that service-learning exposure commonly improved seven soft skills. Another seven soft skills found specific to certain studies only. In literature, here was little evidence of soft-skill development due to service-learning in Sri Lankan context. Implications of this study includes upgrading of present university curricula to improve employability of the students and to introduce service-learning to university curriculum of the Sri Lankan universities. Also, conducting an empirical study in the area is recommended.*

**Keywords:** *Employability, service-learning, soft skill development, university curriculum.*

### **1. Introduction**

Developing countries like Sri Lanka need to produce graduates with knowledge, skills and experience as per the requirements of national needs through an effort of continuous quality improvement to be competitive with international counterparts (Munasinghe & Jayawardena, 1999; Tharmaseelan, 2007). Entry to Sri Lankan state universities is extremely competitive. In 2017 less than one fifth of qualified applicants were enrolled to the state universities (University Grants Commission, 2018). However, there is an ongoing concern by employers- especially the corporate sector organizations, regarding the level of readiness of fresh graduates in taking their first job roles (Cotton, 1993; Small, Shacklock & Marchant, 2018 Wickramasinghe & Perera, 2010). This expectation of employers seems to be presently

impractical as university education in Sri Lanka is primarily not intended to be job oriented (Ariyawansa, 2008). Despite of continuous efforts, Sri Lankan education system has been suffering from inability to swiftly modify the curricula in response to the need to the job market (Ariyawansa, 2008).

Study on key individual factors of employability (Finch, Hamilton, Baldwin, & Zehner, 2013) found that employers put highest importance on the soft skills whereas the academic credentials is given the lowest importance. The study further suggests that soft-skills and problem-solving skills should be given priority in developing university curricula. The same study suggests that the universities are finding it difficult to adapt to the need of soft skill development of graduates for employment.

As Altman (1996) explains, education consist of three distinct domains: Foundational, professional and socially responsive. Foundational domain includes history, theories, concepts, methodologies of a discipline. Professional domain includes practitioner skills and practical elements used in the field. Socially responsive domain includes knowledge on social and community of the students. However, traditionally, the educational institutes have been focusing predominantly on the Foundational and Professional domains but have been ignoring the socially responsive domain which is very important element of futuristic education system. Global economy is in cross-roads and being transformed. Along with the changes, education systems are also being transformed. One of the new pedagogical approaches and models is service learning. Service-learning is a structured course where students gain useful learning while delivering a service to community (Giles & Eyler, 1994). Service-learning being closely knitted with society and communities is poised to respond to this paradigm shift in economy that is underway (Stuteville & Ikerd, 2009).

Traditional methods of teaching such as lectures and referring to textbooks can be useful to a certain extent or in certain situations. Educators have been seeking ways to expand and enhance education beyond the traditional frame of knowledge acquisition in classroom and textbooks (Bringle & Hatcher, 1999). The rationale for the need for change in the curriculums has been justified. As the free-market capitalism has been challenged with situation like financial meltdown of 2008 in Unites States and a need for new paradigm of sustainable economic development has emerged for future based on living biological systems with regenerative nature instead of mechanistic systems that is static in nature. The new paradigm will be based on classical economics principles with civic and social responsibility in its foundation (Stuteville & Ikerd, 2009). Along with this paradigm shift, education systems are also being transformed. One of the new pedagogical approaches and models is service-learning.

Under Sustainability Development Goal (SDG) 4.4, Sri Lanka commits that “By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship” (Department of Census and Statistics Sri Lanka, 2018, para 8.6). Therefore, it is important to explore on different ways of bridging skill and competence gaps of university students as well. Also, there has been an acute lack of innovation by policy makers and educators in finding solution to the youth unemployment and improving effectiveness in university education in Sri Lanka. If service-learning delivers expected outcomes it can provide a credible



pedagogical strategy for developing soft skills within higher education system. Current study attempts to find the answer for the question, what evidence can be found in literature on soft skill development of university students due to partaking in service-learning programs? This paper provides an overview of service-learning as a pedagogical strategy for higher education. Thereafter, it describes the methodology adopted in systematic literature review (SLR) and summarizes the literature that meets the focus of this paper. The results from the SLR and discussion follows next.

## 2. Overview on service-learning

The concept of service-learning seems to have gained scholarly attention as a pedagogy over the recent decades (Steinberg, Bringle, & Williams, 2010). As per Giles and Eyler (1994) term service-learning was first coined by Sigmon and Ramsey in 1967. Service-learning is a pedagogical strategy and methodology that helps the student gather learning while practicing activities that are beneficial to communities. As the term “service-learning” implies, it incorporates both service and learning objectives.

Definition of service-learning can be found as a teaching and learning strategy that brings together;

- a) Community service with academic curriculum (Celio, Durlak & Dymnicki, 2011)
- b) Hands-on with applicability in behavior curricula (Corroto, 2014)
- c) Valuable learning resources that cannot be obtained only within the college (Bordelon & Phillips, 2006)

Moreover, according to Cress, Collier, Reitenauer and Associates (2005, as cited in Cress, Yamashita, Duarte, & Burns, 2010), service-learning provides room for reflective integration of academic content covered in courses by the students. According to Bringle and Hatcher (1996), service-learning provides additional means to achieving academic objectives. It promotes personal satisfaction through the learning experience (Bordelon & Phillips, 2006). From a pedagogical angle, service-learning is considered as an experiential education method that students together with community members address community issues and academically rigorous projects are selected to address learning goals that come from the course followed by the students (Gibson, Hauf, Long, & Sampson, 2011). Service-learning extends the learning environment of the students beyond the boundaries of the classroom to the community (Bordelon & Phillips, 2006). According to Jacoby (2009), “service-learning is a form of experiential education in which students engage in activities that address human and community needs together with structured opportunities intentionally designed to promote student learning and experience” (p. 5). This definition explains how service-learning differs from collaborative and problem-based education that are also experience-based learning methods. For this study the researchers used following as the working definition as it has been widely used by other authors.

Course-based, credit-bearing educational experience that allows students to;

- a) Participate in an organized service activity that meets identified community needs and

- b) Reflect on the service activity in such a way as to gain further understanding of course content, a broader appreciation of the discipline, and an enhanced sense of civic responsibility (Bringle & Hatcher, 1995).

Three different models of service-learning with distinct assumptions can be observed: Professional Model that is focused on career training and cognitive development, Civic engagement model with the focus of active and engaged citizens and Social change model that focuses on empowerment and social justice. A key goal of the last two models is affective learning. Out of these three models, professional model is the most commonly used model by the researchers (Beatty, 2010). John Dewey's work on democratic education, Kurt Lewin's work on social psychology and Jean Piaget's work on cognitive development have been the integral elements of Kolb's model for intuitive learning (Kolb, Boyatzis & Mainemelis, 2001). Experiential Learning Theory and the intuitive learning model of Kolb is used as a framework for reflection process in service-learning (Bringle & Hatcher, 1999; Goldberg, Richburg & Wood, 2006). John Dewey's work on democratic education and schooling covers five areas of relevance to service-learning: Linking of education and experience, democratic community, social service, reflective inquiry, Social transformation through education (Saltmarsh, 1996). Reflection is an integral learning mechanism used in service-learning. Kolb's model for Intuitive learning can be used as the framework for reflection (Goldberg et al., 2006). Reflection allows the student to critically evaluate and question the general assumptions and to move beyond just memorization (Goldberg et al., 2006).

Many authors on the topic of service-learning have found numerous benefits that are specific to students, communities and community organizations and the educators. As Novak, Markey and Allen (2007) assert "service-learning provides an opportunity for substantial improvement in the quality of the educational experience for the student" (p. 154). Also, the meta-analysis of service-learning related student outcomes of Warren (2012), postulates increase of student learning outcomes. Among many positive outcomes for students are: Positive attitude towards self, positive attitude towards learning and university/school, social skills, civic engagement and academic performance (Celio et al., 2011), self-knowledge, confidence, communication skills, social awareness and sense of social responsibility (Gibson et al. 2011), empowerment, enhancement of life-skills, interest in the community and neighborhood (Bordelon & Phillips, 2006), reframe social issues that are complex in nature (Novak et al., 2007), improved personal development and higher self-efficacy (Sanders, Oss, & McGear, 2016), better prepare students for future career as service-learning engages students in situations effectively with uncertainties, complexities and difficulties that can be linked to situations in present day management comparing to conventional methods of education (Govekar & Rishi, 2007). According to Huffman and Hillyer (2014), other benefits such as connection with communities in a meaningful way, courage to deliver what is needed in front of strangers, compassion, and empathy for a disadvantaged community, building Social Capital with communities, Development of the abilities of communities to resolve their own problems.

### 3. Methodology

Literature reviews, according to Steward (2004), can come in several formats.

- a) SLRs
- b) Secondary data analysis research projects or
- c) Part of primary research projects

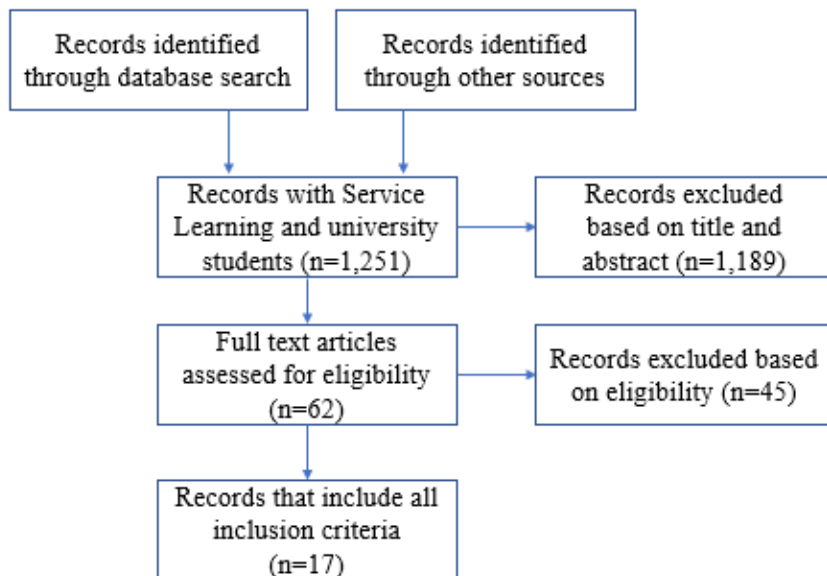
For this study, it deployed a SLR to study a specific area (skill development) under the broader topic of service-learning (Aquilani, Silvestri, Ruggieri, & Gatti, 2017; Kitchenham, Brereton, Budgen, Turner, Bailey, & Linkman, 2009; Steward, 2004).

The researchers reviewed academic journals in electronic databases such as;

- a) Emerald Insight
- b) Elsevier
- c) Taylor and Francis, and
- d) JSTOR

The key words “service-learning”, “University Students”, “Soft Skill development” were used for the initial search. The search yielded 1,251 articles. The inclusion criteria for the articles were being empirical studies on service-learning carried out to study soft-skill development of undergraduates. Articles such as conference papers, case studies, published books have been excluded from this review. Also, publications in other languages than English are also excluded. Following filtering the articles based on the article title and the abstracts 62 articles were selected for further review. The researchers studied these 62 full text articles and picked 17 articles that carried empirical examples of university students improving their soft skills as a result of following service-learning programs.

The structure of filtering process of the articles is shown in the Figure 1.



**Figure 1** Structure of the article filtering process of the review

Table 1

Past studies on university-based service-learning programs with soft skill development as student outcomes

	<b>Author(s)</b>	<b>Method (sample size)</b>	<b>Student outcome</b>	<b>Limitations</b>
1	Astin and Sax (1998)	Quantitative (2,309 students)	Life-skill outcomes	Small absolute effect sizes Single item scales used
2	Campbell and Sasnett (2011)	Qualitative (35 students)	Teamwork	Population is not from the same academic year.
3	Couse and Russo (2006)	Qualitative (3 students)	Leadership	Small Sample size
4	Faraazlina and Zunurain (2017)	Quantitative (65 students)	Communication Teamwork Leadership Entrepreneurship	Small Sample size
5	Gibson et al. (2011)	Qualitative (students from 3 classes)	Self-knowledge Confidence Communication Social responsibility	Contrasting groups with different conditions
6	Govekar and Rishi (2007)	Mixed (65 students)	Handle uncertainties	Small sample sizes
7	Guo, Yao, Wang, Yan and Zong (2016)	Quantitative (82 students)	Resolving unstructured problems.	Focuses only of a few factors of service-learning experience Lack of rigger in experimental design
8	Joseph, Stone, Grantham, Harmancioglu and Ibrahim (2007)	Quantitative (150 students)	Critical Thinking	Measuring instruments Student understandability
9	Malnin (2018)	Qualitative (72 students)	Empathy, Relationship building, Flexible thinking System thinking	Reluctance in sharing honest feedback
10	Prentice and Robinson (2010)	Mixed (2,317 students)	Critical Thinking Communication Career and Teamwork	Ambiguity in source of learning Insufficient guidelines for selecting control groups

11	Sabbaghi, Gerald, Cavanagh and Hipskind (2013)	Quantitative (88 students, longitudinal)	Leadership	Small sample size
12	Sanders et al. (2016)	Mixed (65 students)	Personal self-efficacy	Small sample size
13	Sari et al. (2019)	Mixed (504 students)	Communication Teamwork Leadership	Unclear measurement scales Unvalidated self-reported data
14	Sedlak, Doheny, Panthofer and Anaya (2003)	Mixed (94 students)	Critical thinking	Poor Generalizability Short exposure in the program
15	Tucker (2001)	Quantitative (127 students)	Self-efficacy in communication	Poor Generalizability Unvalidated self-reported data
16	West (2017)	Qualitative (48 students)	Communication Teamwork Project Management	Small sample size
17	Wilson (2011)	Qualitative (70 students)	Empathy Self-development	Small sample size Self-selection of students into two assignments

Further, the Table 2 highlights the soft skills that developed based on undergraduates taking part in service-learning programs.

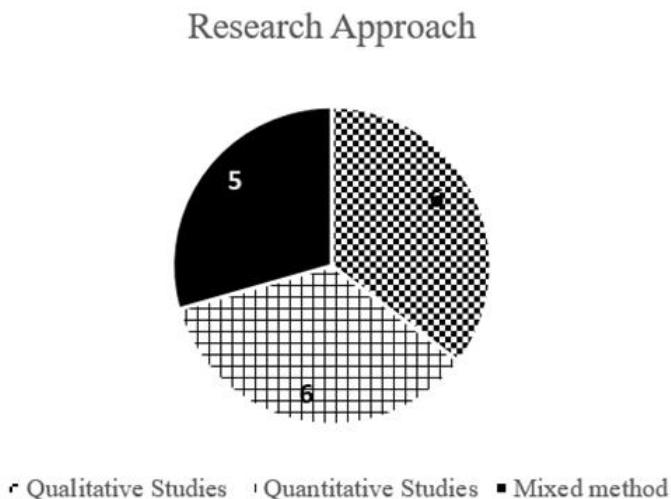
Table 2  
Soft skills developed due to service-learning programs

	<b>Student outcome</b>	<b>Study / Authors</b>
1	Life skills	Astin and Sax (1998)
2	Teamwork	Campbell and Sasnett (2011) Faraazlina and Zunurain (2017) Prentice and Robinson (2010) Sari et al. (2019) West (2017)
3	Leadership	Couse and Russo (2006) Faraazlina and Zunurain (2017) Sabbaghi, et al. (2013) Sari et al. (2019)
4	Communication	Faraazlina and Zunurain (2017) Gibson et al. (2011) Prentice and Robinson (2010) Sari et al. (2019) Tucker (2001), West (2017)

5	Entrepreneurship	Faraazlina and Zunurain (2017)
6	Self-Knowledge	Gibson et al. (2011) Wilson (2011)
7	Confidence	Gibson et al. (2011) Sanders, et al. (2016)
8	Social Responsibility	Gibson et al. (2011)
9	Critical Thinking	Joseph et al. (2007) Prentice and Robinson (2010)
10	Empathy	Malnin (2018) Wilson (2011)
11	Relationship building	Malnin (2018)
12	Agile thinking	Govekar and Rishi (2007) Guo et al. (2016) Malnin (2018)
13	System thinking	Malnin (2018)
14	Project Management	West (2017)

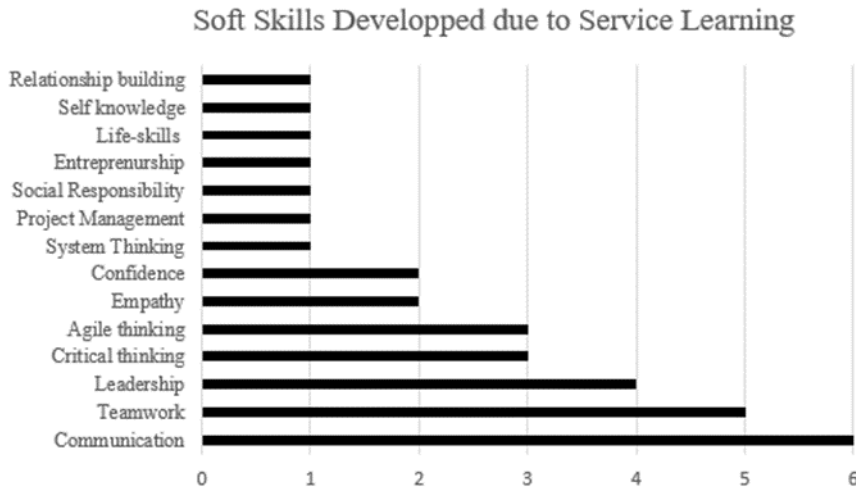
**4. Results and discussion**

It was observed that the selected articles were split equally in number between quantitative and qualitative research approaches. Also, close to one third of articles followed a mixed approach (Figure 2).



**Figure 2** Research approaches followed in the selected articles

Different types of soft skills that were reported as developed in the selected articles are 14. The most reported soft skills highlighted are Communication, Teamwork, Leadership, Critical thinking, Agile thinking, Empathy and Confidence (Figure 3). These represent some of the job related soft skills that are sought after by the employers (Astin & Sax, 1998; Faraazlina & Zunurain, 2017; Malnin, 2018).



**Figure 3** Soft skills developed by partaking in service-learning programs

Minnesota Campus Compact article (Simonet, 2008) highlights that increasing numbers in research suggests that Service Learning brings about four types of outcomes a) Cognitive outcomes, b) Behavioral outcomes, c) Emotional outcomes, d) Social outcomes. While these outcomes are very important for academic success, they also have critical relevance to employment. Many authors on the topic of Service Learning have found numerous benefits that are specific to students, communities and community organizations and the educators. As Novak et al. (2007) assert “service learning provides an opportunity for substantial improvement in the quality of the educational experience for the student” (p. 154).

The article published by Astin and Sax (1998) is the earliest work reviewed in this study on skill development due to Service-Learning participation. In addition to identification of the developed skills this work reveals that the three factors: duration, sponsorship and location of service play significant roles in skill development. Six articles (Faraazlina & Zunurain 2017; Gibson et al., 2011; Prentice & Robinson 2010; Sari et al., 2019; Tucker, 2001; West, 2017) provided empirical evidence on the support of Service-Learning for developing Communication Skills. Five articles asserted the evidence on student development in Teamwork Skills (Campbell & Sasnett, 2011; Faraazlina & Zunurain 2017; Prentice & Robinson 2010; Sari et al., 2019; West, 2017). Four articles (Couse & Russo, 2006; Faraazlina & Zunurain 2017; Sabbaghi, 2013; Sari, 2019) suggested that Leadership skills are developed by the experience in academic Service-Learning programs. Cases of developing agile thinking (Flexible thinking, handling uncertainties and resolving unstructured problems) has been highlighted in three situations (Govekar & Rishi, 2007; Guo, 2016; Malnin, 2018). Another three authors (Joseph, 2007; Prentice & Robinson 2010; Sedlak et al., 2003) have asserted Critical Thinking as a skill that develops due to Service-Learning. Apart from above skills that have been repeatedly identified as student outcomes of Service-Learning programs, seven other skills also have been identified as skills developed due to Service-Learning exposure. None of the reviewed articles represent articles published on Service-Learning praxis in Sri Lanka.

Several authors have emphasized on the value of soft-skill development for employability and use of Service Learning for its development: Faraazlina and Zunurain (2017) recognized that soft-skill gap is contributing to issues in graduate employability, Joseph, Stone, Grantham, Harmancioglu and Ibrahim (2007) mentioned about value of soft skills to the employers, Malnin (2018) recognized soft skills and employability skills, Prentice and Robinson (2010) asserts that soft skills helps graduates to compete in the job market, Tucker (2001) recognized the value of communication skills for employability, Wilson (2011) elaborated on the expectations of employers for the graduates to possess social skills.

Although there is dearth of SLRs on graduate soft skill development outcomes due to service learning programs, there are other SLRs on employability related soft skill requirements (Abelha, Fernandes, Mesquita, Seabra & Ferreira-Oliveira, 2020; Matturro, Raschetti & Fontán, 2019; Noah & Aziz, 2020; Subramaniam, Azmi & Noordin, 2020). The outcome of this review suggests the possibility of developing job-related soft skills through service learning programs.

## 5. Conclusions

According to the results of the current SLR a few important conclusions can be made. Service-Learning is a new pedagogical strategy that has been introduced to university curriculum and it possess opportunities for soft skill development of students among other outcomes that it delivers. There is relatively a smaller number of journal articles published on usability of service-learning in developing soft skills of the university students. The current study followed a SLR and studied 17 full text articles that highlighted soft skill development of university students as a result of following service-learning programs. This review revealed that while communication, teamwork, leadership, critical thinking, agile thinking, empathy and confidence being the most common soft skills, a total of 14 soft skills were developed due to service-learning exposure. Therefore, service-learning seem to be a well-used strategy for developing soft skills that are needed to improve employability of the graduates. However, there is a dearth of research carried out on the topic of service-learning or outcomes of service-learning in Sri Lanka.

Based on this SLR, following implications can be made.

- a) A policy level attention may support upgrading university curricula to enhance soft skill development of the students.
- b) Service-Learning may be introduced into university curricula as a strategy to develop soft skills of the students.
- c) Further research could be carried out to review current strategies and programs that are aimed at soft skills development in university students; to find out whether and how Service-Learning is implemented in Sri Lanka; to assess whether such Service-Learning programs develop soft skills of the students who participated in such programs.

This SLR is subject to several limitations. Firstly, authors have not considered all the articles that would have been published on the topic of soft skill development due to Service Learning based on the exclusion criteria. Secondly, the reviewed articles have been limited to journal



articles published in English language. Thirdly, there has been restricted access to other databases due to cost involved in accessing them.

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