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About the Journal

MDIM Journal of Management Review and Practice is published by Management Development Institute Murshidabad. The journal started publishing in 2023 in English Language. The journal aims to create and advance knowledge in the field of management sciences and its allied disciplines. High quality research papers, case studies, opinion pieces and book reviews are published in *MDIM Journal of Management Review and Practice*.

Through thought leadership, the journal fosters a knowledge ecosystem that enriches the existing body of knowledge.

MDIM Journal of Management Review and Practice is published twice a year, in March and September. The journal publishes research works that are thought provoking. The most recent developments in the following fields have been covered in recent years. Thought leaders, researchers, academicians as well as corporate professionals publish their scholarly work through this outlet.

The indicative list of areas on which research work is published in this journal are as follows:

- General Management
- Finance & Accounting
- Economics
- Information Technology
- Marketing
- Human Resource Management
- Ethics
- Organization Behaviour
- Operation and Strategic Management
- Public Policies and Governance

The journal has provided a forum for debate and a platform for exchange of ideas from a diverse range of scholarly perspectives in order to promote research with quantitative, qualitative as well theoretical underpinnings on issues confronting the world as a whole in general and business world in particular.

The main features (paper types) of the journal are as follows:

- Applied and Normative Research
- Review Articles
- Case Studies
- Book Reviews

Aims and Scope

MDIM Journal of Management Review and Practice, a humble initiative of Management Development Institute Murshidabad, strives and fosters to propel research in the arena of business and management sciences by providing evidence-based research papers of highest quality for academicians, researchers, managers and policy makers. The journal endeavors to create influence on corporate and academia think tanks. It aspires to provide a platform for discussions and cross-pollinations of ideas across wide spectrum of scholarly perspectives to garner theoretical, empirical and comparative research on ongoing and probable problems in the business world.

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Sustainability as a Strategic Innovation and Its Effect on Modern Investor Attitudes

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Abstract

This study explores the evolving role of sustainability as a strategic innovation within modern businesses and its impact on investor attitudes and decision-making. As organisations increasingly integrate sustainable practices into their operations, these initiatives influence corporate strategy and financial performance. Through an extensive literature review, the article examines the role of sustainability in strategic management, highlighting the drivers that push companies toward adopting sustainable practices and the innovative approaches emerging in business models. The research also delves into the importance of sustainability reporting and transparency, shedding light on its effect on corporate accountability and investor confidence. A key focus is placed on the financial benefits of solid sustainability practices, supported by evidence from various studies and case examples demonstrating how such practices enhance economic performance and influence investor decisions. Finally, the article addresses sustainability's challenges, criticisms and implications, providing a comprehensive view of its strategic significance in the financial landscape.

Keywords

Sustainability, strategic management, stakeholder expectations, long-term value creation

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Introduction

Sustainability as a strategic innovation involves businesses adopting practices that consider environmental, social and economic impacts in their decision-making. It goes beyond being eco-friendly; it's about integrating responsible and ethical practices into a company's operations. Businesses invent themselves by figuring out how to expand and prosper while contributing to society and the environment. This strategy seeks long-term benefits for the entire world, not just for business (Stanislavyk & Zamlynskyi, 2023). As people become more conscious of environmental challenges, social responsibility and the necessity of ethical corporate operations, sustainability in business becomes increasingly important. Enterprises realise that incorporating sustainability tackles global concerns, improves reputation, draws customers and reduces risks, as consumers and investors prioritise value-aligned options. Changing market dynamics and regulatory pressures highlight how important it is for companies to embrace sustainability as a critical component of long-term success (Elhoushy & Jang, 2023).

Understanding how sustainability affects investor attitudes is crucial for several reasons. First, investors increasingly consider environmental, social and governance (ESG) factors in their decision-making process. Companies with strong sustainability practices may attract a growing segment of investors focused on responsible and ethical investments. Second, sustainability performance can impact a company's long-term financial performance and risk management. Investors are becoming more aware that businesses with sustainable practices may be better positioned to navigate environmental and social challenges, ultimately safeguarding their investments. Additionally, as regulatory requirements and reporting standards related to sustainability increase, investors need to assess how thriving companies comply with these standards. Awareness of a company's sustainability efforts can provide investors insights into its resilience, ethical stance and commitment to responsible business practices (Ferri et al., 2023).

Literature Review

In the literature on sustainability as a strategic innovation, researchers have extensively examined integrating sustainable practices into business strategies. Research indicates that sustainability favours a company's long-term financial success, competitive advantage and reputation. The scholarly literature highlights the significance of sustainability in moulding the culture of organisations, stimulating creativity and meeting stakeholders' expectations. Researchers also look at the difficulties in implementing sustainable plans and the requirement for efficient reporting and assessment systems. To date, the body of research highlights the many advantages and challenges of using sustainability as a fundamental element of strategic innovation in business.

The literature on sustainability as a strategic innovation reflects a growing body of research that recognises the transformative impact of sustainability on business strategy. A brief exploration of key themes in existing literature is presented in Table 1.

Table I. Brief of Literature Work on Key Themes.

Author	Title	Journal/Book	Finding
Stanislavsk and Zamlynskyi (2023)	Sustainability of Business Development in Strategic Management	<i>Innovation and Sustainability</i>	Strategic management that integrates social and environmental factors requires using tools for sustainable development. A solid CSR plan unites corporate objectives with moral behaviour, creating a competitive edge, transparency and trust. In addition to ensuring long-term profitability and meeting customer expectations, this strategy improves reputation and promotes societal and environmental well-being.
Elhoushy and Jang (2023)	How to Maintain Sustainable Consumer Behaviours: A Systematic Review and Future Research Agenda	<i>International Journal of Consumer Studies</i>	Regularly making socially and environmentally responsible decisions is necessary for sustainable consumer behaviour. Consciousness, moral dedication and consistent integration of sustainability are essential elements. This behaviour is driven by consumer education, product accessibility and social norms, which encourage consistency in mindful consumption to promote long-term environmental goals and the welfare of society.
Ferri et al. (2023)	Sustainability Disclosure and IPO Performance: Exploring the Impact of ESG Reporting	<i>Sustainability</i>	ESG reporting before an IPO reduces underpricing by improving transparency and reducing perceived risks. Investors value ESG disclosures as they signal responsible governance and sustainability, leading to more accurate valuations.
Kumar et al. (2024)	Supply Chain Resilience and Risk Management: Strategies for Mitigating Global Supply Chain Disruptions	<i>Educational Administration: Theory and Practice</i>	Resilience requires thorough contingency planning and proactive risk identification. An organisation's ability to respond to disruptions is further strengthened by collaboration, technology-driven solutions and supplier diversification, which ensures continuous operations and reduces possible hazards.

(Table I continued)

(Table 1 continued)

Author	Title	Journal/Book	Finding
Nascimento et al. (2024)	Historical Context of Social, Environmental and Corporate Governance (ESG) and Its Impacts on Organisations: A Literature Review	Interconnections of Knowledge: Multidisciplinary Approaches	ESG governance is essential for boosting stakeholder involvement, safeguarding brand reputation and improving financial performance. It depends on sustainable business processes, promoting long-term value generation and guaranteeing organisational alignment with ethical norms.
Zerrad and Mokhtari (2023)	Effective Service Management, Organisational Processes, and Objectives Through Responsible Communication	International Journal of Language and Linguistics	Responsible communication promotes sustainable development by establishing long-term stakeholder connections, transparency and trust. The alignment of business operations with social, environmental and ethical values enhances stakeholder support and cultivates a solid corporate reputation, all while encouraging sustainability.
Fleacă et al. (2023)	Sustainability Information—Analysis of Current Trends in Sustainability Monitoring & Reporting,	Journal of Entrepreneurship and Sustainability Issues	The current sustainability reporting and monitoring trends centre on conforming to global agendas. Businesses are achieving global sustainability norms and expectations while guaranteeing openness and accountability through the increased integration of ESG data into reports.
Pompella and Costantino (2023)	ESG Disclosure and Sustainability Transition: A New Metric and Emerging Trends in Responsible Investments	TaiTech Journal of European Studies	To promote ethical investing, a new disclosure-adjusted pollution index has been developed. However, ESG finance can bring asymmetries and distortions, which may skew investment decisions and cause financial returns to be out of line with actual sustainability outcomes.
Turgunov and Karimov (2023)	Issues of Development and Improvement of the InnovationStrategy of Enterprises	American Journal of Social Sciences and Humanity Research	To achieve high production efficiency, an innovative strategy must be developed. There are two ways that innovation works: applying new concepts for the first time and applying old ones again. Both of these strategies promote operational success and ongoing development.

(Table 1 continued)

(Table 1 continued)

Author	Title	Journal/Book	Finding
Djuraeva (2021)	Importance of the Innovative Business Models for the Future Success of the Company	SHS Web of Conferences	The ability of businesses to adapt and prosper in changing markets makes business model innovation crucial for maintaining a competitive edge. Rethinking business models has strategic importance since innovators may often generate returns up to four times higher than those who only concentrate on product development.
Eccles et al. (2014)	The Impact of Corporate Sustainability on Organisational Processes and Performance	Management Science	Strong governance and improved stakeholder engagement procedures are why high-sustainability companies often beat low-sustainability companies in the stock market. These businesses align with ESG principles, which improve financial performance and give them a competitive advantage, thus building trust and long-term value.
Servera-Francés et al. (2020)	The Importance of Sustainable Practices in Value Creation and Consumers' Commitment with Companies' Commercial Format	Sustainability	The impact of Corporate Social Responsibility (CSR) on consumer commitment is direct. Furthermore, a company's actions significantly affect customer commitment and CSR perceptions, strengthening its relationship with its stakeholders.
Stiadi (2023, May)	Moderating Environmental, Social, and Governance (ESG) Risk in the Relationship between Investment Decisions and Firm Value	IOP Conference Series: Earth and Environmental Science	Investment selections positively affect business value, and the relationship between performance and investment choices is moderated by ESG risks, which affect investors' perceptions and valuations of organisations.

These theories and frameworks provide additional perspectives on integrating sustainability into business strategy. They cover various psychological and organisational resilience dimensions, offering a comprehensive view of the intersection between sustainability and strategic management.

The literature that is currently available on sustainability as a strategic innovation has a few things that could be improved and points of disagreement. A few of them are as follows.

- Gaps are presented in comprehending how consumer perception of a company's sustainability efforts translates into actual purchasing behaviour and whether sustainability claims drive consumer loyalty.
- Gaps in standardised metrics for assessing sustainability impact on business performance make it challenging to compare and evaluate the effectiveness of different strategies.
- Limited empirical evidence establishes a clear and consistent link between sustainable practices and long-term financial performance, leading to debates on the actual economic benefits of sustainability.
- The role and influence of stakeholders in shaping sustainability strategies are not universally clear, and there is a need for more research on effective stakeholder engagement practices.
- Addressing these gaps and resolving areas of contention would contribute to a more comprehensive and nuanced understanding of the role of sustainability as a strategic innovation and its impact on various aspects of business and management.

The Role of Sustainability in Strategic Management

The role of sustainability in strategic management is pivotal, influencing how organisations create, implement and adapt their strategies to achieve long-term success. Sustainability is integrated into strategic decision-making processes to address ESG concerns, aligning business goals with broader societal and ecological objectives. Companies adopting sustainable strategic management prioritise responsible resource use, ethical practices and stakeholder engagement. Sustainability considerations guide innovation, risk management and supply chain practices, enhancing resilience and fostering positive relationships with customers, investors and communities (Kumar et al., 2024). Ultimately, sustainability in strategic management is a transformative force that creates value, a competitive advantage and a positive societal impact.

Sustainability is integrated into strategic management by systematically incorporating ESG considerations at every stage. In the formulation phase, organisations assess their impact on the environment, social stakeholders and governance structures (Nascimento et al., 2024). This involves identifying key sustainability risks and opportunities relevant to the industry and aligning them with the overall business strategy. In the planning stage, sustainable objectives and targets are set, outlining specific actions to address identified ESG factors. The implementation phase involves integrating sustainability into daily operations, supply chain

management and product development. Companies often establish key performance indicators to measure progress towards sustainability goals. In the evaluation and control phase, ongoing monitoring and reporting mechanisms are implemented to track performance, enabling continuous improvement and adaptation of strategies to changing sustainability landscapes. Overall, sustainability becomes a guiding principle, influencing strategic decisions, fostering innovation and ensuring long-term value creation while meeting stakeholders' expectations and contributing to a positive societal impact.

Drivers for Sustainable Practices

Businesses adopt sustainable practices for various reasons, driven by internal and external factors. Key factors contributing to adopting sustainable practices are depicted in Table 2.

Today's businesses must deal with a variety of factors that encourage the adoption of sustainable practices. Businesses are under regulatory pressure to include sustainability to avoid fines, preserve their legal standing and satisfy other obligations arising from environmental legislation and legal requirements. Simultaneously, increasing consumer demands for socially and environmentally conscious products push companies to adopt sustainability to satisfy changing consumer wants. Using sustainable practices gives businesses a competitive edge in the market and appeals to customers who value making ethical decisions and meeting legal and customer requirements. Enterprises are further encouraged to align with sustainability by investors' growing attention to ESG considerations, which attract investment and improve financial performance. Businesses implementing sustainable practices are further motivated by their commitments under the CSR framework, which goes beyond generating profits to benefit society. Firms in an integrated global economy must stay relevant and competitive by adhering to global sustainability trends and norms.

Innovative Practices in Sustainable Business Models

Companies are increasingly redefining their products, services, and operations to align with sustainability goals as part of their environmental and social responsibility commitment (Sono et al., 2023; Zerrad & Mokhtari, 2023). Here is how this transformation is taking place:

Product Innovation

Eco-friendly Materials

Companies are adopting sustainable and recyclable materials in product design to minimise environmental impact.

Durability and Repairability

Products are designed to be durable and easily repairable, promoting a shift away from disposable and single-use items.

Table 2. Factors Contributing to the Adoption of Sustainable Practices.

Drivers	External	Internal	Contribution
Regulatory compliance	Positive	Negative	Stringent environmental regulations and mandates push businesses to adopt sustainable practices to comply with legal requirements and avoid penalties.
Consumer demand and preferences	Positive	Negative	Growing awareness among consumers about environmental and social issues influences purchasing decisions. Businesses now respond to consumer demand for sustainable products and services to maintain or expand market share.
Enhanced reputation and brand image	Positive	Negative	Adopting sustainable practices helps improve a company's reputation and brand image. Businesses see the value in being perceived as socially responsible, which can attract customers and investors.
Competitive advantage	Positive	Negative	Sustainable practices can differentiate a business in the marketplace, providing a competitive advantage. Companies often integrate sustainability into their strategies to stand out from competitors.
Risk mitigation	Negative	Positive	Businesses recognise that sustainability practices can mitigate regulatory, operational and reputational risks. By proactively addressing environmental and social issues, companies can enhance resilience.
Cost savings and efficiency	Negative	Positive	Sustainable practices, such as energy efficiency and waste reduction, can lead to cost savings over time. Adopting environmentally friendly technologies and processes can contribute to operational efficiency.
Supply chain resilience	Positive	Positive	Businesses acknowledge the importance of a resilient and sustainable supply chain. Adopting sustainable practices in the supply chain helps manage risks related to resource scarcity and disruptions.
Investor pressure and ESG criteria	Positive	Negative	Investors increasingly consider ESG criteria when making investment decisions. Companies align with sustainable practices to attract socially responsible investments.
Employee engagement and retention	Negative	Positive	Sustainable practices contribute to employee satisfaction and engagement. Many employees seek purpose-driven work, and companies adopting sustainable initiatives can attract and retain talent.

(Table 2 continued)

(Table 2 continued)

Drivers	External	Internal	Contribution
Access to new markets	Positive	Negative	Sustainable practices can open doors to new markets, especially where eco-conscious consumers and stringent environmental standards are prevalent.
Innovation and technological advances	Negative	Positive	Technological advancements often lead to innovative, sustainable solutions. Businesses adopt these innovations to stay competitive and address environmental challenges.
Climate change concerns	Positive	Negative	Growing concerns about climate change motivate businesses to reduce their carbon footprint and implement climate-friendly practices as part of their sustainability initiatives.
Lawsuits and litigation risks	Positive	Negative	Companies facing or anticipating lawsuits related to environmental or social issues may adopt sustainable practices to mitigate legal risks and negative public perception.
Access to capital and financing	Positive	Negative	Investors and financial institutions increasingly consider a company's sustainability performance when providing capital. Adopting sustainable practices can improve access to financing.
Government incentives and subsidies	Positive	Negative	Governments may provide incentives, subsidies, or tax breaks to encourage businesses to adopt sustainable practices, further driving adoption.
Global supply chain requirements	Positive	Negative	As supply chains become more interconnected globally, businesses adopt sustainable practices to meet the expectations of partners and stakeholders throughout the supply chain.
Crisis preparedness and resilience	Negative	Positive	Businesses recognise the importance of resilience in crises, including climate change, resource scarcity and social issues. Sustainability practices contribute to overall resilience.
Investor activism and shareholder resolutions	Positive	Negative	Activist investors and shareholder resolutions related to sustainability issues can influence businesses to adopt more responsible and sustainable practices to align with shareholder expectations.
Ethical considerations and corporate values	Negative	Positive	Many businesses adopt sustainable practices based on ethical considerations and a commitment to corporate values, prioritising responsibility and positive societal impact.
Demonstrating corporate social responsibility	Positive	Positive	Businesses adopt sustainable practices to fulfil their CSR obligations, demonstrating a commitment to contributing positively to society beyond profit generation.

(Table 2 continued)

(Table 2 continued)

Drivers	External	Internal	Contribution
Circular economy and waste reduction goals	Positive	Negative	Businesses aim to participate in the circular economy by minimising waste, recycling and reusing resources, driven by environmental and economic considerations.
Sustainable development goals (SDGs) alignment	Positive	Negative	Aligning business practices with the United Nations' SDGs provides a framework for companies to contribute to global sustainability objectives.
Community engagement and social license to operate	Positive	Negative	Engaging with local communities and obtaining a social operating license is increasingly essential. Adopting sustainable practices can contribute to positive community relationships.
Water scarcity concerns	Positive	Negative	Businesses, particularly in water-intensive industries, may adopt sustainable water management practices in response to concerns about water scarcity and the need for responsible water use.
Biodiversity conservation	Positive	Negative	Companies operating in ecologically sensitive areas or industries may adopt sustainable practices to contribute to biodiversity conservation and minimise negative impacts on ecosystems.
Health and safety benefits	Negative	Positive	Sustainable practices prioritising employees' health and safety contribute to a positive workplace environment and reduce the likelihood of occupational hazards.
Technological accessibility	Positive	Negative	The increasing accessibility and affordability of sustainable technologies make it easier for businesses to adopt eco-friendly solutions, promoting innovation in various sectors.
Millennial workforce expectations	Negative	Positive	With a growing millennial workforce, businesses recognise the importance of aligning with the values of this demographic, which often includes a strong preference for environmentally and socially responsible employers.
Interconnected global economy	Positive	Negative	The global nature of business means that companies are influenced by and can influence international sustainability standards and expectations, encouraging a global alignment on responsible practices.
Access to talent	Negative	Positive	Attracting and retaining top talent is more accessible for businesses committed to sustainability as employees seek purpose-driven work environments.

(Table 2 continued)

(Table 2 continued)

Drivers	External	Internal	Contribution
Economic stability and long-term viability	Positive	Negative	Businesses recognise that long-term economic stability is closely tied to environmental and social stability. Adopting sustainable practices is seen as a strategy for long-term viability.
Technological innovation and collaboration	Negative	Positive	Collaborative efforts and technological innovation within industries and sectors facilitate adopting sustainable practices as businesses work together to address common challenges.
Circular supply chain management	Positive	Negative	Companies aim to create circular supply chains that minimise waste and encourage the recycling and repurposing of materials, driven by environmental and economic considerations.
Partnership and collaboration opportunities	Positive	Negative	Collaborating with other businesses, NGOs and governmental organisations on sustainability initiatives presents opportunities for shared resources, knowledge and increased impact.
Employee productivity and well-being	Negative	Positive	Sustainable practices that contribute to a healthier and more environmentally conscious workplace can positively impact employee productivity and well-being.
Innovation and futureproofing	Negative	Positive	Adopting sustainable practices often drives innovation. Businesses recognise the need to future-proof their operations by investing in environmentally friendly technologies and practices.
Customer loyalty and relationship building	Positive	Negative	Demonstrating a commitment to sustainability fosters customer loyalty. Businesses see sustainable practices as a way to build long-term relationships with customers who share similar values.
Global trends and international standards	Positive	Negative	International agreements, such as the Paris Agreement on climate change and global sustainability initiatives, set the tone for businesses to align their practices with broader global trends and standards.

Energy Efficiency

Energy-efficient features are integrated into products, reducing energy consumption and lowering carbon footprints.

Circular Economy Practices

Product Life Extension

Companies are developing strategies to extend the life of products through repair, refurbishment and recycling.

Take-Back Programmes

Some companies implement take-back programmes, encouraging customers to return used products for recycling or repurposing.

Sustainable Services and Business Models

Subscription Services

Businesses offer subscription models, providing access to services rather than ownership, reducing overall resource consumption.

Sharing Platforms

Companies participate in the sharing economy, facilitating the shared use of goods and services to maximise utility and minimise waste.

Green Supply Chain Management

Supplier Engagement

Companies collaborate with suppliers to ensure sustainable and ethical materials sourcing.

Transportation Efficiency

Optimisation of transportation routes and modes to reduce carbon emissions in the supply chain.

Renewable Energy Integration

On-site Renewable Energy

Companies invest in on-site renewable energy sources, such as solar panels and wind turbines, to power their operations sustainably.

Carbon-Neutral Operations

Some businesses aim to achieve carbon neutrality by offsetting them.

Employee and Community Engagement

Employee Sustainability Training

Companies train employees on sustainable practices, fostering a culture of responsibility.

Community Initiatives

Engaging with local communities through sustainability initiatives and contributing to social and environmental well-being.

Sustainability Reporting and Transparency

Companies employ various communication strategies to convey their sustainability initiatives to investors and the wider public. Here is an overview of common approaches.

Businesses increasingly prioritise accountability and transparency by sharing information about their sustainability initiatives via various platforms. An organisation's ESG performance is detailed in annual sustainability reports, a standard practice. They show goals, accomplishments and a company's overall commitment to sustainability. To highlight the connections between these aspects, some businesses now include sustainability measurements in their financial performance indicators in an integrated annual report (Fleacă et al., 2023). Corporate websites have dedicated parts that provide policies, procedures and progress in an easily readable format, all to serve stakeholders better. Moreover, businesses use conferences, earnings calls and investor presentations to highlight their sustainability projects and let investors know how committed they are to ethical business practices.

Businesses also include a sustainability message in their branding and marketing materials to demonstrate their dedication to moral business conduct. Businesses that use these strategies will enhance their reputations and contribute to the greater narrative of supporting ecologically and socially responsible business practices.

Impact on Financial Performance

A company's financial performance is greatly improved by embracing ESG issues since they increase capital access and lower financing costs. Consumers and investors, especially younger generations, are favouring companies with strong sustainability policies more and more because they value sustainability more than just financial measures (Pompella & Costantino, 2023). In addition to having a favourable impact on stock performance and sales, this alignment with stakeholder preferences also encourages innovation and adaptation within the organisation. To meet changing market demands, businesses can improve their financial performance by creating and refining their innovation strategies and launching new goods, services and business models that promote productivity, competitiveness and long-term success (Djuraeva, 2021). High-sustainability businesses use their methods to set themselves apart from the competition and obtain a competitive edge that increases market share and boosts customer loyalty—which benefits both financial performance and stock market success (Eccles et al., 2014). By exposing a company's dedication to sustainability, sustainable marketing improves a company's credibility, reputation and customer connections. Businesses that implement sustainable practices tend to attract younger generations, especially

Millennials and Gen Z, who place a high importance on authenticity and openness. These generations tend to believe in and stick with businesses that show sincere dedication to corporate social responsibility (Servera-Francés et al., 2020).

Sustainability is critical to building strong relationships with consumers, employees and communities outside of business. These connections improve the company environment and boost financial results. By tackling social and environmental issues early, businesses can adapt to changing regulations, reduce legal risks and maintain economic stability. Sustainable practices also help companies stand out, supporting ethical and compliant operations that lead to long-term profits.

Financial Benefits of Strong Sustainability Practices: Evidence from Studies and Cases

Studies Demonstrating Positive Financial Outcomes

Harvard Business Review (HBR) Study

The HBR study, 'The Impact of Corporate Sustainability on Organizational Processes and Performance', found a positive correlation between sustainability practices and financial performance in a comprehensive analysis of 180 companies.

MIT Sloan Management Review and BCG Report

The joint report, 'Sustainability: The "Embracers" Seize advantage', by MIT Sloan Management Review and Boston Consulting Group, highlights that 'embracing sustainability leads to higher market valuation, lower volatility, and improved performance'.

University of Oxford Study

The University of Oxford's 'From the Stockholder to the Stakeholder' study analysed 200 academic papers and found a strong business case for sustainability, indicating that companies with robust ESG performance exhibit better financial results.

Cases Demonstrating Positive Financial Outcomes

Unilever

Unilever's sustainable living brands, including Dove and Ben & Jerry's, outperformed the average growth rate in 2018. Unilever's commitment to sustainability and purpose-driven branding has increased consumer trust and market share.

Tesla

Tesla's focus on sustainable energy solutions, electric vehicles and solar products has aligned with environmental goals and propelled the company's financial success. Tesla's market value and stock performance have surged, reflecting investor confidence in sustainable innovation.

Interface Inc

The carpet manufacturer Interface transformed its business with a commitment to sustainability, achieving a nearly 60% reduction in greenhouse gas emissions and positively impacting its financial bottom line. The company's sustainability initiatives have been a key driver of market success.

Nestlé

Nestlé's emphasis on sustainable sourcing, including responsible water use and supply chain practices, has improved brand reputation and customer loyalty. The company's financial performance reflects the positive impact of these sustainability efforts.

Danone

Danone's 'One Planet. One Health' sustainability agenda has translated into increased sales of its health-focused products. The company's financial success is linked to consumer preference for products aligned with environmental and social responsibility.

These studies and cases underscore the positive financial outcomes of strong sustainability practices. Companies prioritising ESG factors contribute to global goals and experience tangible benefits in market performance, brand value and investor confidence.

Investor Attitudes and Decision-making

Sustainability significantly influences investor attitudes and decision-making, which is pivotal in shaping investment strategies. Investors increasingly consider ESG factors as integral components of risk assessment and long-term value creation. Companies with strong sustainability practices are perceived as more resilient, ethical and aligned with global trends, attracting socially responsible investors. Pompella and Costantino (2023) and Stiadi (2023) suggested that investor confidence is further reinforced by positive ESG performance, which indicates efficient operations and competent risk management. Investors progressively integrate ESG factors into their decision-making processes as sustainability becomes more central to investment strategies. In addition to increasing financial returns, this alignment with global trends promotes a more ethical and sustainable economy by drawing socially conscious investors to businesses that exhibit morally sound and resilient operations.

Incorporating ESG criteria to improve long-term financial performance and reduce risks is a developing trend in socially responsible investing (SRI), which reflects a shift in investor preferences. This change in demand for ESG-focused funds impacts investment prospects (Slapikaite & Tamosiuniene, 2013). The result is a shift in capital flows towards businesses and initiatives that support sustainability objectives, which raises the demand for investments with an emphasis on ESG. From a specialised strategy to a popular one, SRI has changed the face of investing and pushed businesses to use ethical

business practices to draw in and hold onto capital. The effects of corporate operations on society and the environment are becoming more widely recognised due to this change.

The impact of SRI on capital flows extends beyond individual investor portfolios to institutional investors, asset managers and pension funds. These entities are increasingly integrating ESG considerations into their investment strategies, further amplifying the influence of SRI on capital allocation. As sustainability becomes a key driver of investment decisions, companies adopting strong ESG practices will likely benefit from enhanced access to capital, lower financing costs and increased market value. The trend also underscores a broader societal shift towards recognising the interdependence of financial success and responsible corporate behaviour, signalling a new era where capital is directed towards businesses prioritising profit and positive societal impact.

Challenges and Criticisms

Cost Considerations

One of the primary challenges businesses face in implementing sustainable practices is the perceived or actual cost of adopting environmentally friendly technologies, materials, and processes. Initial investments in sustainability measures can be substantial, and companies may encounter resistance due to concerns about short-term financial impacts, especially for small and medium-sized enterprises.

Complex Supply Chains

Businesses with intricate and global supply chains often face challenges in ensuring the sustainability of every component. Sourcing sustainable materials and verifying the ethical practices of suppliers can be complex, requiring increased transparency and collaboration throughout the supply chain, which may pose logistical and organisational hurdles.

Regulatory Uncertainty

Rapid changes in environmental regulations and sustainability standards can create uncertainty for businesses. Compliance with evolving requirements demands continuous adaptation, and navigating a dynamic regulatory landscape may pose challenges, particularly for companies operating in multiple jurisdictions with varying sustainability frameworks.

Resistance to Change and Organisational Culture

Resistance to change within an organisation, coupled with the need to reshape existing practices, can hinder the adoption of sustainable initiatives. Companies may need more employee awareness, understanding, or buy-in, requiring efforts to cultivate a culture that values and embraces sustainability.

Critics of sustainability as a strategic innovation raise concerns about green-washing, the need for standardised metrics, uncertainty about short-term vs. long-term impact on financial performance, perceived upfront costs and variations in the industry-specific effectiveness of sustainability strategies. These concerns emphasise the need for transparent reporting, standardised measurement methods and a nuanced understanding of the diverse challenges and benefits of integrating sustainability into business strategies.

Future Trends and Implications

Future developments in sustainable practices and their implications for businesses and investors include technological advancements, shaping industries and offering competitive advantages to forward-thinking companies (Fahad & Shahid, 2022). Enhanced ESG metrics and reporting standards are expected to give investors more precise insights, influence investment decisions and encourage businesses to prioritise comprehensive sustainability practices. Anticipated global climate policies, increasing investor activism and shifting consumer preferences toward sustainability underscore businesses' need to adapt, ensuring resilience and attracting investors aligned with ethical and responsible practices. Inclusive growth, digital transformation and a heightened focus on social impact investing are anticipated trends, emphasising the interconnectedness of environmental, social and economic considerations in the evolving landscape of business and finance.

Conclusion

The comprehensive literature review and analysis underscore the evolving significance of sustainability as a strategic innovation and explain its multifaceted impact on businesses and investors alike. Integrating sustainability into corporate strategies emerges as a catalyst for long-term value creation, risk mitigation and improved access to capital. Standardised metrics, stakeholder engagement and transparent reporting shape sustainable business practices. Looking forward, emerging trends, including circular economy adoption, technology integration and heightened biodiversity focus, are poised to amplify the role of sustainability. This evolution bears profound implications for investors, fostering a discernible shift towards socially responsible investing. As sustainability practices become increasingly integral to decision-making processes, they are anticipated to reshape capital flows, influence investment strategies and contribute significantly to cultivating a more resilient and ethically driven global economy.

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A Study on Data-driven Marketing: The Impact of Real-time Website Traffic Analytics on the Decision-making Process with Reference to eBay Using SEMRUSH Tool

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Abstract

This study examines the transformative influence of data-driven marketing, emphasising the effect of real-time analytics on decision-making processes at eBay, utilising the SEMrush tool. In the face of intensifying competition among digital platforms, eBay has utilised real-time data analytics to maintain agility, customising marketing campaigns to swiftly adapt to evolving client preferences and market dynamics. SEMrush, an all-encompassing digital marketing instrument, provides real-time insights into consumer behaviour, keyword trends and competitor analysis, enabling eBay's marketing team to make data-driven decisions with enhanced precision and efficiency. This article analyses eBay's utilisation of SEMrush to identify critical domains where real-time analytics influence significant marketing decisions, encompassing search engine optimisation, pay-per-click advertising and content strategy. SEMrush data enables eBay to more efficiently segment customers, modify advertising expenditure in accordance with current demand and optimise website performance to improve user experience. Research indicates that integrating SEMrush's real-time data allows eBay to perpetually enhance its marketing strategy, hence promoting superior consumer engagement, competitive advantage and revenue expansion. The research

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emphasises that real-time analytics, enabled by powerful technologies such as SEMrush, are essential for e-commerce enterprises aiming to sustain market relevance. By comprehending the importance of data-driven decision-making in the contemporary digital marketplace, organisations can emulate eBay's techniques to enhance their marketing efficacy. This study enhances the discourse on the influence of analytics in developing flexible and responsive marketing strategies within the e-commerce sector.

Keywords

Consumer engagement, data-driven marketing, digital marketing, pay-per-click (PPC) advertising, SEMrush, SEO, website performance

Introduction

Data-driven marketing has become a revolutionary method in the digital age, enabling organisations to utilise data analytics to customise marketing tactics, enhance consumer interaction and stimulate corporate growth. With technological advancements, the quantity and diversity of available data have markedly increased, resulting in a transition from intuition-driven marketing to tactics based on real-time data insights. Data-driven marketing utilises customer behaviour, preferences and demographics to guide decisions, with the objective of improving personalisation, targeting and response in a highly competitive digital environment. Recent literature underscores the significance of real-time data analytics in facilitating rapid adaptation by corporations to market trends, shifts in customer behaviour and competitive challenges.

A study by Kumar et al. (2022) indicates that real-time analytics enable marketers to consistently observe and adapt to changing client requirements, thus promoting a more dynamic and flexible marketing approach. These data-driven insights have been crucial in enhancing customer lifetime value, decreasing customer acquisition expenses and optimising return on investment (ROI) on marketing efforts. Moreover, progress in artificial intelligence (AI) and machine learning (ML) has enhanced the capabilities of data-driven marketing. Wang et al. (2023) examine how AI-driven technologies empower marketers to forecast future trends and tailor content with exceptional precision, enhancing both engagement and conversion rates. These solutions also provide predictive analytics, essential for forecasting client needs and personalising interactions across several digital touchpoints. A crucial element of data-driven marketing is the capacity to integrate extensive unstructured data from various sources, such as social media, search engines and customer feedback. SEMrush, a premier tool in this field, illustrates the utilisation of data-driven marketing by offering insights into search behaviour, competitive positioning and content efficacy. Chaffey (2023) asserts that these technologies enable organisations to obtain an extensive understanding of the client journey and to strategically modify marketing initiatives in real time. SEMrush is recognised for its comprehensive search engine optimisation (SEO), pay-per-click (PPC) and content marketing functionalities, utilised by

organisations such as eBay to enhance their marketing campaigns through real-time data and actionable insights.

Real-time analytics has emerged as an essential element in the decision-making processes of contemporary enterprises, especially for substantial e-commerce platforms such as eBay, where consumer preferences and competitive dynamics fluctuate swiftly. Through the integration of real-time analytics technologies, eBay may acquire instantaneous data on customer behaviour, search trends and market dynamics, facilitating more agile and accurate marketing campaigns. SEMrush, a premier analytics tool, has been important in assisting eBay and other prominent corporations in monitoring and adapting to these developments in real time, utilising insights from SEO, PPC campaigns, content marketing and competition analysis. A paper by Chen and Chen (2022) highlights that real-time data access allows marketers to optimise campaigns in real time, enhancing engagement rates and ROI by adjusting plans based on rapid feedback. This functionality is especially advantageous for e-commerce leaders such as eBay, as SEMrush's tools provide real-time modifications to keywords, content and ad placements based on live data, hence optimising the relevance and efficacy of marketing initiatives.

Research conducted by Johnson et al. (2023) revealed that e-commerce firms employing real-time analytics experienced markedly enhanced customer satisfaction and retention rates, enabling them to promptly resolve concerns, modify product displays and optimise their value propositions. SEMrush offers eBay critical insights into organic search performance and competitive strategies, allowing the marketing team to identify popular goods or keywords and promptly modify their approach. This adaptability is particularly vital in the dynamic online retail sector, where demand can vary significantly due to external influences such as seasons, events or economic changes. Gupta and Singh (2024) demonstrate that real-time data analysis improves strategic alignment among departments, promoting a more unified decision-making process. At eBay, SEMrush's real-time insights enhance collaboration among marketing, product and customer service teams, enabling coordinated actions based on common data. This collaborative strategy enhances decision-making efficiency and connects activities with shared organisational objectives, such as boosting sales or strengthening brand visibility.

Review of Literature

The essence of data-driven marketing is its capacity to leverage real-time insights to build plans that are pertinent and adaptive. Chen and Zhang (2023) assert that organisations leveraging customer data to shape marketing strategies experience enhanced ROI and customer engagement, facilitated by the capacity to create more targeted communications that appeal to particular populations. By utilising data from sources such as web analytics, social media engagement and purchase behaviours, businesses may develop campaigns that effectively attract and retain customers.

Personalisation is a paramount advantage of data-driven marketing. Research conducted by McCarthy and Willis (2023) indicates that 80% of consumers are more inclined to make a purchase when firms provide personalised experiences. Personalisation may manifest as product recommendations, tailored communications or dynamic website content that adapts according to user behaviour. The transition from uniform marketing to personalised experiences has been facilitated by developments in ML and data analytics, allowing organisations to predict client demands and customise offerings accordingly. Real-time data analytics is essential in data-driven marketing, allowing organisations to make rapid adjustments based on live data.

Wang et al. (2024) highlight the influence of real-time information on decision-making, indicating that organisations employing live analytics can enhance campaigns throughout execution, hence preventing missed chances. Real-time data can detect changes in client mood or behaviour, enabling organisations to adjust their strategy for immediate pertinence. For example, enterprises such as eBay utilise SEMrush to track SEO, PPC and content efficacy in real time, facilitating immediate modifications based on prevailing data trends. The capacity to respond swiftly provides a competitive edge, especially in e-commerce, where consumer tastes and market dynamics can fluctuate rapidly.

Gupta and Rao (2024) assert that real-time analytics allow organisations to enhance targeting precision, minimise advertising expenditure waste and attain elevated conversion rates, highlighting the significance of timeliness in efficient data-driven marketing. Data-driven marketing is progressively guided by sophisticated analytical models, including predictive and prescriptive analytics, enabling marketers to foresee future trends and formulate plans proactively. Predictive analytics, enhanced by AI and ML, utilises previous data to anticipate future behaviours, such as purchase probability or churn risk, therefore, aiding marketers in more efficient resource allocation (Kumar & Smith, 2022). Prescriptive analytics advances by suggesting specific activities to get desired objectives, providing firms with a data-validated and results-oriented strategy playbook.

A recent study by Rosen and Hall (2023) emphasises the incorporation of these models into customer relationship management (CRM) systems, hence optimising the workflow for marketers by directly associating data insights with actionable strategies. The incorporation of these models into CRM platforms enhances efficiency and elevates the uniformity of data-driven marketing initiatives across various customer touchpoints.

SEMrush provides a comprehensive array of analytical tools that jointly facilitate strategic decision-making in marketing. A research by Roberts and Hill (2023) indicates that tools such as SEMrush enable marketers to assess keyword efficacy, optimise advertising expenditures and evaluate rival actions—all in real time. The capacity to operate in real-time is especially vital in digital marketing, as minor delays in responding to emerging trends can result in lost opportunities. SEMrush's comprehensive keyword research assists businesses in aligning their content with customer search behaviours, hence improving exposure and engagement in competitive markets.

Evans et al. (2022) assert that SEMrush's competitor analysis tool is essential for marketers aiming to distinguish their methods. SEMrush enables users to track competitors' keywords, PPC campaigns and content efficacy, offering insights into effective and ineffective strategies within a specific industry. This competitive data can guide decisions regarding content creation, budget distribution and campaign scheduling, enabling organisations to secure an advantage by responding to market shifts ahead of their competitors. The research indicated that firms utilising SEMrush for competition analysis achieved a 25% enhancement in campaign performance relative to those employing restricted or conventional solutions.

Content strategy is another domain in which SEMrush excels as a decision-making instrument. SEMrush's SEO toolset allows marketers to examine organic search trends, keyword ranks and backlink profiles, all of which are essential elements of an effective content marketing plan. SEMrush's content analysis tools furnish organisations with an in-depth comprehension of their audience's search inclinations, enabling the production of more focused and captivating content. This data-driven methodology for content production enhances the probability of attaining superior search engine ranks while aligning with consumer preferences, hence augmenting engagement and facilitating transactions.

SEMrush functions as an effective instrument for administering and enhancing PPC campaigns. SEMrush enables marketers to make swift modifications that improve the ROI of their advertising expenditure by offering real-time information into ad performance, keyword bidding tactics and competitor PPC analysis. According to research by White and Chen (2023), organisations utilising SEMrush for PPC campaign optimisation achieve an average cost efficiency gain of 30%, attributable to its capacity to identify high-performing keywords and discard poor ones. SEMrush's ad builder and analytics tools enable marketers to perpetually test and optimise advertisements, leading to a more efficient allocation of money towards the most effective PPC campaigns.

SEMrush's utility transcends the marketing department, since its insights facilitate cross-functional decision-making across organisations. SEMrush's comprehensive dashboards and reporting tools facilitate the seamless sharing of data across departments, including sales, product development and customer service, thereby aligning decisions with unified business objectives. Roberts (2023) discovered that organisations utilising SEMrush data across several departments showed significant enhancement in strategic alignment, as teams could converge on common metrics and KPIs, hence improving the overall efficacy of marketing and sales initiatives.

Research Objective

- To analyse the Website Traffic of the eBay using SEMRUSH tool.
- To analyse the organic Search vs. paid search eBay.
- To identify the Traffic channels of eBay.
- To identify the devices used by the users of eBay.

Research Gap

Although SEMrush is commonly utilised by corporations such as eBay, limited research examines the direct influence of real-time data from SEMrush on eBay's decision-making and competitive strategies. The research is deficient in detailing how eBay employs SEMrush to promptly modify marketing strategies in reaction to real-time market changes.

Research Methodology

The study methodology employs a methodical approach to data collection, analysis and interpretation to examine the website traffic of eBay's e-commerce platform using SEMrush. This study seeks to examine traffic sources, user interaction, keyword performance and other critical metrics to deliver a comprehensive evaluation of eBay's online operations. The primary instrument utilised for data collection is SEMrush, which offers extensive insights into website traffic and SEO performance. The research employed a non-probability purposive sampling technique, designating eBay's website as the focus for traffic analysis. Data segmentation is predicated on traffic sources (organic, paid, referral and social), devices (desktop versus mobile) and geographical areas. This digital marketing tool provides a comprehensive dashboard for tracking website traffic, keywords, backlinks and competitive analysis. This study primarily uses the 'traffic analytics' and 'organic research' modules.

Analysis and Interpretation

Demographic analysis is the methodical investigation of population characteristics, emphasising specific demographic aspects such as age, gender, income, education, occupation and geographic location. It enables organisations to comprehend the makeup and dispersion of their target audience, facilitating informed decisions about marketing, product development and strategic planning. By analysing trends and patterns in these demographic characteristics, organisations may more effectively customise their offers to satisfy the requirements and preferences of various segments, optimise resource distribution and improve overall consumer engagement. The demographic overview indicates that eBay's user base is predominantly male, consists largely of younger individuals and is primarily located in the United States. These data can inform eBay's marketing and user experience strategies to coincide with the interests and behaviours of these critical categories.

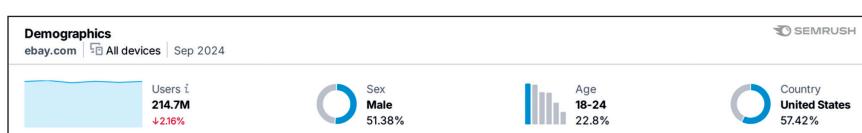


Figure 1. Demographic Analysis Using SEMRUSH.

Figure 1 reveals that eBay possessed over 214.7 million users globally across all devices during this timeframe. The data indicate a 2.16% decrease in users relative to the prior period. This decline indicates a minor reduction in traffic, either due to seasonal factors, competitive market fluctuations or shifts in user preferences. The research indicates that 51.38% of eBay's users are male. This predominantly male user base indicates a nearly even gender distribution, albeit with a small preference for males. Comprehending this demographic analysis enables eBay to customise its marketing and user engagement techniques to appeal primarily to a male audience, while also promoting inclusivity for female users. The 18–24 age group comprises 22.8% of eBay's user base, rendering it a substantial demographic component. This demographic comprises younger folks, frequently regarded as technologically proficient and digitally engaged. Focussing on this demographic may be crucial for eBay, as it could guide plans for platform functionalities, product classifications and marketing tactics that resonate with younger consumers. The statistics indicates that 57.42% of eBay's traffic originates from the United States, signifying that a predominant portion of the platform's users resides in the United States. The substantial US user base is pertinent to eBay's regional marketing and commercial strategy, affecting aspects such as product offerings, language preferences and localised promotions aimed at American consumers.

Socioeconomic Analysis

Socioeconomic analysis examines the interplay between economic activities and social aspects within a specific population or community. This examination investigates variables including income levels, education, employment, housing, health and social class to comprehend socioeconomic position, quality of life and general well-being of individuals and communities. Through the evaluation of these characteristics, socioeconomic analysis yields insights into inequities, economic possibilities, resource accessibility and social mobility, thereby informing policy formulation, company strategy and community development.

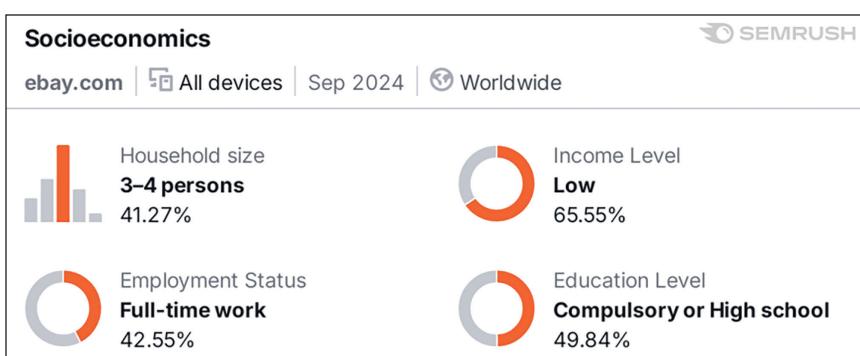


Figure 2. Socioeconomic Analysis of eBay Using SEMRUSH.

Figure 2 suggest that the predominant demographic of eBay users comprises households consists 3–4 individuals (41.27%). This suggests that eBay's user demographic may be family-oriented, with a considerable segment residing in medium-sized households. Smaller and larger households are under-represented. The low-income sector is the most significant, including 65.55% of users. This indicates that a significant proportion of eBay users may be price-sensitive, perhaps in pursuit of bargains and economical alternatives on the platform. 42.55% of eBay users declare full-time employment status, suggesting that nearly half possess steady jobs. This may indicate they possess a consistent income; nevertheless, as evidenced by the income level measure, they can still belong to lower-income demographics. Compulsory or high school education is the highest attained level by 49.84% of the user base. This indicates that almost 50% of eBay users have not attained higher education, which may be associated with the reported lower income level. The research indicates that eBay's principal users are predominantly from low-income origins, employed full-time, residing in households of 3–4 persons and possessing an educational attainment of high school or lower. This profile may affect eBay's marketing and product strategy to focus on affordable items that resonate with this audience.

Website Visit Device Analysis of eBay Users

Device analysis of website visits involves the assessment of data concerning the various devices (including desktop computers, tablets and mobile phones) utilised by visitors to access a website. This analysis elucidates user preferences, behaviours and trends by examining the impact of various devices on user interaction with a website. It frequently encompasses information such as the quantity of visits from each device category, bounce rate, session duration and conversion rate. Device analysis enables website proprietors and marketers to enhance user experience by customising site design, content and functionality according to the devices predominantly utilised by their audience. A significant proportion of mobile visitors may signify a requirement for mobile-optimised design or application development. Ultimately, device analysis facilitates more efficient digital marketing strategies and improves user engagement across platforms.

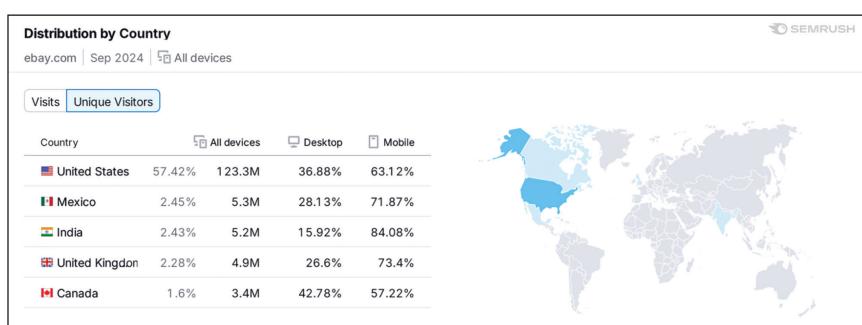


Figure 3. Website Visit Device Analysis of eBay Users.

Figure 3 illustrates the distribution of visits to eBay.com by country as of September 2024, encompassing all devices. The United States commands a substantial 69.28% of the user base, equating to 462.6 million visits, with a relatively even distribution of 54.66% on desktop and 45.34% on mobile devices. This signifies robust interaction from the United States, with approximately equivalent preference for both desktop and mobile platforms. Other nations contribute lesser fractions to eBay's overall traffic. Mexico represents 1.86% of total visitors (12.4 million), with 66.03% of users using mobile devices. The United Kingdom ranks next at 1.47% (9.8 million visits), demonstrating a strong inclination towards mobile usage, with 66.98% of visits conducted via mobile devices. India follows with 1.35% of visits (9 million), exhibiting the highest mobile usage rate among the top five nations at 79.39%. This indicates India's robust mobile-centric online behaviour, perhaps attributable to extensive smartphone penetration and the affordability of mobile data. Finally, Canada accounts for 1.28% of visitors (8.6 million), with the majority (56.11%) utilising desktop access, demonstrating a pronounced desktop preference relative to other nations on this list. This data indicates that eBay's greatest user base is in the United States, with mobile usage prevalent in developing markets such as India and Mexico, while desktop usage is more prominent in developed nations such as Canada and the United States.

Device Analysis of Unique Visitors of eBay

The device analysis of unique visitors of eBay refers to the examination of data related to the specific devices (such as mobile phones, desktop computers and tablets) used by individual visitors who access eBay's website. This analysis focuses on identifying how many unique visitors, or distinct users, access the site from each type of device within a given time frame.

In Figure 4, the September 2024 data illustrates the distribution of unique visitors to eBay.com categorised by nation and device type. The United States accounts for 57.42% of unique visitors, totalling 123.3 million people. Of these, 63.12% utilise mobile devices to access eBay, while 36.88% employ desktops, demonstrating a pronounced preference for mobile in the US market. Mexico, accounting for 2.45% (5.3 million unique visits), demonstrates a significant

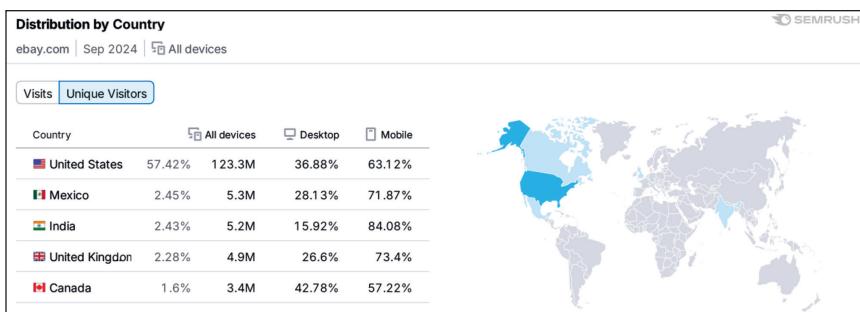


Figure 4. Device Analysis of Unique Visitors of eBay.

mobile inclination, with 71.87% accessing via mobile compared to 28.13% on desktop. India ranks second at 2.43% (5.2 million unique visits), exhibiting an even greater dependence on mobile devices—84.08% of users reach eBay via mobile, establishing India as the nation with the highest mobile usage rate among the top five countries listed. The United Kingdom accounts for 2.28% (4.9 million unique visits), predominantly on mobile devices at 73.4%, while 26.6% access via desktop. Finally, Canada accounts for 1.6% of total unique visits (3.4 million), exhibiting a little higher desktop usage rate of 42.78%, while mobile usage remains predominant at 57.22%.

Traffic Channels of eBay.com Using SEMRUSH

In digital marketing and analytics, a traffic channel denotes a particular source or route by which users access a website or digital platform. Channels classify and monitor the sources of online traffic, enabling marketers to comprehend user origins and evaluate the efficacy of various marketing techniques.

From Figure 5, the traffic channel analysis for eBay.com in September 2024, depicted in the graphic, elucidates the allocation of website visitors by source. eBay receives the majority of its traffic directly, accounting for 69.32% and around 462.9 million visits. This direct traffic is significant, however it has diminished, suggesting that while eBay maintains a robust brand presence, user engagement from direct sources may be slightly declining. Organic search is the second largest source, at 18.6% of total traffic (124.2 million visits), which has experienced growth. This indicates that eBay's prominence in search engines is robust, perhaps attributable to efficient SEO tactics and user search patterns that favour eBay's content. Referral traffic accounts for 8.27% (55.2 million visits) but has experienced a reduction, suggesting that eBay's inbound links from external sites may be less successful or diminishing in influence. Paid search constitutes 1.73% of the traffic (11.5 million visits) and indicates an upward trend, implying that eBay is allocating resources to paid search initiatives that are producing favourable outcomes, while it remains a little segment of the overall traffic. Organic social traffic is negligible at 0.79% (5.3 million visits), reflecting a tiny decline, suggesting that eBay's organic social media presence may not substantially contribute to traffic. Paid social traffic constitutes the smallest source, accounting for about 0.1% (637k visits); however, it has experienced a minor growth, indicating a minimal effect from social media advertisements. E-mail traffic accounts for

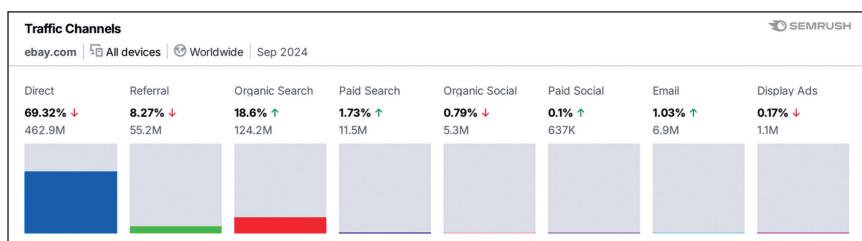


Figure 5. Traffic Channels of eBay.com.

1.03% (6.9 million visits) and has experienced a slight growth, indicating eBay's continued involvement in e-mail marketing. Ultimately, display advertisements constitute merely 0.17% of the traffic (1.1 million visits) and have experienced a modest decline, indicating that display advertising is not a primary emphasis for eBay or is less efficacious in generating traffic relative to alternative channels.

Traffic Journey of eBay

A traffic trip denotes the route a person follows to access and engage with a website. It encompasses the various channels, interactions and touchpoints that guide users from initial awareness to site visitation and potentially to subsequent actions, such as registration or purchase. Comprehending the traffic journey enables businesses to delineate how users find, interact with and engage with their brand across various platforms, channels and stages.

From Figure 6, the traffic trip chart for eBay.com in September 2024 offers a summary of the main traffic sources and destinations. On the left, we observe the primary sources generating traffic to eBay. The predominant share of traffic (69.32%) is sent to eBay's website; nonetheless, this direct traffic has undergone a minor reduction of 3%. Organic search from Google constitutes 15.36% of visitors, reflecting a positive growth of 2.76%. eBay's referrals account for 2.83%, reflecting a decrease of 13.64%. Google-sponsored advertisements contribute 1.63%, reflecting a growth of 2.02%, while referrals from PayPal account for 1.16%, exhibiting a substantial gain of 36.24%. The Top Destinations box on the right side depicts the subsequent sites visitors visit following eBay. A significant 36.76% of users continue to utilise eBay, although a decline of 13.73%. PayPal obtains 8.03% of its traffic from eBay, reflecting a minor decrease of 0.32%. Google accounts for 7.05% of eBay's outgoing traffic, whereas USPS and Facebook garner 6.37% and 2.33%, respectively. USPS and Facebook

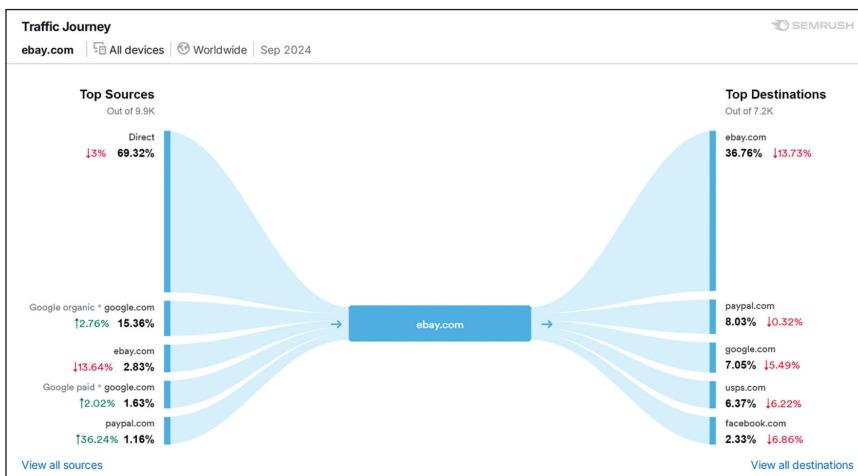


Figure 6. Traffic Journey of eBay.

experienced significant reductions of 6.22% and 6.86%, respectively. This visualisation underscores eBay's reliance on direct traffic, Google's substantial influence as a search and advertising source and PayPal's notable status as an outbound link, presumably associated with eBay's payment operations. Variations in traffic percentages may indicate alterations in user behaviour or the efficacy of eBay's marketing and engagement activities.

Top Organic Keyword Research of eBay

Organic keyword research entails the identification and analysis of keywords (search terms) utilised by individuals in search engines such as Google, without the influence of paid advertisements. The objective is to identify pertinent, high-traffic and low-competition keywords that can generate organic traffic to a website when adequately optimised within the site's content.

From Figure 7, keyword enumerates the terms often input by users in search engines that subsequently direct them to eBay. The primary keywords consist of variations of 'eBay' (e.g. 'eBay', 'eBay Motors', 'eBay login', 'eBay.com', 'eBay USA', and 'My eBay'), signifying robust brand-centric enquiries. Each keyword's aim is categorised into numerous sorts, including N (navigational), T (transactional) or a mix thereof. The majority of terms have an N intent, indicating that users are specifically searching for the eBay site, whereas 'eBay login' encompasses both N and T intents, implying that users either seek to access their accounts or intend to engage in activities such as purchasing or bidding. The position indicates eBay's ranking on the search engine results page (SERP) for each keyword. eBay occupies the top rank for all these keywords, signifying robust SEO performance for branded search terms and elevated visibility on search engines. SF (SERP features) denotes the existence of distinctive elements on the search results

Keyword	Intent	Position	SF	Traffic	Traffic %	Volume	KD %	URL
> <input type="checkbox"/> <input checked="" type="checkbox"/> ebay	N	⊕ 1	6	24.3M	26.23	30.4M	100	● www.ebay.com/
> <input type="checkbox"/> <input checked="" type="checkbox"/> ebay motors	N	⊕ 1	4	658.4K	0.71	823K	75	● www.ebay.com/b/Auto-Parts-and-Vehicles/6000/bn_1865334
> <input type="checkbox"/> <input checked="" type="checkbox"/> ebay login	N T	1	4	294.4K	0.31	368K	92	● www.ebay.com/help/account/signing-account?i=id=4189
> <input type="checkbox"/> <input checked="" type="checkbox"/> ebay.com	N	⊕ 1	6	240.8K	0.25	301K	100	● www.ebay.com/
> <input type="checkbox"/> <input checked="" type="checkbox"/> ebay usa	N	⊕ 1	5	196.8K	0.21	246K	73	● www.ebay.com/
> <input type="checkbox"/> <input checked="" type="checkbox"/> my ebay	N	1	4	108K	0.11	135K	63	● my.ebay.com/ws/eBayISAPI.dll?MyEbay&gfb=1

Figure 7. Top Organic Keyword Research of eBay.

page, such as sitelinks or FAQs. The presence of 'N' adjacent to certain keywords indicates that eBay is featured in SERP elements that augment its visibility and promote click-through rates. The traffic column indicates the projected monthly traffic generated by each term for eBay. The keyword 'eBay' generates the highest traffic, with 24.3 million visits, signifying that numerous users access eBay directly via search engines. Alternative keywords generate somewhat lower traffic yet nevertheless yield substantial volumes, exemplified by 'eBay motors' with 658.4k visits. The traffic % denotes the proportionate contribution of each keyword to eBay's overall search traffic. The term 'eBay' constitutes 26.23% of eBay's organic search traffic, significantly surpassing contributions from other keywords such as 'eBay motors' and 'eBay login'. Volume denotes the monthly search frequency for each keyword—the aggregate number of searches conducted across the internet. For instance, 'eBay' exhibits a substantial search volume of 30.4 million, signifying robust brand recognition and regular enquiries for eBay. Additional terms, such as 'eBay Motors' and 'eBay login', exhibit significant search traffic, indicating particular domains of user interest. The term difficulty (KD %) measure signifies the level of challenge in achieving a ranking for each term. Elevated numbers indicate increased competitiveness. The keyword difficulty for these terms is elevated, with scores between 63 and 100, indicating that eBay contends with other websites in a competitive search environment for these popular terms. The URL column displays the particular URL on eBay's website that ranks for each keyword. The homepage ranks for 'eBay', whereas individual pages, such as the 'auto parts and vehicles' category page, rank for 'eBay motors'.

Managerial Implications

The demographic analysis of eBay's user base depicted in the image reveals various managerial implications. eBay boasts 214.7 million users across various devices; nonetheless, the 2.16% decrease in users signifies a necessity to prioritise user retention measures, including the enhancement of user experience and the amplification of interaction through targeted advertising. The marginal male majority (51.38%) indicates that eBay might advantageously pursue marketing strategies aimed at attracting female users, including expanding its product offerings or messaging to appeal to a more equitable gender demographic. The 18–24 age demographic constitutes 22.8% of the audience, suggesting that eBay should prioritise trends and functionalities appealing to younger consumers, such as mobile accessibility, social commerce and gamified purchasing experiences. Additionally, with 57.42% of eBay's users located in the United States, the platform might prioritise US-specific product offerings, promotions and customer service improvements while also investigating tactics to expand its international market presence. Customising marketing strategies, product suggestions and communication informed by these analytics can enable eBay to boost engagement, elevate user satisfaction and perhaps augment user retention and growth, especially within under-represented demographic groupings.

The data regarding eBay's visitor distribution by country and device holds substantial management implications for enhancing marketing strategies, user experience and technological investments. The significant mobile usage in major economies, particularly in India (84.08%), Mexico (71.87%) and the United States (63.12%), indicates that eBay should adopt a mobile-first strategy. This entails improving the mobile application's performance, speed and user interface to guarantee a seamless buying experience, especially for these mobile-centric markets. Customising mobile-targeted promotions, enhancing mobile payment alternatives and incorporating location-based services can enhance engagement and conversions on mobile devices, aligning with user preferences in these areas. Conversely, the comparatively elevated desktop usage in Canada (42.78%) and the United States (36.88%) indicates that these markets may still prioritise a more conventional, comprehensive browsing experience typically linked to desktop usage. eBay should concentrate on enhancing the desktop website experience for these customers by assuring compatibility with high-resolution photos, comprehensive product information and an easy interface that improves shopping on larger displays. The demographic differences suggest that marketing strategies may be customised according to device preference. Mobile-first initiatives in India and Mexico may produce superior outcomes, while a balanced strategy for the United States and Canada might accommodate both desktop and mobile customers. eBay's management should prioritise resource allocation for mobile infrastructure in mobile-centric nations and focus on improving app performance. Moreover, these observations underscore the necessity for localised tactics. Countries with significant mobile usage, such as India, could gain from app-exclusive promotions, localised content and language-specific interfaces to enhance accessibility. The significant desktop usage in the US market suggests that eBay may explore desktop-oriented technologies, including virtual fitting rooms or product customisation tools, to improve the desktop purchasing experience.

Insights from the traffic path on eBay.com in September 2024 indicate numerous critical management implications that might inform decisions in marketing, customer retention and partnership initiatives. The significant dependence on direct traffic (69.32%) underscores eBay's robust brand recognition, although it also indicates a potential over-reliance on frequent users. This suggests that eBay should consider diversifying its acquisition approach by increasing investments in alternative channels, including paid and organic search, social media and affiliate marketing, to attract new audiences that do not already regard eBay as a primary destination. The data indicate Google's substantial contribution as a source of both organic (15.36%) and sponsored (1.63%) traffic. In light of the organic search traffic increase (+2.76%), eBay has the chance to enhance its SEO strategies, particularly by concentrating on long-tail keywords or trending products, to optimise organic exposure. The increase in paid Google traffic (+2.02%) suggests that eBay's paid advertising is producing favourable outcomes, warranting additional budget allocation for Google ads to potentially enhance returns. The 13.64% decrease in internal referrals from eBay indicates a necessity to boost cross-linking across product listings or other site parts, either via personalised suggestions

or improved search algorithms to maintain user engagement. Furthermore, outgoing traffic to PayPal (8.03%) and USPS (6.37%) indicates eBay's dependence on these partners for transactions and logistics. eBay's management should consider more integrations or exclusive agreements with key partners to enhance the customer experience and fortify alliances, particularly with PayPal, to mitigate drop-off rates during payment. The decrease in outgoing traffic to Facebook (-6.86%) may indicate diminished engagement on the platform or a reduction in cross-promotional activities. This provides eBay with the opportunity to reassess its social media approach, potentially by investing in platforms that more closely fit with its target demographics or by exploring new social features on platforms with strong engagement levels.

eBay's organic traffic is significantly reliant on branded keywords, highlighting the necessity of preserving and enhancing brand familiarity and loyalty. Managers must persist in optimising pages for branded and navigational searches, as these are essential for engaging users already acquainted with eBay. Nevertheless, dependence on branded searches poses a danger; a fall in brand awareness could substantially affect organic traffic. Consequently, managers ought to devise tactics to diversify traffic sources by focussing on non-branded, high-intent keywords that correspond with prevalent product categories (e.g. 'online auto parts marketplace' rather than merely 'eBay motors') to attract new audiences unfamiliar with eBay. The competitive keyword difficulty (KD%) indicates that achieving rankings for these terms is arduous, necessitating expenditures in high-quality content and focused SEO strategies in these tough domains. Moreover, developing focused campaigns centred on 'eBay motors' and 'eBay login' indicates opportunity for specialised, user-centric landing sites and support resources that elevate the user experience and augment conversion rates. By equilibrating branded and broader, category-oriented SEO, managers can diminish dependence on brand-specific traffic, engage new users and cultivate a more robust search strategy.

Conclusion

The traffic study for eBay.com in September 2024 identifies essential opportunities for development and enhancement. eBay's robust brand devotion is shown in its substantial direct traffic; yet, this dependence also highlights an opportunity to broaden acquisition methods and engage new audiences. The consistent efficacy of Google as a traffic source highlights the necessity for ongoing investment in SEO and targeted paid advertising to facilitate more growth. Decreases in internal referrals indicate a necessity for improved user engagement techniques within the site; however, elevated outward traffic to partners such as PayPal and USPS underscores the importance of fortifying these partnerships for more seamless transaction and shipping experiences. Organic keyword research is an essential method for improving a website's exposure and drawing targeted, high-quality visitors. By discovering and optimising relevant, high-volume and low-competition keywords, businesses may enhance their organic search ranks, effectively

reach their audience and foster sustainable, long-term growth without dependence on paid advertising. Comprehending user intent associated with each keyword allows websites to produce content that corresponds with searchers' requirements, enhancing engagement and conversion rates. A well-implemented organic keyword strategy enhances SEO performance and bolsters brand authority, rendering it a crucial element of any digital marketing strategy.

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17 CEOs in 20 Years: How (and How Much) Does CEO Turnover Impact Firm Performance?

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Abstract

How many CEOs does it take to fix Eskom? Seventeen in 20 years—and still no solution. This study examines the link between governance and performance at Eskom, South Africa's state-owned power utility, which cycled through 17 CEOs in 20 years between 1994 and 2024. Once a global leader in electricity production, Eskom's CEO turnover highlights the profound impact of frequent CEO change on organizational performance. Drawing on Eskom's challenges, including loadshedding and the independence of the board of directors, this study explores how frequent CEO turnover disrupted strategic continuity and contributed to operational slowdown. Using the vacillation theory, which explains that Eskom oscillates between competing governance paradigms under external and internal pressures, the findings reveal that CEO turnover negatively impacted the performance of Eskom. The analysis suggests that leadership instability not only undermines organizational performance but also creates a cycle of inefficiency and governance challenges in the medium to long term. By examining the dynamics of board autonomy (i.e., independence) and CEO turnover, this study provides insights into the long-term consequences of leadership changes within state-owned enterprise, particularly in contexts where political pressures and public expectations are at play.

Keywords

Chief executive officer, board of directors, firm performance, corporate governance, top management team dynamics

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Introduction

The average CEO tenure has reduced from 14 years in the 1990s to 9 years in 2017 (Weber & Wiersema, 2017). This implies that CEOs are ‘changing corner office’ faster than ever before. A similar (and perhaps extreme) trend is observed in South Africa, in a state-owned company facing sustained leadership transition crises, the largest electricity producer—Eskom (Eskom, 2024). Turnover of CEOs at Eskom is unparalleled—from 1994 to 2024 (20 years), the organization appointed 17 CEOs, including interim and acting executive officers. This rapid turnover not only reflects organizational uncertainty but also coincides with Eskom’s operational decline, marked by debt and frequent power outages known as the so-called ‘loadshedding’. Once a global leader in energy production, Eskom has become synonymous with systemic inefficiencies and governance failures (Khoza & Adam, 2006). Understanding this pattern of CEO turnover requires a theoretical lens that goes beyond individual CEO performance (Oppong & Safo Lartey, 2023) and examines the broader boardroom dynamics at play (Barros & Sarmento, 2020).

This study builds on vacillation theory to investigate Eskom’s CEO turnover. Vacillation theory suggests that organizations under prolonged uncertainty and competing pressures often oscillate erratically (i.e., move back and forth in an irregular or unpredictable manner, without a consistent or steady pattern) between strategies, decisions or leadership profiles, reflecting an inability to commit to a coherent course of action. Unlike systematic oscillation, which may reflect adaptive cycles, vacillation is reactive and inconsistent, often exacerbating instability (Kang et al., 2017). At Eskom, vacillation (i.e., being indecisive or moving back and forth between different options) is evident in its frequent shifts between politically connected and technocratic leaders, each tenure disrupted before long-term strategies could take root (Khoza & Adam, 2006).

The constant change of CEOs at Eskom led the author to research methods and questions. This research asks: ‘How does the independence of Eskom’s board of directors influence CEO turnover, and what impact does CEO turnover have on the Eskom’s firm performance?’ To address this question, the author employed logistic and autoregressive (AR) models. These models are well-suited to estimate the impact of board independence on CEO turnover, and CEO turnover impact on the performance of Eskom. The AR model is particularly relevant because it accounts for the temporal dependencies inherent in time-series data, allowing us to explore how CEO turnover impacts firm performance and whether it is persistent over time.

Using Eskom as a case, this study addresses the how and what impact CEO turnover has on firm performance, with particular attention to the role of organizational context and board decision-making. By framing Eskom’s leadership crisis within the vacillation theory, this article offers at least three unique contributions. First, this study shifts the focus from traditional research on executive compensation on the financial relationship (Pareek et al., 2023), to the transformative nature of executive roles during leadership transitions. Unlike studies that view CEO impact through a transactional lens (Chen et al., 2010), this

research explores how changes in leadership at Eskom, a state-owned utility, are shaped by and respond to its unique organizational context.

Second, this study aims to focus on Eskom as a South African company, offering a distinct perspective that contrasts with the predominance of existing research based on case studies from the United Kingdom (Barros & Sarmento, 2020) and Finland (Kabiraj & Lestan, 2020), for example. Rather it contributes to the study of cases across BRICS countries—Brazil (Lema et al., 2015), Russia (Lestan et al., 2023), India (Kaur & Singh, 2018), China (Kabiraj et al., 2021) and now South Africa. While previous studies often explore CEO turnover and its impact on firm performance in contexts shaped by differing economic systems, corporate governance models and socio-political dynamics, this research provides unique insights into a South African organization operating in a complex, state-owned environment.

Finally, this study contributes to the broader literature on CEOs by shifting the focus from their performance to the phenomenon of CEO turnover itself (Oppong & Safo Lartey, 2023). While much of the existing research emphasizes how CEOs influence organizational outcomes, this study addresses the growing trend of frequent leadership changes and their implications for firm stability and performance. Data indicate that CEO turnover rates are increasing globally, raising critical questions about the sustainability and effectiveness of constant leadership changes (Weber & Wiersema, 2017). Following is a brief review of CEO turnover followed by vacillation theory and hypotheses development.

Theoretical Background and Hypothesis Development

CEO Turnover

CEO turnover refers to the process of replacing a company's CEO due to various reasons, such as resignation, retirement, dismissal or forced departure (Fiordelisi & Ricci, 2014; Schepker et al., 2017). It is a significant event in corporate governance because the CEO plays a pivotal role in shaping the organization's strategy, culture and overall performance (Finkelstein & Hambrick, 1990; Hambrick & Mason, 1984). CEO turnover can be voluntary, where a CEO chooses to leave, or involuntary, where the CEO is dismissed or forced to resign due to factors like poor performance, scandals or changes in corporate strategy (Park et al., 2020).

The impact of CEO turnover is far-reaching, affecting employee morale, investor confidence, company performance and the organization's reputation (Hambrick, 2007). High CEO turnover, especially when it happens frequently or in a short period, can signal instability within the organization and is often associated with internal conflicts, poor governance or external pressures. This phenomenon has become more common in recent decades, as organizations face increasing pressure to meet financial expectations, address governance concerns and respond to rapidly changing market conditions.

CEO turnover can also be an important signal for stakeholders, influencing perceptions of the company's direction, leadership quality and management

effectiveness (Harrison et al., 2010). In some cases, turnover is seen as a necessary step for organizational renewal or crisis management, while in others, it can contribute to further instability if not handled effectively (Roy et al., 2018).

Hypotheses

Vacillation theory provides a framework for understanding how Eskom oscillates between competing governance paradigms—autonomy and external control—over time (Kang et al., 2017). This oscillation is driven by shifting internal and external pressures, such as political agendas, economic crises, performance demands and public expectations (Khoza & Adam, 2006). Each paradigm brings its own approach to decision-making, particularly concerning board independence, leading to CEO turnover.

Leadership transitions, particularly CEO turnover, are pivotal events in any organization and are often influenced by governance structures, including the independence of the board of directors (Forbes & Milliken, 1999). In Eskom, a state-owned enterprise with significant public and political exposure, the relationship between governance practices and CEO turnover is especially critical. Eskom's governance context is particularly complex, given its dual role as a public utility and a state-controlled entity. On the one hand, its board is expected to act in the organization's best interest by maintaining oversight, ensuring financial sustainability and holding leadership accountable. On the other hand, the board is often subject to external influences, including political agendas, public scrutiny and regulatory interventions. These competing forces can shape the nature and frequency of CEO turnover, raising questions about whether an independent board can effectively predict or influence leadership transitions.

When the board operates autonomously, CEO turnover is likely to be driven by internal factors such as performance, strategic fit or organizational needs (Oppong & Safo Lartey, 2023). Conversely, when independence is compromised, turnover decisions may reflect external pressures, including political priorities or public sentiment, rather than organizational performance (Schnatterly et al., 2021). In Eskom's case, vacillation between these two approaches has likely contributed to its history of frequent leadership turnover. When the board has greater autonomy, leadership changes may occur in response to clear performance issues, such as financial mismanagement or operational inefficiencies. However, during periods of external control, CEO turnover may reflect political considerations, such as the need to align leadership with government objectives or respond to public criticism during crises. Therefore, we propose the following:

Hypothesis 1: *The probability of Eskom changing its CEO depends directly on the independence of the board of directors.*

To understand the potential negative impact of CEO turnover on Eskom's performance, this study draws on vacillation theory, which explains how

organizations like Eskom oscillate between competing governance paradigms driven by both internal and external pressures (Kang et al., 2017). These paradigms—autonomy versus external control—manifest in the form of fluctuations in decision-making authority, especially concerning leadership changes and CEO turnover.

In the case of Eskom, frequent CEO turnover is not only a response to performance issues or governance concerns but is also influenced by this vacillation between internal autonomy and external control (Bowman, 2020). The theory suggests that when Eskom's board operates with greater autonomy, CEO turnover is driven by internal organizational needs, such as poor financial performance, operational inefficiencies or leadership misalignment. On the other hand, when external control influences governance decisions, CEO turnover may reflect political pressures, shifting governmental priorities or public perception, rather than being based solely on organizational performance.

This oscillation between governance approaches creates an unstable environment for Eskom, where leadership changes happen frequently and in response to factors that are sometimes beyond the control of the organization. As a result, frequent CEO turnover creates organizational disruption, which is detrimental to Eskom's ability to maintain consistent sales growth (Kapstein, 2023). Each leadership change brings with it a new strategic direction and operational approach. However, this lack of continuity in leadership can delay the implementation of long-term strategies and create confusion and inefficiencies within the organization, as new CEOs attempt to address challenges in a context shaped by past leadership decisions.

Moreover, when CEO turnover is driven by external political pressures—which vacillation theory argues is common in state-owned enterprises like Eskom—these changes are often not aligned with the organizational goal of sustaining growth (Kang et al., 2017). Political motives behind leadership changes can hinder the implementation of cohesive, long-term strategies, as new leaders may focus on short-term political alignment rather than long-term organizational development. This undermines sales growth, as the company is unable to build a consistent and effective strategy for revenue generation.

Thus, in line with vacillation theory, the frequent oscillation between autonomy and external control leads to CEO turnover that disrupts organizational stability. This disruption, in turn, could negatively affect Eskom's ability to maintain a consistent strategy and operational focus, ultimately harming the company's ability to achieve sustained sales growth. Therefore, we hypothesize that:

Hypothesis 2: *CEO turnover negatively impacts firm performance in Eskom.*

Figure 1 illustrates the conceptual model of the study, showing how CEO turnover is influenced by the independence of the board, with a focus on how these leadership changes negatively impact performance at Eskom. This model is grounded in vacillation theory, highlighting the instability caused by oscillating governance approaches between autonomy and external control.

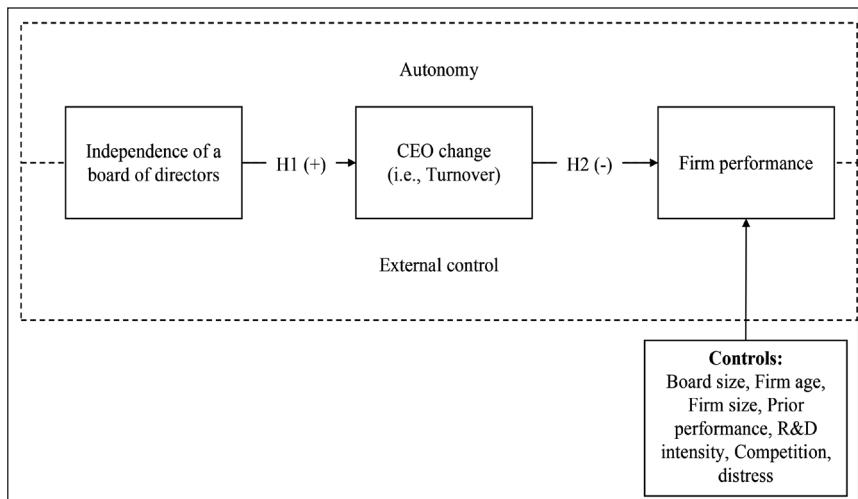


Figure 1. Conceptual Model.

Methodology

Data and Sample

The dataset that supports the findings of this study is available from OSF. To test the proposed hypotheses, we examine impact of the CEO turnover on the performance of Eskom Holding. We collected data from multiple sources, including CEO, board, firm and industry-level information about Eskom. First, we collected data from annual reports and public announcements and self-compiled unbalanced, cross-sectional ($n = 1$) time series ($n = 34$). The sample was framed starting from 1989 to 2022. In the second stance, to supplement the quantitative analysis, we conducted three in-depth interviews in South Africa from February to March 2024. These interviews were designed to provide contextual insights into the dynamics of CEO turnover and its implications for organizational performance, particularly in the context of Eskom.

The interviews were conducted with individuals who have first-hand experience or expert knowledge about the challenges faced by Eskom, including one senior industry analyst from SANEDI and two PhD-holding experts at the University of Pretoria. Each interview lasted approximately 60 to 90 minutes and focused on understanding the organizational, operational and cultural impacts of frequent CEO changes within Eskom.

Measures

Dependent Variable

Firm performance: To measure the performance of Eskom, we utilized the sales growth metric, a common measure of firm financial performance (Richard et al.,

2009). We focused on growth measures rather than profitability as Eskom is a state-owned company. This metric provides a clearer picture of firm performance unaffected by subsidies or regulatory factors (Souder et al., 2023).

Independent Variable

CEO turnover: To measure the turnover of CEOs within Eskom, we used a dummy variable, coded as 1 if a turnover occurred in a given year and 0 otherwise. This binary measure captures the presence or absence of CEO change, enabling analysis of its impact on firm performance over time.

Controls

To control for additional factors that might potentially influence CEO turnover and firm performance, we included several controls related to the board, firm and industry. In terms of board controls, we included *Board size* and *Board independence* (Finkelstein & D'aveni, 1994; Schnatterly et al., 2021). Next, firm-specific controls included *Prior performance*, *Firm size*, *Firm age*, *R&D intensity* and *Distress* (Bothello et al., 2023). To control for industry-specific factors, we include *Competition* proxied through market concentration (OECD, 2021). All variable definitions, measures and data sources are portrayed in Table 1.

Table 1. Variables Description.

Variable	Measure	Measurement	Source
Dependent variable	Firm performance	The percentage (%) increase or decrease in sales over a specific period by dividing the difference between current (t) and previous sales ($t - 1$) by the previous period's sales ($t - 1$), then multiplying by 100.	Compustat
Independent variable	CEO turnover	A binary indicator taking the value of 1 if the organization has changed its CEO during the year , 0 otherwise.	Eskom annual report
Firm-specific variables	Revenue share	The natural logarithm of organization's (i) revenue share within its industry, defined at the 4-digit Standard Industrial Classification level during the year (t).	Compustat
	Firm size	The natural logarithm of total assets in organization (i) during the year (t).	Compustat
	R&D intensity	The percentage (%) of total R&D spending relative to total sales in an organization (i) during the year (t).	

(Table 1 continued)

(Table 1 continued)

Variable	Measure	Measurement	Source
	Firm age	The absolute age of an organization (i) during the year (t) measured by the difference between the day of observation (n) and day of incorporation (1923).	Eskom annual report
	Financial distress	A binary indicator of distress for non-consecutive years of decrease in sales growth indicating 1 if organization (i) experienced a decrease in sales growth between current (t) and previous sales growth rate (t - 1).	Compustat
Board-specific variables	Board size	The total count of directors on the board in organization (i) during the year (t).	BoardEx
	Board independence	The percentage (%) of independent non-executive directors relative to the total number of directors on board in organization (i) during the year (t).	BoardEx
Industry-specific variables	Competition	The sum (Σ) of squared (\cdot^2) organization's (i) sales over total industry sales ratio in year (t). This is Herfindahl–Hirschman index.	Compustat

Estimation Method

To examine the impact of CEO turnover on firm performance over time, we employed an autoregressive (AR) model. An AR model is well-suited for this analysis because it accounts for the temporal dependencies inherent in time-series data, allowing me to explore how past values of firm performance influence its current values (Lundbergh et al., 2003). By incorporating a CEO turnover dummy variable as a covariate, this approach provides a rigorous framework to assess the specific role of leadership transitions in shaping performance outcomes.

Firm performance data often exhibit persistence, meaning that performance in one period is strongly correlated with performance in preceding periods (Richard et al., 2009). Ignoring these temporal dynamics could lead to biased estimates of the effect of CEO turnover. The AR model explicitly accounts for this autocorrelation by including lagged values of firm performance as predictors, enabling me to control for historical trends and isolate the impact of CEO turnover.

Additionally, AR model facilitates the identification of whether the effects of CEO turnover are transient or persistent. This is particularly relevant given the frequency of leadership changes at Eskom, where 17 CEOs were appointed over a span of 20 years, potentially contributing to organizational instability (Eskom,

2024). By incorporating both lagged firm performance and the CEO turnover dummy, we can better understand the interplay between organizational continuity and disruption caused by leadership changes.

Model Specification

For Eskom, the AR model allows us to explore whether CEO turnover disrupts firm performance and whether this disruption is amplified or mitigated by historical performance trends. Given the frequent CEO changes at Eskom, this model is particularly relevant in identifying instability and their implications for firm performance. The AR model used in this study is specified as follows: patterns of

$$y_t = \alpha + \beta_1 y_{t-1} + \beta_2 y_{t-2} + \beta_3 y_{t-3} + \gamma * \text{CEO turnover}_t + \epsilon_t,$$

where y_t represents firm performance (i.e., sales growth) at time t . y_{t-1} and y_{t-2} and y_{t-3} are lagged values of residual errors of predicted firm performance, capturing historical influence. CEO turnover_t is a binary variable coded as 1 if a CEO turnover occurred in year t and 0 otherwise. α is the intercept, β_1 and β_2 and β_3 are coefficients for the lagged terms, and γ quantifies the direct impact of CEO turnover. ϵ_t is the error term, assumed to be normally distributed.

Results and Findings

Descriptive Statistics

Summary statistics of means and standard deviations along the correlations are reported in Table 2. The descriptive analysis of Eskom's dataset reveals several noteworthy patterns that shed light on the link between CEO turnover, firm performance and organizational context. Below, we discuss the most significant findings derived from the descriptive statistics and correlations.

CEO Turnover and Firm-level Variables

The descriptive statistics and correlation matrix provide insights into the temporal relationships between CEO turnover, firm performance and other organizational factors in the Eskom. CEO turnover occurred in 35% of the observed periods ($M = 0.35$, $SD = 0.49$) from 1989 to 2022. A significant positive correlation was found between CEO turnover and firm size ($r = 0.48$, $p < .01$, $CI = [0.17, 0.70]$), as well as firm age ($r = 0.44$, $p < .01$, $CI = [0.12, 0.68]$), suggesting that when Eskom was getting larger and older 'strategy room' was more likely to experience CEO changes during the study period. However, no statistically significant relationship was observed between CEO turnover and firm performance ($r = 0.03$, $CI = [-0.31, 0.37]$), indicating that turnover events were not directly tied to performance fluctuations. Firm performance ($M = 10.96$, $SD = 9.21$) did show a significant negative correlation with distress ($r = -0.34$, $p < .05$, $CI = [-0.61, -0.01]$), reflecting poorer performance during periods of distress. These findings

Table 2. Means, Standard Deviations and Correlations with Confidence Intervals, N = 34 (1989–2022).

Variable	M	SD	1	2	3	4	5	6	7	8	9
1. CEO turnover	0.35	0.49									
2. Firm performance	10.96	9.21	.03								
3. Prior performance	-7.36	0.61	.26	.16							
4. Firm size	12.04	1.14	.48**	[-.09,.55]	[-.18,.48]						
5. R&D intensity	0.00	0.00	-.26	-.07	[-.33,.35]	[.50,.85]					
6. Board size	13.41	3.00	[-.55,.09]	[-.40,.27]	[-.48,.18]	[-.60,.02]					
7. Board independence	0.78	0.07	.17	.01	[-.41,.27]	[-.24,.43]	[-.23,.44]	[-.48,.18]			
8. Competition	0.22	0.06	[-.18,.48]	[-.33,.35]	[-.38,.29]	[-.40,.27]	[-.21,.46]	[-.70,-.17]			
9. Firm age	82.50	9.96	[-.11,.53]	[-.43,.24]	[-.56,.06]	[-.35,.33]	[-.18,.48]	[-.29,.39]	[-.30,.37]		
10. Distress	0.59	0.50	-.26	-.34*	-.05	-.04	.03	-.11	-.30	-.07	-.10
			[-.55,.09]	[-.61,-.01]	[-.38,.29]	[-.37,.30]	[-.31,.36]	[-.43,.24]	[-.58,.04]	[-.40,.28]	[-.42,.25]

Notes: M and SD are used to represent mean and standard deviation, respectively. Values in square brackets indicate the 95% confidence interval for each correlation. The confidence interval is a plausible range of population correlations that could have caused the sample correlation (Cumming, 2014). * $p < .05$; ** $p < .01$.

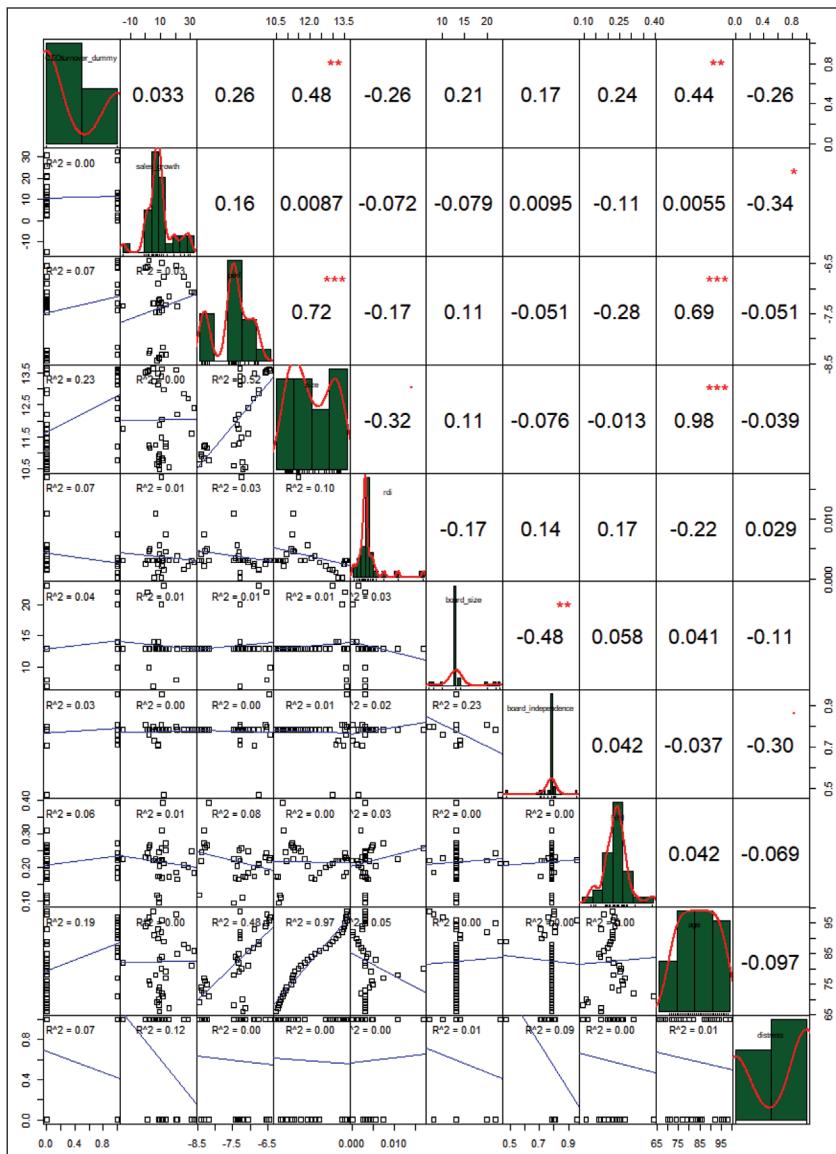


Figure 2. Correlations (Top Right), Linear Relationships (Down Left) and Distribution (Diagonally) of Selected Variables ($N = 34$ Observations).

suggest that suggests that CEO turnover appears to be influenced more by structural factors like size and age than by firm performance of Eskom Holding.

Size, Age and Governance

Firm size and firm age are highly positively correlated ($r = 0.98, p < .01, CI = [0.97, 0.99]$), indicating that Eskom's growth in size corresponded with its

increasing age, consistent with the trajectory of a state-owned utility expanding its operations over decades. CEO turnover is significantly associated with firm size ($r = 0.48, p < .01, CI = [0.17, 0.70]$) and firm age ($r = 0.44, p < .01, CI = [0.12, 0.68]$), suggesting that leadership changes occurred more frequently in later periods when Eskom had become a larger and more established organization. Distress exhibited a significant negative correlation with firm performance ($r = -0.34, p < .05, CI = [-0.61, -0.01]$), reflecting the challenges Eskom faced in maintaining operational and financial stability during periods of heightened distress. The negative correlation between board independence and board size ($r = -0.48, p < .01, CI = [-0.70, -0.17]$) suggests potential governance tensions, as larger boards may have reduced independence, which could impact decision-making effectiveness in such a complex organizational context.

These patterns provide valuable insights into the systemic factors shaping Eskom's trajectory during the observed periods, as illustrated in Figure 2, which displays the correlations (top-right), linear relationships (bottom-left) and distributions (diagonally) of selected variables across 34 observations.

Main analysis

Probability of CEO Change in Eskom

To test Hypothesis 1, whether the probability of Eskom changing its CEO depends directly on the independence of a board of directors, we used a logistic regression framework portrayed in Model 1. The results show that board independence has a positive and statistically significant effect on CEO turnover ($\beta = 148.861, p < .1$), providing support for Hypothesis 1, which posits that the probability of Eskom changing its CEO depends directly on the independence of the board of directors. This suggests that Eskom's CEO turnover may be influenced by governance dynamics, with a more independent board being willing to act decisively when faced with performance challenges or external pressures. This aligns with vacillation theory, as the organization appears to experience leadership instability in response to shifts in governance strength or external scrutiny, reflecting the push-pull dynamics of political, economic and organizational pressures.

The lack of a significant relationship between CEO turnover and variables like distress ($\beta = -5.999$) or prior performance ($\beta = -5.333$) implies that leadership changes at Eskom may not always be directly tied to objective performance outcomes but could stem from broader governance conflicts or political considerations. This supports the idea in vacillation theory that leadership instability often arises not from clear performance criteria (i.e., external control) but from competing demands and divergent priorities within the organization (i.e., autonomy).

Overall, the results from Model 1 suggest that Eskom's CEO turnover reflects vacillation driven by governance structures, where a more independent board poses pressure to instigate change amidst a complex interplay of performance expectations, organizational inertia and political influence, for example. Overall, the results in Table 3 provide support for the predictions of Hypothesis 1.

Impact of CEO Turnover on Firm Performance

To test Hypothesis 2, whether CEO turnover negatively impacts the performance of Eskom, we constructed an AR model (see Methodology). In constructing the AR model, we chose to include moving averages of lagged residual errors (shocks)

Table 3. Main Results for Hypotheses H_1 and H_2 .

	CEO Turnover	Dependent Variables				
		Firm Performance	Firm Performance _{t+1}	Firm Performance _{t+2}	Firm Performance _{t+3}	
(#) Model Type	(1) Logistic	(2) OLS	(3) OLS	(4) OLS	(5) OLS	6+(6) AR
Firm performance		-0.122				
		(0.139)				
Moving avg. 1						1.565*** (0.191)
Moving avg. 2						0.169 (0.316)
Moving avg. 3						-0.419*** (0.162)
Intercept						-19.067 (53.531)
CEO turnover		-1.300	3.611	-8.903*	6.125	-10.557***
		(4.724)	(4.490)	(4.534)	(4.620)	(1.422)
Prior performance	-5.333	3.988	5.557	4.453	-1.123	4.929
	(4.407)	(4.232)	(4.187)	(4.627)	(4.899)	(3.878)
Firm size	10.186	18.484	-19.485	20.357	3.354	35.578*** (11.388)
	(11.194)	(15.879)	(15.404)	(15.905)	(16.207)	
R&D intensity	-206.096	363.740	-987.854	-324.273	-77.278	-11.327
	(1,108.831)	(757.967)	(718.847)	(723.247)	(736.545)	(447.420)
Board size	3.839	-1.405*	0.099	-0.067	0.360	-1.445*** (2.468)
	(2.468)	(0.794)	(0.760)	(0.775)	(0.788)	(0.528)
Board_independence	148.861*	-44.162	-25.559	-33.183	-52.489	-27.693*
	(88.629)	(32.784)	(31.065)	(31.272)	(31.961)	(14.765)
Competition	91.160	14.305	-9.907	42.120	-23.421	120.954*** (62.041)
	(62.041)	(35.740)	(34.151)	(34.786)	(36.891)	(23.252)
Firm age	0.338	-2.244	1.873	-2.451	-0.472	-4.037*** (1.443)
	(1.443)	(1.689)	(1.667)	(1.764)	(1.814)	(1.243)

(Table 3 continued)

(Table 3 continued)

	Dependent Variables				
	CEO Turnover	Firm Performance	Firm Performance _{t+1}	Firm Performance _{t+2}	Firm Performance _{t+3}
Distress	-5.999 (4.927)	-11.736** (4.597)	11.465** (4.358)	-1.262 (4.385)	3.020 (4.524)
Constant	-371.312* (216.841)	59.034 (79.860)	148.473* (76.105)	24.148 (78.304)	38.968 (82.118)
Observations	34	34	33	32	31
R ²		0.281	0.374	0.372	0.363
Adjusted R ²		0.011	0.129	0.116	0.090
Log-likelihood	-7.180				-107.376
sigma ²					25.092
Akaike inf. crit.	34.359				242.753
Residual std. error	9.164 (df = 24)	8.683 (df = 23)	8.736 (df = 22)	8.884 (df = 21)	
F statistic	1.041 (df = 9; 24)	1.525 (df = 9; 23)	1.451 (df = 9; 22)	1.330 (df = 9; 21)	

Note: * $p < .1$; ** $p < .05$; *** $p < .01$.

instead of lags of the dependent variable (*Firm performance*, in this case), specifically because the lagged values of *the Firm performance* were found to be statistically insignificant, as shown in Figure 3. In the figure, the coefficients for the lagged values fall below the dashed line, indicating that they do not significantly contribute to explaining the future performance of the firm. This lack of statistical significance suggests that past performance does not have a meaningful predictive relationship with future outcomes in this dataset, a pattern often observed in highly volatile or irregular time series (Lundbergh et al., 2003). Given this, relying on lagged residuals allows the model to capture the short-term shocks and unexpected fluctuations in the data that may influence future performance, even when past values of the dependent variable do not show clear persistence. The inclusion of residuals thus helps to account for the unexplained variability and ensures a more accurate representation of how factors, like CEO turnover, may have lasting effects on the firm's performance over time.

The results from the AR model indicate that CEO turnover has a significant effect on firm performance at $t + 3$, with the coefficient for CEO turnover being negative ($\beta = -10.557$) and statistically significant ($p < .01$). This finding supports Hypothesis 2, suggesting that CEO turnover has a negative impact on Eskom's performance in the medium to longer term (three periods after the turnover). This negative relationship is consistent with the idea that leadership changes, particularly at the CEO level, can create disruptions within the organization, such as strategic shifts, operational instability or a lack of continuity, which could harm

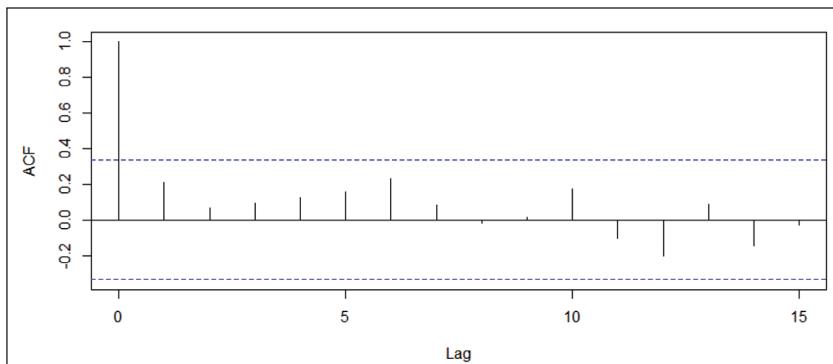


Figure 3. Autocorrelation Plot for CEO Turnover with Relation to Lag of Firm Performance.

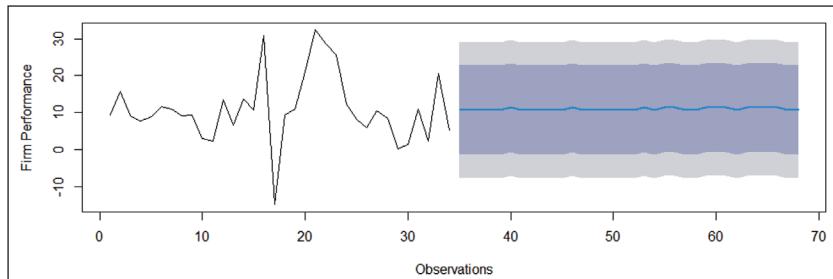


Figure 4. Forecasts from the AR Model.

firm performance in the period following the turnover. Additionally, the inclusion of moving averages of residuals indicates that external shocks or unforeseen deviations in performance have a lasting impact, even when traditional lags of past performance are not significant. This reinforces the argument that CEO turnover introduces performance volatility, particularly in the aftermath of the leadership change. Therefore, the results suggest that CEO turnover at Eskom negatively impacts firm performance, especially in the medium to long term, supporting Hypothesis 2 that the organizational disruption caused by a leadership change, such as CEO turnover, can harm firm performance.

The forecast of the AR model displayed in Figure 4 highlights the predicted trajectory of Eskom's performance, illustrating how past shocks and residual errors influence future outcomes, with significant fluctuations observed in the forecasted values due to CEO turnover in the model.

Discussion and Conclusion

This study explores the interplay between the independence of Eskom's board of directors and CEO turnover, as well as the subsequent impact of CEO turnover on

the firm's performance. Drawing on vacillation theory as a theoretical frame of reference, the findings provide valuable insights into the dynamics of organizational leadership instability and its consequences within a state-owned utility context.

The results from the logistic regression analysis support Hypothesis 1, indicating that a more independent board increases the likelihood of CEO turnover at Eskom. This finding is significant ($\beta = 148.861, p < 0.1$), which suggests that board independence plays a pivotal role in decisions to change leadership. In the context of Eskom, where governance dynamics are often shaped by external political pressures and internal management conflicts, an independent board seems more willing to act decisively when faced with leadership challenges. This supports vacillation theory, which posits that leadership instability arises not from clear performance metrics but from competing demands within the organization, leading to fluctuating periods of stability and turmoil. The lack of a direct relationship between CEO turnover and performance (distress or prior performance) further aligns with vacillation theory, where leadership changes are more likely to stem from broader governance issues, such as political interference or shifts in stakeholder priorities, rather than directly from organizational performance. These findings suggest that Eskom's leadership instability is more tied to governance structures than to performance outcomes.

Regarding Hypothesis 2, the AR model provides compelling evidence that CEO turnover negatively impacts Eskom's performance in the medium-to-long term, particularly at $t + 3$. The negative and statistically significant coefficient for CEO turnover ($\beta = -10.557, p < 0.01$) suggests that leadership changes disrupt firm performance, supporting the idea that CEO turnover introduces organizational volatility. This disruption can manifest in several ways, such as strategic shifts, operational instability or the loss of organizational continuity, all of which contribute to a negative performance trajectory following leadership changes. The inclusion of moving averages of lagged residuals (errors) rather than lagged values of the dependent variable (*Firm performance*) further strengthens this argument. The lack of statistical significance of the lagged dependent variables in Figure 2 indicated that past performance does not serve as a reliable predictor of future performance at Eskom, particularly in a highly volatile context. Instead, residuals (representing shocks or unexpected events) capture unaccounted-for factors that have a more lasting impact on performance.

This approach of using shocks to account for performance disruptions aligns with the findings of this study, where CEO turnover appears to generate a lasting performance impact that cannot be attributed merely to historical performance trends. The AR model, by modelling these residuals, allows the study to capture the medium-to-long term repercussions of CEO turnover that are often overlooked when focusing solely on historical performance.

Implications for vacillation theory

This study's findings further contribute to the literature on vacillation theory. Eskom's performance instability and leadership turnover seem to be influenced

by internal governance structures, rather than external performance metrics. The role of an independent board in driving CEO turnover supports the theory's assertion that leadership transitions are not always driven by performance but by political and organizational factors that contribute to a dynamic interplay between autonomy and external pressures. These pressures appear to amplify organizational instability, as evidenced by the performance disruptions following CEO changes.

Limitations

All studies have limitations, and this work is no exception. First, this study is limited by its focus on a single organization, Eskom. Future research could expand the analysis to compare multiple state-owned enterprises or private firms in similar contexts to test whether the relationships found here hold in broader settings. Additionally, further research could explore the specific mechanisms through which board independence influences CEO turnover decisions, such as the role of political interference or stakeholder pressure, which were not directly addressed in this study. The use of qualitative interviews in this research provided valuable insights into Eskom's leadership dynamics, and future studies could integrate such qualitative data with more quantitative approaches to enrich the understanding of organizational behaviour.

Second, the dataset covers 34 years of data, but this is still a relatively small sample size for a time-series analysis, especially when trying to account for CEO turnover's effects on firm performance. Small sample sizes reduce the statistical power of the analyses, potentially leading to type II errors (i.e., failing to detect a significant effect when one exists). The limited number of observations might not allow for sufficient generalizability or robustness checks across different periods of Eskom's history.

Third, while the AR model accounts for temporal dependencies, it assumes that past performance influences future outcomes in a linear and predictable manner. However, real-world firm performance may be influenced by complex, non-linear dynamics that the AR model cannot fully capture. Additionally, the AR model assumes that residuals are independent and identically distributed, which may not always hold true, especially in cases of extreme events or structural changes within Eskom (e.g., political intervention or external shocks). The influence of these factors may be intertwined with the CEO turnover effect, making it challenging to fully parse out the causal relationship between CEO turnover and performance.

Conclusion and Future Research

Using vacillation theory, we asked, 'How does the independence of Eskom's board of directors influence CEO turnover, and what impact does CEO turnover have on the Eskom's firm performance?' Using data from Eskom, we theorize and test the relationship between CEO turnover, board independence and firm performance.

This study confirms that CEO turnover at Eskom is significantly influenced by the independence of the board of directors, with more independent boards being more likely to initiate leadership changes. However, we also find that CEO turnover negatively impacts Eskom's performance in the medium to long term, suggesting that leadership instability introduces disruptions that hinder organizational continuity and operational stability. These findings offer new insights into the complex relationship between governance structures, CEO turnover and firm performance, particularly within a state-owned enterprise—Eskom.

Additionally, this work suggests that theoretical frameworks such as vacillation theory (Kang et al., 2017) may be useful for understanding how leadership instability impacts performance in organizational contexts where external pressures and governance structures play a significant role. This research opens fresh avenues and provides the foundation for future scholars to deepen the understanding of governance, CEO turnover and organizational performance in state-owned entities such as Eskom and beyond.

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Data Availability Statement:

The dataset and R code that support the findings of this study are available from the OSF repository: <https://osf.io/g5sdm/>. For peer-review purposes, please use the anonymized link: https://osf.io/g5sdm/?view_only=088ee21e5e984128911f3dd81abe0505.

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Augmenting Financial Inclusion in the Agri-food and Land-use Value Chain for Sustainable Rural Development

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Abstract

The agricultural and food production value chain is crucial for both economic development and food security, playing a vital role in global economies. Achieving sustainable financial inclusion (SFI) in this sector poses a considerable challenge. Land banking (LB) refers to the process of leasing unused land held by farmers through agreements with organizations and active farmers. This research employs structural equation modeling (SEM) to explore the relationships among key factors that influence workforce empowerment and their impact on SFI within the agri-food and land-use value chain. This framework aimed at promoting SFI develops strategies applicable across various sectors and involves investors through a responsible governance model. The research draws on insights from diverse stakeholders, such as farmers, agribusinesses, financial organizations, and policymakers, to create a comprehensive model for improving financial inclusion within the industry.

Keywords

Agri-food and land-use value chain, employment and equality, sustainable financial inclusion, balanced ecosystem, affordable clean energy access

Introduction

In an era characterized by unparalleled global difficulties, it has become essential to strive for sustainable economic growth and inclusive development. The

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agri-food and land-use sectors play a vital role in economies around the globe. The interconnection between agriculture, food production, and land management not only has major effects on food security and environmental sustainability but also serves as a fundamental aspect of livelihoods for a large segment of the global population. The agri-food and land-use value chain are an essential area with significant consequences for economic stability, food security, and sustainable development. Ensuring financial inclusion in this context is crucial for promoting economic growth and reducing poverty.

This framework highlights the potential of sustainable land-use value chains to alleviate poverty by creating job opportunities for residents of rural areas in emerging economies. The agri-food and land-use sectors are crucial for the livelihoods, survival, and economic progress of billions of people around the globe. Its essential role in ensuring food security and promoting economic development emphasizes its importance in both developed and developing nations (Food and Agriculture Organization of the United Nations [FAO], 2020). Nevertheless, attaining sustainable financial inclusion (SFI) within this sector poses a complicated challenge. Financial inclusion, which refers to the provision of accessible and affordable financial services to all individuals, is not only an economic necessity but also a basic human right (Demirguc-Kunt et al., 2018). In this scenario, empowering the workforce emerges as a vital element in improving financial inclusion within the agri-food and land-use value chain.

Figure 1 sets forth an extensive array of goals designed to promote sustainable development in rural regions. These goals encompass the pursuit of sustainable, decent employment and economic advancement, the integration and enhancement of the agri-food and land-use value chain for regional advancement, and the tackling of widespread challenges, such as poverty and unemployment faced by rural communities. Furthermore, there is an emphasis on transitioning agriculture

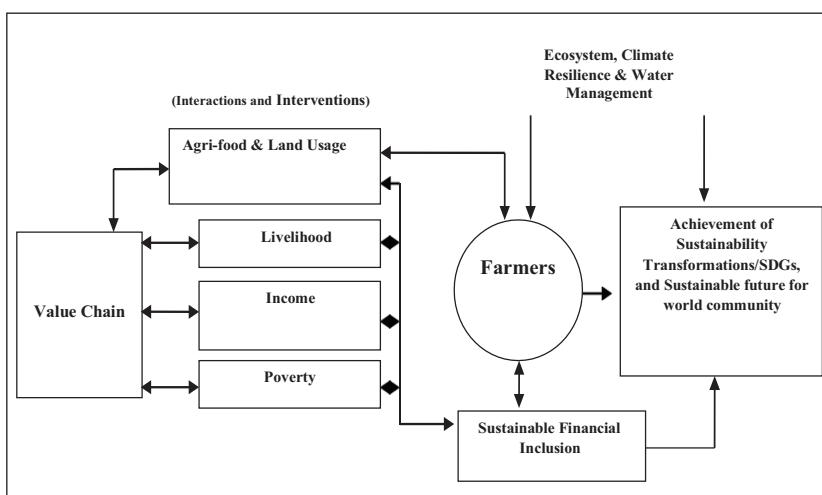


Figure 1. Conceptual Model.

toward sustainable organic farming methods, creating avenues for global market access for agricultural goods, and supporting a balanced ecosystem that includes the environment, water resources, and climate initiatives. In addition, the framework highlights the need to deliver vital services such as education, healthcare, food security, clean drinking water, and sanitation for rural residents while also ensuring access to affordable clean energy, addressing inequalities, and championing gender equality throughout the area. Ultimately, the framework aims to secure the livelihoods of rural communities by establishing peace, justice, and strong institutions, thereby contributing to a sustainable future.

Literature Review

The involvement of groups may pertain to either agricultural activities or the subsequent value chain of organic products, especially after these products are processed for export or local market sales (Costanza et al., 2016). Establishing sustainable farming and non-farming collectives is crucial for enrolling every unemployed person in rural communities, providing education and training on transformation, and appropriately assigning them according to their skills and capabilities, particularly in organic agriculture and related fields (Griggs et al., 2013). Unemployed groups, in collaboration with supportive partners, can engage in acquiring expertise, securing funding, utilizing technology, managing supply chains and logistics, and marketing agri-food products in global markets, aided by state and government support (Mathy & Blanchard, 2016). Transforming the rural population into self-sufficient communities is one of the key goals aimed at addressing the financial challenges faced by millions of individuals living in rural areas who strive for survival and livelihood (Morgan, 2009). By enabling the rural community to cooperate, partner, and form groups with agricultural stakeholders, the unemployed can actively participate as a workforce in organic farming and land-use value chain initiatives (Sidney et al., 2017). Although this framework can benefit individuals across India, it particularly focuses on overcoming the employment challenges faced by rural residents, aiding their financial inclusion through a systematic and organized approach (Buse & Hawkes, 2015). Various initiation processes involve connecting group members through agricultural collaboration contracts, land banking (LB), funding sources, production planning methods, hiring specialists, and seeking assistance from governmental bodies (Hiç et al., 2016). This can be achieved by leveraging their potential in agri-food development and constructing an effective land-use value chain that grants them opportunities to advocate for a dignified and equitable living (Fahy & Cinnéide, 2009). This proactive framework is intended to structure all activities in a planned manner, supporting rural communities, sustainable agriculture, and improved livelihoods, ultimately leading to coordinated efforts for sustainable regional growth and contributing to overall advancement within the agri-food and Agribusiness landscape in rural areas (Parker, 2006). There is a system in place

for agricultural landowners to pool their lands into a common land bank platform, achieved through education, planning, networking, implementation, coordination, monitoring, and support for each farmer, all governed under this land-use value chain (Trier & Maiboroda, 2009). This framework relies on a governance structure that emphasizes the integration of all involved individuals and stakeholders, along with all relevant activities, to ensure the organization and execution of the entire framework and to connect groups within the regional value chain (Wood, 2005). This sustainable governance structure fosters a collective sustainable agenda that aligns the interests of local communities, which play a vital role in achieving successful transformation and value chain operations, with a profit-sharing system in place for all involved (Bue & Klasen, 2013). This framework indicates its mission of prosperity through necessary structural modifications and changes aimed at impacting the agri-food and land-use value chain ecosystem, initially focusing on selected rural areas (Smith & Olesen, 2010). Engaging skilled researchers and competent authorities at the request of state and central governments has significantly affected rural development (Klinsky et al., 2010). A large portion of the global population depends on the agri-food and land-use sectors for their livelihood, income, and employment, which serve as foundational elements of worldwide economies (FAO, 2020). Nonetheless, achieving SFI in this sector has proven challenging. To alleviate poverty, promote economic growth, and foster sustainable development, financial inclusion—defined as the availability and accessibility of financial services for all societal segments—is crucial (Demirguc-Kunt et al., 2018). Empowering workers is a vital aspect of maintaining financial inclusion in the agri-food and land-use value chain. In this context, empowerment entails equipping individuals with the information, tools, and resources necessary for successfully engaging in business ventures and financial activities (Asian Development Bank [ADB], 2021). Research by Morduch and Haley (2018) indicates that empowering initiatives such as access to formal banking services and financial literacy training can enhance financial outcomes for individuals employed in agriculture. Similarly, the significance of digital technology in empowering agricultural labor cannot be overstated. The rise of mobile banking, digital payment platforms, and fintech solutions has vastly improved access to finance for people in remote and underserved agricultural areas (World Bank, 2019). Studies conducted by Mas and Morawczynski (2009) and Demirguc-Kunt et al. (2018) highlight the transformative impact of digital financial services on financial inclusion and the efficiency of business operations within the agri-food value chain.

With the advancement of technology, the establishment of policy and regulatory frameworks is essential for advancing long-term financial inclusion. Governments and international bodies are increasingly recognizing the importance of creating an environment that promotes financial inclusion and entrepreneurship within the agri-food sector (UNCDF, 2020). Financial inclusion initiatives can be bolstered through actions such as targeted lending programs, subsidy initiatives, and changes to regulations (CGAP, 2021). Nevertheless, several challenges remain that hinder SFI within the agri-food and land-use

value chain. Factors such as low financial literacy, inadequate infrastructure, and regulatory limitations continue to impede progress (ADB, 2021). Women often encounter significant obstacles to financial inclusion, with gender disparities in access to financial services remaining a critical issue (World Bank, 2020).

Conceptual Framework

Figure 2 conceptual framework reveals the relationship between Workforce Empowerment, Collaborative Partnership, and Technology & Innovation on Sustainable Financial Inclusion. Land Banking serves as a mediating variable, enhancing the effects of these variables. The model suggests that Land Banking helps translate efforts in workforce empowerment, collaboration, and innovation into sustainable financial access and benefits. Testing the 10 hypotheses will validate these relationships and determine the extent of Land Banking's role as a catalyst.

Problem Statement

The lack of sufficient financial inclusion and access to vital financial resources and services continues to be disproportionately limited for a large segment of stakeholders involved in the agri-food and land-use value chain. Even though it is crucial, the agri-food and land-use value chain frequently encounters issues such as financial exclusion, restricted access to credit, and insufficient empowerment of its workforce. Tackling these issues requires a thorough understanding of the complex relationships among important variables.

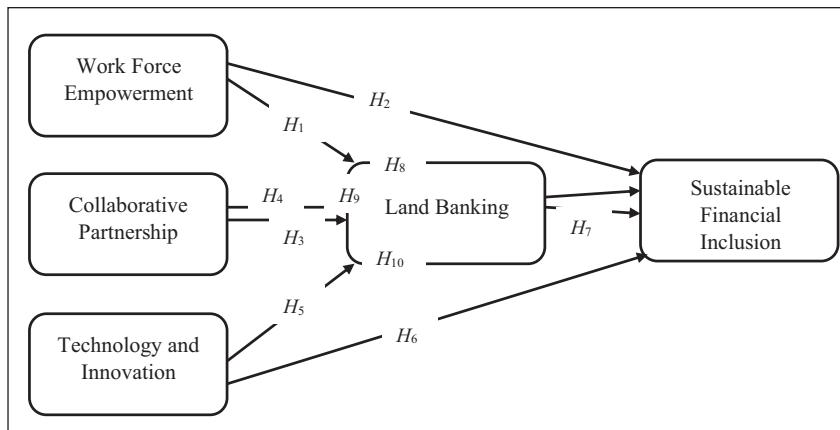


Figure 2. Conceptual Framework.

Research Objectives

To improve the agri-food and land-use value chain for regional progress in encouraging sustainable organic farming practices in agriculture while ensuring a balanced ecosystem that encompasses environmental health, water resources, and resilience to climate change.

Hypothesis

- H_1 : Workforce empowerment has a significant positive impact on LB.
- H_2 : Workforce empowerment has a significant positive impact on SFI.
- H_3 : Collaborative partnership (CP) has a significant positive impact on LB.
- H_4 : CP has a significant positive impact on SFI.
- H_5 : Technology and innovation have a significant positive impact on LB.
- H_6 : Technology and innovation have a significant positive impact on SFI.
- H_7 : LB has a significant positive impact on SFI.
- H_8 : LB mediated the relationship between technology and innovation and SFI.
- H_9 : LB mediated the relationship between the CP and SFI.
- H_{10} : LB mediated the relationship between workforce empowerment and SFI.

Methodology

This research adopts a quantitative methodology to explore the interconnections among workforce empowerment, financial inclusion, and sustainability within the agri-food and land-use value chain. Structural equation modeling (SEM) will be employed to investigate the causal relationships among the critical factors. The focus of the study is on individuals performing various roles in this value chain, including farmers, agricultural laborers, agribusiness professionals, and policymakers. To achieve fair representation, a multistage stratified sampling technique will be implemented. Initially, participants will be categorized based on their geographical regions and subsequently divided according to their specific roles and responsibilities. A power analysis of 0.80 at a 0.05 level of significance was conducted using multiple regression analysis with five predictors to determine the necessary sample size based on the effect size. For identifying a moderate effect, a sample size of 92 is required for multiple regression with five predictors, whereas for a small effect, a sample size of 395 is required. Thus, a total of 420 is sufficient for carrying out the SEM analysis. A total of 420 participants provides a robust basis for statistical analysis and model evaluation.

Data Analysis

The research assessed the dependability, validity, and robustness of a model that included both measurement and structural components. The findings indicated

Table 1. Assessment of Measurement Model: Constructs, Items, and Reliability Indicators.

Constructs	Items	Skewness	Kurtosis	Loading	VIF	CA	CR	AVE
Workforce empowerment	WE1	0.218	1.197	.756	1.91	0.985	0.812	0.801
	WE2	-0.002	0.667	.825	1.87			
	WE3	0.315	0.896	.769	1.96			
	WE4	-0.276	1.118	.885	1.76			
Collaborative partnership	CPI	0.265	0.98	.721	1.53	0.865	0.714	0.854
	CP2	0.352	0.815	.763	1.28			
	CP3	0.193	0.996	.761	1.59			
Technology and innovation	TII	0.207	-1.239	.778	1.42	0.873	0.853	0.765
	TI2	0.277	1.158	.891	1.67			
	TI3	0.025	-1.079	.823	1.92			
Land banking	LB1	-0.246	1.087	.724	1.36	0.912	0.812	0.682
	LB2	-0.262	-0.816	.751	1.71			
	LB3	0.128	0.719	.796	1.52			
	LB4	-0.17	0.962	.857	1.78			
Sustainable financial inclusion	SFI1	0.209	0.769	.834	1.92	0.858	0.781	0.678
	SFI2	0.192	1.08	.811	1.27			
	SFI3	0.216	1.24	.745	1.35			
	SFI4	.317	-0.94	.701	1.54			

strong internal consistency and convergent validity, with factor loadings exceeding 0.7 and variance inflation factor values remaining under 2.0. Discriminant validity was established through interconstruct correlations, with the strongest correlation identified between LB and CP. Workforce empowerment positively influenced LB significantly, while technology and innovation exerted the most considerable impact on LB. Workforce empowerment and CP had significant direct effects on SFI. A mediation analysis indicated partial mediation in the pathways WE → LB → SFI and CP → LB → SFI, but not in the case of TI → LB → SFI.

The test results in Table 1 measurement model represents the initial phase of SEM, composed of five lower-order constructs. The model's validity is assessed through Cronbach's alpha, composite reliability, convergent validity, and discriminant validity. The data exhibit a normal distribution, with indicator loadings exceeding 0.7 and Cronbach's alpha surpassing the established threshold. The SEM evaluates the relationships, with a good model fit requiring values greater than 0.90, RMSEA ranging from 0.05 to 0.08, and SRMR lower than 0.05.

Table 2. Discriminant Validity Assessment: Interconstruct Correlations.

Workforce Empowerment	Workforce Empowerment	Collaborative Partnership	Technology and Innovation	Land Banking	Sustainable Financial Inclusion
Collaborative partnership	0.604				
Technology and innovation	0.760	0.645			
Land banking	0.685	0.810	0.759		
Sustainable financial inclusion	0.714	0.689	0.656	0.815	

Table 3. Path Coefficients and Statistical Significance of Structural Model.

	β	p Value	t Value
LB <- WE	.194	.014	2.450
LB <- CP	.164	.016	1.572
LB <- TI	.297	***	3.808
SFI <- WE	.471	***	3.364
SFI <- CP	.592	.049	1.445
SFI <- TI	.172	.039	2.068
SFI <- LB	.113	.012	1.684

Table 4. Mediation Analysis: Direct and Indirect Effects with Confidence Intervals.

Relationship Path	Direct Effect	Indirect Effect	Confidence Interval		p Value	Mediation Result
			Lower Bound	Upper Bound		
WE → LB → SFI	0.471 (.000)	.246	0.172	0.342	.011	Partial mediation
CP → LB → SFI	0.592 (.049)	.181	0.154	0.486	.016	Partial mediation
TI → LB → SFI	0.172 (.039)	.214	0.138	0.328	.072	No mediation

Discriminant validity, assessed using the heterotrait-monotrait ratio (HTMT), was confirmed by calculating ratios below the 0.85 threshold, indicating the constructs' distinctness from others.

The research assesses how workforce empowerment, CPs, technology, and innovation influence LB and SFI. It revealed that these elements have a significant effect on LB, CPs, and technology. The squared multiple correlation for LB is 0.765, suggesting that these factors explain 76.5% and 58.3% of the variance in LB, respectively. The results confirm the hypotheses H_1 , H_3 , H_4 , H_6 , and H_7 .

The test results in Table 2 analysis reveals strong interconnections among key factors, with technology and innovation demonstrating the highest correlation with land banking (0.810) and a significant relationship with sustainable financial inclusion (0.689). Collaborative partnership also plays a crucial role, particularly in driving financial inclusion (0.714) and land banking (0.685). Additionally, sustainable financial inclusion (0.815) emerges as a central element, reinforcing the impact of these interconnected factors in fostering workforce empowerment and economic growth.

The test results in Table 3 highlights the influence of workforce empowerment (WE), collaborative partnership (CP), and technology & innovation (TI) on land banking (LB) and sustainable financial inclusion (SFI). Land banking (LB) is positively affected by workforce empowerment (0.194, $p = .014$, $t = 2.450$) and technology & innovation (0.297, $p < .001$, $t = 3.808$), with technology & innovation exerting the strongest impact. However, collaborative partnership (0.164, $p = .016$, $t = 1.572$) has a relatively weaker influence on LB. Similarly, sustainable financial inclusion (SFI) is significantly influenced by workforce empowerment (0.471, $p < .001$, $t = 3.364$), indicating that a well-empowered workforce enhances financial inclusion. Technology & innovation (0.172, $p = .039$, $t = 2.068$) also plays a role, though its impact is smaller. While land banking (0.113, $p = .012$, $t = 1.684$) does contribute to SFI, its effect is relatively limited. Additionally, collaborative partnership (0.592, $p = .049$, $t = 1.445$) positively affects SFI, but its influence is not as strong as that of workforce empowerment. Overall, technology & innovation emerges as the most critical factor for Land banking, underscoring the importance of digital advancements in asset management. At the same time, workforce empowerment plays a central role in driving sustainable financial Inclusion, emphasizing the need for financial literacy and skill development. While collaborative partnership moderately supports both LB and SFI, it is not the primary driver. Lastly, the relatively weak impact of Land banking on financial inclusion suggests that while land asset management is relevant, other factors such as workforce empowerment and technology have a greater influence on financial inclusion outcomes.

The test results in Table 4 indicated that LB partially influences the connection between workforce empowerment and SFI. Workforce empowerment demonstrated a positive indirect impact on SFI, while CPs exhibited both a positive indirect effect and a direct effect. Although technology and innovation had an insignificant indirect impact on SFI, their direct effect was also positive and significant. As a result, LB does not act as a mediator in the relationship between technology and innovation and SFI. These results imply that LB is essential for fostering SFI.

Figure 3 examines the impact of various factors on sustainable financial inclusion. It measures workforce empowerment (WE), collaborative partnership (CP), technology and innovation (TI), land banking (LB), and sustainable financial inclusion (SFI). Factor loadings are above 0.6, indicating good reliability of indicators. Path coefficients show significant positive relationships between WE, LB, and SFI. WE has a moderate effect on LB, while CP has a weak positive effect on LB. LB acts as a partial mediator, receiving inputs from WE, CP, and TI, and strongly affecting SFI. The model appears structurally valid, but collaborative partnerships may need re-evaluation or better structuring for meaningful impact.

Figure 4 is a default standardized model used for SEM estimation in software like AMOS, LISREL, or SmartPLS. It includes key constructs like WE, CP, TI, LB, and SFI. The model's paths and hypotheses are represented by the same hypotheses from the conceptual model. The model's fit is evaluated using fit indices, and results can be interpreted to interpret causal strength and mediation effects.

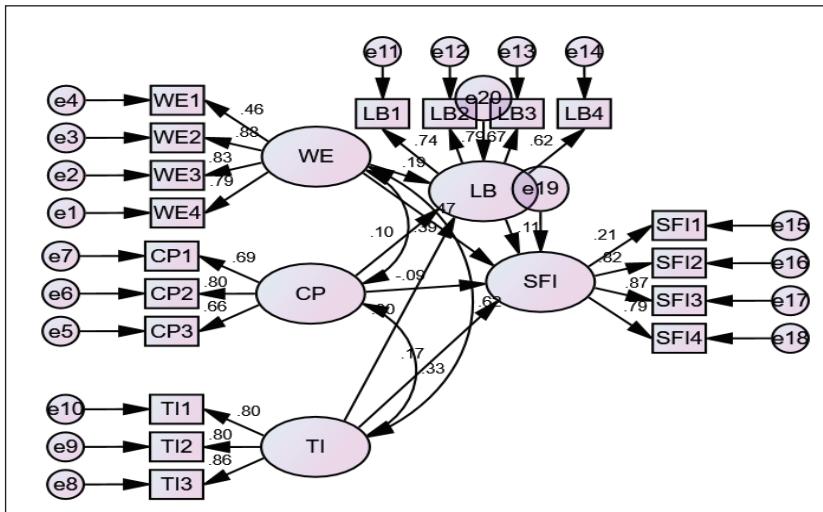


Figure 3. Structural Model with Regression Co-efficient.

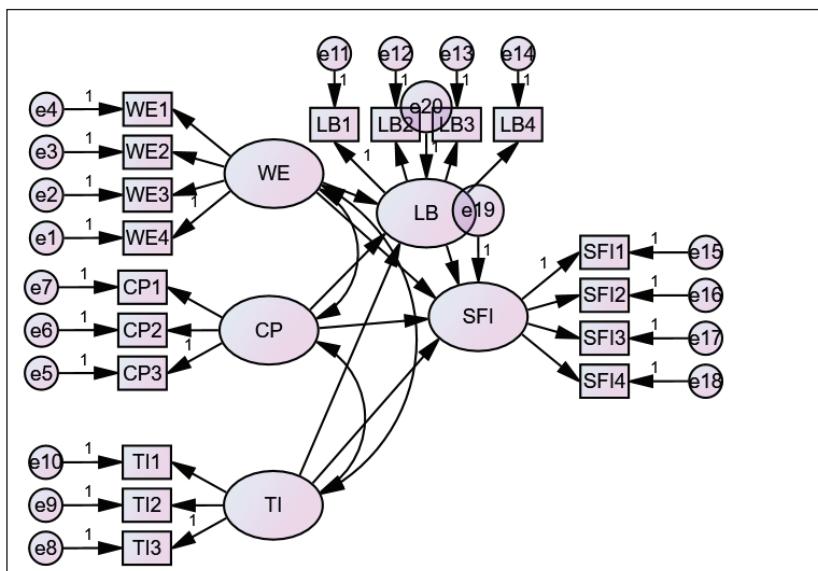


Figure 4. Empirical Model.

Result and Discussions

The value chain of agri-food and land-use is vital for the world's economies, playing a significant role in economic development and food security. Achieving financial inclusion continues to be a challenge. LB, which involves leasing unused rural land, has emerged as a viable solution. A framework for SFI is proposed, incorporating various stakeholders and a structure for sustainable governance. The results emphasize the importance of consolidating all operations within the agri-food and land-use value chain ecosystem to foster sustainable development and rural progress. Workforce empowerment encompasses financial literacy education, the adoption of digital technologies, and supportive policy frameworks. The research indicated that 76.5% of the variance in LB can be explained by these factors, highlighting a significant mediating role of LB in the connection between workforce empowerment and SFI. While LB partially mediated the relationship between CPs and SFI, it did not serve as a mediator in the link between technology and innovation and SFI.

The research also examines how workforce empowerment, CPs, technology, and innovation influence LB and SFI, as well as technology and innovation. The findings indicate that these elements account for 76.5% of the variance in LB. The study demonstrates a positive and significant mediating effect of LB in the connection between workforce empowerment and SFI, highlighting a noteworthy indirect impact of workforce empowerment on SFI. Additionally, it reveals that LB partially mediates the relationship between CPs and SFI. However, it does not act as a mediator between technology and innovation and SFI.

The value chain associated with agri-food and land use is vital for economic development and food security, yet persistent financial inclusion remains a challenging issue. LB involves leasing unused lands owned by farmers in rural areas through agreements with workforce organizations and active farmers. Empowering the workforce is crucial for attaining SFI within the agri-food and land-use value chain. Such empowerment includes initiatives like financial literacy education, embracing digital technologies, and developing supportive policy frameworks.

The agri-food and land-use value chain are the key engine for economic growth and food security. Financial inclusion, on the other hand, is a long-standing challenge, especially at the rural level. This research identifies LB as a viable tool to meet financial exclusion by leasing idle rural land and incorporating it into a governance framework. The results indicate that workforce empowerment in the form of financial literacy education, digital technology adoption, and enabling policy frameworks strongly determines LB. All these factors together explain 76.5% of LB variance. Also, LB has a significant mediating effect in bridging workforce empowerment and SFI, which confirms that empowering the workforce in the agri-food value chain leads to economic sustainability.

The research also discovers that LB partially mediates the relationship between CPs and SFI. This indicates that developing robust partnerships between agricultural stakeholders, financial institutions, and policymakers strengthens the effectiveness of financial inclusion initiatives. LB is not a mediator in the relationship between technology, innovation, and SFI. This means that although technological

innovation propels productivity and efficiency, it is not necessarily going to impact financial inclusion directly unless part of a larger ecosystem involving land ownership and financial access. The study emphasizes the need to consolidate activities in the agri-food and land-use value chain ecosystem to attain long-term sustainability and rural development. Workforce empowerment strategies, especially through digital financial instruments and training, are critical in solving economic inequalities and promoting fair access to financial services.

Recommendation

The agri-food and land-use value chain are vital for global economies, and maintaining financial inclusion is critical. LB, which involves leasing out underutilized rural land, presents a promising solution. Strategies for empowering the workforce, such as providing financial literacy education and promoting the use of digital technologies, are essential for fostering SFI. The research indicates that 76.5% of the variance in LB is linked to workforce empowerment, which mediates the connection between workforce empowerment and SFI. Additionally, LB partially mediates the relationship between CPs and SFI. The results underscore the significance of LB and workforce empowerment in attaining SFI within the agri-food and land-use value chain.

Implication

To enhance financial inclusion in the agri-food and land-use value chain, a multi-stakeholder response is required. Enhancing workforce empowerment programs through financial literacy training and digital education should be intensified to ensure rural workers, farmers, and stakeholders are able to participate effectively in LB schemes and access financial services. The use of digital financial solutions, including blockchain-based land registry, mobile banking, and digital payment systems, should be encouraged to make LB more efficient and enhance credit access for small-scale farmers. Governments and financial regulators must come up with policies that support land leasing contracts, secure tenure rights, and establish financial incentives for agribusiness investments. Moreover, strengthening cooperative partnerships among agricultural cooperatives, technology providers, and financial institutions will develop a more inclusive financial system that is favorable to rural communities. Blending sustainable farming practices into the LB process will guarantee conservation of the environment while enhancing farmers' economic opportunities.

Policymakers ought to create a regulatory environment for LB to provide secure tenure agreements and avert land holdings. Financial incentives in the form of subsidies, low-interest loans, and tax advantages should be given to promote lending by financial institutions to small farmers and agri-entrepreneurs. Public-private partnerships should be used to drive digital financial inclusion, especially in rural regions. Financial inclusion and LB programs also need to be aligned with Sustainable Development Goals to make these programs sustainable and promote long-term economic growth.

Conclusion

The article ends by highlighting the main findings and their importance for realizing SFI within the agri-food and land-use value chain. The proposed conceptual framework underscores the necessity of integrating all components of the agri-food and land-use value chain ecosystem to foster sustainable growth and rural development, ultimately creating resilient communities. This necessity has recently emerged, prompting initiatives to pinpoint the factors that foster rural development by introducing innovative ideas and concepts to shape this framework and develop sustainable communities in rural settings by enhancing the agri-food and land-use value chain ecosystem. In summary, empowering the workforce is crucial for attaining SFI in the agri-food and land-use value chain. This empowerment involves a variety of strategies, such as training in financial literacy, embracing digital technologies, and enacting supportive policy measures. Although considerable progress has been made, continued targeted efforts are essential to tackle ongoing challenges and ensure equitable access to financial services and economic opportunities for everyone in this sector.

This research brings to the fore the central role of LB and workforce empowerment as drivers of SFI in the agri-food and land-use value chain. The conceptualized framework for the study underlines the necessity of converging all the components of the value chain system in initiating sustainable growth as well as rural development. Through initiatives of financial exclusion by organized LB, rural communities attain economic resilience and sustainability. Key results show that LB greatly mediates the role of workforce empowerment and SFI. Nevertheless, its impact is less when it applies to technology and innovation, suggesting that more studies are required to investigate how advancements in technology can enhance financial inclusion initiatives. To achieve the potential of financial inclusion in the agri-food industry, targeted policy interventions, collaborative programs, and workforce training schemes need to be given high priority. Although significant progress has been made, ongoing efforts are necessary to address recurrent challenges and provide inclusive financial access for all those involved in the sector.

Future studies need to work toward establishing SFI models, which incorporate new technologies such as blockchain and AI, into the agri-food and land-use value chain. Moreover, research needs to examine the sociocultural obstacles to financial inclusion in rural communities and recommend interventions to overcome them. Research into the long-term effects of LB on rural livelihoods and economic mobility will also contribute further to policy and strategic decision-making. This research accepts some limitations, such as the specificity of its geographical and economic context, the dynamic nature of financial policies, and the use of secondary literature as the source for some elements of the analysis. In addition, socioeconomic and cultural factors driving financial inclusion in rural areas can differ across regions. In spite of these limitations, the study offers useful information and practical recommendations to promote SFI in the agri-food and land-use value chain.

Scope for Future Research

Future studies will concentrate on developing sustainable strategies for financial inclusion in the agri-food and land-use value chain, with an emphasis on empowering the workforce. The research will incorporate various ecosystem activities to promote growth and development in rural areas. Empowering the workforce will be key to attaining SFI, which will include training in financial literacy, the adoption of digital technologies, and the establishment of supportive policy frameworks. The study will seek to identify and tackle barriers to ensure that all individuals have equal access to financial services and opportunities for economic progress.

Limitations

The study concentrates on improving financial inclusion within the agri-food and land-use value chain, while recognizing constraints such as the particularity of the context, the evolving economic and policy environments, dependence on established literature, and the various socioeconomic and cultural conditions in rural settings. Nonetheless, this research offers meaningful insights and actionable suggestions for upcoming initiatives.

Declaration of Conflicting Interests

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Section 263 of the Income Tax Act and Tax Collection Contractions: A Trade Off

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Abstract

On 6 April 2023, the Supreme Court, while upholding revision powers of the Income Tax Commissioner vide section 263 of the Income Tax Act, observed that the Commissioner is empowered to revise against any erroneous orders of the assessing officer, mainly if those orders are detrimental and adversely affecting Revenue's interest. However, India is confronting direct tax collection contractions and has witnessed a substantial surge in tax litigation in different judicial fora since the last decade. Against the backdrop of this judgement, the study examines whether tax collection contraction would find a solution and the chances of reducing tax litigation.

Keywords

Tax contractions, Supreme Court, section 263, tax evasion

Introduction

After the deadly COVID-19 pandemic, globally governments revisited their fiscal policy frameworks to counter the mammoth health expenditures and sustainability challenges of public finance (Caselli et al., 2022). Moreover, the green transition, a galloping debt burden, an ageing population and sustainable development goals compelled them to reframe their public finance strategies (Benedek et al., 2021). Public finance literature suggests that two different but related concepts, tax buoyancy and tax elasticity, are widely preferred for measuring tax revenue

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responses to changes in national income. Tax buoyancy indicates the total percentage change in tax revenues to the percentage change in the tax base, proxying the GDP. On the other hand, tax elasticity measures the changes in tax revenues due to changes in income or tax rates. Interestingly, despite rich literature on tax elasticity (see Mourre & Princen, 2019), tax buoyancy is preferable to shun the challenges associated with applying the former. Such preferences include the challenges related to applying the tax elasticity, for example, gathering substantial information about developments in the various tax bases, the need for accuracy in changes in tax rates or exemptions, collection lags, tax evasion (TE) and differences in accounting systems, which create stumbling blocks. Admittedly, weak tax enforcement and tenuous tax compliance attitudes catalyse TE, litigation, substantial tax base elasticity and lower tax progressivity.

The endogenous public finance literature reports that a low tax-to-gross domestic product (GDP) ratio is a common phenomenon in most developing economies (Hassan et al., 2021). However, to meet government spending, such a ratio should be around 15% (Umar et al., 2019). Due to multiple factors like faulty tax collection systems and poor governance systems, the tax gap in developing economies pushes them into the plight of the balance of deficit. Considering those, countries mostly lean towards foreign aid, and research conceded its significant positive impact on promoting their economic growths and improving living standards (Yahyaoui & Bouchoucha, 2021). In contrast, the ill effects of foreign aid, for example, erosion of institutional efficiency leading to low tax collection (Wen et al., 2023). Voluminous foreign aid catalyses administrative volatility and mismanagement, eventually leading to inefficient tax collection. On the other hand, good governance significantly enhances tax revenues by minimising TE, standardising tax rates and implementing transparent tax revenue reporting. However, a few studies report increased corruption reduces tax revenues (Amoh & Nakyea, 2019). Literature reports that governance substantially impacts corruption and tax collections by reducing the former while increasing the latter. Moreover, tax collections were significantly impacted by the combination of an effective tax system with simultaneous tax reforms (Gnangnon & Brun, 2019). Research further reports a partial influence of governance on tax collections (Timmons & Garfias, 2015).

Behavioural responses to taxes are shaped by the enforcement environment (Slemrod, 2019), and political institutions affect tax capacity (Weigel, 2020). However, research candidly reports that it is insufficient to support that stricter tax enforcement affects the distribution of the tax burden (Alstadsæter et al., 2022). The reasons for this are primarily due to difficulties in measuring and observing TE and, second, the tax enforcement policies and tax rates exclusively fall under the domain of the same government, creating a bottleneck to measure such simple correlational evidence (Keen, 2012). The efficiency costs (i.e., missing revenue) of collecting tax revenues for poorer countries are exorbitantly high, ultimately absorbing the positive revenue impact of stricter tax enforcement (Waseem, 2018). Indian saga documents substantial tax revenue stuck in litigation in different judicial fora, leading to the promulgation of the Vivad-Se-Vishwas (VSV) Act of 2020 (Deb, 2022). Whether such undesired effects are likely to occur depends

on the tax base's sensitivity to the tax rate. However, empirical evidence indicates that base responses are sensitive to different factors, such as tax rate change, taxpayer classes and the definition of tax base (Slemrod, 2019). Stricter tax enforcement broadens the tax base and reduces the marginal efficiency cost of taxation. Consequently, the effect of a tax rate increase becomes less costly. Furthermore, political leadership significantly impacts tax compliance and strict tax enforcement policies. The Indian Prime Minister's 'Honouring the Honest' policy to bring transparency to the direct tax system is likely to reduce TE and tax litigation substantially, as the literature indicates.

For deriving insights into the taxation system, it is necessary to assimilate its interaction with the quality of institutions and economic structure. In the Indian context, research documents direct tax collection contractions (see Deb, 2022). During the past few years, the Indian direct tax system has undergone rationalisation processes such as the introduction of simplified return forms *Sahaj* (ITR-1) for salaried taxpayers and *Sugam* (ITR-4) for the Hindu Undivided Families and small business taxpayers; the removal of the dividend distribution tax; the enactment of the VSV Act of 2020 for settling the pending direct tax disputes; and the Faceless Assessment Scheme (FAS), which enables assessment proceedings electronically without any physical interaction between assessees and tax officials. All those steps indicate the government's intention to increase tax compliance and revenue collection with minimum pain to the taxpayers. On the other hand, the government introduced retrospective amendments in sections 153C, 132(1) and 132(1A), for example, to broaden the scope of search and seizures, thereby curbing TE. The recent upholding of Section 263 by the Supreme Court (SC) further empowers the Commissioner of Income Tax (CIT) to exercise his revisional powers if the Assessing Officer (AO)'s order causes 'prejudice to the interest of the revenue', which, in other words, empowers the government to enhance tax compliance and thereby tax revenues.

On 6 April 2023, the SC reiterated by holding that the CIT could exercise his revisional powers under section 263 of the Income Tax Act (ITA), 1961, over the AO's erroneous orders only if those caused prejudice to the Revenue's (Income Tax Department) interest (*The Commissioner of Income Tax 7 v. Paville Projects Pvt Ltd*, 2023). The SC earlier ruled that the CIT could exercise his revisional powers if any of the conditions are satisfied, that is, the assessment order passed relying on any erroneous assumptions of facts or any incorrect application of law or if the AO failed to apply his mind in passing such order. Furthermore, before passing an order, the CIT must satisfy that (a) the AO's order is not only erroneous but also (b) prejudicial to the Revenue's interests. Both those conditions must be satisfied before exercising the revisional powers under section 263(1), and if any of those conditions are absent, the revisional powers are unlikely to be exercised. The phrase 'prejudicial to the interests of revenue' must be read in conjunction with AO's erroneous order. Consequently, every erroneous order is unlikely to be treated as prejudicial to the Revenue's interest.

Admittedly, where two possible views exist, and the AO has preferred one such view, it cannot be treated as an erroneous order merely because the CIT disagrees unless such an order is bad and unsustainable in law (*Malabar Industrial Co. Ltd.*

v. *Commissioner of Income Tax*, 2000). The CIT is not sitting in an appeal while exercising his revisionary powers (*Commissioner of Income Tax-Gujarat-II v. Kwality Steel Suppliers Complex*, 2017). Admittedly, the phrase ‘prejudicial to the interests of Revenue’ is neither defined in the ITA nor an expression of art. However, in its ordinary meaning, it is not confined to loss of tax but has a wider import (*Dawjee Dadabhoy & Co. v. S. P. Jain*, 1957; *Commissioner of Income Tax-Mysore v. T. Narayana Pai*, 1975; *Commissioner of Income Tax v. Gabriel India Ltd.*, 1993). Any tax loss is also explicitly treated as prejudicial to the interests of revenue (*Commissioner of Income Tax v. Minalben S. Parikh*, 1995). Consequently, the AO’s assessment order must suffer from grievous errors before treating it as prejudicial to Revenue’s interests (*Venkatakrishna Rice Co. v. CIT*, 1987). Where an assessee does not earn a sum but is assessable on his disclosure, the AO’s assessment order accepting the same needs to be revised. However, it is prejudicial to Revenue’s interests (*Rampyari Devi Saraogi v. CIT*, 1968; *Tara Devi Aggarwal v. CIT*, 1973). Interestingly, the CIT is empowered to consider any material which came to light even after AO’s assessment order for exercising his revisional powers vide section 263(1) (*CIT v. Shree Manjunathesware Packing Products and Camphor Works*, 1998; *South India Steel Rolling Mills v. CIT*, 1997). Section 263(2) empowers the CIT to pass a revisional order, at most two years from the end of the relevant financial year in which such order was passed, seeking a revision. However, the said period is not related to the assessee’s date of receipt of the order (*The Commissioner of Income Tax, Chennai v. Mohammed Meeran Shahul Hameed*, 2022).

Against those backdrops, the present study adopts a qualitative study design to assess whether the SC judgement would address the direct tax contractions and reduce the tax litigation.

Tax Collection Theories

Historically, tax collection methods were vibrant vis-à-vis modern methods. The literature documents three broader categories of tax collection methods, namely, share contracts, rental contracts and wage contracts, extensively applied globally. Governments preferred any such methods primarily to assess the volumes of tax revenues, associated tax bases and unparalleled efforts of tax collectors. In preference to modern-day government tax officials as tax collectors, in earlier days, private tax collectors were used to engaging for the job, entering an agency relationship with the government. The theoretical frameworks explaining tax collection focus on market imperfections research. Literature indicates that three categories of market imperfections lead to the appointment of private collectors. The first category refers to the *capital market imperfections* where governments could not raise funds from the market and used to sell a part of tax revenues to private collectors against advance payment (Pamuk, 2004). The second category highlights the *insurance market imperfections* motivating the governments for risk aversion of highly unpredictable tax revenues in favour of the tax collectors, for example, France (Matthews, 1958), but subsequent studies criticise those

practises questioning the tax collection abilities of the governments (Johnson, 2006). The third approach refers to the *labour market imperfections*, indicating that applying agency theory ingredients a variant of tax collection, which is primarily contractual. Taxation research in the UK and France mainly prefers to apply this theory (Priks, 2005). The variants of contractual methods of tax collection have three groupings. The first group referred to the *share contract*, which indicates the proportionate sharing of tax revenues between the government and the collector, primarily practised in France, India, China and Medieval Egypt (White, 2004). The second group is a *fixed rent contract category*. Under this, the tax collectors agree with the government for tax collection accession rights against a predetermined fixed amount payable to the government, keeping aside their share, popularly known as 'tax farming'. This practice was prevalent in Earthshine Republican Rome, the Abbasid Empire, France, England, other European countries, and even modern Tunisia. Another method frequently used by the Ottoman and Mughal governments and France is *direct bargaining* to finalise the payment amount in a rental contract (White, 2004).

Engagement of private tax collectors or agencies was typical worldwide, for example, in the US, but this practice gradually declined in the 19th century after bureaucratical supremacy (Jang & Eger III, 2019). India is not an exception, and such practise was common in the erstwhile princely states and subservient British India. Literature suggests that 'tax delinquency', like TE, adversely impacts fiscals and equality (Mikesell, 1976). Tax delinquency catalyses increased tax collection costs with simultaneous revenue losses, compelling the government to enforce stringent measures, a costlier exercise for the government and taxpayers. Tax delinquency is also considered a mechanism that could shift honest taxpayers toward non-compliance, contravening the cardinal principle of equity in taxation. Such reduced compliance further increases tax collection costs with simultaneous decreases in revenue collections. Literature documents skewed studies attempted on TE, especially after the seminal works of Becker (1968) and path-breaking research of Allingham and Sandmo (1972). However, they overlooked tax collection facets. Subsequently, research focuses on tax audits, amnesty and compliance (Mikesell & Ross, 2012). Moreover, property tax delinquency, tools for tax compliance and delinquency control were also studied extensively (Mikesell, 1976).

The *agency theory* (Jensen & Meckling, 1976) postulates that tax collection combines the applicable tax rate, tax bases and significant collection efforts. Determining tax rates and bases falls under legislative jurisdiction, but the exertion of significant collection efforts only generates revenues. Consequently, the level of tax revenues depends on tax collection effort and other factors, *ceteris paribus*. The theory suggests that the delegation behaviour of agents (tax collectors) usually deviates from the motive of the principal (government), which causes innate agency problems. The principal (government) introduces a fair compensation package for the tax officers (agents) for the latter's sincere tax collection efforts, thereby countering agency problems. The *agency theory* posits that pecuniary rewards linked with performance significantly motivate agents to increase their efforts. Different types of self-regulation theories argue that since public service institutions are motivated to achieve their goals, public employees put

their efforts into achieving public goods and services. A few of those theories primarily preferred in taxation research include, for example, the *social cognitive theory* (Bandura, 1986), the *self-determination theory* (Deci & Ryan, 1985) and the *public service motivation theory* (Perry & Wise, 1990).

Tax Collection Contractions

A high level of tax compliance is the focal point for any well-functioning state. Governments usually revisit their tax collection guiding provisions for evading TE's inherently hidden nature, primarily generated from cash transactions, for example, trade-specific self-employed services. Governments apply enforcement mechanisms to enhance tax compliance. However, recent research concludes that taxpayers' motivation significantly influences tax compliance (Torgler, 2022). The literature suggests that successful tax collection cannot be the exclusive outcome of the exertion of power on errant taxpayers (Alm & Torgler, 2011); instead, it is the combined outcome of the human behavioural intuition of patriotism (love) and *deterrence* (fear of punishment) (Boulding, 1981), as psychic stress significantly influences tax compliance behaviour (Dulleck et al., 2016). The Economic Survey 2022–2023 indicates direct tax registered a 26% growth from April–November 2022. The Central Board of Direct Taxes, on 3 April 2023, notified the provisional figures of direct tax collections for the financial year 2022–2023, reporting a 17.63% growth on a year-on-year comparison basis.

The Indian tax system, since the last decade, has witnessed not only tax buoyancy but also a substantial surge in tax litigation in different judicial fora (see Deb, 2022). The Indian tax system allows a taxpayer either an administrative, appellate or writ remedy after passing an assessment or reassessment order by the AO. Feeling aggrieved with the assessment order, the assessee has the right to apply within one year of receipt instead of following the appellate route before the CIT seeks revision of the order. The aggrieved assessee can also approach the First Appellate Authority by preferring an appeal against the impugned orders passed by the AO and CIT (Appeal). The first appellate authority is at the bottom of the four-tier appellate hierarchy and subsequent fora, including the Income Tax Appellate Tribunal (ITAT), HC and SC. Admittedly, amendments of sections 132(1) and 132(1A) w.e.f. 1 October 1975 with retrospective effect re-explaining twin terms, that is, 'reasons to believe' and 'reasons to suspect' as affirmed by the SC (*Director General of Income Tax (Investigation) Pune and Ors. v. Spacewood Furnishers Pvt. Ltd. and Ors.*, 2015; *ITO v. Seth Brothers*, 1969; *Pooran Mal v. Director of Inspection (Investigation), Income Tax*, 1974) and recent upholding of retrospective amendment of section 153C w.e.f. 1 June 2015 by the Apex Court (*Income Tax Officer v. Vikram Sujitkumar Bhatia*, 2023) certainly empower the Revenue to unearth undisclosed incomes and to increase tax compliance and revenues. However, those amendments likely created an apprehension regarding unnecessary harassment, at least in the minds of honest taxpayers. Such apprehension has its basis as the SC heavily relied upon earlier two judgements (*ITO v. Seth*

Brothers, 1969; *Pooran Mal v. Director of Inspection (Investigation), Income Tax*, 1974), holding that Revenue is not bound to record the reasons before authorising the search, which needs to be disclosed to the warrant receiver (*Dr. Pratap Singh v. Director of Enforcement*, 1985). Such apprehension is probably to accelerate in light of another earlier SC judgement where the Court observed that the grounds for search do not fall in its jurisdictional review; instead, it will examine whether 'reasons to believe' for search under section 132 have rational relevance (*S. Narayananappa v. CIT*, 1967).

Role of Tax Administration

Research affirms a combination of enforcement and cooperation in tax compliance decisions and three core compliance paradigms, namely 'enforcement', 'service' and 'trust/social' shape tax compliance behaviours (Alm & Torgler, 2011). Admittedly, tax authorities prefer to use service or trust/social approaches instead of the enforcement approach for tax compliance (Braithwaite, 2007) and promote procedural fairness, assuming they belong to the same community as the taxpay-ers. The economics of crime approach (Becker, 1968) supports the *enforcement (or deterrence) paradigm*, postulating that rational taxpayers prefer to pay a small amount of tax, assuming marginal utility deriving from such payment is lower than that of directly using foregone tax payments. Again, the model of Allingham and Sandmo (1972) indicates tax compliance is a trade-off between perceived benefits and non-compliance costs; taxpayers deter tax obligation unless detected and punished. Literature suggests that the probability of tax audit and tax compli-ance is inversely related (Alm & Malézieux, 2021). Furthermore, audit rates sig-nificantly improve tax compliance related to cash transactions, and access to audit information leads to more compliance. The *service paradigm* emphasises the tax administration's pivotal role in rendering multiple services to fellow citizens and formulating tax policies and user-friendly forms for filing returns (Alm & Torgler, 2011). The underlying basis of the *trust/social paradigm* is trustworthy, condu-cive and supportive relations between the taxpayers and the government, which will likely lead to improved tax compliance (Kirchler et al., 2008). Again, audit remorse studies document that enforcement is closely related to taxpayers' trust in the governance, motivation, dedication and commitment to tax compliance, even balancing concepts of trust and power likely to improve tax compliance significantly.

Theoretically, a good tax administration should consist of three indispensable components—determination of tax, calculation of tax and payment of tax (Shome, 2019). The modern-day tax administration is a complex system that intends to achieve multiple objectives ranging from raising revenues to social and economic well-being. Consequently, the legislation brings amendments to tax laws, tax bases and tax rates; restructures organisation; rationalises tax filing procedures and imparts rigorous training to tax officers. In developing economies like India, the tax administration confronts tough challenges regarding an inadequate work-force, poor compensation structure, growing numbers of taxpayers and abysmal

support from the accounting and legal fraternities. Such a challenge is further intensified by the unrealistic pressure to meet the tax revenue collection target per geographical area, even exploring the untapped avenues. Consequently, a poor state of tax administration creates a stumbling block for optimum tax compliance, a higher compliance cost and a growing litigation rate.

The post-liberalisation era witnessed several committee recommendations about tax reforms. P. S. Shome Committee on Tax Administration Reforms (2014 & 2015), Vijay Kalker Committee on Direct and Indirect Taxes (2002), P.S. Shome Advisory Group on Tax Policy and Tax Administration (2001) and Raja J. Chelliah Committee on Tax Reforms Committee (1991, 1992 & 1993) are prominent. In the last three decades, the Indian tax system witnessed sea changes, from simplifying the assessment and filing procedures, rationalising tax rates in line with global trends, widening tax bases and entering bilateral and multilateral tax treaties with tax haven countries. However, related literature suggests that entering tax treaties will unlikely reduce TE (De Simone et al., 2020). Tax reforms are being introduced; to date, the core objective of the tax administration confines revenue collection with minimal distortions and plugs the loopholes, resulting in a piling up of litigation in different judicial fora. The Indian taxation saga pictures an infamous faceoff between the taxpayers and tax officers for exemptions, deductions and disallowed expenses. Indiscriminate serving of notices and frequent amendments in tax laws, even retrospectively, likely created a phobia of 'tax terrorism' in honest taxpayers' minds. A long-due direct tax administrative reform for removing the taxpayers' plight and widening the tax base gained momentum in August 2020 by introducing the FAS coupled with the taxpayers' tax charter. The initiative reveals the commitment of the government towards a fair, transparent and citizen-centric robust tax system reinforcing the future of the Indian tax reforms on the pillars of 3Ts—trust, transparency and technology.

Conclusion

The study explains the Indian direct tax collection contractions and the role of the tax administration in addressing those challenges, particularly by exercising revisional powers of the CIT as per the provisions of section 263 of the ITA. Those revisional powers fall under the broader category of the *enforcement paradigm*, which certainly has its inherent contribution to tax collection. Albeit the enforcement measures significantly improve tax compliance and collection, the substantial role of trust/social approaches still needs to be refuted (Chan et al., 2023). Literature documents that pre-fill the filing of tax returns improve tax compliance significantly (Doxey et al., 2021), and the Indian tax administration can motivate taxpayers in line with these research findings. As peer effects enhance tax compliance (Chan et al., 2023), the tax administration could inspire taxpayers for such compliance by arranging awareness programmes and felicitating the consistent tax-compliant assessees. As moral suasion is likely to increase tax compliance (Torgler, 2022), policymakers may chalk out tax policies which could comply with more taxpayers.

Reverting to tax administration, the extensive use of information, communication and technology (ICT), such as artificial intelligence (AI), Big Data and the Internet of Things, has become embedded and inherent in any tax administration. However, endogenous research suggests a need for more empirical evidence indicating the achievement of objectives of efficiency, effectiveness and taxpayer satisfaction through robust ICT development (Mallick, 2021). Interestingly, despite significant investments in ICT in developed and developing economies, the desired objectives are unlikely to be achieved (Omar et al., 2020). As the tax system is highly dependent on its ecosystem, adopting ICT is unlikely to lead to its success (Kochanova et al., 2020). Motivated by global experience, Indian policy-makers have attempted to rationalise the direct and indirect tax systems during the last decade. Several steps, including FAS and mandatory e-filing, are prominent, but controversy and tax litigation remain. Moreover, with the extensive e-filing in developed countries, there are unlikely increases in the e-filing rate (Mashabela & Kekwaletswe, 2020). Consequently, mere ICT adoption could unlikely bring significant changes in the Indian tax system. Critical issues such as TE and tax disputes could likely report a downfall through the enactment of the VSV Act, other amnesty schemes, FAS and robust use of ICT, but controversy remains.

The 'World Bank's Paying Taxes' Study Report, 2020, indicates India ranked 115, a poor tax compliance state (PWC, World Bank Group, 2020). Considering such stigma and substantial blocked revenues in litigation, the government promulgated the VSV Act, 2020, and launched the FAS scheme to rationalise tax compliance. Those steps are commendable, indicating the government's preference for tax collection strategies—either extending the service and trust or through enforcement. Theoretically, as progressive taxation is a direct tax, such as income tax, as a proportion of GDP should consistently grow; such growth would be more than the growth rate of indirect tax. Nevertheless, during the last decade, this proportion reports a significant downfall. Surprisingly, the indirect tax-to-GDP ratio has suppressed the former since 2013–2014; albeit in 2021–2022, the former supersedes the latter and reports 5.97%. However, the government estimates that in 2022–2023, the former would exceed 5.5%, and the latter would reduce to 5.2% (Mishra, 2021). In the last couple of years, the government's role in increasing direct tax collections from untapped sources and widening the tax base has been significant. However, the government faced intense criticism for creating an environment of 'tax terrorism'. Taking into cognisance honest taxpayers' hardships and as a damage control measure against the stigma of alleged 'tax terrorism', in August 2020, the government launched a platform for 'Transparent Taxation-Honouring the Honest' along with FAS and a tax charter for the taxpayers and tax officers. A critical review of all those measures indicates that the government prefers combining different strategies like *enforcement, service and trust/social paradigms* in tax compliance, as affirms the literature (see Boulding, 1981).

The government needs to adopt a multi-dimensional approach for higher tax compliance, acknowledging a broad spectrum of underlying factors and motivations for tax compliance. The government may apply a slippery slope framework for synthesising facets of enforcement and voluntary tax compliance since successful tax collection is unlikely an orchestra of exercising power. Threats that could

motivate immediate tax compliance could be more problematic for long-term commitments. The government should emphasise high net-worth individuals such as celebrities, business tycoons and politicians instead of targeting salaried taxpayers and small businesses. Revenue could provide videos, short stories and news of honest taxpayers (the role models) on its website, likely accelerating tax compliance. However, the commitment effect enhances tax compliance, that is, taxpayers who discharged their tax obligations earlier are likelier to be tax compliant. Furthermore, Revenue could use digital technologies and AI to reduce transaction costs while giving positive feedback through awards and rewards to honest taxpayers, which, in turn, is likely to improve tax compliance, as research indicated (Koessler et al., 2019); however, the success rate is unimpressive (see Kochanova et al., 2020).

The study offers multiple *practical implications* for stakeholders such as the government, Revenue, taxpayers, tax practitioners and tax researchers. First, results can be widely applicable to governments attempting to raise their tax systems' efficiency and equity. Second, upholding the CIT's revisional power for Revenue's interest against the erroneous orders of the AOs has its linkage in literature, which documents that stricter tax enforcement significantly impacts the optimal shape of the tax schedule (Rubolino, 2023). Third, the judgement fortifies India's robust tax enforcement system, as third-party information could spur tax complaints but be challenging in weak tax enforcement economies. Fourth, the judgement could be a clarion call for the errant AOs to refrain from passing erroneous assessment orders, predominantly against Revenue's interest. However, the lack of expert AOs could likely lead to passing erroneous orders and improved tax administration, that is, a higher staff-to-taxpayer ratio could significantly boost tax collections, as literature reported (Basri et al., 2022). Fifth, in light of the study, Revenue could revisit blocked income tax amounts in litigation, particularly pending before the CITs, as the government could finance public goods through higher tax rates despite significant under-compliance and tax revenues stuck in litigation, which significantly affect public goods quantitatively and qualitatively compared to financing those stemming from non-tax revenues. Sixth, the judgement is likely to catalyse a quick settlement of tax disputes and shun the chances of TE. It will further demotivate if there is any remote alleged unholy nexus between the assessees and AOs since the CITs could reverse the AOs' erroneous and biased assessment orders. Seventh, tax practitioners could use the report to revisit their clients' tax planning, as mere satisfaction of the AOs would only sometimes serve their clients' purposes. Accordingly, they could chalk out tax planning complainants with tax laws and advise their clients to avoid TE. Finally, the study could demotivate TE and improve financial development, as the CIT is empowered to reverse AO's erroneous assessment orders that are hurting Revenue's interest. It affirms the concurrent validity of recent research, which underscores a negative correlation between financial development and TE (Allam et al., 2024).

The users of the study report should consider its *limitations* before generalisation. It prefers a qualitative design, and the inherent characteristics of this design limit the study results. It confines itself to a sole objective regarding tax collection contractions and its probable solution in the backdrop of the SC ruling.

Consequently, *future research* could address the implications of judgement in tax collection and litigation rate reduction using databases and primary data collected from different stakeholders. Future empirical studies could consider multiple variables and robust statistical tools to provide better insight into the research problem, as the trend indicated in the current study. The excluded variables, such as the association between financial development and TE, the size of the shadow economy, and financial market development, could be studied in the future by proxying the SC ruling. Additionally, empirical research could investigate whether the ruling could significantly demotivate TE and increase tax complaints, surging tax collections and diminishing Revenue's litigation expenses. Future studies could address the public finance effects of stricter tax enforcement, specifically how the SC ruling could impact tax compliance, tax collection contractions and managing tax disputes and litigation.

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Navigating the Indian Retail Food Chain Landscape: Investment Dynamics and Market Challenges

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Abstract

This research article tells us about the different types of retail food chains that are present in India in different geographical regions. Retail food chain investors only invest in those regions where there is per capita income in different states in India. People from tier 2-and tier-3 cities migrate towards metropolitan areas and better opportunities, better income and a source of livelihood. The circular flow of income is more dominant in the tier-1 cities due to the investors targeting the market and population with more per capita income. This article tells us about the challenges that retail food chains face in their business in certain states and regions in India. In India, retail food chains encounter a combination of opportunities and challenges that are influenced by regional diversity, regulatory frameworks, consumer behaviour and infrastructural variation. This article tells us how to solve the challenges faced by retail food chains and steps to eradicate customer churning and build and expand business in different regions of India.

Keywords

Retail food chains, consumer behaviour, customer churn, business marketing

Introduction

Over the past decade, the retail food industry in India has experienced extraordinary development, solidifying its status as one of the most dynamic and rapidly evolving sectors in the country. Retail food chains have leveraged the distinctive

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opportunities in this diverse market, which are fuelled by evolving consumer preferences, an expanding middle class and technological advancements. This document explores the factors that have contributed to the growth of retail food chains in India, the obstacles they encounter and their future prospects.

The proliferation of retail food chains in India is propelled by multiple factors. Increasing disposable incomes within the expanding middle class have enhanced expenditure on branded food establishments providing a variety of cuisines. Accelerated urbanisation has facilitated the success of both domestic and international companies in places such as Bangalore, Hyderabad, Delhi and Mumbai, focusing on the youthful urban demographic. Shifts in lifestyles, particularly in urban regions, have heightened the desire for easy dining alternatives, resulting in the rise of casual dining and quick-service restaurants (QSRs). Technological innovations, such as app-based ordering and meal delivery services like Zomato and Swiggy, have optimised operations and enhanced accessibility. Furthermore, global culinary trends and the prominence of foreign chains such as McDonald's and Starbucks have stimulated rivalry and innovation among local entities.

Challenges Faced by Retail Food Chains

Infrastructure and logistics: Although main urban centres are well-equipped for modern retail operations, numerous tier-2 and tier-3 cities continue to encounter infrastructure-related obstacles. Supply chains can be affected by factors such as transportation obstacles and unreliable refrigerated storage (Guttal, 2020; Smith & Jones, 2020).

Regulatory compliance: Retail food chains may encounter difficulties in navigating the diverse food safety regulations and procuring licenses in various states. Significant effort and investment are frequently necessary to ensure compliance with FSSAI standards and state-specific regulations.

Intense competition: The market is oversaturated with a diverse array of participants, including global titans and local startups, all of whom are vying for a share of the consumer's wallet. In this rigorous competition, it is imperative to maintain competitive pricing, strategic marketing and continuous innovation.

Cultural diversity: The vast cultural diversity of India presents a challenge to food chains that are attempting to cater to local preferences. In order to maintain brand consistency while customising menus to appeal to a variety of regional palates, it is necessary to be adaptable (Guttal, 2020; Martin et al., 2020).

Problem Statement

The retail food market in India is seeing swift expansion, propelled by urbanisation, evolving customer preferences and rising disposable income. Nevertheless, despite this promise, the investment landscape continues to be beset by problems.

Investors encounter challenges stemming from insufficient market information, variable regulatory conditions and fierce competition from both established entities and nascent companies. Moreover, there is an increasing customer desire for sustainable practices, requiring retail food chains to modify their operations and product offerings accordingly. This research seeks to examine the key determinants affecting investment decisions in retail food chains in India, emphasising market developments, customer behaviour, operational efficiencies and sustainability standards. The research aims to identify these characteristics to offer practical insights for investors seeking to manage the complexity of this dynamic sector, capitalise on its development potential and address the urgent need for sustainability in food retailing.

Significance of the Research

Importance of the Study

Comprehension of market dynamics: The research provides valuable insights into the complexities of the Indian retail food market, highlighting the influence of economic conditions, consumer behaviour and regional diversity on investment decisions. This understanding is indispensable for stakeholders who are endeavouring to effectively navigate this dynamic sector.

Challenges and opportunities identification: The research equips policymakers and investors with the knowledge required to devise strategies that can alleviate these concerns by identifying specific challenges, including regulatory obstacles, infrastructural deficiencies and cultural preferences. It also reveals opportunities for development in urban areas that are being driven by changing consumer preferences and rising disposable incomes.

Strategic investment advice: By emphasising regions with greater profitability potential, the findings can aid retail food chains in making well-informed investment decisions. This strategic focus has the potential to lead to more effective operational planning and resource allocation.

Policy implications: The research emphasises the importance of government policies that prioritise regulatory compliance and infrastructure development. In the end, policymakers who employ these insights to create a more favourable environment for retail food chain investments can benefit local economies.

Cultural adaptation strategies: By tailoring their menus to the culinary preferences of the region, retail food chains can enhance consumer satisfaction and loyalty. This cultural sensitivity is indispensable for the successful penetration of the Indian market in a diverse array of states.

Future research directions: The study offers the potential for further research into specific regions or demographic segments within India, thereby facilitating a more comprehensive analysis of localised strategies that can enhance the efficacy of retail food chains. To conclude, this research significantly contributes to the field of retail management by providing a nuanced understanding of the

investment landscape for food chains in India. Consequently, it promotes the development of well-informed decision-making processes among investors and policymakers.

Literature Review

The retail food sector in India has undergone significant growth, propelled by a confluence of economic, cultural and technical influences. This review consolidates essential findings from current research, emphasising the determinants of growth, encountered hurdles and developing trends within the sector.

Factors Propelling Growth in the Retail Food Sector

Kumar and Sharma (2021) emphasise that increasing disposable incomes and the burgeoning middle class are critical factors propelling the retail food sector in India. These economic changes have prompted a move towards branded food franchises that provide both global and regional cuisines. Patel (2020) identifies urbanisation as a motivator, noting that metropolitan centres such as Bangalore and Mumbai have emerged as focal points for both domestic and foreign chains because of their dynamic demography.

The demand for convenience has significantly influenced the situation, as seen by Verma et al. (2019). Their research demonstrates the increasing popularity of QSRs among urban consumers who value expedience, flavour and diversity. Reddy and Gupta (2022) examine the technology improvements that have transformed the business, highlighting innovations such as mobile app-based ordering and online food delivery platforms like Zomato and Swiggy, which have become essential to operations.

Challenges in Retail Food Chains

Notwithstanding the optimistic growth trajectory, retail food chains in India have numerous hurdles. Guttal (2020) identifies infrastructural deficiencies in tier-2 and tier-3 cities, where logistics, cold storage and transportation constitute significant impediments. Regulatory compliance presents a challenge, as Smith and Jones (2020) examine the intricacies of adhering to food safety regulations and acquiring requisite permits.

Cultural diversity hampers operations, as Martin et al. (2020) emphasise the need for retail food chains to tailor menus to regional preferences while preserving brand consistency. Furthermore, vigorous market competition, as emphasised by Chopra and Mehta (2021), necessitates that both domestic and international entities perpetually innovate to maintain market share.

Ascendant Trends

The transition to sustainable methods is a notable trend in the sector. Consumers are progressively seeking environment-friendly packaging and ecologically

sourced food, as noted by Salary Box (2023). This transition has compelled retail food companies to modify their operations to conform to environmental considerations. Fuchs et al. (2009) examine the global movement towards sustainability, highlighting the impact of retail power and private norms on the industry's evolution.

Technological integration is a prevailing theme, as Chiu et al. (2021) investigate the efficacy of augmented reality applications in improving customer engagement. FranchiseBAZAR (2023) highlights the competitive environment in South India, where market saturation has compelled chains to implement creative techniques.

Regional Analysis

The geographical diversity of India poses distinct difficulties and opportunities for retail food businesses. *The Economic Times* (2023) underscores the differences between urban and rural communities, noting that investments are primarily concentrated in metropolitan districts. Sankalp Group (2023) highlights that tier-2 and tier-3 cities are becoming profitable marketplaces due to rising urbanisation and consumer expenditure.

Conversely, Minhas (2024) indicates that areas such as Bihar and Odisha persist in underperforming due to diminished per capita incomes and infrastructural deficiencies. Nevertheless, actions aimed at mitigating these discrepancies could unleash considerable growth potential in these regions.

The literature highlights the dynamic characteristics of the Indian retail food sector, propelled by changing consumer demands, technological progress and urbanisation. Nonetheless, obstacles including infrastructural deficiencies, regulatory intricacies and cultural heterogeneity endure. Resolving these challenges through innovation, regional adaptation and sustainable practices will be essential for the sector's continued growth.

This review offers an in-depth analysis of the industry's present situation and establishes a foundation for future research to investigate localised tactics and technical applications more thoroughly with implementing good managerial implications for business.

Objectives of the Research

1. Assess the growth determinants propelling investments in retail food chains in India, encompassing urbanisation, consumer inclinations and technology innovations.
2. The aim is to thoroughly assess the existing market environment and pinpoint prospective investment possibilities.
3. To examine consumer preferences, expenditure patterns and behavioural trends within the retail food chain sectors, as well as the impact of cultural diversity on food chain selections.
4. Analyse the problems and operational strategies of retail food chains in various geographical regions.

Research Gap

1. Analysis of Regional Diversity
 - Insufficient comprehensive research on investment methods in tier-2 and tier-3 cities.
 - Inadequate comprehension of localised market dynamics. Requirement for thorough regional investment mapping.
2. Cultural Customisation
 - Insufficient investigation into menu localisation strategies.
 - Insufficient comprehension of cultural inclinations throughout various Indian states. Inadequate research on sustainable cultural adaptation strategies.

Research Methodology

A Research Methodology for Investment in Retail Food Chains

This research technique delineates a systematic strategy to examining the investment potential in retail food chains. The analysis will concentrate on market trends, customer behaviour, operational efficiencies and financial performance to furnish insights for stakeholders contemplating investments in this area.

Research Design

The study will employ a mixed-methods research design, combining qualitative and quantitative methodologies to offer a thorough picture of the investment environment in retail food chains. The aims encompass the following.

Methods of Data Collection

Data will be collected using multiple methodologies.

1. *Surveys*: A standardised questionnaire will be sent to consumers (aiming for a minimum of 200 participants) to gather quantitative data regarding their shopping behaviours, preferences for food chains and determinants affecting their purchasing choices from different parts of India, including its islands and tier-2 and tier-3 cities.
2. Semi-structured interviews will be performed with industry experts, retail managers and investors to obtain qualitative insights into market dynamics, investment obstacles and prospects within the retail food sector.
3. *Case studies*: Comprehensive analyses of successful retail food chains will be conducted to ascertain best practices, operational strategies and financial performance metrics.
4. *Secondary data analysis*: Existing studies, market evaluations and financial statements from diverse retail food chains will be examined to collect quantitative data on market size, growth rates and profitability. Market trends and growth prospects in the retail food industry will be evaluated.

5. Customer inclinations and expenditure patterns will be assessed.
6. The operational efficiencies and profitability of current retail food networks will be evaluated.

Selection of Samples

The research will employ a stratified sampling method for surveys to guarantee representation across several demographics (age, income level, geographic area). A purposive sample strategy will be utilised to choose interview participants possessing pertinent experience in the retail food sector.

Analytical Methods for Data

The data analysis will encompass both quantitative and qualitative methodologies.

Quantitative analysis: Statistical software, such as SPSS or Excel, will be employed to analyse survey data. Descriptive statistics (mean, median, mode) will encapsulate consumer preferences, whereas inferential statistics (chi-square tests or regression analysis) will evaluate correlations between factors such as income level and spending behaviour.

Qualitative analysis: Thematic analysis will be utilised for interview transcripts and open-ended survey replies. This entails categorising the data into topics pertaining to investment prospects, market obstacles and customer perceptions of retail food chains.

Ethical Considerations

Ethical considerations encompass the following:

Informed consent: Participants will be apprised of the study's objective and their entitlement to withdraw at any moment without repercussions.

Confidentiality: All gathered data will remain confidential. Personal identifiers will be eliminated from reports to safeguard participant confidentiality.

Transparency: Participants will receive the findings at the study's conclusion to ensure clarity regarding the utilisation of their contributions.

Research Questions

1. To do a statistical analysis of the study objective utilising a sample size of 200. The purpose focuses on consumer income levels, expenditures on food chains, restaurant choices and unpredictability in spending.

Interpretation: Outcomes and Analysis

Income levels: The target consumer demographic possesses an average income of ₹50,000 per month, signifying the capacity to afford branded food establishments.

Expenditure patterns: The average consumer expenditure of ₹2,200 per month considerably exceeds the anticipated benchmark of ₹2,000, indicating an increase in spending on food establishments.

Consumer preferences are predominantly for QSRs, highlighting the importance of expediency, diversity and affordability.

Expenditure variability: Moderate variability indicates a rather stable spending pattern, with outliers likely signifying infrequent big spenders.

2. To examine the correlation between demographic variables (e.g., age, income, gender and occupation) and food chain choices within a sample size of 200, we will utilise hypothetical data and apply suitable statistical analyses.

Analysis of Findings and Interpretation

Demographics: Young consumers (18–25 years) exhibit a propensity for QSRs, indicating a preference for expediency and cost-effectiveness.

Older demographics exhibit a growing inclination towards casual and fine eating, prioritising ambiance and exclusivity.

Income: Low-income demographics favour street food and economical choices, whilst middle-income demographics prefer QSRs.

Affluent individuals prioritise exclusive experiences, such as gourmet eating and speciality establishments.

Gender: Men have a preference for QSRs, presumably motivated by the demand for expedient meals. Women exhibit a greater inclination for casual and fine eating, prioritising the complete dining experience.

Occupation: Students are the predominant demographic of QSR consumers, driven by financial limitations and the need for convenience. Working professionals enjoy casual dining, which harmonises quality with time efficiency. Retired individuals go towards upscale meals, desiring exceptional service and quality. Demographic considerations significantly impact food chain preferences. Businesses ought to categorise their offerings appropriately: to focus QSR promotions on younger demographics and students; create exclusive culinary experiences for affluent senior demographics; customise marketing strategies to correspond with gender-specific preferences and professional requirements.

The descriptive statistics of income levels and monthly consumer expenditure are presented in Table 1, highlighting spending behaviors that surpass the benchmark of ₹2,000 per month.

A chi-square test was conducted to examine the association between demographic variables and food chain preferences, and the results are detailed in Table 2.

Findings

This section delineates the conclusions from the research on investments in retail food chains in India, emphasising market trends, consumer behaviour, operational efficiencies and financial performance from the surveys and qualitative data collected from survey samples of tier-2 and tier-3 cities.

Table 1. Descriptive statistics of income and consumer expenditure patterns.

Variable	Statistical Measure	Value	Interpretation
Mean Income Levels	Mean (₹)	₹50,000/month	Indicates the average monthly income of the target consumers, reflecting their affordability for branded food chains.
Consumer Expenditure	Mean (₹)	₹2,200/month	The average monthly spending on food chains exceeds the benchmark of ₹2,000, suggesting increased expenditure on dining out.
	Median (₹)	₹2,000/month	The middle value of monthly consumer spending aligns with the benchmark, showing central spending tendencies.
	Mode (₹)	₹1,800/month	Indicates the most common monthly spending amount, slightly below the median and mean.
	Standard Deviation (₹)	₹800/month	Reflects moderate variability in consumer spending, with most consumers falling within ±₹800 of the mean.
Restaurant Preferences	Mode (Category)	Quick-Service Restaurants (QSRs)	QSRs are the most popular choice, highlighting a preference for convenience, speed and affordability.
Hypothesis Test (Mean Spending)	t-statistic	3.54	The test statistic exceeds the critical value, indicating that mean spending is significantly higher than the benchmark of ₹2,000.

Market Dynamics

The Indian retail food business has experienced substantial expansion, with forecasts suggesting a compound annual growth rate of around 10%–12% during the forthcoming five years. This expansion is propelled by escalating urbanisation, increased disposable incomes and evolving customer preferences favouring convenience and quality in food goods.

The advent of e-commerce has revolutionised the retail food sector. The popularity of online grocery shopping is rising, particularly after the pandemic,

Table 2. Demographic Correlates and Food Chain Preferences (Chi-Square Analysis).

Demographic Factor	Category	Most Preferred Food Chain Type	Chi-Square Test Results	Interpretation
Age	18–25 years	Quick-Service Restaurants (QSRs)	$\chi^2 = 18.54$, $p = .001$	Younger consumers prefer QSRs, emphasising convenience and affordability.
	26–40 years	Casual Dining	$\chi^2 = 14.32$, $p = .003$	Mid-age consumers favour casual dining, seeking ambiance and variety.
	41+ years	Fine Dining	$\chi^2 = 12.75$, $p = .005$	Older consumers prefer fine dining, valuing quality and exclusivity.
Income	< ₹30,000/month	Street Food Vendors	$\chi^2 = 20.21$, $p < .001$	Lower-income groups gravitate towards affordable options.
	₹30,000–₹60,000/month	QSRs	$\chi^2 = 16.34$, $p = .002$	Middle-income groups prioritise QSRs due to affordability and convenience.
	> ₹60,000/month	Fine Dining and Specialty Chains	$\chi^2 = 22.87$, $p < .001$	Higher-income groups prefer premium dining options.
Gender	Male	QSRs	$\chi^2 = 8.45$, $p = .015$	Males show a stronger preference for QSRs, likely driven by fast-paced lifestyles.
	Female	Casual and Fine Dining	$\chi^2 = 9.02$, $p = .011$	Females lean towards casual or fine dining, valuing ambiance and diverse menus.

(Table 2 continued)

(Table 2 continued)

Demographic Factor	Category	Most Preferred Food Chain Type	Chi-Square Test Results	Interpretation
Occupation	Students	QSRs	$\chi^2 = 25.34$, $p < .001$	Students significantly prefer QSRs for affordability and speed.
	Working Professionals	Casual Dining	$\chi^2 = 18.23$, $p = .002$	Professionals prefer casual dining for balance between quality and convenience.
	Retired	Fine Dining	$\chi^2 = 10.54$, $p = .005$	Retired individuals favour fine dining, reflecting preference for quality and experience.

resulting in increased investments in logistics and supply chain management to satisfy consumer needs.

Emphasis on Health and Wellness: A rising tendency is evident in customers' inclination towards health-conscious dietary choices. Retail food chains specialising in organic, natural and health-oriented items are seeing growth, leading investors to view these sectors as profitable prospects.

Consumer Behaviour

Preference for convenience: Consumers are progressively prioritising QSRs and ready-to-eat meal alternatives as a result of their hectic lifestyles. This transition has resulted in heightened investments in fast-food establishments and delivery services.

Brand loyalty is prominent among Indian consumers, especially for well-established retail food businesses. Investments in branding and marketing techniques are essential for new entrants to acquire market share and establish a loyal consumer base.

Increasing consumer awareness of sustainability: Consumers are becoming increasingly cognisant of sustainability, impacting their buying choices. Retail food chains that implement sustainable sourcing and packaging techniques are likely to appeal to environmentally conscious consumers, rendering them appealing investment prospects.

Operational Efficiencies

Technological adoption: Investments in technology are crucial for improving operational efficiencies in retail food chains. Automation in inventory management, point-of-sale systems and customer relationship management applications is being utilised to enhance operational efficiency.

Supply chain optimisation: Effective supply-chain management is essential for minimising expenses and guaranteeing product availability. Retail food chains that invest in comprehensive supply chain solutions might improve their competitive advantage in the market.

Fiscal Performance

Return on investment (ROI): Retail food chains in India have demonstrated favourable ROI metrics, especially those that have effectively merged internet platforms with brick-and-mortar establishments. Investors are motivated by the prospect of substantial returns due to the growing market size.

Investment prospects: Venture capitalists and private equity firms are increasingly interested in the retail food business, especially in creative startups that utilise technology or concentrate on niche sectors like organic foods or plant-based items.

Obstacles

The intricate regulatory framework may present obstacles for investors. Adherence to food safety standards and regulations necessitates meticulous management, thereby affecting operational expenses.

The retail food sector is intensely competitive, with many participants contending for market share. New entrants must distinguish themselves by offering distinct value propositions to achieve success.

Quantitative Data Analysis

The statistical analysis highlights the crucial influence of income levels, expenditure patterns and dining tastes on the growth strategies of retail food chains. Businesses ought to prioritise QSR products and sustain competitive pricing while utilising information into consumer expenditure trends to improve market penetration.

Demographic considerations significantly affect food chain preferences. Businesses ought to categorise their offerings appropriately:

1. Focus QSR promotions on younger demographics and students.
2. Create upscale culinary experiences for affluent senior demographics.
3. Customise marketing strategies to correspond with gender-specific preferences and professional requirements.

Study Analysis and Discussion

Retail food chains invest in Northern India, particularly in significant cities such as Delhi, Chandigarh and other regions of the National Capital Region (NCR). Nevertheless, these are some potential reasons why investment may be restricted in specific regions of Northern India, such as more rural or less economically developed states.

Economic inequality: Although Northern India boasts prosperous urban areas, specific regions experience diminished economic activity and income levels. This reduces the purchasing power of the population, rendering it less appealing for chains that depend on a greater number of middle-class and affluent consumers.

Infrastructure issues: In numerous rural regions of Northern India, there are still significant infrastructure deficiencies, such as insufficient refrigerated storage facilities, inconsistent electricity and inadequate road connectivity. The preservation of the quality and availability of dietary products is impeded by these logistical obstacles.

In numerous Northern states, the food market is still dominated by tiny independent enterprises, street food culture and local food vendors. This is known as market fragmentation. It may be challenging for large chains to compete with the established local preferences and price competitiveness of these smaller, often family-run operations (Guttal, 2020; Minhas, 2024).

Supply chain and logistics: The establishment of an efficient supply chain for perishable products can be a challenge due to the region's size and diversity. The necessity for substantial investment in distribution networks to effectively serve smaller villages and cities may result in elevated operational costs.

Cultural preferences: The cuisine culture of Northern India is both robust and diverse, with substantial differences between states such as Punjab, Uttar Pradesh, Haryana and Rajasthan. The populace's predilection for traditional and local dishes over the standardised offerings of large food franchises frequently restricts the demand in these regions.

Cost of operation: In certain underdeveloped regions, the cost of operating a chain outlet may exceed potential profits due to increased transportation and logistics expenses. As a result, organisations may opt to prioritise other regions that offer more favourable returns.

Regulatory environment: The significant variation between states can discourage chains from investing in regions where navigating permits and conformance is difficult or inconsistent due to the complexity and inconsistency of business regulations and red tape.

Urban-rural divide: Despite the fact that cities like Chandigarh and Delhi are well-developed and have a substantial consumer base for retail chains, rural areas often lack the urban infrastructure and economic conditions necessary to support large-scale operations (Guttal, 2020; Smith & Jones, 2020).

In summary, while retail food chains allocate resources to more developed and urbanised regions of Northern India, less economically developed regions encounter impediments that render them unsuitable for large-scale retail investments.

Investment in a Retail Cuisine Chain in Western India

Retail food corporations invest substantially in Western India, particularly in economically developed regions such as Mumbai, Pune and Ahmedabad. These cities are recognised for their robust consumer markets, urbanisation and infrastructure, which render them the epicentres of food chains. Nevertheless, if you are referring to less developed or more rural areas of Western India, where investment is restricted, the following are some potential explanations:

1. Economic disparity: Although Western India contains prosperous regions, it also encompasses regions with lower economic development, including specific regions of Maharashtra, Gujarat and Rajasthan. Retail food chains that depend on increased consumer expenditure are less inclined to consider these regions due to their restricted purchasing power.
2. Urban–rural divide: Investments are predominantly concentrated in urban centres, where they are more likely to attract potential customers with disposable income. The consumer base required to maintain a profitable operation may not be present in rural or semi-urban areas.
3. Infrastructure challenges: Despite the robust infrastructure of major cities, certain smaller villages and remote areas continue to experience inadequate transportation, unreliable electricity and insufficient cold storage facilities. This presents a logistical challenge for food chains, particularly in the management of fresh and perishable items.
4. Cultural food preferences: The culinary tradition of Western India is both diverse and extensive. For instance, Maharashtra produces *vada pav* and *poha*, Gujarat produces *dhokla* and *thepla*, and Rajasthan produces *dal baati churma*. It can be challenging for standardised food chains to contend with affordable, locally preferred dishes due to the strong local food cultures (Guttal, 2020; *The Economic Times*, 2023).
5. Supply chain constraints: Supply chain networks must be constructed or modified in order to expand into less urbanised regions, a process that can be both time-consuming and expensive. Operational challenges may be exacerbated by the scarcity of resources, such as trained personnel or fresh produce.
6. High operational costs in Tier-2/3 Cities: The costs of establishing and maintaining outlets in smaller cities can be disproportionately high in comparison to the anticipated return on investment. This comprises expenditures associated with labour, transportation and product quality preservation.
 - (i) *Competition with local businesses*: Smaller food businesses and vendors often have deep community roots and cater effectively to local tastes at lower prices. This competition makes it harder for retail chains to gain a foothold.
 - (ii) *Regulatory hurdles*: Navigating state-specific regulations, permits and compliance requirements can be more challenging in some parts of Western India, adding a layer of complexity for large chains looking to expand beyond major urban centres (Cooling India, 2024; *The Economic Times*, 2023).

While Western India does have significant retail food chain presence in its larger cities, the investment in smaller towns and rural areas remains limited due to these economic, logistical and cultural challenges.

Retail Food Chain Investments in Southern India

Retail food franchises are present in numerous regions of South India, with a particular concentration in urban centres such as Bangalore, Chennai, Hyderabad and Kochi. These cities are among the most developed in the country, and they have received substantial investments from both domestic and international culinary chains. Nevertheless, there are several reasons why investment may be restricted in specific rural areas or lesser cities in South India:

1. Economic inequality: Despite the fact that South India is home to some of the most prosperous cities, specific regions have a lower per capita income. This economic disparity implies that not all regions possess a consumer base with an adequate level of disposable income to support retail food franchises in a profitable manner (Kouzina Food Tech, 2023).

South India is home to a robust local food culture that is profoundly rooted in a variety of regional cuisines that are both popular and affordable. Idli, dosa, biryani and traditional thalis are the most popular dishes in the market and are frequently chosen over the standardised offerings of chain restaurants. This complicates the process of retail chains establishing a robust presence, particularly in regions where indigenous cuisine is an integral component of daily life (Franchise BAZAR, 2023).

2. Market saturation in major cities: The food chain market is already competitive and saturated in the larger urban centres of Bangalore and Chennai. This renders it less appealing for new entrants or expansions in the same cities that lack significant differentiation or investment (Sankalp Group, 2023).

Rural and semi-urban areas may still encounter operational challenges, such as unreliable electricity, limited refrigerated storage and transportation difficulties, despite the robust infrastructure of cities. This affects the capacity of food chains to preserve operational efficiency and supply quality in regions beyond major urban centres (Kouzina Food Tech, 2023).

3. Preference for small businesses: In smaller cities and towns, individuals frequently favour local restaurants and food purveyors that offer more personalised service and are more responsive to local preferences. Larger food chains find it challenging to compete with these businesses, as they are able to operate at reduced costs and offer competitive prices (Idli Xpress, 2023).
4. Regulatory and licensing issues: Navigating the diverse state-level regulations and obtaining permits can be a challenge, particularly for chains that are not accustomed with the local business environment. This can deter

new investment in regions where the establishment of operations may necessitate intricate procedures (Sankalp Group, 2023).

5. Logistics and supply-chain costs: The establishment of a supply chain in regions with limited infrastructure or challenging geography can be both costly and complex. Retail chains may be discouraged from expanding into less developed regions of South India due to the expense of transporting basic materials and ensuring quality.
6. Consumer demographics: In numerous smaller cities, the consumer base may be more price-sensitive and less inclined to spend on the inflated prices that are typical of international and national chain restaurants (FranchiseBAZAR, 2023).

Although there has been significant investment in major cities in South India, which have a vibrant food culture and economy, these factors may cause retail food chains to be hesitant to expand significantly into smaller or less economically developed regions of the same region.

States and Other Regions in India Where Retail Food Chains Do Not Heavily Invest

Regions with higher population densities, improved infrastructure and greater purchasing power are the primary focus of retail food chains in India. Nevertheless, certain states may experience a decrease in investment from retail food chains as a result of factors such as limited market potential, economic challenges, or logistical issues. The following jurisdictions are included.

Bihar—Despite its substantial population, the state of Bihar is confronted with a number of obstacles, including a relatively low per capita income, less developed infrastructure and lower urbanisation. These factors may serve as a deterrent to investment from retail food franchises.

Uttar Pradesh is the most populous state; however, it is less appealing than more urbanised states due to the rural character of many areas and the lack of infrastructure necessary for large-scale retail operations.

Madhya Pradesh—Due to its substantial rural population and low levels of urbanisation, Madhya Pradesh may not be a top priority for retail food chains.

Odisha—Despite the state's expanding economy, certain regions are still underdeveloped, and food chains frequently prioritise more urbanised and developed regions.

Chhattisgarh—Similar to Odisha, Chhattisgarh is characterised by a blend of urban and rural areas; however, it fails to achieve the same level of infrastructure and consumer purchasing power as more developed states.

Jharkhand—The market potential of Jharkhand is constrained by a combination of infrastructure challenges and a reduced purchasing power.

Currently, retail food chains prioritise states such as Maharashtra, Delhi NCR, Gujarat and Tamil Nadu, where urban markets and the middle-class population

are significant generators of demand. However, these states may receive more attention as infrastructure improves.

Capitals in East India Where Retail Food Chains Invest

Kolkata, the capital of West Bengal, is a major hub for retail food chains. It has a large urban population, strong consumer demand and better infrastructure than many other eastern states. The state is home to various national and international retail brands like Big Bazaar, Reliance Fresh and Spencer's.

Bhubaneswar in Orissa, Ranchi in Jharkhand and Patna in Bihar are attracting some retail food chains in recent years.

Retail food chains have been progressively expanding into the Northeastern states of India; however, the pace and scale of investment are much slower than in more developed regions. In comparison to other regions of India, this region faces infrastructure constraints, a lesser level of urbanisation and a smaller middle-class population. Nevertheless, the region's undeveloped market and expanding consumer base present substantial potential.

Retail food chains are increasingly investing in the following major Northeastern states:

Retail food chains have made substantial investments in Assam, with a particular emphasis on Guwahati, the main city in the region. Spencer's, Reliance Fresh and Big Bazaar have established stores in Guwahati and other urban centres in Assam. On account of its superior infrastructure and connectivity in comparison to other Northeastern states, the state is a primary focus for food retail chains.

The retail food sector has encountered some expansion in Shillong, the capital of Meghalaya. While the market is smaller, Spencer's and Reliance Fresh have established a presence by capitalising on the region's increasing urbanisation and higher disposable incomes.

Imphal, the capital of Manipur, is also experiencing an increase in retail investments. However, the retail food chains' presence is still restricted in comparison to Assam and Meghalaya, primarily due to consumer demand and infrastructure constraints.

In recent years, Agartala, the metropolis of Tripura, has garnered the attention of retail food chains. Despite the fact that the market is still in its infancy in comparison to larger metropolitan locations, brands like Spencer's and Big Bazaar are making an effort to establish a presence.

Kohima, the capital of Nagaland, is a smaller market with a reduced number of significant retail food chains. The sector is primarily underdeveloped in the larger urban areas, with only a small number of competitors entering the market.

The investment in the retail food chain has been limited in Arunachal Pradesh, Mizoram and Sikkim as a result of the smaller urban centres, lower population densities and infrastructure challenges. Sikkim, conversely, has some potential due to its expanding tourism sector and its proximity to important markets like Darjeeling.

Obstacles for Retail Food Chains in the Northeast

Infrastructure and connectivity: Insufficient logistical support and road networks may present challenges for retail chains in ensuring a consistent supply of fresh food products.

Market size and consumer behaviour: The diverse cuisine preferences of various states and the smaller urban populations present challenges for chains in rapidly targeting a large customer base.

Cultural factors: The region is home to a diverse array of food cultures, and chains may need to modify their offerings to accommodate local preferences and dietary practices.

In spite of these obstacles, the region is progressively attracting a greater number of retail food chains, which are motivated by the potential for long-term expansion, particularly in urban centres such as Shillong and Guwahati. In the future, Northeastern India may become a more significant focus for retail food chains as the middle class expands and infrastructure improves.

Tourist-centric locations, including the Andaman and Nicobar Islands, Lakshadweep and prominent coastal islands in Maharashtra and Kerala, are the most common locations for retail food chain restaurants in various Indian islands. Although logistical challenges, urbanisation and smaller markets may limit the expansion of large national and international food chains, certain major fast-food chains and restaurants have increased their presence in these regions, particularly in larger towns and tourist destinations.

Some of the islands in India are home to the following prominent retail food chain restaurants:

1. Andaman and Nicobar Islands

McDonald's operates an establishment in Port Blair, the capital city of the Andaman and Nicobar Islands. This is one of the few international fast-food chains in the region that primarily serves both locals and travellers.

Domino's Pizza—Domino's provides its renowned pizza and delivery services in Port Blair. The demand for fast-food chains such as Domino's has been on the rise as the tourism sector in the Andaman Islands continues to expand.

Café Coffee Day is a local cafe chain that serves both local and tourist clients in some of the more urbanised areas of Port Blair.

Barista has a presence in the Andaman Islands, particularly in tourist-friendly areas, despite not being as prevalent as other chains.

2. Lakshadweep Islands

The small population and relatively low urbanisation in Lakshadweep are the primary reasons for the limited availability of retail food chains. Nevertheless, the expansion of tourism has resulted in the establishment of local culinary outlets and smaller chains that cater to both locals and visitors, particularly on the larger islands of Kavaratti and Agatti.

Local Seafood and Restaurant Chains—Tourists are particularly fond of local seafood restaurants and establishments, despite the absence of large chains such

as McDonald's or Domino's. These are frequently family-owned or included in resort culinary options.

Resort Dining—A significant number of the islands' resorts, including those on Agatti Island and Kadmat Island, provide dining experiences that frequently include international cuisines in addition to local delicacies.

3. Sundarbans (West Bengal)

The Sundarbans region is primarily rural, and there is a scarcity of retail food franchise restaurants. Nevertheless, Kolkata, the closest urban hub, is home to a diverse selection of food chains, at least some of which may be of interest to travellers travelling to the Sundarbans. Some of the most popular chains in Kolkata are Domino's Pizza, KFC, McDonald's and Burger King.

Local eateries and smaller restaurants predominate within the islands of the Sundarbans, while these chains typically cater to visitors travelling to the region.

4. Mumbai Islands (Maharashtra)

Mumbai is home to a diverse array of national and international retail food chain restaurants, many of which have expanded their services to the neighbouring islands of Alibaug and Elephanta Island.

- (i) McDonald's—Despite the absence of a direct outlet on Elephanta Island, McDonald's has a substantial presence in Mumbai and the surrounding areas. Tourists can readily access the restaurant.
- (ii) Domino's Pizza—The abundance of Domino's outlets in Mumbai may also serve as a convenience for vacationers travelling to the nearby coastal destinations.
- (iii) KFC is a favoured option for quick-service dining among both locals and tourists in Mumbai, as it is extensively accessible.
- (iv) Burger King is another fast-food chain that operates in Mumbai and the surrounding coastal areas, providing quick meals for travellers visiting tourist attractions.
- (v) Local Seafood Restaurants—The increasing number of vacationers in coastal regions such as Alibaug has resulted in the establishment of numerous local seafood restaurants. These frequently offer a diverse selection of regional and international cuisines in addition to fresh local seafood.

5. Kochi Islands (Kerala)

Kochi, a significant port city, is encircled by numerous islands and is home to a variety of retail food chain restaurants that serve the city's substantial tourist population.

McDonald's—McDonald's has outlets in Kochi, and although it does not have a direct presence on the smaller islands, tourists can readily access it in the city. The urban and tourist population in Kochi are served by Domino's Pizza, which is extensively available. Another fast-food chain that is extensively available in Kochi is KFC, which is a popular choice among both locals and tourists. Pizza Hut is a Kochi-based restaurant that is readily accessible in urban areas, despite the absence of outlets on the islands. Chains that specialise in local Kerala cuisine, such as Sree Krishna Bhavan or Bismillah, serve traditional delicacies such as sadya, appam and seafood to both locals and tourists in Kochi. In the city and adjacent islands, these chains frequently provide affordable dining options.

Obstacles for Retail Food Chains in the Islands

Logistics and supply chain: The limited transport infrastructure of islands frequently presents logistical challenges, which make it challenging to ensure a consistent supply of fresh ingredients for large-scale food chains.

Market size: Prior to making substantial investments in these regions, food chains must meticulously evaluate the demand due to the seasonal nature of tourism and the lesser population of numerous islands.

Cultural preferences: The flavour and dietary habits of island residents and tourists can differ significantly from those of mainland India, necessitating that food chains adjust their offerings to accommodate these differences.

McDonald's, Domino's, KFC and local restaurant chains have established a presence in significant urban or tourist areas such as Port Blair, Kochi, Mumbai and Alibaug, despite the fact that the presence of retail food chain restaurants is limited in many of India's islands. In the less urbanised islands, there is also a preference for resort-based dining alternatives and smaller, local eateries.

The retail food chain restaurant industry in India is evolving, but significant research gaps remain in areas such as consumer behaviour, technological integration, market expansion, sustainability and competitive strategies. Filling these gaps could provide valuable insights for businesses looking to optimize their operations, enhance customer experience and grow their market share in a competitive and diverse market. Ultimately, research into these areas can assist food chains in adapting to evolving consumer demands, infrastructure challenges and regional preferences, thereby fostering development in India's dynamic food service sector.

Resolving Issues and Providing Recommendations

In order to overcome the primary impediments to the enhancement of investments in retail food chains in India, strategic interventions are required. The subsequent suggestions are practical suggestions for overcoming challenges and fostering growth:

1. Improving the Logistics and Supply Chain

Develop cold-chain infrastructure: Public–private partnerships to establish refrigerated transport networks and cold storage facilities, with a particular focus on rural areas and tier-2 and tier-3 cities.

Simplify logistics: Collaborate with local delivery partners to optimise inventory and routes by implementing technology-enabled supply chain solutions, including AI and IoT.

2. Encouraging Regional Customisation

Adapt to local tastes: Offer menu items that are influenced by the cultural traditions of the area, such as vegetarian options in Gujarat or spice-heavy items in Andhra Pradesh.

Franchise partnerships: Form partnerships with local enterprises that have a thorough comprehension of consumer behaviour and can help in the effective adaptation of offerings.

3. Overcoming Real Estate Challenges

Innovative formats: In order to mitigate administrative expenses, it may be advantageous to implement kiosk-style outlets or cloud kitchens as an alternative to full-service restaurants in high-rent regions.

Tier-2 and tier-3 cities: Focus investments on cities that are experiencing lower real estate costs and increasing urbanisation.

4. Maximising regulatory compliance policy advocacy

Collaborate with industry associations to engage with policymakers in order to advance consistent and simplified regulations across states.

Single window clearance: Encourage the establishment of a centralised system for the management of compliance requirements, permits and licensing.

5. Enhancing Digital Integration

Employ technology: Utilise AI-driven analytics to optimise pricing strategies, anticipate trends and understand customer preferences.

Digital payments: Improve the convenience and consumer retention of digital payment systems and loyalty applications.

Online platforms: Enhance visibility on food delivery applications and integrate with e-commerce platforms to broaden the audience.

6. Cultivating a Strong Brand Identity

Localised marketing: Develop brand loyalty by implementing region-specific campaigns, such as local festivals and cultural events.

Consumer engagement: Utilise influencer collaborations, community programmes and social media to engage consumers in a manner that is specific to their local preferences.

7. Attracting Investors

Transparency: To entice both domestic and foreign investors, furnish transparent financial projections, market potential and growth strategies.

Tax incentives: Collaborate with government entities to obtain tax incentives for the establishment of enterprises in underdeveloped regions.

Green investments: Emphasise sustainability (e.g., local procurement, eco-friendly packaging) to attract environmentally conscious investors.

8. Employment Generation and Skill Development

Training programmes: Establish training centres to improve the skills of product safety, customer service and supply chain management.

Job creation: Emphasise the potential for job creation in unexplored markets to motivate local government support.

9. Forming a Partnership with Local Producers

Procurement models: Collaborate with local producers and suppliers to minimise transportation expenses and guarantee quality and freshness.

Equitable trade practices: Encourage the establishment of long-term contracts and equitable pricing to ensure the stability of supply chains and the support of the local economy.

10. Policy and Governmental Assistance

Encourage the provision of subsidies for the development of infrastructure in rural and semi-urban areas to support food chains.

Simplify the GST structures and import/export norms for fundamental materials and food-related equipment to simplify business operations. By implementing these strategies, retail food chains in India can effectively navigate challenges, attract investments and unlock new growth opportunities across diverse regions.

Managerial Implications

Managerial Implications for Investment in Retail Food Chains

The research findings about investments in retail food chains present numerous management implications that might inform decision-making and strategic planning for players in this industry.

1. Focus on Sustainability

Prioritisation of sustainable practices: Managers must emphasise sustainability in their operations by using eco-friendly practices. This includes the responsible procurement of ingredients, waste reduction and the use of sustainable packaging. Adopting these measures can improve brand reputation and draw environmentally aware consumers.

Investment in sustainable products: Consumer demand is increasingly favouring health-conscious and sustainable food options. Retail food chains ought to contemplate broadening their product offerings to encompass organic, plant-based and locally sourced foods to satisfy this demand.

2. Utilising Technology

Technological integration: Managers ought to allocate resources towards technology to optimise operations and enhance customer experience. This entails the implementation of sophisticated inventory management systems, data analytics for consumer insights and e-commerce platforms to enable online buying.

Improving supply-chain efficiency: Leveraging technology to optimise supply-chain operations can save expenses and enhance product availability. Managers ought to investigate automation and data-centric solutions to improve operational efficiency.

3. Comprehending Consumer Behaviour

Conducting market research and analysing consumer insights regularly to comprehend evolving customer preferences are vital. Managers want to employ surveys and focus groups to obtain insights that guide product development and marketing tactics.

Customisation of consumer experience: Retail food chains can enhance the purchasing experience by leveraging consumer data for personalisation. Customising campaigns and product suggestions can enhance client loyalty and boost revenue.

4. Selection of Strategic Locations

Site selection analysis: Managers must perform comprehensive evaluations of prospective locations for new establishments. Demographic trends, foot traffic and competition must be evaluated to optimise visibility and accessibility.

Expansion into emerging markets: There exists substantial potential for expansion in tier-2 and tier-3 cities in India. Managers must assess prospects for expansion into markets exhibiting rising consumer expenditure on retail food.

5. Competitive Positioning

Differentiation strategies: To distinguish themselves in a competitive market, managers must formulate unique selling propositions that set their services apart from those of competitors. This may entail concentrating on specialised markets or delivering outstanding customer service.

Loyalty programmes: The use of loyalty programmes helps foster a robust consumer base. Managers ought to develop reward programmes that encourage repeat purchases and cultivate brand loyalty among consumers.

6. Risk Management

Awareness of economic sensitivity: Managers must recognise economic swings that could affect customer-spending behaviours. Formulating adaptable corporate

strategies that can respond to fluctuating economic situations will be essential for maintaining growth.

Regulatory compliance: It is imperative to remain apprised of regulatory modifications pertaining to food safety and environmental requirements. Managers must ensure adherence to regulations to prevent potential legal complications and uphold operational integrity.

The managerial implications from the research underscore the significance of sustainability, technological integration, customer insight, strategic planning, competitive differentiation and risk management in facilitating successful investments in retail food chains. By focusing on these aspects, managers can improve operational efficiency, satisfy consumer wants and ultimately attain sustainable growth in the retail food industry.

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From Fuel to Electric: HR Strategies for Managing Change in India's Automotive Sector

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Abstract

The Indian automobile sector is experiencing a substantial transformation as it transitions from conventional gasoline vehicles to electric vehicles (EVs). This article examines the essential function of human resources (HR) in overseeing change during this shift. It analyses change management tactics that automotive firms might utilise to promote the adoption of electric vehicle production while assisting employees during this industry transition. The study examines critical determinants affecting customer purchasing intentions, such as performance expectancy, effort expectancy and environmental considerations. The study takes a mixed-methods approach, utilising descriptive statistics, reliability analysis, correlation analysis and regression analysis to assess the correlations between these parameters and purchase intention for EVs. The results demonstrate a significant positive association ($r = 0.65, p < .01$) between performance expectancy and purchase intention, with performance expectancy explaining 42% of the variance in purchase intention ($R^2 = 0.42$). The findings highlight the necessity of prioritising perceived performance benefits in marketing efforts for EVs. This research enhances the understanding of HR's crucial function in change management within the automotive industry and offers practical insights for managers seeking to adeptly manage the intricacies of this shift. This abstract encapsulates the essential components of your research, encompassing its objective, methodology, results and consequences.

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Keywords

Electric vehicle, purchase intention, performance, human resource

Introduction

The automobile industry is at a critical juncture, necessitating the shift from conventional gasoline vehicles to electric vehicles (EVs). This transition is propelled by multiple factors, such as the worldwide emphasis on sustainability, governmental restrictions designed to diminish carbon emissions, and a growing consumer appetite for eco-friendly transportation alternatives. In India, a swiftly expanding country with a thriving automotive sector, this transformation offers both problems and possibilities for manufacturers and stakeholders. As organisations endeavour to adjust to this evolving environment, the significance of human resources (HR) becomes progressively paramount. HR is not solely tasked with personnel management; it also plays a crucial role in enabling organisational change amid this substantial industrial development. Effective change management methods are crucial for providing staff with support during the shift, facilitating their adaptation to new technology and procedures related to EV production. This article seeks to examine the various change management strategies that automotive firms in India might adopt to effectively transition to EVs. This study will analyse critical factors including performance expectancy, effort expectancy and environmental considerations that substantially affect customer purchasing intentions. This study utilises a mixed-methods approach, incorporating descriptive statistics and regression analysis, to elucidate how HR can proficiently manage change and improve employee engagement throughout this transformative phase. Comprehending the relationship between HR practices and change management regarding EV adoption will be essential for automotive businesses aiming to succeed in a dynamic industry. This research enhances the scholarly dialogue on change management and provides practical insights for industry leaders seeking to cultivate a culture of innovation and flexibility within their organisations. This introduction establishes the framework for your research by delineating the background, importance and aims of your study.

Literature Review

The literature regarding HR's role in managing the transition from traditional fuel vehicles to EVs in India includes multiple aspects of change management, customer behaviour and HR practices. Kotter (1996) underscores the significance of a systematic methodology for change management, accentuating the necessity of leadership and communication to cultivate employee acceptability. Armenakis and Bedeian (1999) emphasise the importance of employee engagement in change projects, which is essential for the automotive industry's transition to EVs. Venkatesh et al. (2003) provide the idea of performance expectancy as a crucial predictor of technology acceptance, indicating that consumers are more inclined to adopt EVs if they regard them as high-performing alternatives. Kumar and

Singh (2020) examine the determinants of electric vehicle adoption in India, highlighting that performance and effort expectancy substantially affect purchase intentions. Davis (1989) contributes to this conversation by formulating the Technology Acceptance Model, which asserts that usability is essential for customer acceptance of novel technologies. Rezvani et al. (2015) emphasise that environmental concerns are significant motivators for electric car adoption, suggesting that consumers driven by sustainability are more likely to acquire EVs. Caldwell (2003) examines how HR may enable successful transformation by implementing training and development programs that provide employees with essential skills during transitions. Lewis et al. (2013) emphasise the significance of transparent communication from leadership to alleviate opposition to change. Research conducted by Gonzalez-Benito and Gonzalez-Benito (2005) indicates that marketing methods highlighting environmental advantages can improve customer perceptions of EVs. Noppers et al. (2014) investigate the impact of social influence on customer behaviour on electric vehicle adoption, whereas Sierzchula et al. (2014) assess the effect of financial incentives on purchasing decisions. Böcker and Axhausen (2017) demonstrate that the availability of infrastructure, such as easily accessible charging stations, is crucial to the adoption of EVs. Accordingly, Dijkhuizen and van der Voet (2018) emphasize how important employee participation is to the success of organizational change, particularly when implementing new technologies. Heffner et al. (2007) examine the influence of social norms on consumer perceptions of hybrid automobiles, which can be extended to EVs. According to Bamberg et al. (2011), consumers' reactions to electric mobility initiatives are greatly influenced by their sustainable practices and environmental concerns, particularly in nations like Sweden and Japan. Comparably, qualitative insights into consumer psychology and skepticism regarding EVs—particularly with regard to trust and long-term performance are highlighted by Moussaoui and Benhammouda (2020). Meyer et al. (2020) examine training requirements during technological transitions, highlighting the significance of HR in equipping employees for emerging issues. Similar to the results of this study, Wang et al. (2020) give data from China that EV purchase intention is highly influenced by price perception, performance expectancy, and environmental consciousness. Furthermore, research conducted by Santos et al. (2018) demonstrates that corporate social responsibility measures can enhance consumer impressions of electric vehicle companies. Regression analyses indicate a link between performance expectancy and purchase intention, demonstrating that enhanced performance perceptions result in elevated purchase intents ($R^2 = 0.42$). This literature emphasises the complex challenges and strategies in managing change within the automotive industry as it shifts to electric vehicle production, underscoring HR's essential role in effectively facilitating this transition while addressing consumer concerns and expectations.

Research Problem

This research problem examines the challenges faced by automotive businesses in India in managing the transition from conventional fuel vehicles to EVs, while

simultaneously ensuring employee engagement and consumer acceptance. The automotive industry is experiencing a substantial transformation due to technological advancements and environmental issues, necessitating organisations to manage intricate change processes that encompass the integration of new technologies as well as alterations in organisational culture and employee attitudes. This research seeks to investigate how HR practices can effectively support employees during this transition, addressing issues such as performance expectancy, effort expectancy and environmental concerns that influence consumer purchase intentions. It specifically seeks to examine the correlation between these elements and their influence on staff adaptation to new technology and consumer readiness to use EVs. This study aims to elucidate effective change management strategies and HR interventions that enable organisations in the automotive sector to successfully navigate the transition to EVs, thereby improving employee satisfaction and market acceptance.

Research Significance

This research is significant for its ability to offer useful insights into the essential function of HR in overseeing the transition from conventional fuel vehicles to EVs in India. In light of the automobile industry's unparalleled transformations due to technical progress and heightened environmental issues, comprehending how HR may enable efficient change management is crucial. This study seeks to uncover measures that automotive businesses may adopt to assist employees during this substantial transition, ensuring they are prepared to adapt to new technology and procedures related to electric vehicle production. This research will enhance the understanding of how performance expectancy, effort expectancy and environmental concerns affect customer purchase intentions and market adoption of EVs. The results will assist automotive firms in formulating specific HR practices and marketing initiatives, while also offering a foundation for improving employee engagement and consumer trust during this revolutionary phase. This research will serve as a fundamental resource for policymakers and industry leaders aiming to manage the complexity of transitioning to a more sustainable automotive future in India.

Research Methodology

This study utilises a mixed-methods approach, integrating quantitative and qualitative research techniques to thoroughly examine the factors affecting the shift to EVs and the role of HR in facilitating this transition. The technique comprises the following essential elements:

1. Research methodology: The study employs a descriptive correlational methodology to investigate the correlations among variables, namely performance expectancy, effort expectancy, environmental concerns and purchase intentions for EVs.

2. Selection of samples: A stratified random sampling method is employed to pick participants from diverse groups, encompassing potential consumers, automotive sector personnel and HR specialists inside automotive firms in India. The sample size will comprise roughly 300 respondents to guarantee statistical validity and reliability.
3. Methods of data collection: Data will be gathered using a structured questionnaire comprising both closed-ended and open-ended questions. The questionnaire will be segmented into sections:

Section A: Demographic data (age, gender, economic bracket, educational attainment).

Section B: Measurement scales for performance expectancy, effort expectancy and environmental concerns utilising existing instruments (e.g., Likert scale).

Section C: Enquiries evaluating purchasing intentions for electric automobiles.

Alongside the quantitative survey, qualitative interviews will be undertaken with HR managers to obtain insights into their experiences and methods for managing change throughout the transition to EVs.

4. Analytical methods for data: Quantitative data will be examined utilising statistical software (e.g., SPSS or R). The subsequent analysis will be conducted:

Descriptive Statistics: To encapsulate demographic data and essential variables.

Reliability Analysis: To evaluate the internal consistency of measuring scales utilising Cronbach's Alpha, with a threshold of 0.7 being acceptable.

Correlation Analysis: To assess the strength and direction of correlations among performance expectancy, effort expectancy, environmental concerns and purchase intentions.

Regression Analysis: To assess the predictive capability of performance expectancy on purchase intention, encompassing the computation of R^2 values and regression coefficients.

ANOVA: To evaluate mean differences among various demographic groups concerning their purchase intentions.

Thematic analysis will be employed to examine qualitative data from interviews, aiming to uncover prevalent themes and insights pertaining to HR practices in change management.

5. Hypothesis testing: The subsequent hypotheses will be evaluated.

H_1 : Performance expectancy has a considerable beneficial impact on the purchasing intention of EVs.

H_2 : Effort expectancy significantly influences the intention to purchase electric automobiles.

H_3 : Environmental issues significantly influence the likelihood of adopting electric automobiles.

6. Analysis of findings: The findings will be analysed concerning the research hypotheses, emphasising the extent to which performance expectancy explains variance in purchase intentions (e.g., $R^2 = 0.42$) and the ramifications for HR strategies in facilitating employee support during the transition. This technique offers a definitive framework for executing research, including both quantitative and qualitative dimensions pertinent to comprehending HR's function in managing change during the transition to electric automobiles in India.

Hypothesis

1. Performance Expectancy and Purchase Intention: Performance expectancy significantly influences the purchase intention of EVs positively. This hypothesis states that buyers who regard EVs as high-performing are more inclined to intend to acquire them.
2. Effort Expectancy and Purchase Intention H2: Effort expectancy has a considerable impact on the purchase intention of EVs. This indicates that if buyers perceive EVs as user-friendly, their purchase intention will rise.
3. Environmental Concerns and Adoption Intentions: Environmental concern is a key predictor of the propensity to embrace EVs. This indicates that persons driven by environmental concerns are more likely to purchase EVs.

Analysis, Tabulation and Interpretation

Table 1. Descriptive Statistics Tabulation.

Variable	Mean	Std. Deviation	N
Performance Expectancy	4.21	0.75	500
Purchase Intention	4.15	0.70	500

Interpretation: Both performance expectancy and purchase intention have elevated mean scores, signifying a predominantly positive perception among respondents.

Table 2. Reliability Analysis.

Variable	Cronbach's Alpha	No. of Items	Variable
Performance Expectancy	0.85	5	Performance Expectancy
Purchase Intention	0.88	5	Purchase Intention

Interpretation: The performance expectancy and purchase intention scales exhibit reliability, as indicated by Cronbach's Alpha values over 0.7.

Table 3. Correlation Analysis.

Variables	Purchase Intention	Performance Expectancy
Purchase Intention	1.00	0.65**
Performance Expectancy	0.65**	1.00

Interpretation: A strong positive connection ($r = 0.65$, $p < .01$) is shown between performance expectancy and purchase intention.

Regression Analysis

Table 4. Model Fit.

R	R Square	Adjusted R Square	Std. Error
0.65	0.42	0.41	0.54

Table 5. ANOVA.

Sum of Squares	df	Mean Square	F	Sig.
85.32	1	85.32	292.47	0.001

Table 6. Regression Coefficients.

Predictor	B	Std. Error	Beta	t	Sig.
Performance Expectancy	0.62	0.03	0.65	17.11	0.001

Interpretation

R Square (0.42): Performance expectancy accounts for 42% of the variance in purchase intention.

The regression coefficient ($B = 0.62$) signifies that for every unit increase in performance expectancy, buy intention rises by 0.62 units.

The model demonstrates statistical significance ($p < .001$).

It is concluded that performance expectancy significantly enhances purchase intention, underscoring the necessity of emphasising perceived performance advantages in marketing EVs.

Research Findings

The study's research findings on HR's role in managing the transition from traditional fuel vehicles to EVs in India provide notable insights into consumer behaviour and the efficacy of change management techniques.

The study establishes that performance expectancy substantially affects buying intentions for EVs. Individuals who regard EVs as high-performing are more likely to indicate a willingness to acquire them. A robust positive association ($r = 0.65$, $p < .01$) exists between performance expectancy and purchase intention, signifying that heightened consumer perceptions of performance correspond with increased buying intentions. Effort expectation significantly influences buying intentions. Consumers perceiving EVs as user-friendly are more inclined to contemplate their purchase. This underscores the need of streamlining the user experience in marketing initiatives.

Environmental concerns appeared as a significant predictor of consumers' intentions to embrace electric automobiles. Consumers driven by sustainability are much more inclined to acquire EVs, highlighting the necessity for automobile firms to synchronise their marketing communications with ecological advantages.

Descriptive statistics reveal that both performance expectancy and purchase intention exhibit high mean scores among respondents, indicating a largely favourable opinion of EVs. Reliability Analysis: The instruments assessing performance expectancy and purchase intention exhibited reliability, as indicated by Cronbach's Alpha values surpassing 0.7, so affirming the internal consistency of the assessment tools employed in the study. Regression Analysis: The analysis indicated that performance expectancy explains 42% of the variance in purchase intention ($R^2 = 0.42$). The regression coefficient ($B = 0.62$) signifies that for each unit increase in performance expectancy, buy intention increases by 0.62 units, indicating a statistically significant link ($p < .001$).

These findings highlight the imperative for automotive firms to prioritise perceived performance benefits in their marketing campaigns for EVs, while simultaneously addressing usability and environmental advantages to effectively increase customer adoption rates.

Conclusion

The shift from conventional gasoline vehicles to EVs in India poses both obstacles and possibilities for the automotive sector. This study has underscored the pivotal role of HR in facilitating change during this substantial business transition. The results indicate that performance expectancy, effort expectancy and environmental considerations are significant determinants of consumer purchase intentions for EVs. The study indicates that buyers who view EVs as high-performing are considerably more inclined to express a willingness to buy them. This robust correlation highlights the necessity of prioritising performance benefits in marketing strategy. The study also revealed that perceived user-friendliness significantly influences consumers' intention to purchase electric automobiles. Environmental concerns have emerged as a crucial predictor of adoption, suggesting that consumers driven by sustainability are more likely to embrace EVs. The findings indicate that automotive businesses should implement comprehensive change management strategies that emphasise both technology developments and the prioritisation of employee support and consumer participation. HR departments must actively facilitate training and development programs that equip staff with the requisite skills to adapt to emerging technologies. Moreover, efficient communication tactics are crucial for resolving employee issues and promoting a culture of creativity. This research provides significant insights into the effective management of change by HR throughout the transition to EVs in India. By synchronising HR practices with customer expectations and organisational objectives, automotive businesses may improve employee happiness and market acceptance of EVs, so facilitating a smooth transition to a sustainable automotive future.

Managerial Implication

The managerial implications gained from this study on HR's involvement in facilitating the transition from traditional fuel vehicles to EVs in India are crucial for automotive companies seeking to adeptly handle this substantial industry upheaval.

- Prioritising Performance in Marketing tactics: As performance expectancy greatly affects purchase intentions, managers want to focus on marketing tactics that emphasise the exceptional performance attributes of EVs. This may encompass demonstrating technological breakthroughs, enhanced efficiency and an improved driving experience to entice prospective purchasers.
- Improving User Experience: The results demonstrate that effort expectancy is a significant factor in customer adoption. Managers ought to prioritise enhancing the user-friendliness of EVs, encompassing elements such as charging convenience, smart interfaces and customer support services. This can improve consumer views and elevate buying intentions.
- Addressing Environmental Concerns: Given that environmental issues are a significant predictor of electric vehicle uptake, managers ought to incorporate sustainability into their company communications and practices. This entails advocating for the environmental advantages of EVs and synchronising corporate social responsibility efforts with sustainability objectives to appeal to environmentally aware consumers.
- Investment in Employee Training and Development: Given HR's crucial role in facilitating change, it is essential for managers to allocate resources towards comprehensive training programs that provide staff with the requisite skills to adapt to emerging technologies in EV production. This not only bolsters employee trust but also facilitates a more seamless shift inside the organisation.
- Encouraging Transparent Communication: Effective communication is essential during times of transition. Managers must provide transparent communication channels to resolve employee concerns and disseminate updates regarding the transition process. Utilising feedback methods to engage staff helps cultivate a culture of trust and collaboration.
- Utilising Data-Driven Insights: Employing data analytics to comprehend consumer behaviour and preferences enables managers to refine their initiatives efficiently. Through the analysis of market trends and consumer input, organisations may make informed judgements about product development and marketing strategies.
- Establishing Strategic Alliances: Partnering with technology suppliers, charging infrastructure developers and environmental organisations can augment the company's proficiency in advocating for EVs. Strategic collaborations can enhance resource allocation and foster innovation, so benefitting the transition process.

In conclusion, these management consequences underscore the necessity of synchronising marketing efforts with consumer expectations while providing

assistance to staff during the shift to electric automobiles. Automotive businesses can effectively manage change and facilitate the successful adoption of EVs in India by concentrating on performance, user experience, environmental sustainability, training, communication, data insights and collaborations.

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Exploring the Advertising Value Perception and Its Antecedents: A Study on Video Advertising on Social Networking Sites

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Abstract

The advertising sector's evolution due to new media has led to a focus on social networking sites (SNSs) for reaching core audiences affordably. Video advertising on platforms like YouTube, Instagram, and Facebook is gaining momentum. A survey with 356 respondents across demographics revealed strong positive relationships between advertising value perception and attitudes, as well as insights into higher-order constructs like brand love, analyzed through structural equation modeling (SEM). The study underscores the importance of trustworthy, authentic ads in addressing consumer concerns for increased value perception. It provides a model for effective advertising strategies on SNSs in India, emphasizing entertainment and information value while addressing authenticity and privacy issues.

Keywords

Social networking sites, video advertising, brand love, advertising value perception, attitude

Introduction

In today's marketing and communication landscape, digital technology has drastically changed how businesses engage with their customers (Pahari et al., 2024). To reach a broad audience, advertisers are now showing interest in unconventional media, such as social networking sites (SNSs), to connect with their target audience. This audience is especially the "Generation Y," also popularly known as

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“millennials.” Due to their early exposure to digital interactive media, millennials find it impossible to picture their existence without the digital world. Since they received a sizable inheritance from their Baby Boomer parents, who were born between 1946 and 1964 (Kim & Kim, 2018). Given these circumstances, researchers are motivated to investigate how millennials perceive the value of advertising on SNSs like YouTube, Facebook, and Instagram (Saxena & Khanna, 2013). Understanding their attitudes and behaviors toward advertising on these platforms can provide valuable insights for marketers aiming to effectively target this influential demographic.

The internet, smartphone applications, social media, and other digital communication technologies have become deeply ingrained in the daily lives of billions of people across the globe. As of 2024, the estimated number of internet users worldwide was 5.5 billion, up from 5.3 billion in the previous year. This share represents 68% of the global population (Statista, 2024). Among the countries with significant internet usage, India stands out due to its massive population and high internet penetration rate. The internet serves a wide range of purposes for most individuals, such as conducting Google searches, accessing emails, online shopping, watching videos and movies, utilizing social media platforms, and engaging in instant messaging.

According to Kaplan and Haenlein (2010), SNSs are *a variety of internet-based applications that are built on the theoretical and technological underpinnings of Web 2.0 and that enable the creation and exchange of User Generated Content*. The expected outcome is that SNSs will greatly influence buying choices as individuals’ actions and viewpoints get shared through these platforms. Capitalizing on this opportunity, marketers have begun utilizing SNSs as a means of advertising. Rizavi et al. (2011) state that SNSs serve as a powerful platform for advertising, attracting millions of users from diverse nations, speaking various languages, and belonging to different demographics.

SNSs have opened innovative avenues for businesses to interact with customers. These platforms are of immense importance, as they provide businesses with a large advertising platform, attracting millions of multilingual visitors from diverse nations and demographics (Rizavi et al., 2011). Given the significant impact of social media on people’s lives, businesses are now turning to more cost-effective online advertising channels, including blogs, SNSs, email marketing, website adverts, among others (Saxena & Khanna, 2013). Consequently, many companies have shifted their advertising expenditures from traditional platforms to social media platforms (Lee & Hong, 2016). This shift enables businesses to engage with their clients directly, swiftly, and economically (Kaplan & Haenlein, 2010). Recognizing the effectiveness of SNSs for marketing products, companies worldwide have increased their SNSs advertising budgets to promote their products and services, leading to a surge in revenue for social networking website companies (Saxena & Khanna, 2013).

As per research conducted by Sprout Social (2018), 91% of consumers are inclined to trust a brand that maintains a presence on social media, enabling them to engage with the brand. Considering the increasing trend of advertising on SNSs, particularly in emerging economies like India, it becomes crucial to investigate the key factors that contribute to the perception of advertising value.

Furthermore, understanding its impact on attitudes, purchase intentions, brand loyalty, and electronic word-of-mouth (eWOM) is of paramount importance.

Numerous studies have examined the factors influencing the success of web advertising (Berthon et al., 1996; Brown et al., 2007; Ducoffe, 1995). However, it is important to note that these studies primarily focused on conventional websites and not on SNSs (Saxena & Khanna, 2013). Advertising on SNSs differs in several ways compared to traditional websites. First, the delivery of advertisements on SNSs can vary, with some messages being “pushed” to consumers, while others are based on “pull” content (Taylor et al., 2011). Second, the user-to-user interface on SNSs has its unique characteristics (Brake & Safko, 2009). Lastly, the global number of SNS users is continuously increasing, making this platform highly appealing for advertising purposes. However, little is known about the true value of advertisements on SNSs. The present study aims to bridge this research gap and shed light on this topic.

Literature Review

Existing literature was studied in detail.

Advertising Value Perception

Ducoffe (1995) introduced the concept of the advertising-value construct to gauge consumers' perceptions regarding the relative worth or usefulness of advertising. Through a series of research studies, Ducoffe (1995, 1996) developed a model that considered three factors influencing value perception: entertainment, informativeness, and irritation. According to this model, advertising value significantly influences attitudes toward advertising. Despite its importance in driving consumer responses, researchers have paid little attention to the notion of advertising value (Ducoffe, 1995; Knopper, 1993). By studying advertising value, we can gain a deeper understanding of how advertising functions, with one of its crucial dimensions being the value it holds for consumers (Ducoffe, 1996).

Entertainment

According to McQuail (1987), research on Uses and Gratifications Theory (UGT) suggests that entertainment in advertising refers to its potential to fulfill consumers' needs for diversion, aesthetic enjoyment, escapism, or emotional release. This aspect can lead to a deeper level of engagement from customers and familiarize them with the promoted product or service (Lehmkuhl, 2003). The feeling of enjoyment that viewers experience while watching advertisements plays a crucial role in shaping their overall attitudes toward them (Liu et al., 2012; Shavitt et al., 1998; Xu et al., 2009). Chowdhury et al. (2006) and Ducoffe (1995) also established a significant relationship between the entertainment value of advertising and the perceived value of traditional advertising. It is likely that consumers respond positively to an entertaining advertisement (Liu et al., 2012). Thus, it is hypothesized:

H_1 : Entertainment positively affects the perceived advertising value of video advertisements on SNSs.

Informativeness

Ducoffe (1996) defines “informativeness” as the level of awareness consumers feel regarding the product or service being advertised. When assessing advertising, the significance of informativeness becomes evident through advertising-attitude research. According to Brown and Stayman (1992), informativeness/effectiveness is the most crucial factor in determining brand attitude. Positive responses from recipients to advertising indicate that information holds considerable value as an incentive in marketing (Aitken et al., 2008). When consumers receive details about new products, comparative product information, and specific product benefits, they perceive the information as a favorable aspect of advertising (Shavitt et al., 1998). Therefore, we hypothesize:

H_2 : Informativeness positively affects the perceived advertising value of video advertisements on SNSs.

Credibility

The term “advertising credibility” pertains to how consumers perceive the truthfulness and believability of advertising in general (MacKenzie & Lutz, 1989). Pavlou and Stewart (2000) have defined credibility as the consumer’s belief in the advertising message, assessing the level of trust that customers place in a claim made in an advertisement. Advertising credibility encompasses the perceived believability, truthfulness, and honesty of the advertisement’s content (MacKenzie & Lutz, 1989). Additionally, it plays a significant role in determining the level of consumer trust in the claims made in an advertisement (Trivedi et al., 2020).

Research suggests that advertising credibility has a direct positive impact on customer evaluation (Choi & Rifon, 2002; Choi et al., 2008; Tsang et al., 2004). Based on the existing literature, it can be hypothesized that credibility is positively associated with the advertising value perception. Therefore, the hypothesis is as follows:

H_3 : Credibility positively affects the perceived advertising value of video advertisements on SNSs.

Irritation

In Ducoffe’s (1995, 1996) advertising value model, informativeness and entertainment variables are considered positive predictors, while irritation is viewed as a negative indicator. Brehm (1966) suggests that viewers are less likely to be influenced by advertisements that come across as manipulative, annoying, or offensive. Consumers’ annoyance with advertising can stem from the content of the ads or the overall volume of advertising clutter (Greyser, 1973). Advertisement irritability occurs when consumers feel uncomfortable or bothered by

commercials for various reasons. This irritation can manifest in different ways, such as feeling insulted, receiving bothersome messages, or being exposed to other irritating stimuli (Bracket & Carr, 2001).

According to Ducoffe's model, there is no positive link between the level of irritation and advertising effectiveness. Irritation can arise from several factors, including perceptions of deception, clutter, offensiveness, and misleading information, among others. Even with government and industry regulations in place to protect consumers, some advertising may still be seen as dishonest and deceitful, leading to a diminished perception of advertising's value. Contrary to the belief that irritating advertising might be more effective, Ducoffe's model suggests that there is a direct correlation between how irritating an advertisement is and its effectiveness. Thus, the below hypothesis:

H_4 : Irritation is negatively associated with the perceived advertising value of video advertisements on SNSs.

Personalization

Customers show a greater inclination to reconsider commercials if those advertisements are personalized and align with their lifestyle (DeZoysa, 2002). Consequently, according to Rao and Minakakis (2003), advertisements should take into account the customers' needs, consumption trends, and preferences. Customers prefer personalized advertising messages that cater to their interests (Milne & Gordon, 1993; Robins, 2003). Furthermore, Xu (2006) discovered that personalized advertising, which targets specific customers based on their interests and purchasing behaviors, can lead to favorable responses and outcomes, particularly in reaching potential customers. Personalization is considered a crucial factor in understanding individual preferences (Al Khasawneh & Shuhaimi, 2013; Kim & Han, 2014; Lee, 2010; Xu, 2006). Based on these findings, the hypothesis is as follows:

H_5 : Personalization positively affects the perceived advertising value of video advertisements on SNSs.

Interrelationship Between Variables

It is evident from the extant literature that the variables are interrelated with each other.

Advertising Value Perception with Attitude Toward Brand and Attitude Toward Advertising

The primary objectives of advertising are sales and product/service branding (Laudon & Traver, 2013). Branding involves creating a distinct identity for a product or service, and people form opinions about a brand based on the positive and negative messages conveyed through its trademarks (Lee et al., 2017). Advertisements aim to influence consumers' thoughts, evoke emotions, and temporarily alter their emotional states (MacKenzie & Lutz, 1989). Previous research

has shown that these cognitive changes are how advertising value influences attitudes toward advertising (Haghrian & Inoue, 2007; Xu et al., 2009). Additionally, since branding is one of the primary objectives of advertising, these cognitive changes also impact brand attitudes, in addition to attitudes toward advertising. In other words, high advertising value positively influences consumers' perceptions of the brand associated with the product or service.

According to Ducoffe (1995), advertising value perception is a measure of advertising effectiveness that "may indicate customer satisfaction with an organization's communication efforts." Attitude toward advertising refers to the inclination to react favorably or unfavorably toward advertising (MacKenzie & Lutz, 1989). Exchange is a central concept in marketing, involving the exchange of value between parties (Houston & Gassenheimer, 1987). An advertising communication can serve as a potential channel of communication between a consumer and an advertiser (Ducoffe, 1995). For successful exchanges, the perspectives of both parties need to be considered. A successful exchange can be considered when the advertising value meets consumers' expectations (Liu et al., 2012). Mayer (1991) observed that technological advancements in communications lead consumers to pay for advertising they prefer and ignore the rest. Based on these considerations, the following hypothesis is proposed:

H_6 : Advertising value perception positively impacts brand attitudes toward video advertisements on SNSs.

H_7 : Advertising value perception positively impacts advertising attitudes toward video advertisements on SNSs.

Advertising Attitude and Brand Attitude

The attitude toward advertising plays a crucial role in determining both purchase intention and brand attitude (MacKenzie et al., 1986). Additionally, advertising attitude and brand attitude are interrelated factors, with one influencing the other and jointly impacting purchase intention (MacKenzie & Lutz, 1989). Mittal (1990) discovered a positive association between advertising attitude and brand attitude. Various studies examining the factors that influence brand attitude have consistently found advertising attitude to be a significant contributing factor (Aaker & Jacobson, 2001; Han, 1989; Li et al., 2002; MacKenzie & Spreng, 1992).

H_8 : Attitude toward advertising positively impacts brand attitude on SNSs.

Attitudes and Brand Love

According to Simons (1976), attitude can be defined as a relatively stable inclination to respond positively or negatively toward something. Fishbein (1963) proposed that attitude is the sum of the expected outcomes, weighted by an assessment of how desirable those outcomes are. The theory of planned behavior supports the idea that attitudes influence behavior. Ajzen (1980) found that thoughts that do

not readily come to mind during elicitation are less likely to impact behavior. Additionally, Batra et al. (2012) suggest that brand love is closely connected to the strength of an attitude. Based on these arguments, it can be inferred that attitudes toward advertisements and attitudes toward the brand are precursors to brand love. Consequently, the following hypothesis is proposed:

H_9 : Advertising attitude positively impacts brand love on SNSs.

H_{10} : Brand attitude positively impacts brand love on SNSs.

Brand Attitude and Purchase Intention

According to Miniard et al. (1983), “purchase intention acts as a mediating psychological factor between attitude and actual behavior.” Research indicates that a consumer’s positive perception of a brand significantly influences their intention to purchase and their willingness to pay a premium price (Keller & Lehmann, 2006). Wu and Wang (2011) also consider brand attitude as a predictor of behavioral intentions. Given that brand attitude is the most influential predictor of purchase intention, a customer’s attitude toward a brand has a significant impact on their intention to make a purchase (Abzari et al., 2014). The Theory of Reasoned Action (TRA) supports these findings, as Summers et al. (2006) discovered that attitude toward engaging in a specific behavior is a key determinant of purchase intention. The study further revealed that if a respondent holds a positive attitude about the behavior, they are more likely to make a purchase (Summers et al., 2006). Therefore, the following hypothesis is proposed:

H_{11} : Brand attitude positively impacts purchase intention on SNSs.

Attitude and eWOM

Brand attitude has been a crucial area of marketing research for many years. Moreover, previous research shows that brand attitude is the most important driver of customer-based brand equity (Ansary & Nik Hashim, 2018; Lane & Jacobson, 1995; Morgan & Hunt, 1994; Park et al., 2010; Zarantonello & Schmitt, 2013).

Augusto and Torres (2018) suggest that, when assessing advertising messages, their impact on brand attitude is a common consideration. The formation of customers’ brand attitudes is influenced by their interactions with the brand, either through direct engagement or exposure to marketing materials (Keller, 1993). Additionally, eWOM has been found to play a role in shaping brand attitudes. Research indicates that a favorable brand attitude often results in positive eWOM (Chang et al., 2013; Chu & Sung, 2015). Further, it is hypothesized:

H_{12} : Brand attitude has a positive impact on eWOM on SNSs.

H_{13} : Attitude toward advertising has a positive impact on eWOM on SNSs.

Attitude Toward Advertising and Purchase Intention

Earlier research has indicated a positive connection between individuals' attitudes toward advertising and their intention to make a purchase (Xu et al., 2009). According to Lee et al. (2017), it is believed that consumers' attitudes toward advertising, particularly in the context of mobile adverts, can have a positive impact on their purchase intentions. This association is also likely to hold true for SNSs, although there is limited literature available on this particular relationship. Moreover, it is hypothesized:

H_{14} : Attitude toward advertising positively affects purchase intention on SNSs.

Brand Love and Purchase Intention

Researchers have identified various outcomes associated with brand love, such as eWOM recommendations, brand loyalty, purchase intentions, and a willingness to pay a premium (Roberts, 2006; Roy et al., 2013). However, as brand love is a relatively recent concept, further investigation is needed to fully understand its role in establishing a strong consumer-brand relationship (Roy et al., 2013). Additionally, more research is required to explore new factors that contribute to brand love and to verify existing ones in different contexts (Albert & Merunka, 2013; Fetscherin, 2014; Kim & Kim, 2018). The following is hypothesized:

H_{15} : Brand love positively impacts purchase intention on SNSs.

Brand Love and eWOM

According to Carroll and Ahuvia (2006), brand love is associated with desirable post-purchase behaviors such as loyalty and positive word-of-mouth, underscoring its importance in establishing an emotional connection with customers. Consequently, companies seek to foster emotional bonds with their customers to encourage them to speak favorably about the brands they admire (Rageh Ismail & Spinelli, 2012). This emotional connection, as suggested by Rageh Ismail and Spinelli (2012), leads to positive word-of-mouth, wherein customers emotionally express their relationship with the brand. Sarkar (2011) further argues that when customers have strong emotional attachments to a brand, they are more likely to share their positive experiences with others, thus enhancing the brand's market reach.

Prior research has consistently found a positive correlation between brand loyalty and positive word-of-mouth. When customers have a genuine affection for a brand, they tend to speak highly of it and actively promote it to friends and family (Batra et al., 2012; Carroll & Ahuvia, 2006). In essence, consumers who have a deep connection with a brand become influential advocates for that brand (Dick & Basu, 1994; Harrison-Walker, 2001; İlter et al., 2016). They not only recommend the brand to others but also encourage them to make purchases (Correia Loureiro & Kaufmann, 2012). Thus, the hypothesis is as follows:

H_{16} : Brand love positively impacts eWOM on SNSs.

Research Methodology

Participants and Procedure

In this research, a descriptive research design was used. The survey was conducted using non-probability snowball sampling, targeting individuals born after 1980 (Generation Y). According to Chapekar (2017), Generation Y, also known as millennials, constitutes the largest portion of viewer traffic on YouTube. They are also the generation most interested in following brands online for information and entertainment. Moreover, millennials are twice as likely as Generation X and Baby Boomers to engage with brands through social media rather than traditional methods like phone calls or emails.

To ensure the confidentiality of responses and overcome non-response bias, respondents were assured that their answers would be kept confidential and used only for study purposes. Data were collected through the survey method from major urban cities in India, considering the easy and affordable access to the internet and smartphones for respondents in these areas. Online forms were circulated for the purpose of data collection. The total responses consisted of 356 responses. After undergoing scrutiny and checks for duplication, it was found that only 328 responses were fit for the study. Out of 328 participants, 59% were female and 41% were male. The average age of the respondents was 31 years.

Measures and Tools

For this study, data collection utilized a structured questionnaire with closed-ended questions, following the approach described by Oppenheim (1992). Drawing insights from the literature, a questionnaire was developed to assess the theory under investigation. It served as a means to gather pertinent data and demographic information from the participants. To ensure clarity and comprehension, the questionnaire was designed in the English language. The study employed existing literature to derive the scales used in the research. These scales were measured using a seven-point Likert scale, ranging from 1 (indicating strongly disagree) to 7 (indicating strongly agree). The study measured informativeness and entertainment dimensions with three and four items, respectively, both of which were originally developed by Ducoffe (1995) and Pollay and Mittal (1993). Credibility was measured using a three-item scale adapted from MacKenzie and Lutz's work (1989). Irritation was measured using the scale introduced by Ducoffe (1995). Personalization was assessed using a three-item scale adopted from Lane and Manner (2011) and Liao (2012). Advertising value perception was studied using a three-item scale taken from Ducoffe's (1995) work. Although initially designed for traditional advertising media, this scale has been widely used in various studies, including Web 1.0-based media, as seen in the research conducted by Ducoffe (1996) and Wang and Sun (2010). To measure purchase intention, a four-item scale was adopted from Yoo and Donthu (2001). Attitude toward the brand was measured using adoption scales from Lee et al. (2017). Attitude toward

advertising was assessed using three items from Zhang and Yuan (2018) and Chowdhury et al. (2006). Furthermore, the scales to measure brand love were derived from the study conducted by Trivedi and Sama (2020). Finally, eWOM scales were adopted from the work of Trivedi and Sama (2020), as well.

Data analysis was done using structural equation modeling (SEM) on Statistical Package for the Social Sciences (SPSS) and Analysis of Moment Structures (AMOS) software.

Results

After the data were collected, it was checked for missing values. The data were cleaned and deemed fit for further analysis.

Reliability

Cronbach's alpha values were calculated to determine the reliability of the scales that were employed. All of the variables that were examined had an acceptable value of over 0.7, according to Nunnally (1978). Kaiser–Meyer–Olkin (KMO) and Bartlett's test for sphericity were used to determine the necessity of factor analysis. The significance of the study was demonstrated by the values of 0.946 for the KMO measure and a *p* value of .000 obtained from Bartlett's test. Adequacy of the data was indicated by a KMO value falling between 0.8 and 1. The significant result from Bartlett's test suggested that there were equal variances across the sample populations, and factor loadings above 0.6 were considered acceptable. To detect multicollinearity among variables, the researchers observed the variance inflation factor values. However, the maximum variance inflation factor value of 5.21 indicated the absence of multicollinearity.

Common Method Bias (CMB)

In this study, data were exclusively gathered using a structured questionnaire. As a result, it was crucial to examine whether CMB existed in the data. To address this concern, CMB is checked using Harman's single-factor test in SPSS. One common factor explained 45.207% of the variance, the value of which is less than 50%. This confirmed that the results were free from CMB (Podsakoff et al., 2003).

Measurement Model

The measurement model employs latent variables and their indicators to assess the accuracy of measuring the unobserved variables. Confirmatory factor analysis (CFA) was utilized to evaluate the overall fit of the model and test the factor loadings. CFA can be applied to multiple constructs or factors simultaneously to ensure the reliability of the measurements concerning the researcher's conceptualization of these constructs or factors. Additionally, CFA examines the data

fit of a hypothesized measurement model that is built on theoretical grounds and previous analytical research. Maximum likelihood estimation was used for CFA, and the model showed an acceptable fit. The recommended fit indices were chi-square (χ^2) = 1,524.170, degrees of freedom (df) = 611, p value = .000, CMIN/ df = 2.495, GFI = 0.849, AGFI = 0.817, NFI = 0.893, IFI = 0.933, CFI = 0.933, RMSEA = 0.057, and P close = 0.01, were significant and within acceptable limits (Hair et al., 2009). The model is recursive. Further, we have examined the convergent and discriminant validity. The average variance extracted (AVE) and composite reliability (CR) values obtained were both above 0.5 and 0.7, respectively, and were therefore adequate.

Structural Model

Following the validity and reliability assessments as shown in Table 1, the study proceeded to examine the relationship between exogenous and endogenous latent variables. These tests were conducted within the structural model framework (Hair et al., 2010). Unlike CFA, in SEM, it was important to distinguish between independent and dependent variables. In SEM, the causal relationship between an independent variable and a dependent variable is represented by a single arrow. Furthermore, SEM assumes covariances between independent variables, which are depicted by two-sided arrows. Consequently, upon transitioning from the measurement model to the structural model, the relationships between the constructs were established. The obtained values of the recommended fit indices were chi-square χ^2 = 2,528.298, degrees of freedom (df) = 683, CMIN/ df = 3.702, CFI = 0.917, GFI = 0.855, AGFI = 0.834, TLI = 0.910, NFI = 0.890, RMSEA = 0.59, and P close = 0.00. The results confirmed a good fit between the data and the model.

It was found that entertainment (β = 0.168, p < .1), informativeness (β = 0.351, p < .1), and credibility (β = 0.466, p < .1) positively affect advertising value perception, while irritation (β = -0.122, p < .1) negatively impacts advertising value perception. Further, it was confirmed that personalization (β = 0.038, p = .077) does not affect advertising value perception. The results confirmed that advertising value perception positively affects brand attitude (β = 0.904, p < .1) and attitude toward advertising (β = 0.629, p < .1). It is clear from the results that attitude toward advertising does not impact brand attitude (β = -0.015, p = .617). Next, advertising attitude positively impacts brand love (β = 0.381, p < .1) and brand attitude positively impacts brand love (β = 0.299, p < .05). Further, it was found that brand attitude positively impacts purchase intention (β = 0.967, p < .1). Brand attitude has a positive impact on eWOM (β = 0.225, p < .1). Further, advertising attitude has a positive impact on eWOM (β = 0.690, p < .1). It was found that attitude toward advertising does not affect purchase intention (β = -0.011, p = .745). Also, brand love significantly does not affect purchase intention (β = 0.051, p = .063) and eWOM (β = 0.055, p = .110). Figure 1 establishes the relationship between variables, and Table 2 shows if the hypotheses were supported.

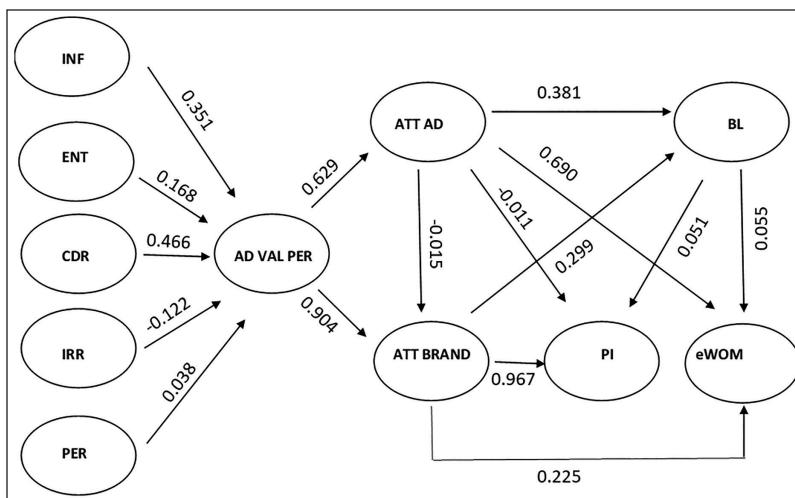


Figure 1. Structural Equation Modeling (SEM) Result.

Discussion and Implications

It is a known fact that brands strive for a positive attitude. Advertising value perception is one of the key factors in creating a positive attitude toward brands as well as the advertising communications of brands. There are several variables that impact advertising value perception. Entertainment is among the strongest determinants of value perception (Karamchandani et al., 2021). Audience experience and aesthetic enjoyment from watching entertaining advertisements (McQuail, 2005). The results of this study are in accordance with several studies on value perception (Ducoffe, 1995, 1996; Karamchandani et al., 2021; Liu et al., 2012; Xu et al., 2009). Further, the inability of advertising to provide information does not woo the viewers. Various studies have supported this claim (Brackett & Carr, 2001; Ducoffe, 1996; Logan et al., 2012; Wang & Sun, 2010). However, the results are in contradiction with the conclusions of Haghrian and Inoue (2007). It was evident from the results that informativeness is an important variable that affects advertising value perception. Also, this study suggests that credibility is the strongest antecedent affecting advertising value perception ($\beta = 0.466$). The believability aspect of advertising is considered as credibility, according to Pavlou and Stewart (2000). The claims by brands in advertising are perceived to be of utmost importance to the audience. False and misleading advertisements are not accepted by the viewers, and they tend to lose trust in the brand, which further leads to negative value perception. It is confirmed that irritation is a negative variable that affects advertising value perception. If an advertisement is perceived as offensive, annoying, or manipulative, it is less likely to impact consumers (Brehm, 1966). It is confirmed in this study that irritation negatively impacts advertising value perception. In the context of SNSs, consumers tend to skip ads in order to avoid unwanted promotions. There are instances where viewers pay for blocking

Table 1. Cronbach's Alpha, Composite Reliability (CR), Average Variance Extracted (AVE), and Discriminant Validity.

	Cronbach's Alpha												
	CR	AVE	ENT	INF	IRR	CRD	PER	ADV	EWOM	BA	ADA	PI	BL
ENT	0.896	0.750	0.750	0.866									
INF	0.846	0.767	0.527	0.715**	0.726								
IRR	0.635	0.703	0.542	-0.013	0.000	0.737							
CRD	0.873	0.850	0.655	0.444**	0.455**	0.019	0.809						
PER	0.867	0.838	0.634	0.282**	0.269**	0.078	0.424**	0.796					
ADV	0.882	0.875	0.701	0.611**	0.707**	-0.026	0.538**	0.319**	0.837				
EWOM	0.777	0.858	0.603	0.644**	0.690**	0.016	0.559**	0.348**	0.797**	0.777			
BA	0.842	0.838	0.644	0.575**	0.661**	0.026	0.526**	0.364**	0.736**	0.790**	0.815		
ADA	0.817	0.839	0.636	0.541**	0.592**	-0.011	0.570**	0.328**	0.692**	0.727**	0.763**	0.798	
PI	0.887	0.878	0.707	0.473**	0.555**	0.008	0.487**	0.235**	0.666**	0.684**	0.739**	0.700**	0.841
BL	0.951	0.954	0.750	0.551**	0.549**	-0.032	0.585**	0.322**	0.668**	0.751**	0.705**	0.718**	0.723**

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

ADA: Attitude toward advertising; ADV: Advertising value perception; BA: Brand attitude; BL: Brand love; CRD: Credibility; ENT: Entertainment; EWOM: Electronic word-of-mouth; INF: Informativeness; IRR: Irritation; PER: Personalization; PI: Purchase intention. Italic values show the square root of AVE. A construct should share more variance with its own indicators than with other constructs.

Table 2. Structural Equation Modeling (SEM) Result.

Measure → Construct	Estimate	SE	CR	p	Result
ENT → ADV	0.168	0.033	5.098	***	Supported
INF → ADV	0.351	0.041	8.585	***	Supported
IRR → ADV	-0.122	0.033	-3.680	***	Supported
CRD → ADV	0.466	0.045	10.280	***	Supported
PER → ADV	0.038	0.022	1.767	.077	Not supported
ADV → ADA	0.629	0.041	15.268	***	Supported
ADV → BA	0.904	0.042	21.661	***	Supported
ADA → BA	-0.015	0.031	-0.501	.617	Not supported
ADA → BL	0.381	0.047	8.040	***	Supported
BA → BL	0.299	0.048	6.272	***	Supported
BL → EWOM	0.055	0.035	1.598	.110	Not supported
BL → PI	0.051	0.027	1.863	.063	Not supported
ADA → PI	-0.011	0.034	-0.325	.745	Not supported
ADA → EWOM	0.690	0.049	14.196	***	Supported
BA → PI	0.967	0.047	20.500	***	Supported
BA → EWOM	0.225	0.041	5.519	***	Supported

Notes: ***p < .1.

ADA: Attitude toward advertising; ADV: Advertising value perception; BA: Brand attitude; BL: Brand love; CR: Composite reliability; CRD: Credibility; ENT: Entertainment; EWOM: Electronic word-of-mouth; INF: Informativeness; IRR: Irritation; PER: Personalization; PI: Purchase intention.

ads on SNSs. Advertising clutter, as well as the content of advertisements, can cause irritation (Greyser, 1973). The results of this research are in consideration by several articles (Ducoffe, 1995, 1996; Logan et al., 2012; Saxena & Khanna, 2013). The results of Liu et al. (2012) contradict the findings of this study. However, it is evident in the current study that personalization is not a very essential factor in shaping the advertising value perception. Other factors like entertainment, informativeness, and credibility are more essential in forming a perception toward advertisement.

On further analysis, it was found that advertising, being a source of communication, can lead to positive or negative attitudes. As per MacKenzie and Lutz (1989), advertising messages are capable of inducing cognitive changes in consumers' minds. Further, Lee et al. (2017) concluded that brand attitude can be altered by cognitive changes. It is clear from the results derived from this study that advertising value perception plays a vital role in forming attitudes toward the brand. Advertising value is an important antecedent to advertising attitude. The intrinsic worth derived through emotional and cognitive assessments influences attitudes (Perloff, 1993). According to MacKenzie and Lutz (1989), the way of responding to ads in an unfavorable or favorable manner is referred to as attitude toward advertising. This research proves that advertising attitude does not impact

brand attitude significantly ($\beta = -0.015$). A plausible reason for the same is that both attitudes are independent of each other and depend on advertising value perception. It would not be logical to say that one attitude will impact the other. Moreover, brand attitude and advertising attitude are cause and effect factors influencing purchase intention (MacKenzie & Lutz, 1989).

It is known from the literature that brand love is a holistic construct that is recently getting traction in research and that it has emerged as a useful construct (Bergkvist & Bech-Larsen, 2010; Junaid & Hussain, 2016; Rauschnabel & Ahuvia, 2014; Roy et al., 2013). It was therefore taken into consideration in this study. Carroll and Ahuvia (2006) conceptualized brand love. A positive attitude toward advertising leads to brand love. Not many studies have implied this relationship; however, it is evident that attitudes can lead to brand love. Advertising is meant to make viewers engaged, which is the ultimate goal of brand love (Batra et al., 2012). According to Trivedi and Sama (2020), numerous studies have supported the notion that brand attitude is an antecedent to brand love (Albert & Merunka, 2013; Batra et al., 2012; Sarkar & Sarkar, 2016; Trivedi, 2019). The present study is in line with the literature. The relationship between brand attitude and brand love is strongly established ($\beta = 0.299$).

Literature suggests that various studies have shown that the relationship between brand attitude and purchase intention exists (Ferreira & Barbosa, 2017; Karamchandani et al., 2021; Kim & Han, 2014; MacKenzie & Spreng, 1992). The results are in line with the literature. The result of this study implies that if the consumer responds positively toward the brand, it is more likely that they will purchase the product from the brand. There are important implications behind studying this relationship. First, purchase intention is considered the end goal of advertising in various studies. The aim of a brand is to sell its products through advertising. Advertising on SNSs makes it even easier to sell a product being advertised. Consumers can buy a product in a single click. Second, negative brand attitude can have its own consequences. It was evident from the results that a negative brand attitude not only results in "no intention to buy" but also in negative word of mouth. Further, the relationship between brand attitude and eWOM is discussed. Positive or negative attitudes toward the brand can lead to word of mouth by consumers on SNSs. The current study statistically confirms the relationship between brand attitude and eWOM. The result is in line with some studies (Chang et al., 2013; Chu & Sung, 2015). Furthermore, as per Mangold and Faulds (2009), social media is home to several WOM forums, ranging from blogs to rating websites and company-sponsored discussion boards. All this enables the consumers to comment on SNSs platforms, like Instagram, YouTube, and Facebook. Advertising on these platforms influences consumers' attitudes, which in turn encourages them to engage in electronic word-of-mouth (eWOM). Not many studies have considered this relationship in the literature. However, this study paves the path to explore this relationship in depth. Statistical test results have shown a strong relationship between advertising attitude and eWOM, which is even stronger than the widely accepted relationship between brand attitude and eWOM.

Attitude toward advertising is descended from advertising value perception. Several studies have found that advertising value perception does not impact

purchase intention (Karamchandani et al., 2021). This fact was contradictory to several studies (Martins et al., 2019; Van-Tien Dao et al., 2014). Therefore, the need arises to find out if attitude toward advertising affects purchase intention. However, the study strongly suggests that attitude toward advertising is not related to purchase intention. It can be said that even if a consumer has a positive attitude toward an advertisement, it does not ensure that they will purchase the product being advertised. Further, extant literature suggests that there is a favorable association between satisfaction and willingness to buy that brand (Eagly & Chaiken, 1993), and the effect of brand loyalty on the intention to purchase (Jacoby & Chestnut, 1978; Srinivasan et al., 2002). But surprisingly, this study disagrees with the claim that brand love affects purchase intention ($\beta = 0.051$). A plausible explanation for the same could be the lack of buying capacity for the brand in spite of the desire to use that brand. Mittal (2006) concluded that consumers seek brands in accordance with their own personality, values, and lifestyle. A customer might love a brand and aspire to buy the brand; however, other factors might make the purchase intention unfavorable. One plausible explanation could be that a customer might love the brand; however, other factors, such as a high price, could lead to a negative purchase intention. Another reason could be the availability of the product. SNSs advertising can be viewed by consumers globally.

Brand love and eWOM are higher-order constructs (also known as hierarchical component models in the context of SEM, as per Lohmöller (1989). Higher-order constructs are based on more abstract dimensions. Bairrada et al. (2018) suggested that brand love impacts WOM. The result of the present study contradicts with this. Various studies suggest that brand love results in positive consumer responses (Rodrigues & Rodrigues, 2019; Trivedi, 2020). Surprisingly, it is not the case for SNSs advertisements.

Limitations and Scope

Like any scientific investigation, this study is not exempt from limitations. First, it focuses solely on the geographical region, India, which, despite having a large number of SNS users, may not provide a complete understanding of the variables' impact on advertising value perception due to the use of cross-sectional data. To overcome this limitation, a longitudinal study could be conducted to validate the obtained results. Additionally, the study's scope is limited to millennials due to time and budget constraints. Expanding the investigation to include other age groups would offer a better grasp of purchase intention across different demographics. Moreover, the study does not account for the various formats of eWOM available on SNSs, such as videos, images, and text reviews. Future research could explore sentiment analysis through eWOM and investigate the effects of negative eWOM on purchase intention. Furthermore, with the continuous evolution of SNSs, video advertising now comes in various formats, including "reels" on Instagram. A comparative study between different video advertising formats could be pursued in future research. Despite these limitations, the study presents a comprehensive model of advertising value perception, which could be tested for

various advertising media and formats. This allows for the possibility of refining the model and gaining a deeper understanding of advertising perception across different platforms.

Conclusion

The study has successfully achieved its research objectives and effectively confirmed the hypothesized relationships. Furthermore, its contribution is not limited to academia alone; it also serves to bridge the gap between industry and academia. The research carries significant theoretical and practical implications, offering valuable insights for advertisers and brand managers. By implementing the findings, they can enhance advertising value perception, ultimately leading to greater viewer engagement with their ads. Additionally, the model proposed in this research can be employed to measure purchase intention, aiding in sales improvement. Moreover, the study delves into the emotional aspects of branding, shedding light on brand love toward the brand.

The model used in this research establishes important relationships, thereby contributing substantially to the existing knowledge within the marketing field. The intriguing results and the disruptive nature of video advertising on SNSs have sparked curiosity and enthusiasm for further investigation. The researchers predict that new and captivating discoveries await in this area of research.

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