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Highlights

Influence on Consumer Behaviour

Significance of Labor Productivity

Discovering Thoughts, Inventing Future

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Nexus between Environmental Degradation and Agricultural Productivity in Sub Sahara Africa; does Poverty Matters?

By Menang Etiene Fomonyuy, Jumbo Urieh Eleazar
& Vukengkeng Andrew Wujung
University of Bamenda

Abstract- The purpose of this study was to examine the relationships between environmental degradation and agricultural productivity in Sub-Sahara Africa over the period from 1996 to 2020. To achieve this objective, we assumed greenhouse gases as an indicator of environmental degradation, agricultural value added as an indicator of agrarian productivity, and Gross domestic product as an indicator of the poverty level. The data used in the study was collected from the World Bank Development Indicators database 2020. Concerning the estimation technique, the Pooled Mean Group estimation model was used. The results indicated that, an increase in greenhouse gas has a positive and statistically significant influence on agricultural value added in the long-run and in the short-run greenhouse gas has a negative effect on agricultural value added in Sub-Sahara Africa. It is therefore of vital essential that, various agents should encourage the use organic rather than chemical manures for agricultural production, that farm land should be equitably distributed among the farmers, and that agrarian production practices should not be done on marginal lands.

Keywords: agricultural productivity, environmental degradation, seemingly unrelated regression, sub-sahara africa and sur, poverty.

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Nexus between Environmental Degradation and Agricultural Productivity in Sub Sahara Africa; does Poverty Matters?

Menang Etiene Fomonyuy [α], Jumbo Urieh Eleazar [σ] & Vukengkeng Andrew Wujung [σ]

Abstracts- The purpose of this study was to examine the relationships between environmental degradation and agricultural productivity in Sub-Sahara Africa over the period from 1996 to 2020. To achieve this objective, we assumed greenhouse gases as an indicator of environmental degradation, agricultural value added as an indicator of agrarian productivity, and Gross domestic product as an indicator of the poverty level. The data used in the study was collected from the World Bank Development Indicators database 2020. Concerning the estimation technique, the Pooled Mean Group estimation model was used. The results indicated that, an increase in greenhouse gas has a positive and statistically significant influence on agricultural value added in the long-run and in the short-run greenhouse gas has a negative effect on agricultural value added in Sub-Sahara Africa. It is therefore of vital essential that, various agents should encourage the use organic rather than chemical manures for agricultural production, that farm land should be equitably distributed among the farmers, and that agrarian production practices should not be done on marginal lands.

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I. Introduction

Agriculture is the backbone of most developing countries economies, as it is a sector on which the majority of the population's livelihoods depend upon, (IPCC, 2007). Before civilization, men were surviving solely on agriculture (Amrita *et al.,* 2017). Agriculture plays a pivotal role in the survival and existence of man, especially in SSA, where agriculture accounts for more than 75% of its GDP and 70 to 80% of employment (Molua and Lambi, 2007). However, environmental conditions are of vital importance in determining the amount of agricultural productivity in the region (Pimental, 2006). It is estimated that each year, approximately 10million hectares of agrarian land globally is abandoned due to lack of production caused by environmental degradation (Lal, 1994). The situation in Sub-Sahara is more serious, as the small farmlands are located on marginal lands where soil qualities are usually poor (Lal and Stewart, 1990; David *et al.,* 2005).

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However, the contribution of agricultural production to the economy of Sub-Sahara Africa over the decades is not that fixed due to the ever-changing and uncertain climate changes (David, 2005). The quantity and quality of food available in the region depend so much on climate change, as increasing rainfall, floods, drought, and sometimes extreme weather conditions influence agricultural productivity, which is the livelihood of many in the region (Amrita et al., 2017), as any change in climatic conditions will affect agricultural productivity and its nutrition outputs, (Kulkarni *et al.*, 2018). That is why the World Food Program (WFP) in 2011 stated that environmental changes are a threat to human nature as they might increase the number of people going hungry, under-nutrition, being sick, or even dying, as more powerful and frequent droughts and storms will cause more damage leading to ruining of the fertile farmlands (WFP, 2011). It is estimated therefore that, Sub-Sahara Africa by 2050 will have a drastic fall in agricultural production due to environmental changes (IPPC,2001), and this fall in agricultural production is mainly attributed to environmental degradation that has pushed many people into poverty as the majority of them depends on agriculture for their livelihood (Badulescu *et al.*, 2019).

Faced with these challenges posed by environmental degradation and other socio-economic factors on agricultural production in Sub-Sahara Africa, poverty is seen as the main factor promoting ecological degradation in the region in line with the World Commission on Environment and Development suggestion (Readon and Vosti, 1995). The nexus between environmental degradation and poverty is seen in two ways, firstly, that the poor are the source of environmental degradation and secondly they victims of a depleted environment (Oluwatoyin *et al.,* 2018) as they are forced to cut down trees for firewood, use harmful chemicals to add their harvest and the lack of education and awareness of the effect of their practice by forgoing sustainable environmental practices for short-term benefits (Matthew *et al.,* 2018). Also, the fact that the poor in Sub-Sahara Africa do not always have access to land, they are forced to settle in marginal land and cultivate in degraded soils, which will deplete the ground and cause more degradation of the environment (Jiang *et al.,* 2017; and Shen *et al.,* 2019).

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Based on the above trend concerning environmental degradation and agricultural productivity, the objective of this paper is to examine the nexus between ecological degradation and agrarian production in Sub-Sahara Africa and specially, to explore the effect of ecological degradation on agricultural productivity in Sub-Sahara Africa from 1996 to 2020.

This paper is organised into five sections; the introduction, background, and objective made-up section 1, and the literature review is presented in section 2. Section 3 is the presentation of the methodology used in the study. The presentation of results and discussion are presented in section 4, and the conclusion and recommendation of the study are presented in section 5.

II. Literature Review

This part of the study centers on the conceptual issues and the empirical literature review. The section begins by explaining the essential key concepts and the conceptual framework that are relevant to this paper. The empirical literature was also reviewed, and it focuses on the previous works to provide explanations of the relationship between the various variables used in the study.

a) *Conceptual Issues*

Environmental degradation refers to the process by which the environment gradually gets rid of its original state, thereby reducing its biological diversity (Schubert *et al.,* 1995). Many researchers often refer to environmental degradationas, a nontrivial and contentious concept (Todorov, 1986). The deterioration of the environment through the depletion of resources includesall biotic, and abiotic elements that form our surrounding the of the earth surface (Gascon *et al.,* 2000).

It should be noted that there are basically two main causes of environmental degradation that is human and natural activities (Wieland *et al.,* 2020). In many parts of Sub-Sahara Africa today, there are many practices done that does not support sustainable environment (Ugochukwu, 2008). It is believed that the long-run result of environmental degradation would result in an environment that will not be able to sustain the human population, and as such, if not addressed on time, it could lead to the extinction of humanity in the future. However, in the short-run, the consequences of environmental degradation will be falling living standards, extinction of a large amount of species, decline in agricultural production amongst others.

However, the contribution of agricultural production to environmental change mitigation can be through the reducing of greenhouse gas (Smith et al., 2007). CO2 is mainly released from microbial delay and sometimes from the burning of plants and organic matter and from fossil resources that are always used in agricultural production. At the same time, Methane (CH4) is produced mainly from the fermentative digestion of ruminant livestock (Mosier *et al.,* 1998). Furthermore, Nitrous Oxide (N2O), on its part, comes from the nitrification and denitrification of nitrous (N) in the soil and manure, which usually, through its emission, leads to a higher level of nitrous fertilization (IPPC, 2007).

b) *Empirical Literature*

Many scientific studies have been carried in the ecosystem and its environment, especially on the effects of ecological degradation on agricultural production around the world. The nexus between environmental degradation and agricultural production has been confirmed by many studies, but the role played by poverty is still lacking in determining the strength of the relationship. However, this study bases its arguments on literature that creates a direct link between environmental degradation and agricultural production, and in this latter context that, the analysis of the role poverty plays on the relationship between environmental degradation and agrarain production in Sub-Sahara Africa is examined.

In examining the relationship between environmental degradation and agricultural production, some results have stated that greenhouse gases can generate a negative effect on the agricultural value added as is observed in the results of (Muhammad *et al.,* 2017 and Bashir *et al.,* 2021). With this light, Musibau *et al*., (2021) examine the relationship between environmental degradation, energy use, and economic growth in Nigeria and arrived at a conclusion that there is an adverse association between environmental degradation and agricultural production value added. In some similar studies, Hanna et al., 2017 and Osabotrien *et al.,* 2018 noted a similar finding to that of Chaimo and Felix, 2017 as all pointed out that environmental degradation has an adverse effect on agricultural value added. The study therefore stresses the fact that to habitat, those degraded lands for long-run development, appropriate policies and institutions, as well as enabling environment is needed to ensure that farmers participate.

Hafiza *et al.,* (2020) trying to understand the impact of average temperature, energy demand, sectorial value added and population growth on water resources quality and mortality rate in Pakistan, while using the simultaneous Generalised method of moment. The study revealed that the global average temperature has resulted in environmental problems such as the deterioration of water. This result was in line with the study of (Kocak and Sarganesi, 2017; Yildirim, 2020). The study therefore concluded by stating that the average temperature and the per capita income will

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reduce, while the water requirement quality and agricultural production will fall.

Furthermore, Tuomisto *et al.,* (2017) carried out a study to examine the effects of environmental changes on agriculture, nutrition, and health with their focus being on fruits and vegetables. The study argues that there is a need to develop a framework that will link the multiple interactions between environmental changes, agricultural productivity, and crop quality. Atef and Adil (2014) and Kirui *et al.,* (2014) supported the view that there is a relationship between environmental degradation and agricultural value added and add foreign direct investment (Kim *et al.,* 2021; Sarkodie and Strzou, 2019)

Similarly, Hamdy & Aly (2014) carried out a study on land degradation, agricultural productivity, and food security. The study revealed that land properties usually decline as a result of land quality. The study stressed vital role farmers have in land degradation and the possible outcomes on agricultural productivity to boost trade openness (Karbasi and Peyravi, 2008). Dietterich *et al.,* (2014) supported the argument that Increasing CO2 threatens human nutrition. The studies pointed to the fact that zinc and iron are the two substantial global public health problems.

Gitlin *et al.,* (2006) carried out a study on soil erosion on cropland in the United States. The study uses data from National Resource Inventory from 2003 to 2005 as the economy tries to grow in line with Smith *et al.,* (2015). The study shows that average soil erosion rates on all cropland and the various conservation reserve program have decrease since 1982, with about 38% drop. Also, Pimentel (2006) carried out research on soil erosion, a food, and environmental threat. The study stressed the fact that, soil erosion is one most serious environmental and health problem facing human beings in line with (Reangchin *et al.,* 2019). It pointed to the fact that 99.7% of the food calories of man is gotten from land and less than 0.3% from the Ocean.

Goodland (1997) examines the effect of environmental sustainability in agriculture; diet matters. The study emphased on the current environmental impact on agriculture as it degrades natural capital, which is the topsoil, waste, and pollution of water, Nutrient loss and extinction of species. Similar studies, (Escribano, 2016; Chien et al., 2022) all pointed to the adverse effects on the environment in line with Rafiq et al., 2016.

To conclude, from the various literature reviewed on the nexus between environmental degradation and agricultural production, it can be deduced that, in many of the studies environmental degradation harms agricultural production in Sub-Sahara Africa. However, the existing empirical literature has provided limited evidence on how poverty affects the relationship between environmental degradation and agricultural production. This study, therefore, used the opportunity to fill in the gap in the literature with special attention placed on poverty.

III. Methodology

a) Data Collection

This study uses a panel dataset of 41 countries in Sub-Sahara Africa for the period of 25 years, which is from 1996 to 2020. The individual secondary data used in the analysis was extracted from the World Bank Development Indicator database 2020. The selection in the period, and also on the availability of data, gives justification for why we have only 41 countries in Sub-Sahara included in the study.

b) Model Specification and Estimation Techniques

To investigate the relationships between environmental degradation and agricultural production in Sub-Sahara Africa, the study adopts the empirical specification works of Altarawneh *et al.,* 2022 with the model specified for the study as followings;

$$Y_{it} = AK^{1-a}{}_{it} - L_{it}^{\beta} \quad \ldots\ldots 1$$

Where Y is the agricultural production, K and L denote stock of environmental degradation and socio economic factors respectively. We can therefore assume that in Sub-Sahara Africa, agricultural production is closely related to the following aspects.

$$Y_{it} = (\delta_1 + ghg_{it} + FDI_{it} + IND_{it} + TOP_{it}) \quad \ldots\ldots 2$$

Where, for country i at time t, AVA = Agriculture value added, GHG - Greenhouse gasses emission, FDI = Foreign Direct Investment, IND= industrialisation, TOP = Trade Openness

From equation (2), if all variables can be transformed into their logarithmic form, the specification of will be;

$$\ln (AVA)_{it} = \Theta + \beta_{1t}\ln ghg_{it} + \beta_{2t}\ln FDI_{it} + \beta_{3t} ind_{it} + \beta_{4t}\ln TOP_{it} + U_{it} \quad \ldots\ldots 3$$

We used the Pooled Mean Group Estimator (PMGE) to analyses our dataset. The PMGE is also known the Maximum Likelihood (ML). This estimation technique was formulated by Newton-Raphson. The technique allows for the short-run parameters to differ between groups but imposing it equality in the long term coefficient between the same groups.

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IV. Presentation and Discussion of Results

a) Descriptive Statistics

Table 1 presents the summary of the descriptive statistics of the variables of this paper between the periods 1996 to 2020. A total of 1025 observations were considered. This means that the number of years in which a particular variable has been used (25 years) and multiple by the number of countries (41). Table 1, therefore, shows the different facts about the data, such as the mean, standard deviation, and the minimum and maximum values.

Table 1: Summary of the Descriptive Statistics

Variable		Mean	Std. Dev.	Min	Max	Observations
Ava	Overall	21.78563	14.09931	.8926961	61.41626	N = 1025
	Between		13.59743	1.73529	53.43239	n = 41
	Within		4.270109	-.5312841	48.19511	T = 25
Lnghg	Overall	9.634087	1.462704	5.703783	12.64899	N = 943
	Between		1.460705	6.007065	12.36611	n = 41
	Within		.2359578	8.052291	10.22524	T = 23
Ind	Overall	25.60674	12.81537	4.555926	84.3492	N = 1002
	Between		12.66929	11.36161	68.03252	n = 41
	Within		4.671993	-.233834	57.0531	T-bar = 24.439
Fdi	Overall	4.079865	8.101796	-11.19897	161.8237	N = 1025
	Between		3.828416	.4613821	19.46647	n = 41
	Within		7.164206	-19.40623	146.4371	T = 25
Top	Overall	69.21001	34.78102	.7846308	225.0231	N = 1003
	Between		32.59774	21.81432	169.9495	n = 41
	Within		15.16375	-20.1498	128.4365	T-bar = 24.4634

Source: Researcher using STATA (version 14)

The study reveals that the mean value of agricultural value added in Sub-Sahara Africa is 21.8, while the minimum value is 0.89 and the maximum value stood at 61.4. The standard deviation for agricultural value added within sub-Sahara Africa for 25 years was 14.1. Meanwhile, between the countries in Sub-Sahara Africa, the maximum value recorded was 53.43% and a minimum value of 1.7 with a standard deviation of 13.6. However, within the countries in the region, the minimum value stood at -0.53, and the maximum value was 48.2 with a standard deviation of 4.3%. Statistics on agricultural value-added shows that the total number of observations N=1025 and the number of countries involved in study n=41 within the period (T) of 25 years.

The statistics shows that greenhouse gasses emission on average was 9.6 in Sub-Sahara Africa within the period of the study. The maximum value recorded was 12.6, while the minimum value was 5.7 with a standard deviation of 1.4%. However, statistics within Sub-Sahara African countries show that the greenhouse gases emission minimum value was 8.1 while the maximum value was 10.2, and a standard deviation within the region stood at 0.23. On the other hand, the values between the Sub-Sahara African countries indicate that the maximum value was 12.4, and the minimum value is 6% with a standard deviation of 1.5. Thus, greenhouse gas emission records that the total number of observations N=943 for n=41 countries in the region within a period T= 23 years.

Furthermore, the mean value of industrialisation in Sub-Sahara Africa within the study period (25 years) was 25.61. The minimum value in the region was 4.6, and the maximum value was 84.3%, with a standard deviation of 12.8. On the other hand, statistics between the countries in the area indicate that the minimum value is 11.4, and the maximum value is 68.03%, with the standard deviation between the countries being 12.7. However, the value within sub-Sahara African shows that the minimum value is -0.23%, and 57.1 was recorded for the maximum value, with the standard deviation within the region being 4.7. The records show that within (T) = 24 years, N=1002 observations were considered for n=41 countries.

In addition, Foreign Direct Investment in Sub-Sahara Africa had an average value of 8.1. The maximum value for the region was 161.8, and the minimum value stood at 11.2 with a standard deviation of 8.1%. Statistics within the Sub-Sahara shows that, the maximum value stood at 146.4 while the minimum value for the region within the countries is -19.4% with a standard deviation of 7.2. On the other hand, the value between the Sub-Sahara Africa show that the minimum value is 0.46 and the maximum value is 19.5 with a standard deviation of 3.8%. The result record that 1025 observations were involved, (N) in 41 countries, (n) within the time lag (T) of 25 years

Finally, statistics on Trade openness show that the mean value stood at 69.2 in Sub-Sahara Africa.

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While the minimum value recorded within the same period was 0.78%, and the maximum value stood at 255 with a standard deviation of 34.9%. However, statistics between Sub-Sahara African countries show that the maximum is 169.9, and the minimum value is 21.85 with a standard deviation of 32.6. On the other hand, the values within the region indicate that the maximum value is 128, and the minimum value is -20 with a standard deviation of 15.2%. The results considered 1003 observations (N) for 41 countries (n) within the time lag of 24 years.

b) Correlation Analysis

In order to measure, the degree of relationship existing between variables, a correlation analysis was performed. Table 2 provides the correlation matrix of residuals between different variables used in environmental degradation and agricultural productivity.

Table 2: Correlation Matrix of Residuals

	Ava	Lnghg	Ind	Fdi	Top
Ava	1.0000				
Lnghg	0.1260	1.0000			
	(0.0001)				
Ind	-0.5991	0.1176	1.0000		
	(0.0000)	(0.0004)			
Fdi	-0.1475	-0.0839	0.0909	1.0000	
	(0.0000)	(0.0100)	(0.0040)		
Top	-0.5549	-0.3598	0.4274	0.3942	1.0000
	(0.0000)	(0.0000)	(0.0000)	(0.0000)	

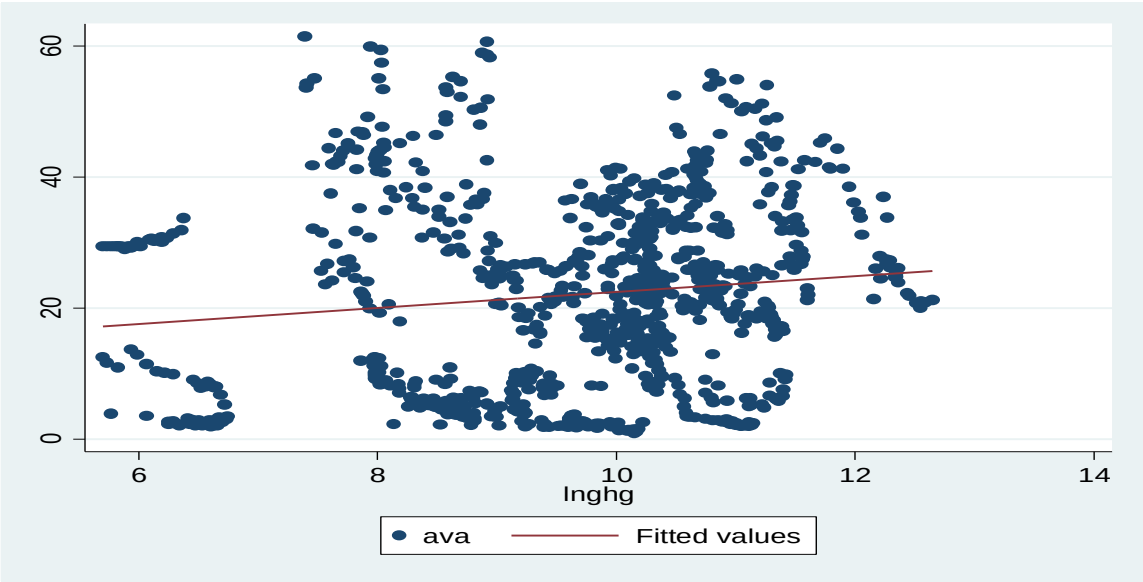
Source: Researcher using STATA (version 14)

i. *Stationary Test Results*

To check for the stationary of the results, the paper employed the Im-Pesaran-Shin unit root test. The results are presented in table A in the appendix. The results from the Im-Pesaran-Shin unit root indicate that only FDI was stationary at the level, and it was after the first difference that other variables obtained their stationarity.

ii. *The Scatter Diagram*

This scatter diagram reveals the coefficients' direction, strength, and how linear agricultural value added and greenhouse gases emission are. It aids in explaining the existing relationship between agricultural value added and greenhouse gas emissions. The X-axis represents the independent variable (greenhouse gas emission), while the Y-axis stands for the dependent variable (agriculture value added).



Source: Composed by Researcher using STATA (version 14)

Figure 1: Scatter diagram of AVA and GHG

The diagram explains that the two variables can either be positive or negative depending on the direction of each other. The positive relationship between agriculture value added and greenhouse gas emission means that all the variables are increasing. Meanwhile, a negative long-run relationship means that as greenhouse gas emission increase and agricultural value added is reduced.

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Furthermore, when greenhouse gas emission is between 6-8, the rate at which they are scattered is high. This means that the strength between the two variables (GHG and AVA) is not strong as compared to when the GHG is at 10. The rate of cluster around the fitted line value is tighter, showing a stronger relationship. In addition, the diagram indicates that the relationship existing between agricultural value added and greenhouse gas emission is linear, as this linearity is shown in the fitted line inside the scatter diagram.

iii. *Regression Results*

Table 3 presents the results of Pooled mean Group estimation results.

Table 3: Pooled Mean Group (PMG)

METHODS	PMGE	
	Coefficient (Standard error) SR	Coefficient (Standard error) Ec (LR)
EC	-0.176***	
	(0.0413)	
Lnghg	-1.800	2.313***
	(2.022)	(0.521)
Ind	-0.209**	-1.104***
	(0.0815)	(0.0476)
Fdi	-0.0117	0.342***
	(0.0642	(0.0823)
Top	0.0145	-0.0617**
	(0.0194)	(0.0298)
Constant	5.704***	
	(1.489)	
Observations	868	868

Standard errors in parentheses*** p<0.01, ** p<0.05, * p<0.1
Source: Researcher using STATA (version 14)

The results show that the coefficient of greenhouse gas is negative indicating that an increase in greenhouse gas emission will lead to decrease in agriculture value added. In quantitative terms, the results, the result shows that a 1 percent increase in greenhouse gas will leads to 1.8 percent decrease in agricultural value added in the short-run. In the long-run, an increase in greenhouse gas will leads to an increase agricultural value added. That is a 1 percent increase in greenhouse gas will leads to 2.313 percent increase in agricultural value added. This result is statistically significant at 1 percent level of significance. The result is in line with the result of Muhammad *et al., (*2017), although in contrast to those of (Hanna *et al.,* 2017; Osabotrien et al., 2018 and Chaimo and Felix, 2017). The result gives the impression that an increased in the greenhouse gases in Sub-Sahara Africa will lead to an increase in agricultural value added in the long-run as compared to when the greenhouse gases are low. This is better explained by the fact that greenhouse gases have a positive impact on some particular crop production.

Also the coefficient of industrialisation is negative and statistically significant for both the short and long-run, although with differences in the magnitude of the coefficient. This negative coefficient shows that an increase in industrialisation will lead to a decrease in agricultural value added. In the short-run, an increase in industrialisation by 1 percent will lead to a decrease of 0.209 percent of agricultural value added and in the long-run, 1 percent increase in industrialisation will lead to a decrease of 1.104 percent of agricultural value added. The result is in line with the result of Dodzin, S., & Vamvakidis, A. (2004). This meaning that countries in Sub-Sahara with higher industrialisation will likely witness a decrease in their agriculture value added.

Furthermore, the result from Foreign Direct Investment (FDI) in the short-run reveals that 1% increase in foreign direct investment in Sub-Sahara Africa will lead to a decrease in agricultural value added by approximately 0.0117% considering the fact that, all other determinants affecting agricultural value added are held constant. This coefficient is statistically significant at 5% level of significance. In the long-run, 1 percent increase in foreign direct investment will lead to an increase in agricultural value added by 0.342 and the result is significant at 1 percent level of significance. The result is in line with (Kumar and Gopalsamy, 2019; Musibau *et al*., 2021and Kim *et al*., 2021 which also indicated a positive relationship between foreign direct investment and agricultural value added. This means that an improvement in FDI will lead to a rise in agricultural value added, and the reduction in it will lead to a fall in agricultural value added.

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Similarly, trade openness result reveals that a 1% increase in trade openness will leads an approximately 0.014% increase in agriculture value added in the short-run. In the long-run, 1 percent increase in trade openness will lead to a decrease in agricultural value added by 0.0617 and it is significant at 5 percent level of significance. This result is significant at a 1% level of significance. The result is in line with Rafiq *et al.,* 2016 although in contrast to the finding of Karbasi and Peyravi 2008 in Iran. The result gives the impression that when trade openness in Sub-Sahara Africa increase, agriculture value added always falls.

Lastly, the constant shows that, even without any variable mentioned in the model, agriculture value added will still increase by 5.704 percent. This value is statistically significant at the 5 level of significance. Without any coefficient affecting agriculture value-added, there will still be an increase of approximately 5.704%.

The error correction (ECM) makes it possible to handle non-stationary data series and to separates the long and short run. The error correction is -0.176 and signifiant at 1 percent, shows the presence of a long-run causal relationship between varaibles.

V. Conclusion and Policy Implications

This paper examined the relationship between environmental degradation and agricultural production in Sub-Sahara Africa. It adopted a mixed research design, as it uses both descriptive and evaluative research design, and the pooled mean group estimation technique was used to analyse the dataset for SSA. The finding revealed that greenhouse gas has a positive effect on agricultural value added in the long-run and in the short-run has a negative effect in Sub-Sahara Africa. This paper concludes by recommending that various agents should encourage the use of organic manure rather than chemicals that usually degrade the environment, farms lands should be equitably distributed among the poor farmers, and that agricultural production should not be practiced in marginal lands. Concerning the scope for further studies, this article recommends that the aspect of the culture of the people should be incorporated when examining the relationship between environmental degradation and agricultural productivity in Sub-Sahara Africa.

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Appendix

Table: Summary of Im-Pesaran-Shin Unit-Root Test of Stationarity

Variables	Test Statistics at Levels	Critical Values at 5% and P-Values	Test Statistics After First Difference	Critical Value at 5%	Decision
AVA	-1.2868	-1.730 P=0.0991	-16.1940	-1.730 P = 0.000	I (1)
Inghg	2.9108	-1,730 P=0.9982	-14.4412	-1.730 P= 0.000	I (1)
Ind	0.5088	-1.730 P= 0.3054	-15.3103	-1.730 P= 0.000	I (1)
FDI	-9.0349	-1.730 P= 0.000			I (0)
TOP	-1.1509	-1.730 P=0.1249	15.70691	-1.730 P=0.000	I (1)
Variables	Test statistics at levels	Critical values at 5% and P-values	Test statistics after first difference	Critical value at 5%	Decision
AVA	-1.2868	-1.730 P=0.0991	-16.1940	-1.730 P = 0.000	I (1)
Inghg	2.9108	-1,730 P=0.9982	-14.4412	-1.730 P= 0.000	I (1)
Ind	0.5088	-1.730 P= 0.3054	-15.3103	-1.730 P= 0.000	I (1)
FDI	-9.0349	-1.730 P= 0.000			I (0)
TOP	-1.1509	-1.730 P=0.1249	15.70691	-1.730 P=0.000	I (1)

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Significance of Labor Productivity and Labor Cost on Foreign Direct Investment: Evidence from Bangladeshi Textile Sector

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Abstract- Foreign direct investment (FDI) is vital in boosting industrial and economic growth, particularly in developing countries, including Bangladesh. During the last two decades, Bangladesh received a significant amount of FDI in the textile industry, while it has emerged as a major textile exporter with high economic growth. The empirical evidence shows that the availability of a skilled labor force, low labor cost, and favorable investment climate in the host country are the critical determinants of FDI inflows into the manufacturing sectors. This study intends to investigate the impact of labor productivity and labor costs on FDI inflows in the Bangladeshi textile industry. Using the ordinary least square (OLS) regression model, 30-year time series data of the variables were analyzed. The study found that FDI inflows in the Bangladeshi textile sector are significantly determined by labor cost, labor productivity, infrastructure, market growth, and market size. The study results have significant implications for the policymakers of the less developed to developing countries in making policies to attract more FDI inflows generally and in the textile industry.

Keywords: foreign direct investment (FDI), labor productivity, labor cost, ordinary least square (OLS), textile industry.

GJMBR-B Classification: (LCC): HD7255



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Sharmin Akter [α] & Md. Bazlur Rahman [σ]

Abstract- Foreign direct investment (FDI) is vital in boosting industrial and economic growth, particularly in developing countries, including Bangladesh. During the last two decades, Bangladesh received a significant amount of FDI in the textile industry, while it has emerged as a major textile exporter with high economic growth. The empirical evidence shows that the availability of a skilled labor force, low labor cost, and favorable investment climate in the host country are the critical determinants of FDI inflows into the manufacturing sectors. This study intends to investigate the impact of labor productivity and labor costs on FDI inflows in the Bangladeshi textile industry. Using the ordinary least square (OLS) regression model, 30-year time series data of the variables were analyzed. The study found that FDI inflows in the Bangladeshi textile sector are significantly determined by labor cost, labor productivity, infrastructure, market growth, and market size. The study results have significant implications for the policymakers of the less developed to developing countries in making policies to attract more FDI inflows generally and in the textile industry.

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I. Introduction

Foreign direct investment (FDI) is an essential driver of economic development in an open and competitive world economy. Developing countries, rising economies, and transition economies increasingly recognize FDI as a catalyst for economic growth, income, and employment opportunities. To attract foreign investment, most countries have liberalized their FDI policies and adopted effective initiatives. UNCTAD (2011) mentioned FDI as a long-term relationship, demonstrating a multinational owner's long-term commitment and control over the local economy. FDI can influence the host country's production system, cost structure, pricing, social well-being, progression, and economic growth (Shah & Ali, 2016; Wang, 2009). According to Noorbakhsh, Paloni, and Youssef (2001), FDI is not only a source of capital and work opportunities but also a means for acquiring skills, technology, managerial and organizational practices, and market access. Therefore, FDI is essential in boosting industrial and economic growth, particularly in developing countries (Djulius, Juanim & Ratnamiasih, 2018).

Moreover, most rich and developing countries believe that FDI aids them in eradicating the problems of poverty and economic hardship (Assunção, Forte, & Teixeira, 2011). It can develop a country's economy by supplementing domestic savings, generating a new employment sector, and improving the technology system and skills of the local workforce (Dupasquier & Osakwe, 2006). Many FDI theories have been developed since the 1960s. These theories proclaim some determinates to explain foreign direct investment flows, including the micro and macro dimensions (Dunning & Lundan, 2008). The micro dimensions are company-specific factors such as ownership structure, cost reduction, and economics of scale. In contrast, the macro dimension consists of the country's resource availability, market size, market growth, and political stability (Faeth, 2009).

The world has faced a large-scale change in geopolitics, economics, and production distribution. BRICs countries (Brazil, Russia, India, and China) play a vital role in manufacturing goods and services in the world economy. BRIC countries attract enormous capital because they have a large population and a larger potential consumer market. Therefore, BRICs have specific destinations for FDI inflows resulting in BRIC- a strong term for FDI coined by the Goldman Sachs Investment Bank (Wilson & Purushothaman, 2003; Vijayakumar, Sridharan, & Rao, 2010) to represent BRIC as an economic Block. Many nations have established favorable policies toward FDI to attain continuous growth in investments and economic development. For example, Ireland attained 10% national income growth per year between 1995 to 2000 using a laissez-faire approach to FDI.

Hymer (1976) (as cited in Denisia, 2010) confirms that investment abroad is related to high costs and risks for multinationals because they are foreign abroad. Therefore, understanding the characteristics and driving factors of FDI inflows to developing countries is crucial for the effective design and implementation of policies to boost FDI inflows, which

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can be helpful for the effective driver of socioeconomic and political development, and enhanced social welfare.

Rising economies, such as Bangladesh, India, Pakistan, and Sri Lanka, have emerged as significant textile exporters in recent years (Dhiman & Sharma, 2017). Bangladesh has the highest economic growth in this sector (Chakrabarty, 2014). Moreover, Bangladesh has an abundance of cheap labor that is easily trainable and convertible into a moderately skilled workforce. As the country's largest exporting industry, with phenomenal growth over the last 25 years, the textile industry employs about four million people directly and more than twelve million indirectly (Hasan, Mia, Rahman, Ullah, & Ullah, 2016). Shortly, a fast-growing industry like the textile sector may only be able to sustain its rapid growth partially through domestic capital. Thus, a solid need to attract Foreign Direct Investment (FDI) to improve production capacity and modernize the entire system has arisen (Chaudhary, 2011). Indeed, in a poor-capital country like Bangladesh, FDI could be a powerful tool for increasing physical capital, creating jobs, developing productive capacity, improving local labor skills, and integrating the domestic economy (Shah, 2013).

Most countries are trying to attract FDI by implementing new policies or strategies. However, FDI inflows to Bangladesh have historically been lower than in other South Asian regions (Shah, 2013). Bangladesh faces some problems with FDI, but the government and related bodies continuously try to change the present scenario (Mahmood, 2018). Typically, foreign investors are attracted to a location when the respective government offers perfect combinations of locational advantages. Due to the high availability and low labor cost, foreign investors are interested in investing in less developed countries like Bangladesh (Shah, 2013). Thus, to help policymakers formulate and establish an attractive FDI-conducive environment and thereby accelerate the country's economic development, this paper examines and evaluates how significant labor productivity and cost are determinants of increasing FDI inflows. The literature on FDI and the determinants that drive FDI is quite rich. In this regard, numerous case studies and surveys have been conducted (Vijayakumar, Sridharan, & Rao, 2010; Barthel, Busse, & Osei, 2011; de Angelo, Eunni, & Fouto, 2010; Seetanah, & Rojid, 2011; Mahmood, 2018; Mahbub, & Jongwanich, 2019; Shah, 2013). However, neither of these studies has worked on labor productivity and cost in the particular sector of the textile industry in Bangladesh. Under this perspective, the current study intends to examine the significant determinants, particularly labor productivity and labor costs, and the impact of labor productivity and labor costs on FDI inflows in the textile sector in Bangladesh.

In this study, using the ordinary least square (OLS) regression analysis, 30-year time series data of variables collected from the databases of the World Bank and Bangladesh Bank were analyzed. The study results indicate that FDI inflow in the textile industry in Bangladesh significantly and positively correlates with labor cost, labor productivity, infrastructure, market size, and market growth. On the other hand, the relationship between FDI inflow in the textile sector in Bangladesh and political risk is insignificant. Also, the current study notifies that upgrading human capital and further infrastructure development is vital to attract FDI inflows into the manufacturing sector in Bangladesh. Finally, the study results will have significant implications for policymakers to help less-developed countries attract FDI in their manufacturing sectors.

After the introduction, the remaining paper is structured as follows: the second section consists of the literature review. The third section discusses the methodology consisting of data, variables, hypothesis development, and regression models. Section four presents the data analysis and findings of the study. The fifth section provides a discussion of the study results. The final part includes the conclusion, limitations, and future research direction.

II. Literature Review

a) *Theoretical Approach*

The rapid growth of global trade and foreign direct investment (FDI) in recent decades (Mohamed & Sidiropoulos, 2010) has spurred much investigation into multinational corporations and the factors that influence FDI (Faeth, 2006). However, the conventional model for identifying the drivers of FDI has been started to use from the earlier research work of Dunning (1973, 1981) that provide a wide-ranging analysis based on ownership, location, and the internationalization (OLI) model (Ranjan & Agrawal, 2011). Thus, many researchers have focused on the factors of FDI and proposed diverse theories to illustrate them. These theories are essential to designing a systematic framework for generating foreign direct investment. According to Faeth (2009), the first theory of FDI was based on the Heckscher-Ohlin (1933) and MacDougall (1960), and Kemp (1964) models, known as the MacDougall-Kemp model, which stated that FDI was driven by increased profitability in overseas markets with growing economies and cheap labor costs and low exchange risks.

Furthermore, Hymer (1976) (cited in Dunning, 1993) and Kindleberger (1969) (cited Cleeve, 2008) argued that market imperfections, including goods and production, are the primary factors for the FDI. Market imperfection theory ensures that if any foreign company

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invests abroad, it relates to two issues. One is the high costs of production of goods, and another is a risk because they are foreign. Also, the theory provides information about the differential acquisition costs due to cultural and language differences. The study of Knickerbocker (1973) (cited in Hill, 2007) on the relationship between FDI and oligopoly as rivalry between firms depicts that FDI is a rivalry strategy of a company in the global market and shows reactive behavior entering into the specific markets. Having imitative behavior, firms follow the internationalization of competitors to protect achieving strategic opportunity (Knickerbocker, 1973). Furthermore, Vernon (1966) developed the product life cycle theory that explains that if a firm invests directly in a country that is an alternative to exporting, goods or products are tracked in the life cycle curve, including growth, maturity, and decline.

Generally, companies want to invest in developed countries in the growth stage because local markets are growing there. On the other hand, in the maturity and decline stages, production is shifted in developing countries to reduce costs as fewer innovative people or processes are required (Hill, 2007). According to Dunning's more holistic approach of eclectic or OLI paradigm, the choice of FDI over other modes of internationalization enjoys some advantages when ownership, locational, and internalization advantages are simultaneously present. Again, based on the theoretical model of Kindleberger (1969), Hymer (1976), and caves (1971) (cited in Faeth, 2009), a "new theory of trade" arose as an extension of Dunning's eclectic paradigm. This new theory of trade combines the advantages of the three variables of OLI (ownership, labor, and internalization) with technology and the intrinsic characteristics of the country in a comprehensive manner (Markusen, 2002). Besides, institutional theory explains how firms manage a complex environment that is uncertain and confrontational. The decisions of a company depend on institutional forces and influence it, and institutional forces are related to regulations and incentives (Francis et al., 2009). Therefore, institutions largely determine the firms' strategies and performance on international markets, called 'rules of the game' (Peng, 2009). In this "Game," the key players are the multinational firms and the host country's government to attract FDI (Faeth, 2009). Governments include tax breaks, subsidies, and easy repatriation of capital as part of policies, influencing the choice between exporting, FDI and licensing.

b) Empirical Review

Loree and Guisinger (1995) and Vijayakumar et al. (2010) investigated the determinants of FDI by the United States towards developed nations from 1977 to 1982. The study includes the country's policy-related variables, which are significant in developed countries, and infrastructure is an essential determinant for all the regions. Sing and Jun (1995) find a positive relationship between taxes on international transactions and FDI inflows to developing countries. Duran (1999) uses panel data and time series techniques to determine a country's FDI drivers. His study notifies the size, growth, domestic savings, solvency, and trade openness as macroeconomic variables. Beven and Estrin (2000) established FDI inflows to economic transition by including determinant factors of country risk, labor cost, the market size of the host country, and gravity factors from 1994 to 1998. Levy-Yeyati et al. (2002) experimented on two extents where one is business cycles, and the other is the interest rate cycles of developed countries. The period of 1980 to 1990 developed countries impacts on FDI flows of developing countries. Aguilar and Vallejo's (2002) study includes the bilateral FDI due to the regional integration contract for Latin America. For the development of both domestic and foreign economics, they use the gravity model.

Furthermore, Nonnenberg and Medonca (2004) find that the factors such as the market size modest by GNP, the growth rate of the product, availability of skilled labor, country risks rating, and stock market behavior are essential determinants of FDI inflows for developing countries. Notably, the variables such as market size, infrastructure and macroeconomic stability, wages, human capital and natural resources are considered determinates of FDI flows from 1991 to 1998. Improvements in human capital, such as skilled labor and education, increase the size of productivity and facilitate technological innovation (Brooks et al., 2010), which positively relates to FDI. Cleeve (2008) used secondary school education to extend human capital. Therefore, it is essential to use adult illiteracy indicators of the education and skills level of the population.

Nevertheless, he did not obtain conclusive results for this indicator either because of the small variable of illiteracy rates of the countries in the sample. Notably, Cleeve (2008) mentioned that stable economic conditions and financial circumstances presuppose general price stability, full employment, and balance of payment equilibrium as helpful for a country to achieve more significant FDI inflows. Some indicators measure this determinant, among which the inflation rate is one of the standard measures since it can gauge price stability, which is a condition of economic equilibrium. In this part, high inflation rates provide information about economic imbalance and may become an obstacle to FDI (Botric & Skuflic, 2006). The scarcity of balance of payment also indicates instability and can limit the free movement of capital, thus hampering the repatriation of profits (Schneider & Frey, 1985). Another study that

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provides some empirical support for the hypothesis that the level of human capital in host countries may affect the geographical distribution of foreign investment is that by Hanson (1996). For a sample of 105 developing countries, he shows political balance and the security of property rights as more important determinants of FDI stock than human capital. The availability of human capital may have been of little importance in explaining foreign investment in developing countries in that period. However, the domestic market growth in host countries is typically a significant determinant of FDI flows to developing countries. The size of local markets should reach a particular local production to be efficient and profitable. Indeed, the continual expansion of the FDI requires favorable market growth prospects.

The textile sector is the most significant contributor to Bangladesh's gross and net export revenues (Hasan, Mia, Rahman, Ullah, & Ullah, 2016). This labor-intensive sector employs many workers, including women, with basic skills (Dhiman & Sharma, 2017). The outcome of the FDI involvement in promoting the textile sector's growth is significant (Djulius, Juanim & Ratnamiasih, 2018). It plays a vital economic role, contributing significantly to industrial production, employment, and exports (Dhiman & Sharma, 2016). Therefore, Foreign Direct Investment (FDI) is acknowledged as a critical and powerful instrument for accelerating economic growth in Bangladesh (Shah, 2013). In this age of globalization, foreign direct investment is skyrocketing. However, the distribution of FDI is not equal over the world. Some nations are ahead of the competition, while others fall behind in attracting foreign direct investment. In terms of attracting FDI, the developing nations are underperforming. Therefore, this study investigates the key determining factors of FDI in the textile sector of Bangladesh.

III. Methodology

a) Data and Variables

In a rigorous literature review, the study identifies a set of potential independent variables determining FDI inflows. In this study, the dependent variable is FDI inflows into the textile sector in Bangladesh. The independent variables include Market size proxied by the GDP per capita (GDPPC), Market Growth proxied by GDP growth (GDPG), Infrastructure proxied by the total number of landlines, cellular connections, and an internet connection, and transport system in Bangladesh (INFRA), Labour Productivity (LABPRO), Labour cost (LABCOST), and Political Risk (POLRISK). In addition, 30-year time series data from 1990 to 2019 of variables were collected from the World Economic Indicators database on the official website of the World Bank and from Bangladesh Bank.

b) Description of Variables and Hypothesis Development

i. Market Size

A large consumer market has more potential for consumption and business opportunities. Comparing the more extensive market with the smaller one, larger consumer markets should receive more profits than smaller markets. In this study, market size is measured by GDP per capita. An econometric study by Artige and Nicolini (2005) also measured the market size of a country by GDP or GDP per capita and found it the most robust FDI determinant. Jordan (2004) mentions that FDI can relate to countries with more extensive and expanding markets with increasing purchasing power. Tsai (1994) and Asiedu (2002) argue that a higher GDP per capita implies better prospects for FDI in the host country, and the expansion of market size tends to stimulate the attraction of FDI to the economy.

Hypothesis 1: The GDP Per Capita (GDPPC) Significantly Affects FDI Inflows in the Textile Sector in Bangladesh.

ii. Market Growth

A country with a stable macroeconomic condition with high and sustained growth rates will achieve more FDI inflows than a more volatile economy. Higher market growth indicates a potentially more significant market and promising prospects. Therefore, FDI tends to flow to countries with larger market sizes and higher economic growth rates in which larger economies of scale could be provided for FDI to exploit their ownership advantages (Culem, 1988). Market growth exists when the size of the market continues to grow at an increasing rate. Market growth expansion is associated with the flow and organic growth that comes with an increase in population or current customers. The role of growth in attracting FDI has also been the subject of controversy. Chakrabarti (2001) states that the growth hypothesis developed by Lim (1983) maintains that a continuously growing economy provides better opportunities for making profits than a slowly growing economy.

Hypothesis 2: The GDP Growth (GDPG) Significantly Affects FDI Inflows in the Textile Sector in Bangladesh.

iii. Infrastructure

Infrastructure includes many dimensions, such as a country's roads, seaports, airports, and telecommunication systems. The development of Infrastructure is closely linked with the economic growth of a country. According to ODI (1997), the poor Infrastructure of a country hampers an opportunity for foreign investment. In most low-income countries, it is often cited as one of the significant constraints. Jordaan (2004) claims that good quality and well-developed Infrastructure increase the productivity potential of investments in a country and stimulate FDI flows. The availability of infrastructure facilities helps host countries

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to attract FDI easily. According to Asiedu (2006) and Ancharaz (2003), the number of telephones per 1,000 inhabitants is a standard measurement in the literature for infrastructure development. The Infrastructure of Bangladesh is not well established, which is a significant disadvantage for attracting FDI. On the other hand, it also means that the area offers substantial prospects for investment.

Hypothesis 3: Infrastructure (INFRA) Significantly Affects FDI Inflows in the Textile Sector in Bangladesh.

iv. *Labor Productivity*

Productivity is the relationship between the quantity of input used to create that output. It measures the organization's effectiveness and efficiency in creating output with the resources available. The Cobb–Douglas production function was used as the basis for measuring labor productivity. The Cobb–Douglas production function is also used to assess the growth of capital assets, employment levels, and advanced technology, which impact a country's overall output of goods and services (Mankiw, 2016).

According to the most recent theoretical models: Human capital is an essential factor in the location strategies of multinational firms (Zhang & Markusen, 1999). Lucas (1990) supposes that lacking human capital discourages foreign investment in least-developed countries. When multinational firms want to produce abroad, they look for literate and proficient workers. Cheng and Kwan (2000) executed an actual and statistically effective relationship.

Hypothesis 4: Labor Productivity (LABPRO) Significantly Affects FDI Inflows in the Textile Sector in Bangladesh.

v. *Labor Cost*

Labor cost is directly involved with all wages paid to the employees in any firm or institution—production cost of products related to labor cost. If the labor cost increases day by day, it also makes the production cost higher. The labor cost can be delegated by wage rate (Nunes et al., 2006). Theoretically, the higher the labor expenses, the poorer the export performance (Wang, 2013). Also, some studies find a relationship between labor cost and the FDI stream (wheeler & Modey, 1992; Kumar, 1994; Sahoo, 2006). However, another author, Resmini (2000), did not ensure the interpretation of wages because it is not controlled for productivity and exchange rates (Bevan & Estrin, 2004). Cheap labor costs can easily attract FDI because foreign investors are assumed to invest in any host country when they see higher productivity. Therefore, the production costs are lower than in the home country. For cheap labor costs or lower wage rates, investment by foreign investors is increasing daily in the Bangladesh textile sector.

Hypothesis 5: The Labor Cost (LABCOST) Significantly Affects FDI Inflows in the Textile Sector in Bangladesh.

vi. *Political Risk*

Foreign investment in a country mainly depends on the political stability of the host country. Political risk is one of the significant obstacles to foreign direct investment in both the host and home countries. Political instability continues changing government policy, and fear of government actions is hazardous for investment (Collier & Pattillo, 2000). Some studies form that the evidence of democracy, political instability, or political and economic risk affects FDI effectively and unambiguous (Lansbury et al., 1996; Levis, 1979; Singh & Jun, 1995). However, the relationship between political risk and FDI flows must be clarified. For example, Jaspersen et al. (2000) and Hausmann and Fernandez-Arias (2000) find no relationship between political risk and FDI flow. On the other hand, Schneider and Frey (1985) find out the opposite relationship between FDI flow and political risk.

Hypothesis 6: The Political Risk (POLRISK) Significantly Affects FDI Inflows in the Textile Sector in Bangladesh.

c) Model Selection and Hypothesis Development

i. *Regression Model*

The study used the Ordinary Least Square (OLS) Regression model to investigate the impact of labor productivity, labor cost, market size, market growth, Infrastructure, and political risk on the FDI inflows into the textile sector in Bangladesh. The 30-year dataset was organized to allow us to examine the behavior of FDI inflows into textile industries in Bangladesh and to analyze the time series data across time.

The independent variables included in this study are market size, market growth, Infrastructure, labor productivity, labor cost, and political risk. The dependent variable in this study is FDI in textiles (FDITEX). The study proposes the following model:

$$FDITEX_t = \alpha + \beta_1 GDPPC_t + \beta_2 GDPG_t + \beta_3 INFRA_t + \beta_4 LABPRO_t + \beta_5 LABCOST_t + \beta_6 POLRISK_t + \mu_t \quad (1)$$

Where α is constant term, β is the coefficient of independent variable, μ denotes the error term, FDITEX is the foreign direct investment into textile sector in Bangladesh, GDPPC indicates the total market size of a country proxied by the GDP per capita, GDPG is percentage of GDP growth per year, INFRA is index of total transport infrastructure, and total land lines, cellular connections, and internet connections, LABPRO indicate the total skilled workers available in Bangladesh, LABCOST is the index of workers' payments including compensation and rewards, and POLRISK is the sum of scores of 12 components of political risk in Bangladesh in the year *t*.

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IV. Results

a) Descriptive Statistics

The summary of the descriptive statistics of key variables of the sample is shown in Table-1. Data on the variables have been collected from the World Bank Data Base and Bangladesh Bank for 30 years. During the last 30 years, the average FDI inflow in the textile sector in Bangladesh was $154.898 million, while the maximum FDI inflow per year was $442.92 million. During the same period, the average composite political risk was 50.369, GDP per capita was $696.758, GDP growth was 5.674%, labor cost was $35.285, labor productivity index was 1769.4638, and infrastructure index was 34.76.

Table 1: Summary of Statistics

	FDITEXTILE	POLRISK	GDPPC	GDPG	LABCOST	LABPRO	INFRA
Mean	154.898	50.369	696.759	5.675	35.285	1769.464	34.764
Standard Error	27.063	1.288	82.675	0.215	0.586	94.557	7.958
Median	90.195	50.167	487.377	5.507	34.775	1553.663	5.160
Standard Deviation	148.229	7.053	452.829	1.179	3.212	517.909	43.590
Sample Variance	21972.128	49.743	205054.447	1.392	10.315	268230.359	1900.056
Kurtosis	-0.717	2.809	0.656	-0.491	-1.549	-0.529	-0.923
Skewness	0.889	-1.173	1.299	0.221	0.225	0.849	0.858
Range	439.64	33.917	1562.579	4.667	9.349	1692.041	116.253
Minimum	3.28	29.25	293.161	3.485	31.38	1226.532	0.210
Maximum	442.92	63.167	1855.739	8.153	40.730	2918.574	116.463
Sum	4646.94	1511.076	20902.756	170.241	1058.56	53083.914	1042.930
Count	30	30	30	30	30	30	30

b) Correlation Matrix

In order to evaluate the relationships, it measured the correlation coefficients with the intent of ordering the importance of the variables. Table 2 shows the relationship between all variables, with a particular focus on the relationship between FDI inflow in the textile and garments sector in Bangladesh (dependent variable) and the political risk, GDP growth, GDP per capita, labor cost, labor productivity, and infrastructure (independent variables).

Table 2: Correlation Matrix

	FDITEXTLE	POLRISK	GDPPC	GDPG	LABCOST	LABPRO	INFRA
FDITEXTLE	1.0000						
POLRISK	-0.0450	1.0000					
GDPPC	0.8703*	-0.0895	1.0000				
GDPG	0.6827*	-0.1625	0.8052*	1.0000			
LABCOST	0.8831*	-0.0832	0.9060*	0.8094*	1.0000		
LABPRO	0.9036*	-0.0878	0.9847*	0.8232*	0.9636*	1.0000	
INFRA	0.9346*	-0.1388	0.9688*	0.7797*	0.9385*	0.9841*	1.0000

** Significant at 5%*

FDI inflow in textiles in Bangladesh correlates positively with GDP growth, GDP per capita, labor cost, labor productivity, and infrastructure. On the other hand, the relationship between FDI inflow in the textile sector in Bangladesh and political risk is negative. Therefore, the variables have been ranked and considered only the significant factors that explain FDI inflow in the textile sector. The variables with significant results have been ranked as follows: (1) infrastructure (0.9346), (2) labor productivity (0.9036), (3) labor cost (0.8831), (4) GDP per capita (0.8703), (5) GDP growth (0.6827), and (6) political risk (-0.0450). These could be interpreted that when the significant variables increase, FDI inflow in textiles could also increase.

c) Regression Analysis

Table-3 depicts the multiple regression models of the FDI in the textile sector and labor productivity, GDP growth, GDP per capita, infrastructure, and labor cost. In correlation analysis, the study observed that FDI inflow in textiles in Bangladesh correlates positively with GDP growth, GDP per capita, labor cost, labor productivity, and infrastructure and negatively correlates with political risk. The correlations among the variables are significant other than the political risk. At the same time, in regression analysis, they also significantly affect FDI inflows in the textile sector in Bangladesh.

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Table 3: Regression Models

Variable	Model-1	Model-2	Model-3	Model-4	Model-5	Model-6
Constant	-302.7269* (42.6584)	44.4072* (12.61173)	-1283.247* (144.9847)	-43.60694* (25.18953)	-331.8705* (100.5033)	-150.7297 (289.0604)
LABPRO	0.2586235* (0.0231679)					-0.2879728* (0.1371755)
INFRA		3.178283* (0.2285394)				5.309784* (1.262048)
LABCOST			40.7576* (4.092567)			17.87128 (11.36588)
GDPPC				0.2848978* (0.0304642)		
GDPG					85.77871* (17.35203)	
R^2	0.8165	0.8735	0.7798	0.7575	0.4660	0.8921
Adjusted R^2	0.8100	0.8690	0.7720	0.7488	0.4470	0.8797

** Significant at 5%*

The GDP growth, GDP per capita, labor cost, labor productivity, and infrastructure are commonly significant in correlation and regression analyses. Besides, labor productivity and cost are not significant in all regression models. On the other hand, infrastructure is significant in all models. Ordinary least square (OLS) models were run with each independent variable and a multiple regression model. Model 1 reveals that labor productivity is a significant variable because 81.65% (R^2 = 0.8165) of FDI in the textile sector in Bangladesh is explained by this factor. In Model-6, labor productivity is also more critical to explain FDI because the R^2 is the highest. In Model-2, Model-3, and Model-4, the variables infrastructure, labor cost, and GDP per capita can explain more than 75% of FDI in textiles. However, the GDP growth is significant in Model-5, where the R^2 is the lowest (R^2 = 0.4660) among the six regression models. Labor productivity is significant in both Model-1 and Model-6, and infrastructure is significant in Model-2 and Model-6.

Moreover, the variables labor productivity, infrastructure, labor cost, GDP per capita, and GDP growth are significant in different models. However, political risk is insignificant in both correlation and regression analysis. Therefore, Hypothesis 1, 2, 3, 4, and 5 are accepted among the six hypotheses. On the other hand, Hypothesis 6 is rejected. It can be concluded that

1. The market size and FDI in the Bangladeshi textile sector have a significant positive relationship,
2. The market growth of Bangladesh and FDI in the textile sector has a significant positive relationship,
3. The infrastructure of Bangladesh and FDI in the textile sector has a significant positive relationship,
4. The labor productivity of Bangladesh and FDI in the textile sector has a significant positive relationship, and
5. The labor cost of Bangladesh and FDI in the textile sector has a significant positive relationship.

On the other hand, the political risk has no significant impact on the FDI inflows in the textile sector in Bangladesh.

V. Discussion

The study's result concluded that Bangladesh's labor productivity and FDI in the textile sector have a significant positive relationship. First, the ratio of total output to total labor input is called labor productivity. It depicts labor's performance in associating with other production elements and the proportion of each worker's various contributions (OECD, 2001). Rather than its physical availability, labor's performance efficiency is a more crucial factor in attaining a competitive advantage (Hasan, Mia, Rahman, Ullah, & Ullah, 2016). Secondly, the labor cost is essential and has a positive and robust relationship with the FDI in the textile sector of Bangladesh. Labor costs have a variety of impacts on textile export competitiveness in Asia's emerging countries (Dhiman & Sharma, 2017). Theoretically, the higher the labor expenses, the worse the export performance (Wang, 2013). Wages for RMG employees in Bangladesh are among the lowest in the South Asian regions (Hasan, Mia, Rahman, Ullah, & Ullah, 2016). Therefore, this opportunity brings a competitive advantage to foreign investors. Thirdly, a significant positive connection has been discovered between infrastructure and FDI in the textile sector of Bangladesh. The high-quality infrastructure reduces operational costs, attracting foreign direct investment (Wekesa, Wawire, & Kosimbei, 2016). Also, the study by Wekesa, Wawire, and Kosimbei (2016) found that enhanced transport infrastructure, communication infrastructure, water and waste infrastructure, exchange rate, economic development, and trade openness are significant predictors of FDI inflows into Kenya (Wekesa, Wawire, & Kosimbei, 2016).

GDP per capita and GDP growth of Bangladesh are also other factors that are found to have a positive

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link with the FDI inflow in the textile industry in the country. Similarly, Sabir, Rafique, and Abbas (2019) illustrated that GDP per capita, trade openness, agricultural value added as a proportion of GDP, and infrastructure have significantly positive effects on FDI inflows in developing nations. Lastly, the result showed that the political risk has no significant impact on the FDI inflows in the textile sector in Bangladesh. Conversely, in a study, Osabutey and Okoro (2015) concluded that political risk considerably impacts FDI inflows into emerging economies. Furthermore, Busse and Hefeker (2007) investigated that political indicators such as government stability, internal and external conflict, corruption and racial conflicts, law enforcement, the democratic legitimacy of government, and bureaucratic quality are all significant drivers of foreign investment inflows. On the other hand, most political parameters were shown to have a negative association with global FDI, especially for high-income nations. However, the link was highest for upper middle-income nations considering 94 countries throughout 24 years from 1986 to 2009 (Khan & Akbar, 2013).

VI. Conclusion, Implication, and Future Research Direction

This study mainly focuses on improving foreign investment for expanding the textile sector in Bangladesh. Therefore, the objective of the study was to investigate the significant impact of labor productivity and labor cost on the FDI inflows in the textile sector in Bangladesh. This study found that Bangladesh's labor productivity and labor cost significantly impact the FDI inflows into the textile sector. Similarly, labor cost positively affects FDI in the textile sector in Bangladesh, where a cheap labor force is available. Furthermore, labor productivity increases the productivity level of products, and an increase in the wage level aids in increasing labor productivity with capital formation and labor wage adjustment (Maharani & Setiawan, 2019). Infrastructure also has a positive sign for FDI because infrastructure development in developing countries can easily attract FDI. The study's results also revealed that Bangladesh's GDP per capita and GDP growth are also significant determinants of FDI in the textile sector.

On the other hand, the political risk has been insignificant in this study. However, the political risk was only a factor that did not influence the FDI inflows into the textile sector in the country. Therefore, firms or foreign investors may ignore political risks for the low-cost labor and productive labor available in Bangladesh, which are the most expected and required factors for profitability to the business owners.

The study results have three significant implications for scholars, regulators, and policymakers. Firstly, the study provides new literature in the field of FDI in a specific sector in a nation. Therefore, this study will help scholars further study similar fields in other sectors nationwide. Secondly, the study provides empirical evidence about the positive relationship between labor productivity, labor cost, and FDI inflows into a specific sector. Therefore, the governments and investment authorities will concentrate on developing human capital and infrastructure to attract more FDI in the textile sector in Bangladesh. Thirdly, to attract FDI, the government needs to encourage the transfer of skilled labor and technology to the country to benefit from FDI. This study's results will help policymakers and regulators by guiding the development of FDI inflows into the country.

The study has a limitation because it used an OLS regression model. However, other advanced regression models can estimate the short and long-term effects of the determinants of FDI inflows into the country. Therefore, further study can be carried out using the lag models to estimate the variables' short- and long-term effects on the FDI inflows in other sectors, such as Banking and Insurance, Transportation, and Food and Beverage in Bangladesh.

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The Mediating Effect of Affective Commitment on Transformational Leadership-Organizational Citizenship Behavior Relationship: The Role of Psychological Empowerment as Moderator

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Abstract- The notion of organizational citizenship behavior as an important variable has been recognized either by academicians or practitioners. However, the determinants of organizational citizenship behavior were still debatable. The purpose of this study was to investigate the role of affective commitment and psychological empowerment as mediating and moderating variables respectively. The numbers of usable respondents in this study were 64 employees at Staffing & Human Resources Development AgencyWest Sumatera, Indonesia. The results of the study revealed that transformational leadership had a positive and significant effect on affective commitment and organizational citizenship behavior. The variables of affective commitment and psychological empowerment were found to have a positive and significant effect on organizational citizenship behavior.

Keywords: *transformational leadership, affective commitment, psychological empowerment, organizational citizenship behavior.*

GJMBR-B Classification: *DDC Code: 189.2 LCC Code: B655.C62*



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Sefnedi

Abstract- The notion of organizational citizenship behavior as an important variable has been recognized either by academicians or practitioners. However, the determinants of organizational citizenship behavior were still debatable. The purpose of this study was to investigate the role of affective commitment and psychological empowerment as mediating and moderating variables respectively. The numbers of usable respondents in this study were 64 employees at Staffing & Human Resources Development AgencyWest Sumatera, Indonesia. The results of the study revealed that transformational leadership had a positive and significant effect on affective commitment and organizational citizenship behavior. The variables of affective commitment and psychological empowerment were found to have a positive and significant effect on organizational citizenship behavior. Furthermore, the affective commitment was proven to mediate the relationship between transformational leadership and organizational citizenship behavior. In addition, psychological empowerment also moderated the impact of transformational leadership on organizational citizenship behavior.

Keywords: transformational leadership, affective commitment, psychological empowerment, organizational citizenship behavior.

I. Introduction

Civil servants (ASN) are people who are considered capable to carry out the tasks assigned by the state. In carrying out their duties, ASN is assisted by Freelance Daily Workers (THL) whom employees are generally recruited based on the needs of the organization. ASN and THL are in charge of running the wheels of government. In addition, ASN and THL are also tasked with performing service functions for the community. In carrying out their duties, ASN and THL are supervised by organizations tasked with enforcing and paying attention to their authorities and responsibilities. A human resource development agency is one of the organization apparatuses tasked with organizing personnel affairs such as recruitment, employee arrangement, promotion, promotion, discipline enforcement, education and training, and career development to managing employee pensions for all employees serving in the service.

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On the other hand, changes in organizational needs and applicable laws and regulations require Staffing & Human Resources Development Agency to be observant and quickly adapt to existing changes, so that local government performance can run as well as possible. The STAFFING & HUMAN RESOURCES DEVELOPMENT AGENCY must also be fast in processing each task as quickly as possible because it must adjust to the schedule set by the central agency.

Social exchange theory reveals that if employees are treated positively by their organization, they tend to return the favor to their organization with positive things (Blau, 1964). Helping each other in the work environment is indeed known as organizational citizenship behavior (OCB). OCB is part of the extra-role behavior introduced by Organ in the 1980s. OCB can be conceptualized as a choice behavior that is not a formal responsibility of an employee but it supports the running of the organization effectively (Robbins & Judge, 2008). OCB can also be defined as all actions related to offering assistance to colleagues, without expecting prompt feedback on the part of colleagues who receive the assistance (Nguni, Sleegers, & Denessen, 2006).

Previous researchers have found that transformational leadership (TL) affects OCB (Zaki *et al*., 2021; Jha, 2014; Khalili, 2017; Suliman & Al Obaidli, 2013; Zacher & Jimmieson, 2013), but several other researchers have found that TL does not affect OCB (Arifiani, Astuti, & Ruhana, 2016; Juniartha, Wardana, & Putra, 2016). Thus, there is still a research gap as the basis for the need for further research related to the relationship between TL and OCB. Referring to the inconsistent effect of TL on OCB, this study examines the role of psychological empowerment (PE) in moderating the effect of TL on OCB and the mediating impact of affective commitment (AC) between TL and OCB.

II. Literature Review

OCB can be explained as a choice behavior that is not a formal task of an employee but supports the running of the organization effectively (Robbins & Judge, 2008). OCB can also be defined as behavior

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based on personal desires that are carried out outside of their formal duties and are not directly or explicitly related to the formal reward system (Sule & Priansa, 2018). Of the many factors that trigger the emergence of OCB, this study only focuses on 3 factors, namely affective commitment, transformational leadership (Wirawan, 2013), and individual characteristics of employees/organizational members (Sule & Priansa, 2018).

TL is a form of leadership that affects employees so that employees feel trust, pride, loyalty, and respect for leaders and are motivated to do more than what is expected (Yukl, 2010). TL is concerned with the ability of leaders to motivate human resources in the organization to be willing to work for high-level goals that are considered to be beyond their interests (Sule & Priansa, 2018). Empirical research conducted by Zaki *et al*., (2021) found that TLhad a positive effect on OCB. Other studies also found that TLhad a positive effect on OCB (Zaki *et al*., 2021; Jha, 2014; Khalili, 2017; Suliman & Al Obaidli, 2013; Zacher & Jimmieson, 2013). Based on the results of these previous studies, the first hypothesis can be developed as follows:

H_1: TL has a positive effect on OCB.

Besides affecting OCB, TL was also found to have a positive influence on AC (Ratina *et al*., 2021; Gyensare, Anku-tsede, Sanda, & Okpoti, 2016; Jauhari, Singh, & Kumar, 2017; Ribeiro, Yucel, & Gomes, 2018). This finding means that the better TL, the higher AC. Therefore, the second hypothesis can be developed as follows:

H_2: TL has a Positive Effect on AC

ACis defined as a feeling of love for the organization that causes the emergence of a willingness to stay and appreciate the value of the relationship that has been established because it has become part of the organization (Zurnali, 2010). The affective commitment was chosen as one of the variables because it is considered a major component of organizational commitment (Mercurio, 2015). Several previous studies had empirically proven that AChad a positive effect on OCB (Bilgin, Kuzey, Torlak, & Uyar, 2015; Jain, 2016; Lau, Mclean, Lien, & Hsu, 2016; Ng & Feldman, 2011). Thus, the third hypothesis can be developed as follows:

H_3: AC has a Positive Effect on OCB

Furthermore, several other researchers had empirically proven that AC mediates the relationship between TL and OCB (Kim, Lee, Murrmann, & George, 2012; Lee, Woo, & Kim, 2017; Nohe & Hertel, 2017). Based on the results of the previous research, the fourth hypothesis can be developed as follows:

H_4: AC Mediates the Relationship between TL and OCB

PE is considered as a person's beliefs about competence, meaningfulness, self-determination, and the impact of every action he takes (Anshie Thirion-Fourie, 2012). In addition, PP can also be defined as an increase in intrinsic task motivation which is manifested in four cognitions that reflect an individual's orientation to his work role: competence, impact, meaning, and self-determination (Yusuf & Syarif, 2018). Previous research found that PE had a positive effect on OCB (Islam, Khan, & Bukhari, 2016; Joo & Jo, 2017; Kasekende, Munene, Otengei, & Ntayi, 2016). Thus, the fifth hypothesis can be developed as follows:

H_5: PE has a Positive Effect on OCB.

In addition, research conducted by Jha (2014) revealed that PE played a moderator on the effect of TL on OCB. Thus, the sixth hypothesis can be developed as follows:

H_6: PE Moderates the Relationship between TL and OCB

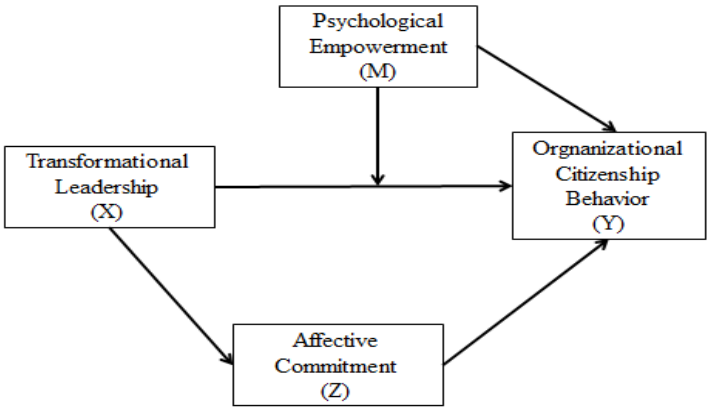


Figure 1: Theoretical Framework

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III. Method

The object of this research was STAFFING & HUMAN RESOURCES DEVELOPMENT AGENCY of West Sumatera Province. The number population of the study was 128.680 employees, while the sample was 398 employees. To get the samples, this study performed simple random sampling. Primary data collection using a closed questionnaire. The OCB variable was measured by 5 dimensions, namely: altruism, civic virtue, courtesy, conscientiousness, and sportsmanship, where the five dimensions were measured by 20 statement items developed by (Morrison, 1994). TLwas measured by 4 dimensions: inspirational motivation, idealized influence, intellectual stimulation, and individual consideration, and the four dimensions were measured by 19 statement items (Avolio & Bass, 2004). Moreover, the PE variable had 4 dimensions, namely: meaning, competence, self-determination, and impact, which were measured using 12 statement items (Spreitzer, 1995). While AC was measured by 8 statement items (Meyer, Allen, & Smith, 1993). All variables in this study were measured using a Likert-5 scale. To test the hypothesis, this study performed the Smart-PLS software.

IV. Result and Discussion

Next, some descriptive statistics of the sample are provided. A profile of the participating employees in the study is presented in Table 1.

Table 1: The Profile of Participating Employees

Demographic	Categories	Frequency	(%)
Gender	Male	164	41.21
	Female	234	58.79
Age	18-27 years old	87	21.88
	28-38 years old	193	48.44
	39-49 years old	50	12.50
	50-60 years old	68	17.19
Education	Senior High School	62	15.60
	Undergraduate	305	76.60
	Master	31	7.80
Working experience	Less than 8 years	205	51.60
	9 - 18 years	125	31.30
	19 - 27 years	62	15.60
	More than 27 years	6	1.60

Table 1 displayed that the majority of respondents were female which accounted for 234 employees (58.79%). Next, the majority of respondents were between 28-38 years old which accounted for 193 employees (48.44%) while the educational background of participating employees was undergraduate 305 employees (76.60%). Furthermore, the majority of respondents had a working period of fewer than 8 years which accounted for 205 employees (51.60%).

Moreover, the Measurement Assessment Model (MMA) specifies the relationship between latent variables and their indicators (Hair et., 20. The MMA defines how each indicator relates to its latent variable. The MMA consists of convergent validity and discriminant validity. The convergent validity which consists of outer loading > 0.7, Cronbach's alpha (CA) > 0.7, composite reliability (CR) > 0.7, average variance extracted (AVE) > 0.5, while discriminant validity consists of Fornell-Larcker criterion (Sefnedi, 2019). The results of the MMA analysis can be seen as follows:

Table 2: Convergent Validity

Variables	Valid Items	Outer loading	Cronbach's Alpha (CA)	Composite Reliability (CR)	Average Variance Extracted (AVE)
Organizational Citizenship Behavior (OCB)	13	0,770-0,869	0,962	0,966	0,689
Affective Commitment (AC)	8	0,860-0,916	0,961	0,967	0,786
Transformational Leadership (TL)	13	0,739-0,882	0,964	0,968	0,698
Psychological Empowerment (PE)	10	0,845-0896	0,966	0,970	0,763

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Based on the results of the convergent validity analysis presented in table 2 above, it showed that the variable of OCB had 13 valid statement items with the outer loading value ranging from 0.770 to 0.869. All statement items on the variable of AC were declared valid with the outer loading value ranging from 0.860 to 0.916. Meanwhile, the variables of TL and PE had 13 and 10 valid statement items respectively, where all statement items had an outer loading value above 0.70. In addition, Table 2 displayed the CA and CR values for the four research variables (OCB, AC, TL, and PE) greater than 0.70 and the AVE values above 0.5. Thus, all the requirements in the outer model were met.

Next, discriminant validity describes the uniqueness of a variable from other variables. The results of the discriminant analysis using the Fornell-Larcker criterion can be seen as follows:

Table 3: Discriminant Validity-Fornell-Larcker Method

Variables	TL *PE	Affective Commitment (AC)	Transformational Leadership (TL)	Organizational Citizenship Behavior (OCB)	Psychological Empowerment (PE)
TL *PE	**1.000**	-	-	-	-
Affective Commitment (AC)	0.376	**0.887**	-	-	-
Transformational Leadership (TL)	0.374	0.786	**0.836**	-	-
Organizational Citizenship Behavior(OCB)	0.470	0.791	0.828	**0.830**	-
Psychological Empowerment (PE)	0.190	0.732	0.729	0.730	**0.874**

Table 3 revealed that the correlation coefficient of a variable with the variable itself was greater than the other variables. For instance, the correlation between AC and AC was 0.887, where the correlation value was greater than the correlation between AC and TL (0.86), AC and OCB (0.791), and AC and PE (0.732). This means that there is a uniqueness in the AC variable. This uniqueness also occurred on other variables such as TL, OCB, and PE.

Moreover, the structural assessment model (SMA) described the relationship between latent variables based on substantive theory. The structural model was evaluated by R square (R^2) and Q square (Q^2). R^2 of endogenous variables in this study was useful to determine the magnitude of the effect of exogenous variables on endogenous variables. While Q^2 (predictive relevance) was to determine the capability or ability to predict exogenous variables using the blindfolding procedure.

Table 4: R squareand Q square

Endogenous Variables	Rsquare	Qsquare
Organizational Citizenship Behavior (OCB)	0.778	0.511
Affective Commitment (AC)	0.618	0.473

Table 4 showed the R square value for OCB was 0.778 which means that the magnitude of the influence of TL, AC, and PE on OCB is 77.8% (Strong). While the AC variable had an R square of 0.618 it could be interpreted that the variation of affective commitment was explained by TL of 61.8% (Medium). Furthermore predictive relevance variable used Q square where the value must be greater than zero (Hair *et al*., 2014). In Table 4, it could be seen that the value of Q square on the OCB variable was 0.511 which means that the ability of TL, AC, and PE in predicting OCB belongs to the strong category. Meanwhile, the Q square on the AC variable was 0.473, which means that TL's ability to predict AC is classified into a strong category.

Moreover, the results of hypothesis testing in the study by using the bootstrapping method (500 subsamples) were as follows:

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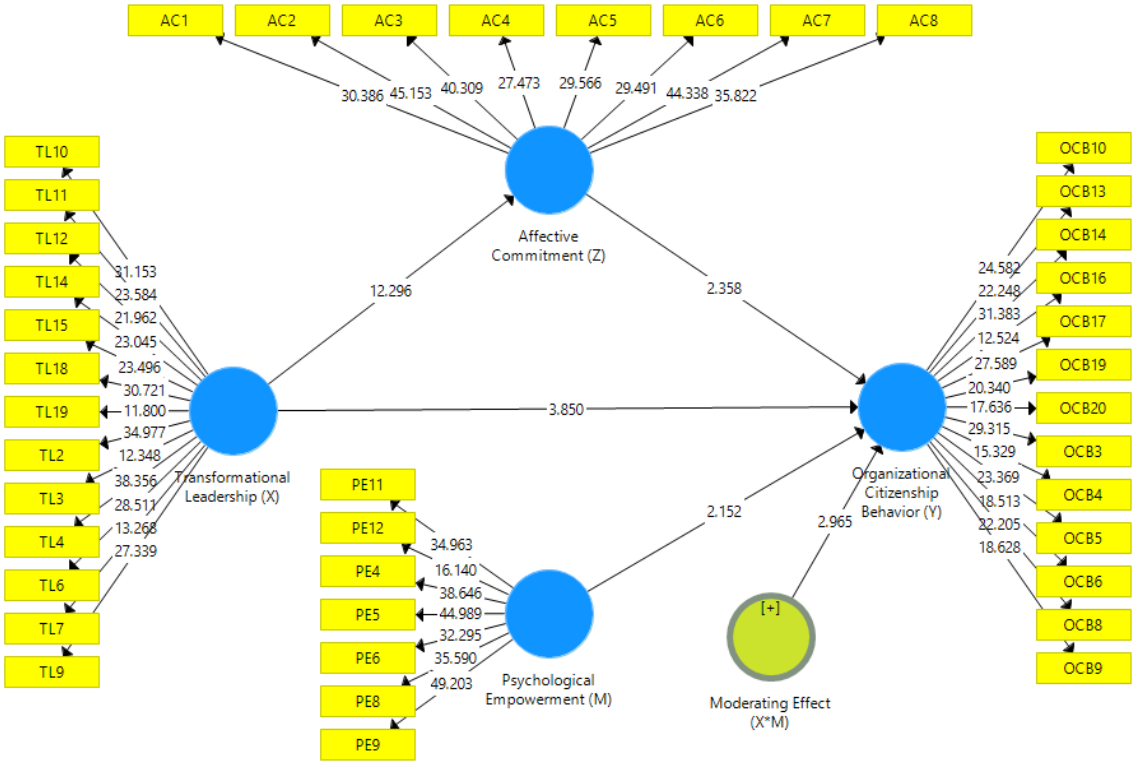


Table 5: Summary of Hypothesis Testing

Directions	Original Sample	T-Statistics	P-Values	Hypotheses
TL →OCB	0.430	3.850	0.000	H_1 supported
TL → AC	0.786	12.296	0.000	H_2 supported
AC →OCB	0.250	2.358	0.019	H_3 supported
TL → AC →OCB	0.197	2.322	0.021	H_4 supported
PE →OCB	0.195	2.152	0.032	H_5 supported
TL*PE →OCB	0.239	2.965	0.003	H_6 supported

Table 5 revealed that TL had a positive and significant effect on OCB because it had t-statistics of 3.850 (higher than 1.96) and p-values of 0.000 (less than 0.05). Therefore, the first hypothesis (H_1) was supported. This finding means that the better the TL implemented in STAFFING & HUMAN RESOURCES DEVELOPMENT AGENCY, the higher OCB will be. The findings of this study are in line with several previous studies which found that TL had a positive and significant effect on OCB (Zaki *et al*., 2021; Jha, 2014; Khalili, 2017; Suliman & Al Obaidli, 2013; Zacher & Jimmieson, 2013).

Furthermore, TL was also found to have a positive and significant effect on AC because it had t-statistics of 12.296 (higher than 1.96) and p-values of 0.000 (less than 0.05). Therefore, the second hypothesis (H_2) was supported. This finding can be interpreted as the better the TL implemented in STAFFING & HUMAN RESOURCES DEVELOPMENT AGENCY, the higher AC will be. The findings of this study are in line with several previous studies which found that TL had a positive and significant effect on AC (Ratina *et al*., 2021; Gyensare, Anku-tsede, Sanda, & Okpoti, 2016; Jauhari, Singh, & Kumar, 2017; Ribeiro, Yucel, & Gomes, 2018)

The results of hypothesis testing displayed that AC affected OCB positively and significantly because it had t-statistics of 2.358 (higher than 1.96) and p-values of 0.019 (less than 0.05). Therefore, the third hypothesis (H_3) in this study was supported. This finding means that the higher the AC of STAFFING & HUMAN RESOURCES DEVELOPMENT AGENCY employees, the higher OCB will be. The findings of this study are supported by several previous studies which found that AC had a positive and significant effect on OCB (Jain, 2016; Lau, Mclean, Lien, & Hsu, 2016; Bilgin, Kuzey, Torlak, & Uyar, 2015; Ng & Feldman, 2011).

Next, the results of the analysis revealed that AC mediated the relationship between TL and OCB because it had t-statistics of 2.322 (higher than 1.96) and p-values of 0.021 (less than 0.05). Therefore, the fourth hypothesis (H_4) in this study was supported. This finding means that the better the TL implemented in STAFFING & HUMAN RESOURCES DEVELOPMENT AGENCY, the higher the OCB and turn increase in the OCB of the employees.Interestingly, table 5 showed that TL had a positive effect on OCB (direct effect) which was indicated by the positive value of the original sample of 0.430. Likewise, the impact of the TL on OCB

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through AC (indirect effect) had a positive original sample value of 0.197. Thus, it is concluded that AC as a mediator between TL and OCB was classified into a complementary mediator type (Zhao *et al*., 2010).

The result of the fifth hypothesis testing this hypothesis wasfound that PE positively and significantly influenced OCB because it had t-statistics of 2.152 (higher than 1.96) and p-values of 0.032 (less than 0.05). Therefore, the fifth hypothesis (H_5) in this study was supported. This finding means that the higher the PE of STAFFING & HUMAN RESOURCES DEVELOPMENT AGENCY employees, the higher OCB will be. The findings of this study are in line with several previous studies which confirmed that PE had a positive and significant effect on OCB (Joo & Jo, 2017; Islam, Khan, & Bukhari, 2016; Kasekende, Munene, Otengei, & Ntayi, 2016)

The final hypothesis in this study was PE moderated the relationship between TL and OCB. The results of this hypothesis testing found t-statistics of 2,965 (higher than 1.96) and p-values of 0.003 (less than 0.05). Thus, the fifth hypothesis (H_5) in this study was supported. The finding means that PE moderates the relationship between TL and OCB. The finding is in line with the results of research conducted by Jha (2014). In addition, PE in moderating the relationship between TL and OCB had a quasi-moderator type (Sharma, Durand & Gur-Arie, 1981). This was because PE in addition to playing a role in moderating the relationship between TL and OCB also had a direct effect on OCB (See the results of the fifth hypothesis testing).

V. Conclusion and Recommendation

The study extended the literature on organizational citizenship behavior, affective commitment, transformational leadership, and psychological empowerment in the public organization. The results of this study suggested that the variable of transformational leadership was a significant predictor of affective commitment and organizational citizenship behavior. The affective commitment also was found to have a positive effect on organizational citizenship behavior. Furthermore, the affective commitment was proven to mediate the relationship between transformational leadership and organizational citizenship behavior. In addition, the result of the analysis displayed that psychological empowerment was an important variable in explaining organizational citizenship behavior and it also moderated the relationship between transformational leadership and organizational citizenship behavior.

This study has a limitation itself namely cross-sectional design. Therefore, a longitudinal study is recommended future to investigate the mediating effect of affective commitment and psychological empowerment as moderators. Thus, the next study could examine and evaluate the role of affective commitment as a mediator and psychological empowerment as a moderator on the relationship between transformational leadership and organizational citizenship behavior.

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Meta-Analysis of Perceptions of Occupational Risks in the COVID-19 Era

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Abstract- The target of the work was to review the literature on the perception of occupational risks during the pandemic. A documentary, cross-sectional and systematic investigation was carried out with a selection of sources indexed to international repositories, considering the period from 2019 to 2022. A network of profusion and connectivity was found that explains the differences and perceptual similarities around occupational risks. Relation _ to biosafety policies, the adjustment of the model is recommended to be able to anticipate decisions and behaviors determined by expectations against or in favor of occupational accidents and illnesses.

Keywords: *COVID-19, risk perception, factor analysis, structural model.*

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Meta-Analysis of Perceptions of Occupational Risks in the COVID-19 Era

Arturo Sanchez Sanchez [α] & Cruz Garcia Lilies [σ]

Abstract- The target of the work was to review the literature on the perception of occupational risks during the pandemic. A documentary, cross-sectional and systematic investigation was carried out with a selection of sources indexed to international repositories, considering the period from 2019 to 2022. A network of profusion and connectivity was found that explains the differences and perceptual similarities around occupational risks. Relation _ to biosafety policies, the adjustment of the model is recommended to be able to anticipate decisions and behaviors determined by expectations against or in favor of occupational accidents and illnesses.

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I. Introduction

Until March 2022, the pandemic has claimed the lives of five million, although international health systems such as the World Health Organization and the Pan American Health Organization recognize the underreporting of community transmission. Therefore, the number of deaths could increase to 20 million. In this scenario of risks of contagion, illness and death, the mitigation and containment policies for the pandemic consist of the strategies of distancing, confinement and social immunization (García, Carreón and Hernández, 2016 a: p. 103). In the case of organizations and institutions, biosafety policies translate into the prevention of risks such as the use of masks, ventilation, ozone measurement or the frequent use of alcohol gel.

However, risk prevention policies, strategies and programs are built from the recommendations for ventilation of closed spaces and the immunization of people, discarding the expectations of the workforce and workforce (García, 2021a: p. 45). In this sense, a review of the state of the art suggests that the type of employment corresponds to occupational health (García, 2019a: p. 10). In this way, jobs with high risks such as the cleaning service are limited to three years due to the deterioration of occupational health (García, 2021c: p. 5). In this relationship between the type of employment and the level of occupational health, the migratory condition aggravates the situation (Hernández et al., 2021: p. 11). Therefore, if employees in the cleaning and occupational hygiene sector are migrants, they are willing to take more risks compared to native workers (García, 2019 c: p. 27). In this way, migratory flows adopt risk behaviors in which they decide to assume more costs than benefits due to the lack of job opportunities for undocumented immigrants.

Regarding the gender perspective, migrant women are exposed to greater risks compared to men, since traveling by public transport to the workplace involves higher levels of stress, exhaustion and frustration (Garcia, 2018: p. 10). In addition, the payment is lower than their male counterparts, as well as the exposure to workplace violence due to their gender condition, as is the case of the non-recognition of their work.

In this way, the objective of the present work was to specify a model for the study of risk perception, considering a review of the literature from 2019 to 2021, as well as the contrast of the null hypothesis regarding the significant differences between the structure of the perception of occupational risks with respect to the observations of the present work.

What are the homogeneous random effects of the findings related to the perception of occupational risks during the pandemic?

The Premises that Guide this Work Suggest: 1) The pandemic is a global phenomenon that impacted occupational health through exposure to risks of contagion, illness or death, as well as through the media and electronic networks via information disseminated on anti-COVID-19 policies. 2) The anti-COVID-19 policies focused their strategy on the distancing and confinement of people, transforming work activity into a family setting. 3) Risk communication as part of anti-COVID-19 policies determined personal strategies for the use of devices such as masks, alcohol gel or face shields. 4) Anti-Covid-19 policies were disseminated through risk communication. 5) The increase in infections, illnesses and deaths from COVID-19 spread in the media and electronic networks contravened the communication of risks that consisted of the mitigation and containment of the pandemic. 6) The differences between the news and the official version affected the perception of risks. 7) A significant contradiction between the media version and the official version affected the increase in risk perception and the intensive use of masks and face shields. 8) A concatenation between the ruling party and mediatization generated

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flexibility in the use of masks and masks. 9) The literature that observed both processes established significant differences and anticipated high-risk scenarios in cases where officialism and mediatization converged.

II. Risk Perception Theory

The theoretical and conceptual approaches that explain occupational risks are: 1) risk perception theory, 2) prospective decision theory and 3) job expectations theory. These are theoretical perspectives that explain the impact of mitigation and containment policies, biosafety programs and prevention strategies in the workplace.

Risk perceptions, understood as the expectation of costs and benefits around external demands and internal resources to organizations, suggest that accidents and illnesses can be anticipated (García, Bustos and Juárez, 2020: p. 20). In a risk scenario such as the pandemic, risk perception is triggered by expected gains and losses in the face of a labor decision or action. An increase in accidents and illnesses reflects an increase in risk propensity (Van Gesel et al., 2007). A reduction in costs and benefits implies an aversion to risks (Carreón et al., 2017: p. 33). That is, the perception of risks indicates the degree of opportunities and profits, considering the trend of infections, illnesses or deaths related to a work activity (García, 2019 b: p. 5). The contribution of the perceptual approach to risks consists of an approach to the confidence of the workers regarding their leaders.

However, the mitigation and containment policies of the pandemic by implementing distancing, confinement and immunization strategies limit the workplace and reorient it towards biosafety guidelines (García, 2021d: p. 137). In this situation, the theory of prospective decisions explains the relationships between leaders and talents in the face of contingent events (Molina et al., 2019: p. 10). The theoretical approach raises differences between those who make decisions and those who abide by them (Amemiya, Bustos and García, 2018: p. 45). In this hierarchy, leaders make decisions minimizing the expectations of their workers (García et al., 2017: p. 231). This is the case of prospective decisions that consist of accepting high costs to obtain greater benefits (García et al., 2016 b: p. 270). Such managerial decisions can be supported by the workers as long as they perceive a spread of profits.

However, if the employees notice higher costs than benefits, they will develop distrust towards their leader (García, 2012: p. 37). In this situation, risk perceptions may be minimal and prospective management decisions supported, but with levels of mistrust among employees (Soto and Homazabal, 2009). The job expectations approach suggests that this distrust can be generated by the absence of objectives and goals (Sánchez et al., 2019: p. 9). Or, mistrust can emerge from investment in technology that is associated with layoffs or job rotations.

Risk perceptions explain that accidents and illnesses can be prevented if they are considered close to workers (García et al., 2018: p. 53). In a different sense, prospective decisions choose processes with high costs expecting greater benefits (García, 2021e: p. 52). In the midst of both proposals, job expectations are translated into confidence when workers notice preventive risk management based on the dissemination of benefits in the face of prospective decisions.

III. Risk Perception Studies

Theoretical and conceptual frameworks of risk perception assume that events are unpredictable, immeasurable, and uncontrollable (Peric et al., 2021). Based on these criteria, risk events are approached from the perception or expectation bias of those who are exposed and vulnerable.

In this way, risk expectations are divided into risk aversion and propensity (Quiros et al., 2020). In the occupational sphere, aversion is seen in the increase in self-care. If COVI-19 is considered a pandemic, then it leads to biases in life expectancy and increases prevention through the use of gloves, masks, and face shields. If it is assumed as a flu, then the assessments are oriented to the opposite pole and adherence to treatment is generated as long as it is associated with social support. It is possible to observe that migrants with high-risk jobs will match their levels of adherence to treatment with native professionals who do not have social or family support.

The risk perception indicators are a reflection of the degree of biased expectations towards an event such as the SARS CoV-2 pandemic (Rodelo, 2021). An increase in the use of contagion prevention devices correlates with an increase in the incommensurability of risks, although hopelessness also emerges as a provisional response. Helplessness is the result of repetitive risk events that nullify the self-care response. Consequently, the intensified and prolonged pandemic breeds hopelessness. On the contrary, if the event is attended to, it reduces defenselessness.

Risks are also the result of their determinants, as is the case with the perception of control (García, 2021b: p. 10). The emergence of self-control is the product of a high expectation of risk, but also of control experiences that guide the individual to assume self-efficacy in health care. Self-efficacy is determined by the expectation of control and the belief that the event will be nullified by some vaccine. Technology is a determining factor in risk perception and event control. The pandemic is a risk event that can be reduced to its

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minimum expression as long as the individual assumes that their self-care will be complemented by a vaccine.

However, the perception of control is mediated by risk attribution biases, such as stigma (García, 2014: p. 81). If it is assumed that health professionals are carriers instead of mitigators of the pandemic, then it affects the perception of control and risks. On the contrary, if health care personnel are seen as life savers, then self-care is reoriented towards trust in health professionals and rehabilitation or adherence to treatment.

IV. Modeling of Risk Perception

Theoretical, conceptual and empirical frameworks agree in assuming that the pandemic is a risk event that can be reduced in its effects if the media and communication networks spread a vaccine (Lugo et al., 2020). Immunization complements self-care and encourages adherence to treatment or rehabilitation. To date, the consistency of this formulation has not been reviewed.

Consequently, the modeling of perceptions or expectation biases in the face of a risk such as contagion, illness or death from COVID-19 has not been clarified (Reinols et al., 2022). A model can be reflective if the objective is to know the symptoms of responses to the pandemic. A model can be educational if information is available on the effect of immunization on self-care and adherence to treatment or rehabilitation.

In this way, a hybrid model can combine the symptoms of a risk perception consistent with the pandemic (Mendez et al., 2015). In a reflective sense, the perception of risks can be appreciated from the biases of expectations or despair. In the case of the literature consulted, the expectations can be seen in the questioning of anti-COVID-19 policies. A considerable increase in criticism reflects a significant risk perception. A decrease in the use of devices such as masks, shields or gloves implies a political lack of confidence that translates into a propensity for risk.

V. Method

A documentary study was carried out with a selection of sources indexed to international repositories, considering the edition period from 2019 to 2022 (see Table 1).

Table 1: Descriptives of the Sample

Repository	Accidents				Diseases			
	2019	2020	2021	2022	2019	2020	2021	2022
Academy	1	3	2	3	2	4	2	2
Copernicus	3	2	1	1	1	3	1	1
Dialnet	3	1	3	4	1	2	3	3
Dimensions	4	3	3	1	1	1	4	2
Ebsco	1	3	1	3	3	1	3	4
Frontiers	3	3	1	3	4	1	5	3
Google	4	1	1	2	2	2	4	2
Latindex	1	1	2	1	1	1	3	3
Mendeley	2	3	1	1	4	3	1	3
Microsoft	5	1	3	1	1	1	2	3
Redalyc	1	1	3	1	1	1	1	4
Scielo	4	4	2	1	1	3	1	2
Scopus	3	3	4	1	3	2	1	3
Zenodo	3	1	3	2	3	1	1	1
Zotero	1	3	1	3	1	1	1	1

Source: Prepared with Study Data

In order to be able to evaluate the relationship between the theories that explain occupational risks with respect to the findings reported in the literature, the Delphi Inventory was used (García et al., 2014b: p. 73). In three phases, expert judges on the subject evaluated the results consulted in the public literature from 2019 to 2021 regarding occupational risks. The selection criteria of the expert judges were the h index of production in Google Scholar and the area of knowledge in labor sciences (see Table 2).

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Table 2: Descriptions of the Expert Judges

Sex	Age	Entry	Area	H-Index
Male	56	18`954.00	Occupational health	32
Feminine	61	16`964.00	Entrepreneurship	21
Feminine	77	15`843.00	Human Resources	17
Male	83	16'905.00	Human capital	26
Feminine	42	16'534.00	Intellectual capital	19
Male	53	19'674.00	talent management	20
Feminine	62	17'534.00	Process quality	16

Source: Prepared With Study Data

In the first phase, the expert judges rated the relationship established in the consulted literature, considering: 0 = "not at all in agreement" to 5 = "quite in agreement". In the second phase, the averages of the first round were compared with the individual ratings of the judges in that first phase (García, 2017: p. 379). In the third phase, the ratings based on the second round were reconsidered. Or, the expert judges reiterated their initial assessments, even when confronted with the average (see Table 3).

Table 3: Descriptive of the Evaluated Findings

	M	SD			
R1			□2	Df	P
Judge 1	4.32	1.34	14.21	13	.05
Judge 2	4.56	1.54	13.25	14	.07
Judge 3	4.32	1.21	12.13	12	.03
Judge 4	4.36	1.43	10.45	15	.08
Judge 5	4.12	1.09	15.46	14	.06
Judge 6	4.32	1.46	14.32	14	.07
Judge 7	4.30	1.07	15.71	10	.08
R2					
Judge 1	4.36	1.21	13.26	12	.04
Judge 2	4.89	1.34	14.36	11	.03
Judge 3	4.35	1.21	16.57	14	.02
Judge 4	4.32	1.45	13.21	15	.06
Judge 5	4.12	1.32	19.67	13	.05
Judge 6	4.34	1.32	19.21	13	.08
Judge 7	4.36	1.56	14.35	12	.06
R3					
Judge 1	4.36	1.08	13.21	14	.07
Judge 2	4.45	1.31	14.35	12	.09
Judge 3	4.03	1.24	10.45	13	.06
Judge 4	4.41	1.12	13.24	12	.04
Judge 5	4.37	1.35	14.89	13	.03
Judge 6	4.35	1.54	18.21	13	.06
Judge 7	4.67	1.36	14.35	14	.09

Source: Prepared with the study data, R = Evaluation round of the expert judges, R1 = Qualifying phase, R2 = Comparative phase, R3 = Reconsideration phase, M = Mean or average of the qualifications of the judges, SD = Standard Deviation of the evaluations of expert judges.

The data was captured in Excel and processed in JASP version 15.0 considering the normal distribution, contingency, correlation, adjustment and residual analyzes in order to test the null hypothesis regarding the differences between the reported findings and the ratings of the expert judges (Garcia, 2013: p. 363). The values were interpreted considering their proximity to the unit with the exception of the residual coefficients.

VI. Results

The networks of profusion and connectivity among the expert judges with respect to the findings evaluated in three rounds. The relationship structure suggests that the summaries evaluated are circumscribed to an evaluative neutrality on the part of the expert judges. In other words, the participants agree that most of the literature consulted presents a weak relationship between occupational risks and workers' perceptions.

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Regarding illnesses and accidents, the evaluations of the judges warn that weak connections between the reviewed literature and the theories that explain occupational risks. Therefore, the results show a research network that reports the relationship between occupational risks and employee perception, but the judges who evaluated these relationships warn that such contributions would not be related to the exposed theoretical framework. Four of the summaries evaluated by the judges were considered extremely important for the specification of a perceptual model around occupational risks.

The expert judges in labor risks assume that only four of the summaries evaluated account for the phenomenon. The expert judges assume that the relationship between accidents and diseases is significant with respect to biosecurity derived from the pandemic (see Table 4).

Table 4: Descriptive of the Meta-Analysis of Occupational Risks Published in the Literature from 2019 to 2022

	Q	Df	P
Coefficients	2,434	Two	0.296
Heterogeneity	11,732	92	1,000

Source: Prepared with Study Data. Wail 'S Test: Z = 3.334; P < 0001; Adjustment Measures: AIC = 384367; BIC = 394,455; T2 = 0.000; T = 0.000; I2 = 0.000; H2 = 1,000

The judges consider that this network of relationships could be modeled as a robust structure in the prediction of risk scenarios in the face of Covid-19. The judges suggest that these four findings reported in the literature reflect the situations of risk prevention, both accidents and diseases. The profusion and connectivity of the judges' evaluations warns of the prevalence of non-significant relationships, although the rest of the findings tend to be integrated.

VII. Discussion

The contribution of this work to the state of the matter lies in the specification of a model for the study of the perception of occupational risks in the Covid-19 era. The results show that the findings reported in the literature were evaluated as not very significant by expert judges. In relation to the consulted literature where illnesses and accidents stand out as central axes of risk perception, the present work corroborates such question. Regarding the theoretical and empirical frameworks that highlight the differences between occupational hazards and risk perceptions, this paper corroborates these findings. Regarding the explanation that the perception of risks revolves around specific and contingent situations, the present work corroborates this assumption. Regarding the approach of prospective decisions in the face of risk events to maximize profits, this paper discusses this hypothesis. It is true that decisions in situations of risk are increasingly haphazard, but the judges surveyed assume that the illnesses and accidents reported as objects of perception are not very significant. That is, the judges consider that the prospective decisions are generated from risks that have not been reflected as accidents or illnesses.

Risk perception theory assumes that events are incalculable in their effects, unpredictable in their occurrence, and uncontrollable in their magnitude (Šanc & Prosen, 2022). The present work agrees with these axes of discussion and theoretical matrices. The systematic review of the study suggests that the findings reported during the pandemic fall within thresholds of homogeneous random effects. That is, the political decisions of communication and risk management can include the cited literature in order to guarantee the prevention of risks.

Based on the theoretical approach to risks, the research that corroborates the approaches to the phenomenon suggests that the risks are associated with trust in science and technology (Gil and Gil 2010). The present work suggests that chance does not affect the findings reported in the literature. It means then that the literature recovers contributions that serve to design risk management policies. In this sense, the relationships between the perception of risks with self-efficacy and the acceptance of technology explain the governance of risk events.

Risk perception modeling included the impact of technology on confidence in risk control (Nasir et al., 2015). The present study suggests that risk control has been consistent in the literature that presumes a regularity regarding its association with perceptions of trust and usefulness. Policies that include trust in science and technology may be more accepted than those that confront academic institutions or universities.

Lines of investigation concerning occupational risks after the lack of confidence will allow the judges' evaluations to be corroborated. The reactivation of the economy and the return to the workplace will make it possible to warn of risks to occupational health. Accidents and illnesses as occupational risks were qualified as an area of opportunity by the judges. Therefore, occupational risks can be seen as reflections of occupational biosecurity. Risk management from the prevention of accidents and diseases will contribute to the theories that explain them. Studies alluding to occupational hazards may contribute to theories from explanation and perceptions.

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VIII. Conclution

The objective was to specify a model for the study of occupational risk perceptions in the Covid-19 era. A structure of relationships was found between the findings reported in the literature regarding the evaluations of expert judges. The criteria of the judges were established from a position of "not at all in agreement" to "quite in agreement" for the qualification of the findings. The comparison of the average of the qualifications with the initial appraisals allowed moving towards a reconsideration. The judges' evaluations were different in each round. The judges' criteria opened the discussion around the profusion and connectivity of the findings reported in the literature during the pandemic so far. From this study it was possible to notice biosafety policies focused on diseases and accidents as axes of the research agenda.

The design of safety policies in the occupational field can be carried out from the established findings. The systematic review of results published during the pandemic suggests that workers develop a perception of risk based on surrounding information in the media and networks. The distinction of the source is not heterogeneous. That is, workers receive and process information based on their risk expectations. Perceptions of contagion, illness or death from COVID-19 are indistinct from the type of source and message. Therefore, prevention policies are oriented towards self-care as a complement to trust in science and technology. In the case of care for cases of atypical pneumonia, adherence to treatment is related to risk communication that minimizes the pandemic or equates it with influenza.

The lines of study that emerge from the findings and their confrontation with theoretical, conceptual and empirical frameworks suggest a propensity for risk if trust in science and technology remains constant as the pandemic continues. Another aspect of research is related to the observation of indicators to reveal the reflection of the perception of risks in audiences of workers who assume their health as a priority and develop self-care. Or, workers who are spectators of the media and networks who adhere to an anti-COVID-19 treatment based on surrounding information about immunization.

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The Rise of Korean wave in India and its Influence on Consumer Behaviour and the Consumer Products Industry

By Saumya Singh

Abstract- One of the most advantageous spillover effects of the rise of Korean wave has been the growing popularity of Korean consumer products including cosmetics, food, fashion, etc. in the foreign countries. Recently, India has been experiencing this and demand for Korean consumer products have seen a steep growth. This paper aims to analyse the Indian consumers' behaviour while purchasing Korean cosmetics and food products, and what factors impact them via quantitative research through an online questionnaire. The paper also tries to qualitatively understand the growth potential of Korean cosmetics and food brands in India. The paper has used multiple linear regressions for the quantitative study and the results prove that 'Product Quality' and 'Country of origin image' significantly and positively impact the Purchase intention of Korean cosmetics. Whereas, 'Product Quality', 'Attractiveness of the Korean culture and K-wave', and 'Product Price' significantly impact the Purchase intention of Korean food products. 'Product Quality' and 'Attractiveness of the Korean culture and K-wave' impact it positively while, 'Product Price' has a negative impact i.e., consumers are price sensitive when buying Korean food products because of the availability of alternative brands.

Keywords: *korean wave, consumer behaviour, korean cosmetics, korean food products, purchasing patterns, country-of origin, consumer products, korean culture, k-pop, k-dramas.*

GJMBR-B Classification: *DDC Code: 646.72 LCC Code: TP983*



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Abstract- One of the most advantageous spillover effects of the rise of Korean wave has been the growing popularity of Korean consumer products including cosmetics, food, fashion, etc. in the foreign countries. Recently, India has been experiencing this and demand for Korean consumer products have seen a steep growth. This paper aims to analyse the Indian consumers' behaviour while purchasing Korean cosmetics and food products, and what factors impact them via quantitative research through an online questionnaire. The paper alsotries to qualitatively understand the growth potential of Korean cosmetics and food brands in India. The paper has used multiple linear regressions for the quantitative study and the results prove that 'Product Quality' and 'Country of origin image' significantly and positively impact the Purchase intention of Korean cosmetics. Whereas, 'Product Quality', 'Attractiveness of the Korean culture and K-wave', and 'Product Price' significantly impact the Purchase intention of Korean food products. 'Product Quality' and 'Attractiveness of the Korean culture and K-wave' impact it positively while, 'Product Price' has a negative impacti.e., consumers are price sensitive when buying Korean food products because of the availability of alternative brands. The qualitative research shows that Korean beauty brands have evolved in India over time and have great potential due to their natural ingredients, that is preferred by the Indian audience. The Korean food brands are currently expanding in India, but their future potential is something that is yet to be assessed considering the great competition from existing big brands in India.

Keywords: korean wave, consumer behaviour, korean cosmetics, korean food products, purchasing patterns, country-of origin, consumer products, korean culture, k-pop, k-dramas.

I. Introduction

Today's generation has been taken over by digital media and the internet in general. Spreading information and creating awareness has become easy. Taking advantage of this technological advancement, South Korea has been trying to develop its 'soft power'.

According to Joseph Nye, 'soft power' is a way to shape other's preferences through appeal and attraction. It is the intangible power that a nation creates through its image and influence, rather than through hard force.

The world calls it the 'Hallyu wave' or the 'Korean wave', which implies the remarkable growth and rising popularity of South Korean culture around the world and includes their pop culture, music, movies[1], dramas, cuisines, fashion, makeup, etc. The Korean wave has been there since the 1990s. However, the digital media and video streaming platforms gave it a push, large enough that now around 81.19 million fans of K-dramas and Korean wave in general[1]. The South Korean government made it their top priority since there was a realization of potential achievement of soft power as well as higher GDP and in turn, an economic growth. Thus, South Korea has become a major exporter of not only popular culture, but also tourism since the audience abroad who are being influenced by this unique culture also now want to visit the mainland that gives rise to this culture. The Korean wave has been a boost for Korea's businesses and has contributed to almost 0.2% of South Korea's GDP in 2004, which is equivalent to US $1.87 billion. In fact, this figure has multiplied to around US $12.4 in 2019[2].

This popularity of the Korean culture began around mid-1990s, initially spreading to its neighbours, China, and Japan, then to the entire Southeast Asia. The factors that contributed to Korean wave's evolution involve the Korean government lifting the ban on foreign travel for Koreans around 1990s. This gave them new perspectives specially about art, cinema, and music. Another factor was that the *Asian financial crisis* forced the Korean chaebols[3] to restructure their business models & divest many of their businesses which eventually provided many opportunities to small business players to enter different ventures. The government believed that information technology and popular culture would be key to put Korea on a path of success. In the same decade, major chaebols like LG and Samsung focused on quality, and marketing globally. Hence, international acceptance of these popular brands is improving the perception of its country-of-origin image. Overall, Korea made it their key aim to provide superior goods to the world, thus improving their image. Entertainment products like,

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[1] Korean dramas are popularly known as K- dramas. Similarly Korean pop is known as K-pop.

[2] Source: Martin Roll.

[3] Highly diversified conglomerates operating in every sector of the economy

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dramas, music and movies have been recognised as excellent quality of production and they're rivalling Hollywood movies and shows.

The success of Korean wave on a global scale has been tremendous, especially in the past 5 years. Korean producers can source capital for their movies from different countries, like Japan, Vietnam, Singapore, China, etc. 'Parasite' was named the best picture at the Oscars 2020, becoming the first non- English film to have achieved that, and additionally it won 3 other Academy awards. 'Train to Busan' is another film that gained a lot of recognition globally & the film even premiered in the Midnight Screenings section of the 2016 Cannes Film Festival.

Even the K-dramas have penetrated the western market. They are known for having intense storylines and high production value as well as and quality acting. Korean content viewership across Asia increased to about four times in 2020 as compared to 2019. Japan saw the blockbuster K-drama 'Crash landing on You' in the top 10 for almost a year and took the sixth spot in the list of most watched shows on Netflix in the United States in 2020. Recently, 'Squid Game', which is a survival K-drama has taken the world by storm and ranked no. 1 in all 83 countries of Netflix, including India where it beat the locally loved show 'Kota Factory'. All of this proves the increasing authenticity & quality of Korean entertainment products.

The Korean pop culture has been on a rise since 2000s but reached next level heights in the past 10 years. K-pop artists like *Big Bang, Super Junior*, *PSY*, or Girl's generation have sold more than 230 million records globally. However, post 2015, bigger K-pop groups like *BTS* and *Black pink* have gained success globally and they do regular world tours, are brand ambassadors for many big brands globally like Gucci, Samsung, etc. and, have made appearances in American shows and music awards. K-pop rose with the help of YouTube and is being heavily accepted in the mainstream since these K-pop music and albums are very often mentioned in music charts. There are many other popular K-pop groups now who have been recognised because of BTS's success.

More recently, the Korean wave's success gave way to 26 Korean words being added to the official Oxford English dictionary and this was done to show the shift in language used by English speakers. The most important thing to note is that the success of Korean Wave has had its spill over effects such as increased interest of viewers in visiting the country. Korean government has been planning to make use of this tourism growth and earn revenues up to US $35 billion a year by 2030.[4] The Korean Wave has also given rise to the increased popularity of Korean cuisine as well as their fashion industry. Korean food including *ramen, Kimchi* and *Tteokbokki*, etc. are gaining popularity. The celebrity status and influence has risen so much that viewers are imitating the fashion. Not only fashion, but Korean style makeup has gained so much importance and identity that it's been given a separate name, K-beauty. In fact, South Korea's cosmetics total exports were around US $7.58 billion[5] in 2020 and it sustained even with the Covid-19 pandemic.

Slowly, this Korean wave has reached the Indian mainland. Even though, the effects began to be visible before 2019, yet the lockdown due to Covid-19 established many new audiences who decided to binge-watch K-dramas with the help of their impressive presence on Indian OTT platforms and listen to K-pop, on the music streaming platforms. K-dramas have gotten very popular on Netflix India, and their viewership on OTT platforms in India rose more than 370 percent[6] in 2020 over 2019.

This sudden popularity of the Korean culture has given rise to a fondness towards the food eaten by the celebrities, or that are seen in the dramas, the fashion, language they speak and the beauty products they use to look phenomenal. This has now started to change Indians' consumption habits. *What this means is that with the rise of Korean wave, the demand for Korean products has seen a steep rise*. The Korean noodle brand *Nong Shim* is paying attention to the Indian market. E-commerce platforms like Amazon, Flipkart, etc have these popular Korean noodles brand available. Since, BTS is so popular in India, McDonald's India (as a part of global campaign) collaborated with the boyband and introduced a special BTS meal for a week.

Korean beauty products are also being demanded by the urban population and are very much available on e-commerce platforms like Amazon, Myntra and Nykaa, as well as in malls.

Korikart, a marketplace providing imported Korean products in India states that they have seen a 40% growth[7] monthly ever since the pandemic hit. Not only the tangible products, but there has been an increase in the enrolment of Korean language courses.

Hence, this paper revolves around analysis of one of the spillover effects of the Korean wave i.e., analysing the consumer behaviour of Indians with the increase in consumption of Korean products and the potential of Korean consumer goods brands in India.

II. Literature Review

The literature has been reviewed through a total of five themes including *Korean wave influence on*

[4] Source: Martin Roll.

[5] Source: Statista

[6] Source: Livemint

[7] Source: Financial Express

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consumer products purchasing, *Country of origin image and its impacts*, *Influence of K-dramas and K-pop on purchasing*, *Consumer Attitudes towards KoreanCelebrity & brand endorsements*, and *Cultural hybridity and influence.*

a) *Korean Wave Influence on Consumer Products Purchasing Decisions*

Chen Jason D. (2011) discusses the globalizing effect of Korean pop culture and its economic effects. Discussing the evolution of Korean wave, he discusses the impact of Korean wave in in specifically China, stating that a new generation of consumers in China adopted the Koreanlifestyle, including cuisines, fashion, and even plastic surgeries. Chen D. believes the *reason for Koran wave being accepted easily in China is because of the history of cultural interaction for thousands of years*, similar values and a fascination for the urban lifestyle depicted in these K-dramas.

Most importantly, according to him, the *Korean wave's penetration into various Asian countries and beyond had visible effects on purchasing*. The interest in K-dramas and K-pop advanced to the Korean culture, food, and demand for Korean language classes increased.

Also*, the Korean wave improved the national image of South Korea from being the land of military regimes, to becoming the land with modern technology and creative entertainers*. The Korean celebrity power has also been advantageous for selling Korean products acrossthe continent.

Involving the 4 Ps of marketing, the paper (Tan, D. et. al., 2020) using quantitative research tries to analyse the relationship between Korean Wave, and the 4 Ps of marketing, with the purchase intention Malaysian women have for Korean beauty products. The multiple regression results in *this study prove that the above-mentioned variables influence the purchasing intention of Korean beauty products significantly*. Further the paper assessed each variable impact on purchasing intention through hypothesis testing. The findings were that *Korean wave, product quality, price, and promotion were significant in influencing the purchase intention of Korean beauty products, with product quality being the strongest variable.* On the other hand, brand and place were insignificant in influencing the purchase intention. The results imply that Korean beauty brands should focus more on product quality, like introducing a distinctive ingredient consumers feel would be beneficial for them. Additionally, promotion is a very important influencer for beauty products with most of the respondents getting affected by TV and internet advertisements.

A similar result is concluded by Sembiring V. & Prabandari W. (2021) who analyse the impact of Korean wave on purchasing decisions at a Korean restaurant in Indonesia. The study adopted quantitative research and surveys. The study has used Korean wave as the independent variable and Purchasing decision as the dependent variable. In real life, the restaurant has gotten popular for K-pop fanbase groups celebrations thus proving that Korean wave has a positive influence on purchasing decisions in the restaurant. Through simple regression of purchasing decision on Korean wave*, it was concluded that the Korean wave has a significant impact on the purchasing decisions of people*. The coefficient of determination was moderate i.e. *factors other than Korean wave such as the prices, promotions and quality also play an equivalent role in determining purchase decisions.*

Covering a different region, Ocheing H. & Kim S. (2019) discuss Korean wave's impact in East Africa and the potential effects on other commercial exchanges. A survey method was adopted, and regression used independent variables such as, exposure to Korean culture, while influence to buy Korean products (or desire to visit the country) were the dependent variables.

The study shows that educated respondents agreed that Korean language's knowledge influenced their attitude towards the country, since it enhances the understanding of the Korean lifestyle, and values. *Most respondents confirmed that a positive image of Korea is projected through the Korean cultural products*. Additionally, the study shows that the *Korean cultural products*[8] *confirm a potential tourist effect on the viewers*. Africans perceived proximity with Korea due to the values portrayed in Korean media. With the help of regression, the paper concludes *that an exchange of cultural products between Korea and the East Africa have a positive and significant influence on buying other Korean conventional products,* since consumers of Korean cultural products would develop a positive attitude towards Korea and hence, would likely prefer products 'Made in Korea'.

Another paper highlighted the relationship between Korean cultural products exports and Korean consumer products export (Kim H., et. al., 2021) and analysed the impact of exports of music, films, and broadcasting on export of consumer goods such as clothing, cosmetics, foodstuffs, automobile, etc. with the help of regression and gravity model. *The paper found the exports of Korean cultural goods had a positive and significant impact on the exports of Korean consumer goods*, hence proving that the cultural goods have a very high drag effect on the consumer goods exports. Additionally, the effects were significant for IT products, cosmetics, clothing, and foodstuffs i.e., mainly for non-durables and the Asian region seems to be more interested in these consumer goods. For region-wise analysis, Asian region saw the influence of cultural goods as opposed to Europe, where the effect was low.

[8] Korean Cultural products refer to the Korean media such as movies, dramas, and pop culture.

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Finally, the paper reemphasises the main idea pointed out by others that the *cultural products may enhance the national brand status, thus helping the consumer goods exports*.

b) Country-of-Origin Image and its Impacts

Ingels L. (2020) examines how millennial women of Sweden perceive Korean branded beauty products and how the country-of-origin[9] affects consumer purchasing intention of Korean beauty products. Qualitative methods in the form of email interviews were used tocollect empirical data.

Results from analysing the codes and sorting them into themes of Made in Korea, Image, Quality, and Effect, show that *image and quality were the major attributes that formed consumer attitudes*. The "*Made in Korea" tag was directly affecting purchasing intentions*. Korea's cognitive country image[10] was strong, and participants considered Korea as the preferred country for purchasing beauty products. Thus, respondents associated product quality with Korea proving *country-of-origin to be relevant*. Also, it was seen in the responses that *consumers with good exposure to the Korean Wave conveyed positive attitudes as well as purchasing behaviour towards K-beauty*. Quality was also important in decision making and since consumers linked Korea to good quality, hence they preferred these beauty products. Finally, a new link of K-beauty with Korean Wave and an affective country image[11] may be creating a separation in the country image. This means that the *Korean Wave may be facilitating the propagation of Korean culture through all Korean products*.

Another study which focused on the Korean cosmetics and the country-of-origin image was (Kim K. & Tjoe Z., 2016), which aimed to examine the impact of Korean wave towards consumer purchase intention of Korean cosmetics in Indonesia, and to see if image of Korea can impact consumer purchasing intentions. The paper described *ethnocentrism*[12], *cultural image*[13], *country image*[14], and *country-of-origin*[15] image, and developed various hypotheses. Online surveys collected data and multiple regression was performed.

The results show that *Korean wave is positively related to purchasing intention of Korean products in Indonesia*. Also, among the variables of ethnocentrism, country-of-origin image, cultural image, purchase intention towards Korean products and, country image, *mean value of country image was the highest* followed by cultural image and then country-of-origin image. The hypotheses proved that *country-of-origin image and cultural image positively affect the purchase intention*, whereas *ethnocentrism negatively affects the purchase intention* of Korean products. Additionally, image of Korea and cultural wave have a positive and significant relation with its country-of-origin image. Thus, positive perceptions towards Korea's country image and Korean wave image can help Korea build its country-of-origin image.

Similarly, Son S. & Kijboonchoo T. (2016) also try to look at the impact of Korean wave on purchase intention of Korean cosmetics and country image of Korea. For the research, 4 groups of variables were categorised into Korean wave, Country Image, Brand attitudes, and Purchase intention. The paper also consists of hypothetical relationship development uses a survey questionnaire method. The results of the research highlight that all the independent variables (sympathy, empathy, attractiveness) representing Korean wave and (affective, cognitive image) representing country image of Korea have a significant relationship betweeneach other. Empathy from K-drama have a positive correlation with the effective image of Korea, thus *proving that Korean wave indeed has an impact on Korea's country image*.

Further, the *country image of Korea has a positive and significant relationship with the purchase intentions of Korean products* directly and indirectly via the mediating impacts of brand awareness. Thus, proving that positive country image can have a positive influence onpurchasing intentions of Korean cosmetics.

Analysing the impact of country-of-origin image and K-drama on the brand image as well as purchase intention of Korean cosmetics, (Rinjani B. et.al, 2019) adopted explanatory researchwith surveys for university students and developed hypotheses for the same. The results showthat with brand image mediation, K-dramas can indirectly influence the Purchase Intention of Korean cosmetic products i.e., female students are interested in buying Korean cosmetics by looking at the brand image of the cosmetic products. Thus, the results *prove that K-dramas and country-of-origin are positively and significantly impacting Brand Image*. The better the K-drama and the country-of-origin image, the better will be the brand image of Korean cosmetics. Similarly, *K-drama and Country of Origin positively and significantly impact Purchase Intention*. The better the K-drama produced and the better the image of South Korea as a cosmetic producing country, the better will be people's purchase intention of cosmetics. However, brand image has a more enhanced impact on purchasing intentions in the study.

[9] Represents the country of manufacture, production, or brand origin where a product comes from, and consumers tend to evaluate the products based on their country of origin.

[10] Cognitive country image refers to the knowledge and beliefs regarding a country

[11] Affective country image refers to the feelings or emotional response towards a destination.

[12] As attraction of people to the same culture people

[13] As crystallization of culture of different ethnics and history in the long-term period

[14] As informational and inferential beliefs of a given country

[15] As country of manufacturer's products

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Instead of focusing just on cosmetics, Lita R. (2012) discusses the impact of Korean wave on the acceptance and perception of Korean culture and products in Indonesia, as well as to see if the country-of-origin effect theory makes sense in this case. The study included hypotheses development, adopted a survey questionnaire structure, and focused on quantitative research to understand cause-effect relations.

The descriptive results showed that, Korean wave was one of the main causes for respondents to learn more about Korea. Multiple regression found that the overall attitude of people was significantly related with independent variables 'product', 'culture awareness', 'perception on class position' and 'level of strength attitude toward acculturation'. Further, this study proves that Korean wave influences people's preferences, thus suggesting the *more people engaged to Korean wave via media consumption, the higher were their chances to purchase Korean* product or learn about the Korean culture, which can change their attitudes. Also, *peoples' perception of product by Korean wave positively relates to the willingness to purchase products linked with Korea thus supporting country-of-origin effect.*

c) *Influence of K-dramas and K-pop on Purchase Intentions*

The paper (So W. & Kim H., 2020) analyses the relationship between Chinese people's motivation for watching K-dramas and their e-commerce purchase intention. Hypotheses development was adopted analysing the main motives that affect Chinese people to watch Kdramas such as cultural curiosity, drama attractiveness, cultural similarity, relational factors and viewing habits. Additionally, a hypothesis was developed to analyse the impact of Korean culture's attractiveness on purchase intention, and Chinese people were surveyed.

The hypotheses test proves that firstly. the five factors (*cultural curiosity, drama attractiveness, cultural similarity, relational factors, and viewing habits) are important motivations for people to watch K-drama and these factors positively influenced Korean culture's attractiveness* and Korean favourability. Chinese and Korean share history thus their cultures are similar. Secondly, *this attractiveness of Korean culture positively impacts the e-commerce purchase intention of Korean products*.

Similarly, Lee J. & Yu S. (2018) try to find out the aspects of K-drama which influence the favourability, viewing motivation and the purchase intentions of Korean products, targeting Chinese consumers. The three aspects of K-drama are the 'theme', 'leading actor', and 'production'. The study adopted an online-survey method and multiple regression to conclude results. By looking at the results of regression it was observed that only 'theme' was able to influence the favourability towards K-dramas. Whereas 'theme' and 'leading actor' aspect both had a meaningful influence on the viewing motivation. *Most importantly, only 'theme' and 'production' aspect of K-dramas influenced the purchasing intentions* of the Korean products. Thus, to promote Korean products through K-dramas, *focus should be on theme and the quality of production*, because this would lead to higher K-drama consumption, which in turn would lead to higher consumption of Korean products.

Looking into the K-drama consumption in India, Saha R. & Jacob J. (2020) discuss the specific aspects of K-dramas as visual content that influence youngsters and its impact on behavioural and lifestyle changes by using a mix of survey and focus group discussions. The main findings from the study were that more of behavioural changes occurred within female viewers such as adaptations of unique gestures, and behaviour. When it comes to associations, *most of the respondents associated Ramen with Korean culture*. There have been mixed cultural association with food. *Food which is an essential part of K-drama led to more purchasing of big bowls, kitchen utensils, chopsticks, and ramen*.

Also, people purchased more Korean products when their favourite celebrities endorsed it as compared to when they watched it in a drama. *Trench coats and blazers are popular in the K-drama industry and majority of respondents stated their fascination towards these, but only some buy them.* This can be because of the age factor, since the respondents were youngsters who weren't earning. Also, like other researchers found out, *a high percentage of respondents preferred Korean cosmetics in comparison to western products.*

Focusing on the Korean culture, Anh Dinh T. (2016) explains the influence of Korean wave (focusing on music and drama) on Vietnamese consumer behaviour. Consumer behaviour in the study is limited to analysing the expenditure of university students on Korean cosmetics and language courses. The study found various results. Firstly, from the data a *high correlation was found between the time Vietnamese people spend on Korea dramas or listening to K-pop music, and their expenditure on cosmetics*. Hence, the more someone is exposed to the Korean wave, the more they spend on Korean cosmetics. Second major result shows that, *the higher the time of exposure to the Korean wave, the higher is the amount of money people spend monthly on cosmetics*. Thirdly, the expenditure on Korean cosmetics differs for different age groups with younger age groups spending less than the slightly older ones due to income factor. Also, *the time of exposure to Korean Wave can positively affect the desire to study Korean language.* Finally, the period of residence in an urban city can alsoinfluence the average expenditure on Korean cosmetics and language courses. This is because urban cities provide everyone the access to modern lifestyles.

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Further, another paper talks about the K-pop culture's influence on international audience's imitation intention, attitude towards the Korean culture and attitude towards the Korean products (Zhang R., et. al., 2020). Using a survey method, the study was undertaken, and hypotheses were developed.

It was found through hypotheses testing that the *frequency of K-pop consumption was able to impact attitude towards Korean culture, imitation intention, and attitude towards Korean products positively and significantly*. Also, the people's *attitude towards Korean culture positively and significantly predicted the purchase intention of Korean products*. Thus, implying that the international audiences' intentions to purchase Korean products are stimulated by K-pop media consumption. Additionally, although K-pop gives rise to cultural influence, yet a positive attitude towards Korean products implies that K-pop is the cause of sale of Korean products. Finally, both *frequency and the hours of K-pop consumption significantly impacted the respondent's intention to imitate popular K-pop celebrities.*

To get a deeper understanding of younger consumers in Taiwan, Qianqi Z. (2020) discusses the most influencing aspects of the Korean wave and how it affects the consumer behaviour through a questionnaire method. The major findings of the study were that a high percentage of people consume K-pop and K-dramas media. Secondly, the *percentage of people watchingand listening to K-pop and K-dramas are positively correlated with the frequency of people's purchase choice.* This means that popularity of K-pop and K-dramas gave rise to popularity of Korean products. Thirdly, among the different genres of Korean products influenced by the Korean wave, *the top three most purchased genres are food, music, and dramas*.

Additionally, even cosmetics and outfits purchase of youngsters were heavily influenced by the Korean wave. Finally, the *main reasons that affect purchase decisions have been concluded to be first, the presence of these products in the K-dramas and second, the admiration for Korean celebrities.*

d) Consumer Attitudes Towards Korean Celebrity & Brand Endorsements

To understand the use of Korean celebrity brand ambassador as a marketing strategy, Pratami R. & Sari A. (2020) use a case study research method to examine how PT. Shopee Indonesia chose a K-pop girl band called 'Gfriend' as a brand ambassador and how it impacted their sales. Data was collected from interviews, observations, and stats. Shopee is an e-commerce platform in Indonesia, selling households products, equipment, fashion, etc. The author suggests that *when choosing a brand ambassador, characteristics like visibility, credibility, attractiveness, etc. are important to appeal the consumers*. And Shopee followed a similar technique when choosing 'Gfriend' as the brand ambassadors of Shopee Korea Fair and Shopee 11.11 Big Sale campaigns in 2019.

Shopee used an integrated marketing model including sales promotion, advertising, interactive marketing, and events & experience. By using sales promotion, they used strategies like the 11.11 Big sale, with great deals and offers. Shopee Indonesia also used public relations in Big Sale and Shopee Korean Fair by presenting GFRIEND in their ShopeeLive which was an exclusive online fan meeting. Then they went on to telecast a special 'Gfriend TV Show' for the big sale. In this tv show fans as well could interact and send messages. *The results of this brand ambassador strategy were that the sales from the Korean fair and Big Sale doubled as compared to the previous year*. Thus, proving that *choosing 'Gfriend' as their brand ambassador was the right strategy.*

To understand the impact of brand ambassadors on brand image and consumers' purchasing decisions, Fawwaz I. (2019) analyses the case of Tokopedia, an Indonesian e-commerce which needed promotional strategies to enhance brand image by brand ambassador 'BTS', the most popular Korean boy band globally. The research adopted a quantitative method and it was found that *'BTS' brand ambassador have a positive and significant impact on Tokopedia's brand image. Similarly, brand ambassador has a positive and significant impact on consumers' purchasing decisions.* Finally*, it is seen that brand image also significantly and positively impacts the consumers' decision-making*. Further, Hyunsu Y. (2021) in his article discusses how BTS' success in the music world has its spill over effects into the advertising business since more companies are trying to improve their brand images through the group's popularity. McDonald's collaborated with BTS to introduce a celebrity meal called the BTS meal which was accessible worldwide. The collaboration helped McDonald's sales significantly. Similarly, Louis Vuitton, Samsung, Hyundai, etc. are just few of the many brands that announced BTS as their brand ambassadors. The author believes *the main aim of these brands is not just targeting their fans as consumers but also to create a buzz on social medias.*

On a similar note, Yu H. & Yu L. (2020) assess the impact of celebrity endorsements on Chinese consumers' purchase intentions of clothing products. The paper used a quantitative research survey-method and tried to find the relationship between variables trustworthiness, attractiveness, congruency and expertise, and purchase intention.

The paper finds that, *male respondents had more perception of trustworthiness* as compared to the females, and age played a role in the sense that the *younger a person and the higher their educational background, the more they have a perception of trustworthiness*. About the Korean celebrity

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attractiveness, *female tend to perceive attractiveness more than males*, and *older the person, more would they perceive attractiveness*. Most importantly, *the four variables of celebrity constructs had a positive and significant impact on the purchase intention* when the hypotheses developed for their impacts on purchase intention were tested. In-fact celebrity expertise had the biggest impact, implying that the marketers should give knowledge and skills to Korean celebrities when they endorse their products.

(San L. et. al., 2020) studies the Malaysian Generation Y to understand how their purchase intentions of Korean products are affected by Korean entertainment, Korean celebrities, and social influences. The data collection was executed through questionnaires. The multiple regression results show that the independent variables Korean media, celebrities and social influence significantly and positively impact the purchase intention. While individually, Korean media and celebrities significantly impact the purchase intentions, yet the social influences have no significant role to play and the reason for this can be that people belonging to this generation are more individualistic compared to the previous generation. Thus, *the study proves that consumers purchase intention of Korean products are significantly affected by the Korean entertainment and celebrities, implying that marketers should focus on celebrity brand endorsements to increase the penetration of their products*.

Highlighting celebrity endorsements' importance, Ni G. (2019) tries to study the Malaysian consumer's behaviour under the influence of Korean popular culture, which leads them to consume Korean products, and how this behaviour differs when analysed individually as compared to group. The paper adopts in-depth interview to understand the perspective of the consumers.

The findings based on codes defined in the statements show that consumers are attracted to Korean products, especially cosmetics due to factors like good quality, attractive appearance, and idolism. *Idolism being a very important factor since everyone wants to look as good as their favourite idols or actors in the industry*. *Celebrity endorsements of Korean products by K-drama actors or K-pop idols can influence the consumer's mind since it provides a credibility to the brand*. However, it is important to note that consumers always keep quality as their topmost priority. Additionally, *age can change brand preferences* since as people grow older, they get serious with their purchases ensuring that their purchase is *rational.*

Further, the study shows that consumers behave differently in groups as compared to individually. Individually consumers tend to stick to their decisions and purchase based on their beliefs. They tend to research more to maximise their profits. Whereas socialisation can change the opinion to have a feeling of belonging in the group. *Family and friends majorly influence an individual's decisions by conformity*. Finally, *the study shows that Korean wave has shaped the standard of beauty* as celebrities always look their best with flawless skin and great fashion hence consumers feel like they need to match those standards.

e) Cultural Hybridity and Influence

To understand the nature of hybridity of the Korean wave, (Reimeingam M., 2014) studies the origin, transnational characteristics, and focuses on the impact of the wave in Manipur, India. *According to him, the success of Korean wave in most Asian countries is due to cultural affinities between Korea and these countries*. He states that the *Korean wave is transnational and hybrid since it is not purely an authentic Korean culture, but rather a fusion of Korean and the westernised modernity.* At the same time, even though the Korean wave is a boost to their culture, yet the *hybrid modern Korean pop poses a threat to the classical Korean music which once had a higher popularity*. Further, Manipur is said to be non-homogenous with different communities. *Research shows that Bollywood movies in Manipur have been replaced by the so-called 'Hallyuwood', i.e. Korean movies and dramas*, whose DVDs are available widely and the cable operators broadcast Korean channels like KBS TV and Arirang.

Thus, *people in Manipur are adapting to the new culture of Korea leading to a process of acculturation, which is in turn giving rise to a blend of Manipur and Korean culture*. And this acculturation is penetrating not just the youth but also the older population who take a keen interest in family values portrayed heavily in these Korean movies and dramas. Another important *contributing factor for the same is the opening of India's economy with the liberalisation and globalisation via the India's Look East Policy which was adopted to develop and link Northeast India with Asian countries*.

Discussing over similar themes, Kanozia R. & Ganghariya G. (2021) talk about the cultural proximity and hybridity of the Korean pop culture in India. According to them, cultural proximity of Asian countries with Korean culture made Korean wave a success. Further they discuss how India became familiar with the Korean wave, starting in Manipur, North-east of India, after Bollywood's ban. They then authors mention that *cultural proximity is apt for describing the popularity of Korean media and culture in the north-east India*. Additionally, they believe that for the rest of India, *cultural hybridization can explain the popularity of Korean culture and media.* This leads to a hybrid culture where the locals prefer dubbed movies and dramas of Korean origin.

Likewise, Akhter S. (2019) studies the cultural influence of the Korean wave on Bangladesh and how it is leading to the cultural hybridization by qualitative in-depth interviews of the youth mainly. *The paper finds*

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that K-dramas and movies reflect Korea's cultural beliefs like familial relationships and friendships which portray respect for elders and love for one another, and viewers enjoy these themes since Bangladeshis are familiar with these themes. Thus, the hybridity of Korean popular culture is attracting Bangladeshi consumers since they're able to relate to their own culture. Similarly, *K-pop's hybrid culture and songs about social and sentimental issues has made Korean music very popular among the youth.*

Additionally, *the study shows that Bangladeshi consumers have started using Korean language in their daily life to feel connected to the Korean* culture. Finally, *Korean fashion and beauty's influence also initiates cultural hybridization since youth of Bangladesh try to mix it with their own cultural fashion.*

III. Research Gap

The literature reviewed in the paper pertaining to the Korean wave and its impact, show the different studies that have been conducted on consumers of the Korean culture and products in various countries to understand the general consumer behaviour. These literature reviews conclude that Korean wave, celebrity endorsements, Country-of-origin image, hybridity, the Korean cultural values, and its uniqueness, etc. affect the consumer's purchase intentions positively.

However, as mentioned before, the Korean wave gained popularity in India over the last year during the Covid-19 pandemic lockdown, and hence, there is a great need to understand the very diverse Indian consumers' purchasing patterns with respect to Korean products, and to see the potential of the growth of Korean products in India. Thus, capturing these as the research gaps, the paper has laid down research questions in the following section.

IV. Research Questions

Inferring the research gap from the existing literature, this paper will focus on two research questions:

1. Why are Indian consumers consuming Korean products and what are their purchasing patterns?
2. What is the growth potential of Korean products in India?

V. Research Hypotheses and Variables

The existing literature supports the impact of certain variables on the purchase intention of consumers when it comes to Korean consumer products like clothing, cosmetics, food, etc. To carry forward the study on Indian consumers' behaviour in a systematic manner, this paper has used certain variable constructs to see if they have any impact on the Indian consumers' purchase intention of Korean products, in accordance with the existing literature. This paper focuses on the purchase intention of Korean cosmetics/skincare and Korean food products (like Ramen, Korean snacks, etc.)

The dependent variables chosen in the study are 'Purchase Intention of Korean cosmetics/skincare' and 'Purchase Intention of Korean food products.'

For supporting the independent variables for this study, various existing literature were referred to, and consequently the hypotheses showing the relationships between the independent and dependent variables were proposed.

The first and the foremost independent variable was the '*Attractiveness of the Korean culture and Korean-wave'*. The paper (Kim K. & Tjoe Z., 2016) concluded that Korean wave and its cultural image were positively related to purchasing intention of Korean products in Indonesia. Thus, the hypotheses proposed were-

H1: 'Attractiveness of the Korean culture and Korean-wave' has an impact on the purchase intention of Korean cosmetics/skincare.

H2: 'Attractiveness of the Korean culture and Korean-wave' has an impact on the purchase intention of Korean food products.

The second variable used in the study was *'K-pop and K-Dramas Viewing habits and Attractiveness.'* This variable was supported by the paper (Lita R., 012) that inferred from the study that he more people engaged to Korean wave via media consumption, the higher were their chances to purchase Korean products. Similarly, the paper (Anh Dinh T., 2016) proved that a high correlation was found between the time Vietnamese people spend on Korean dramas or listening to K-pop music, and their expenditure on cosmetics. Thus, the hypotheses proposed were-

H3: 'K-pop and K-Dramas Viewing habits and Attractiveness' has an impact on the purchase intention of Korean cosmetics/skincare.

H4: 'K-pop and K-Dramas Viewing habits and Attractiveness' has an impact on the purchase intention of Korean food products.

'*Celebrity attractiveness and endorsements'* was the third independent variable used, in line with the results supported by (San L. et. al., 2020) which stated that consumers purchase intention of Korean products are significantly affected by the Korean entertainment and celebrities. Ni G. (2019) showed that celebrity endorsements of Korean products by K-drama actors or K-pop idols can influence the consumer's mind since it provides a credibility to the brand. Thus, the hypotheses proposed were-

H5: 'Celebrity attractiveness and endorsements' have an impact on the purchase intention of Korean cosmetics/skincare.

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H6: 'Celebrity attractiveness and endorsements' have an impact on the purchase intention of Korean food products.

'Product Quality' and '*Product Price'* were the next two independent variables used becausethese play a very important role in any product's purchase. The paper (Tan, D. et.al., 2020) studied and proved that product quality and price were significant in influencing the purchase intention of Korean beauty products, with product quality being the strongest variable. Thus, the hypotheses proposed were-

H7: 'Product Quality' has an impact on the purchase intention of Korean cosmetics/skincare.

H8: 'Product Quality' has an impact on the purchase intention of Korean food products. H9: 'Product Price' has an impact on the purchase intention of Korean cosmetics/skincare.

H10: 'Product Price' has an impact on the purchase intention of Korean food products.

We live in a society and social influence (by friends, family, advertisements, or social media) plays some role when it comes to consumer purchase behaviour. The same has been proved by (Tjokrosaputro & Cokki, 2020), that social influence has direct effect on purchase intention. Even (San L. et. al., 2020) proved that social influence has a positive and significant impact on the Korean products' purchase. Hence, the sixth variable used was *'Social Influence'*. Thus, the hypotheses proposed were-

H11: 'Social Influence' has an impact on the purchase intention of Korean cosmetics/skincare.

H12: 'Social Influence' has an impact on the purchase intention of Korean food products.

The seventh and the last independent variable used in the study was 'Country of Origin Image'. This variable is even more important when it comes to Korean products' purchase and various studies including, Lita R. (2012), (Rinjani B. et.al, 2019), Son S. & Kijboonchoo T. (2016), Ingels L. (2020) and Kim K. & Tjoe Z. (2016) have proved that country of origin image positively and significantly impacts the Korean products purchase intention. Thus, the hypotheses proposed were-

H13: 'Country of Origin Image' has an Impact on the Purchase Intention of KoreanCosmetics/Skincare.

H14: 'Country of Origin Image' has an Impact on the Purchase Intention of Korean FoodProducts.

VI. Research Methodology

In line with the research questions, this paper follows two types of research methodology. The paper has employed a quantitative research methodology with the help of data collected via online questionnaires to analyse consumer behaviour while purchasing Korean products and test the hypotheses mentioned in the previous section. The online questionnaire was filled by a purposive sample, and results have been quantitatively inferred on the statistical software *IBM Statistics SPSS Version 26*, using several quantitative tools like regression, descriptive statistics, correlation, and graphical analysis.

The questionnaire captured all the variables mentioned in the previous section via different statement items which were in the form of the 5-point Likert[16] scale. 3 to 4 statements itemswere used for each variable and then combined into 1 variable by taking a mean of all it's statement items' responses.

Further, to analyse the impact of each of the seven independent variables on the purchase intention of Korean cosmetics and food products, a multiple linear regression was conducted on SPSS. The equations of the multiple linear equation model are:

$$\text{Purchase Intent. of Korean Cosmetics} = \beta_1 + \beta_2 \text{Attractiv. of Korean culture and K-wave} + \beta_3 \text{K-pop and K-Dramas Viewing habits and Attractiv.} + \beta_4 \text{Celebrity attractive. and endors.} + \beta_5 \text{Product quality} + \beta_6 \text{Product Price} + \beta_7 \text{Social Influence} + \beta_8 \text{Country of origin image} + \varepsilon_1 \ldots. \quad (1)$$

$$\text{Purchase intent. of Korean food products} = \beta_1^* + \beta_2^* \text{Attractiv. of Korean culture and K-wave} + \beta_3^* \text{K-pop and K-Dramas Viewing habits and Attractiv.} + \beta_4^* \text{Celebrity attractive. and endors.} + \beta_5^* \text{Product quality} + \beta_6^* \text{Product Price} + \beta_7^* \text{Social Influence} + \beta_8^* \text{Country of origin image} + \varepsilon_2 \ldots. \quad (2)$$

Also, graphical analysis using scattered plots were performed to see the how the purchase intention of Korean cosmetics and food were related with the predictors. Descriptive Statistics was also calculated, and Correlations were found out between all the independentand dependent variables.

Additionally, qualitative research of the Indian consumer goods market and the Korean goods has been also adopted, to understand the growth of Korean products in the Indian market.

This would help understand how the Korean companies have evolved over a period and their growth potential.

[16] The statement items table is in the Appendix

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VII. Data

Data used in the paper for the secondary research of the consumer goods market was secondary data from external sources like websites, reports by companies and articles.

Data used for the quantitative research was primary data which was collected via an online questionnaire. The online questionnaire was circulated on all social medias like Instagram, Facebook, Twitter, LinkedIn, etc. The questionnaire revolved around Korean cosmetics/ skincare and Korean food products. The online questionnaire included questions on demographics like age, and gender, as well as questions on when people were introduced to the Korean wave and if they purchased Korean cosmetics and food.

Further, the next section included the 32 statement items which were based on the 5-point Likert scale, where 1 represented Strongly Disagree, 2 represented Disagree, 3 represented Neutral, 4 represented Agree and 5 represented Strongly Agree, and these statements captured all the dependent and independent variables. Like mentioned before, 3 to 4 statements items were used for each variable and then combined into 1 variable by taking a mean of the statement items' responses. For analysis, the Likert scale responses were used inthe numeric form (1-5).

The quantitative research involved a purposive sampling technique as the questionnaire was filled by Indians who buy Korean cosmetics or Korean food products. The questionnaire was filled by 175 respondents and after the screening process, 15 responses which were the outliers were removed. Thus, the final sample size of the study was 160. Finally, the data collection process occurred for a period of 9 days and was collected online via Google forms.

VIII. Results and Discussions

a) Reliability

The reliability of a questionnaire is a method of measuring the quality of the measurement approach used to gather data. To consider a result legitimate and valid, the measurement procedure first should be reliable. Cronbach's alpha estimates the internal consistency or reliability of the items forming variables in a questionnaire. The alpha coefficient has a value ranging from 0 to 1.

Hence, the Cronbach's Alpha values derived from SPSS calculations were used to conduct the reliability test for this study. According to Pallant (2001), an Alpha Cronbach's alpha value greater than 0.6 is regarded a high reliability and acceptable score. The Cronbach Alphascores for all the variables constructed are given in the Table 1.

Table 1

Reliability Statistics		
Variable	Cronbach's Alpha	No. of Items
All (overall reliability)	0.922	32
Purchase intention of Korean cosmetics	0.908	4
Purchase intention of Korean Food products	0.893	4
Attractiveness of the Korean culture and Korean wave	0.773	3
K-pop and K-Dramas Viewing habits and Attractiveness	0.839	4
Celebrity attractiveness and endorsements'	0.775	4
Product Quality	0.751	3
Product Price	0.803	3
Social Influence	0.814	4
Country of Origin Image	0.770	3

The Cronbach's alpha values for overall all the variables and the individual variables (both dependent and independent) observed from the above table are significantly greater than 0.6, and thus all the variables constructed for the analysis are highly reliable qualified for future analysing.

b) Demographic Background and Basic Purchase Information

The respondents of the questionnaire belonged to the age groups i.e., below 15, 15-25, 25-35, and 35-45. None of the respondents fell in the category of age above 45 years. Looking at the age demographics in Figure 1, it can be observed that the highest percentage of *65% of the respondents belonged to the category of 15-25 years*. This was followed by a 31.25% of respondents being from the category 25-35 years. The least picked age group was the below 15 years with only 0.63% and the 35-45 years formed by 3.13% of the respondents.

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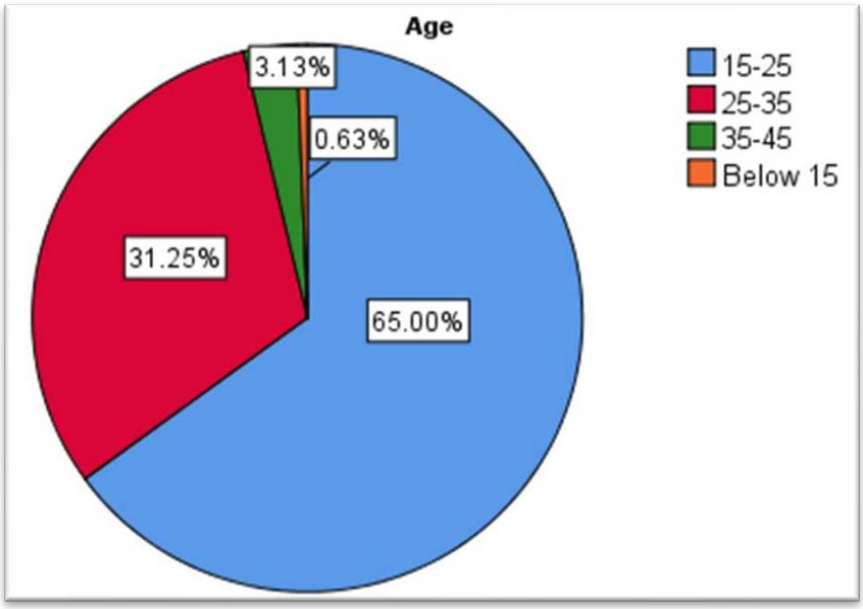


Figure 1

This shows that *the youth is exposed a lot more to the Korean wave and Korean products than the older generations*. This is justified because Gen Zs and Millennials are lot more liberal and open to new cultures, new changes than the older generations in India who are comparatively conservative. According to a Times of India article, *people under the age of 25 are the main demographics for K-pop and Korean cuisine.* Also, Korean cosmetics and beauty products have piqued the interest of young people in India because of the power of social medias like Instagram, YouTube, etc. where K-beauty is being heavily advertised by influencers. On top of that since Korean food products and cosmetics are mostly sold online in India, the youth have more easy access to them.

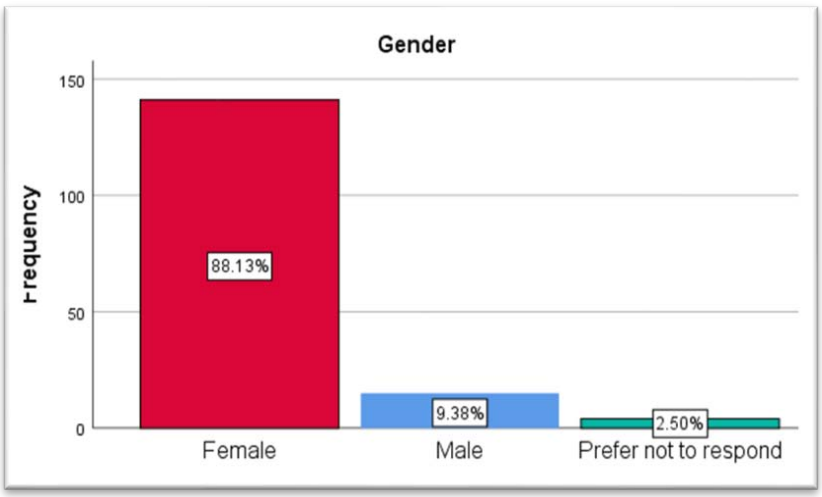


Figure 2

The gender demographics of the respondents shown in Figure 2 indicate that the *majority respondents were females being 88.13% of all the respondents.* Males were only 9.38% of the total respondents and 2.5% chose not to respond. These age demographics prove that females are the dominant consumers of the Korean wave and Korean products. *One reason can be because K-pop and Korean dramas are designed for females as the target audience*. Also, Korean cosmetics and skincare are well purchased by even males in South Korea because skincare is an important aspect there. However, in India, mostly women associate themselves with makeup, cosmetics, and skincare.

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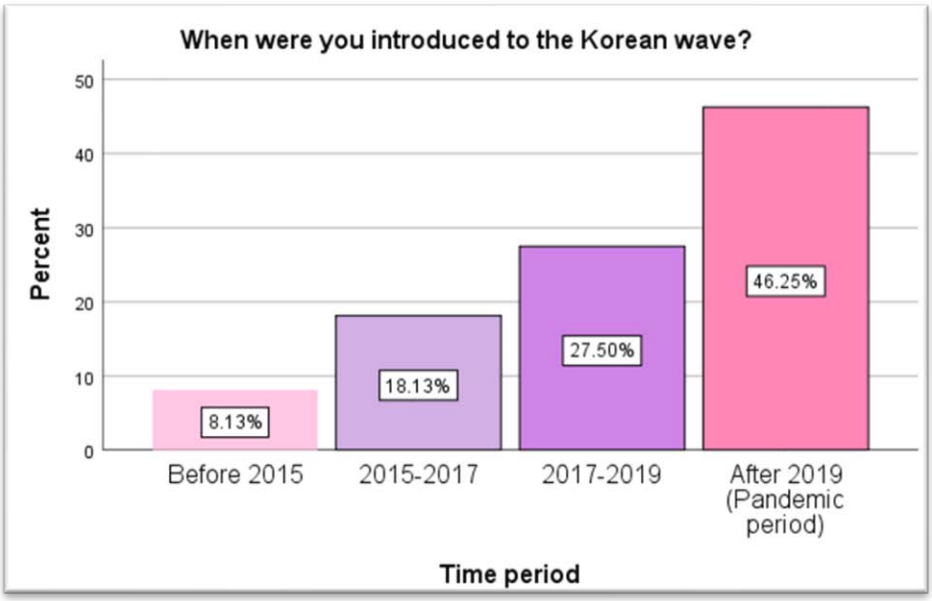


Figure 3

Figure 3 summarises the percentages of people for when were they introduced to the Korean wave. It is observed that *most respondents were introduced to the idea of Korean Wave after 2019 (pandemic period), forming 46.25%* of the total. Around 27.5% were introduced to the Korean wave in 2017-2019, 18.13% in 2015-2017 and only about 8.13% before 2015. These prove that even though the Korean wave may have been introduced globally way before, yet in India, the wave popularised only recently, *specifically after 2019 when India was in a lockdown, and video streaming websites like Netflix India gained traffic and saw a spike in Korean content viewership.* An article in the Times of India stated that Indians were led to experiment with content during the Pandemic and they went on to become addicted to Koreancontent, more because it led them to learn about new cultures, style, fashion, food, etc.

Figure 4 gives a summary of how many respondents buy Korean cosmetics and Korean food products. Additionally, Figure 5 summarises the respondents' frequency of buying Korean cosmetics and food products.

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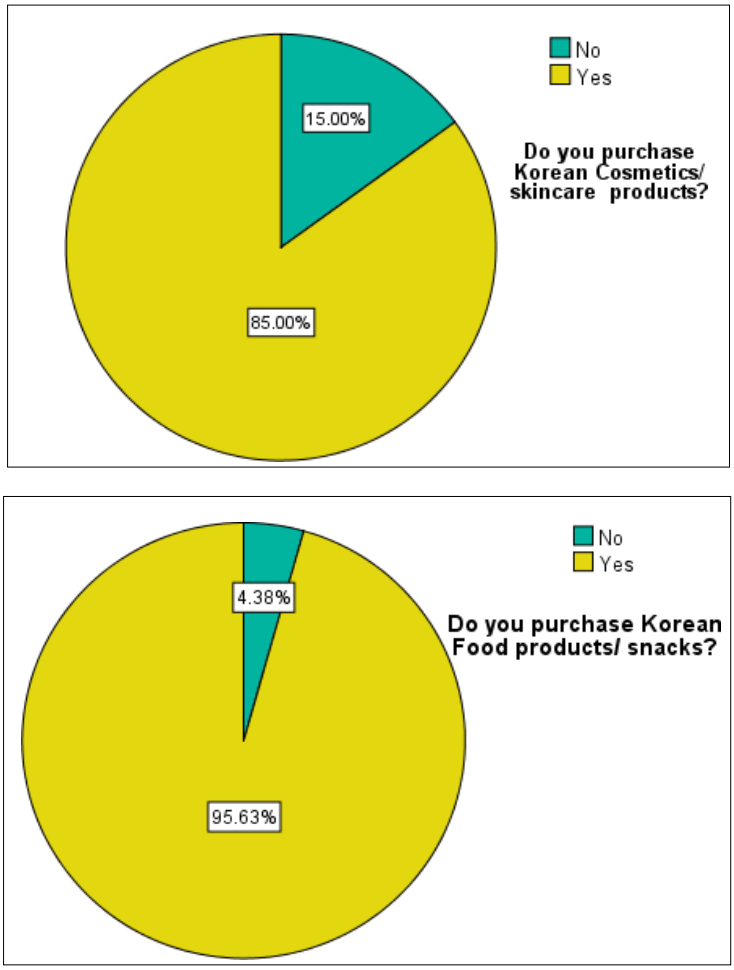
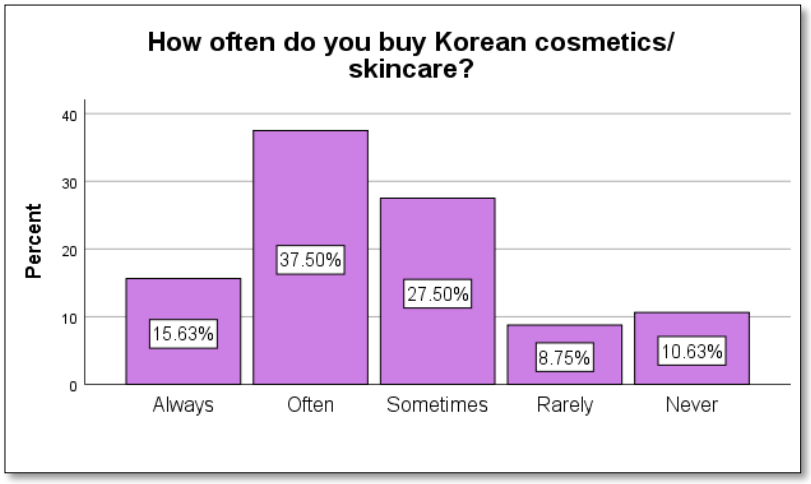


Figure 4

Figure 4 implies *that a higher percentage of respondents buy Korean food products than Korean cosmetics i. e., 95.63% of respondents buy Korean food products, while 85% buy Korean cosmetics*. This inference can be aligned with the age demographics to show that *because most respondents of the questionnaire belonged to the younger age group of 15-25 and many of these younger respondents could still be students and not full-time employees, thus they wouldn't be able to spend a lot on relatively expensive products like cosmetics andskincare as compared to the cheaper products like food products*. Also, cosmetics/skincare are products that are used more by women in the age range of 20- 45, thus the percentage buying Korean cosmetics are lower.

Figure 5 given below elaborates further on to the frequency of respondents' buying behavior with respect to Korean cosmetics and food products. Figure 5 implies a similar idea. About *32.5% of respondents buy Korean food 'Always' opposed to just 15.63% buying Korean cosmetics 'Always'. About 1.88% respondents buy Korean food 'Never', against the 10.63% buying Korean cosmetics 'Never'*. Since cosmetics are more expensive than food products and the respondents' dominating demographic is the younger age group, hence we observe this difference in the buying frequency of Korean food and cosmetics.

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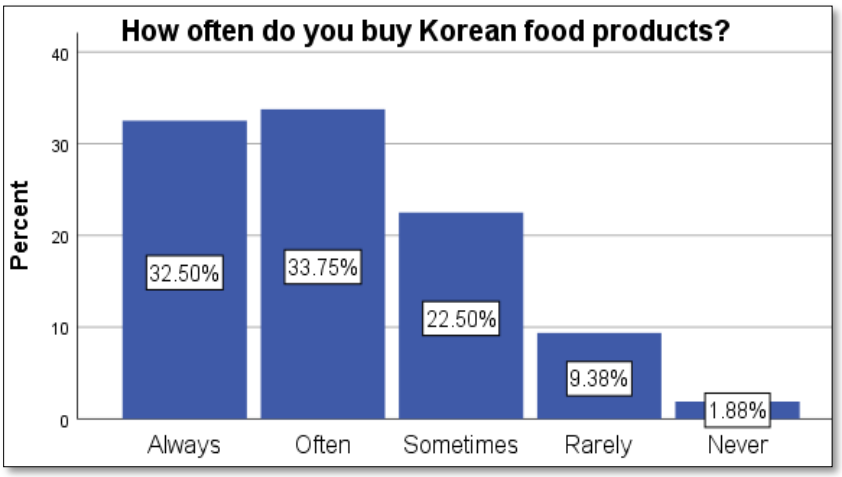


Figure 5

The frequency of respondents' consuming Korean entertainment content and watching Korean dramas, Korean movies and listening to K-pop music, is given in Figure 6 below. Evidently, *the respondents are active viewers and a regular audience to the Korean content with majorly 56.25% of them watching Korean content 'Almost everyday'*. About 28.13% watch Korean content 'Thrice a week', which is still a lot, considering the amount of competition Indian and Western entertainment content gives to the Korean content.

Only 0.63% of the respondents 'Never' watch Korean content. Thus, the respondents of this questionnaire who are consumers of Korean products, are mostly also people who are aware of Korean entertainment *and frequently consume it because they're the youth, who are also spending more time on video streaming sites and social media*. This supports the idea that Indians are increasingly watching Korean content since the pandemic hit.

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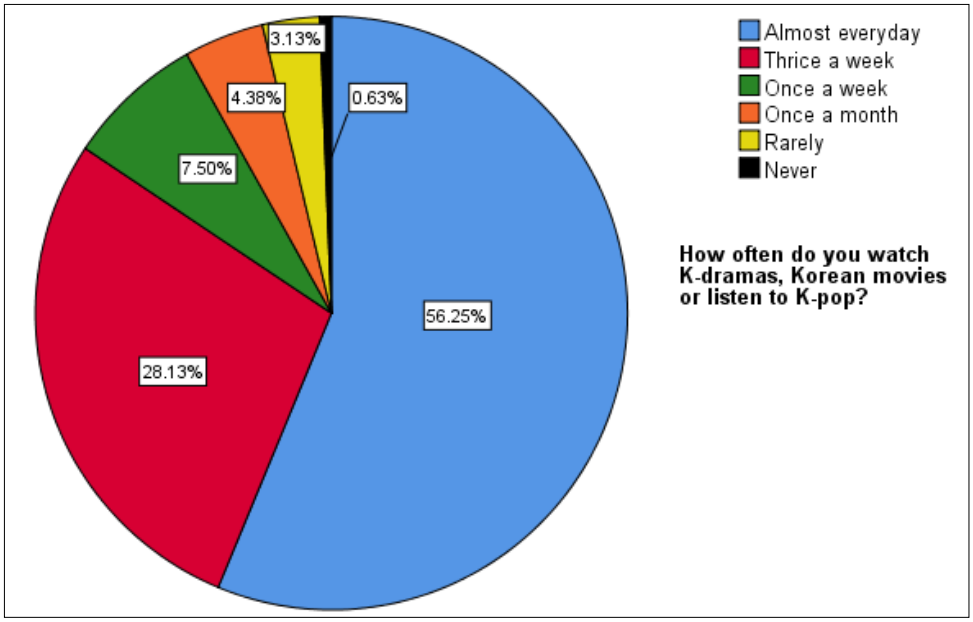
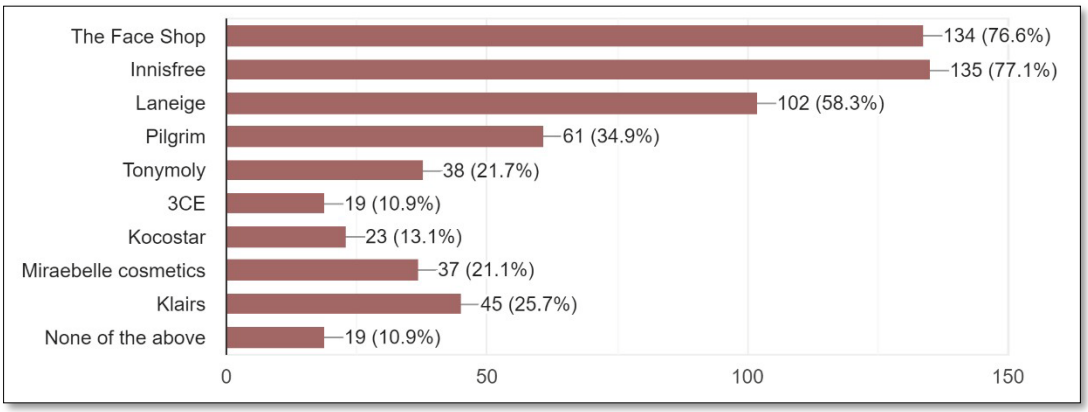
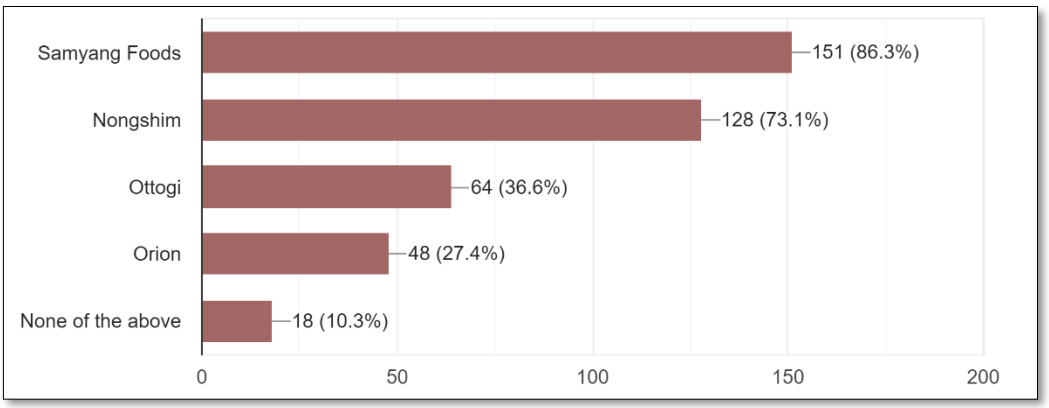


Figure 6

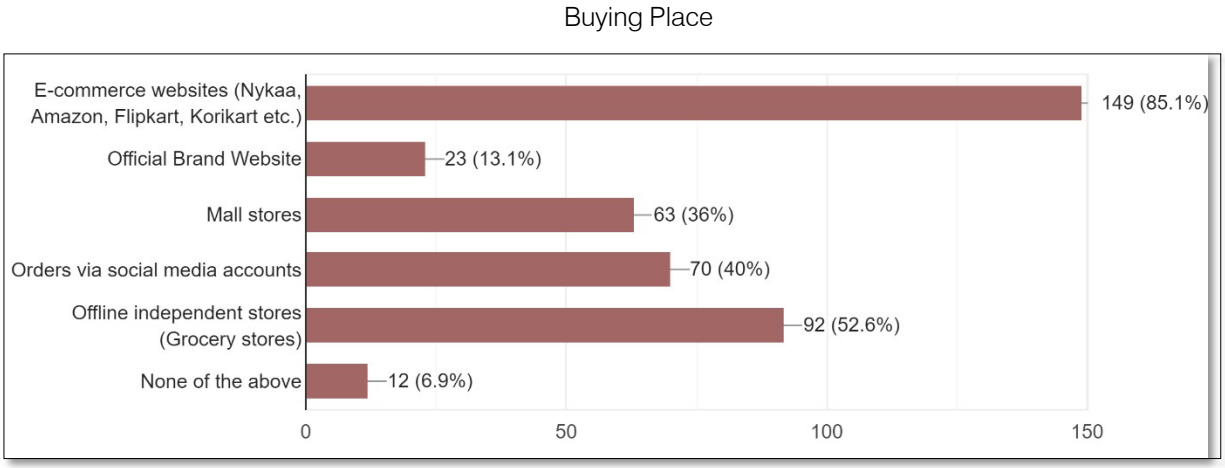
The below figures show that respondents were aware about a lot of Korean cosmetic and food brands. *The Face Shop, Innisfree, Laneige, Pilgrim and Mirabelle cosmetics were the top 5 popular cosmetics brands*. While, in terms *of Korean food, Samyang Foods and Nongshim were the most popular brands followed by Ottogi and Orion.*

Korean Brand awareness





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In reference to where respondents buy Korean products*, 85% buy these products from E- commerce websites like Nykaa, Amazon, Flipkart, etc. About 52% buy from offline grocerystores* and 40% buy products via orders placed on social media accounts that import these products.

c) Descriptive Statistics and Correlations

Table 2 summarises the descriptive statistics of the constructed independent and dependent variables. It includes the mean and standard deviations. The mean values are for the Likert scale based constructed variables are between the range 1-5. *Except for the 'Product Price', all other variables have a mean around 3-4, which means respondents agreed to most of the statement items, except for the statement items under the Product Price variable.*

Table 2

Descriptive Statistics			
Variables	N	Mean	Std. Deviation
Purchase intention of Korean cosmetics	160	3.8281	0.87917
Purchase intention of Korean Food products	160	4.1453	0.80704
Attractiveness of the Korean culture and Korean- wave	160	4.3604	0.65180
K-pop and K-Dramas Viewing habits and Attractiveness	160	4.3500	0.66007
Celebrity attractiveness and endorsements	160	4.1078	0.74744
Product Quality	160	4.1875	0.68291
Product Price	160	2.6438	1.00740
Social Influence	160	3.3578	0.92681
Country of Origin Image	160	4.0042	0.85003

The highest average or mean was for 'Attractiveness of Korean culture and K-wave' with a value of 4.3604 followed by 'K-pop and K-Dramas Viewing habits and Attractiveness' with an average of 4.35. The standard deviations of all the variables are on the lower side showingthat all data values are less spread out and very close to the mean or average.

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Table 3

Correlations							
	Attractivenessof the Korean culture and Korean wave'	K-pop and K-Dramas Viewing habits and Attractiveness	Celebrity attractivenessand endorsements'	Product Quality	Product Price	Social Influence	Country of Origin Image
Purchase intention of Korean cosmetics	.415**	.432**	.518**	.518**	-0.013	.306**	.515**
Purchase intention of Korean Food products	.529**	.519**	.547**	.588**	-.189*	.395**	.570**

***. Correlation is significant at the 0.01 level (2-tailed).*
**. Correlation is significant at the 0.05 level (2-tailed).*

Table 3 summarises the Pearson correlation statistics between the independent and dependent variables of the study.

The Pearson correlation results show that except 'Product Price', the correlations between Purchase Intention of Korean cosmetics and all the remaining independent variables were positive and significant at the 1% level (2-tailed). *The highest correlation was found between Purchase intention of Korean cosmetics and Product Quality i.e., correlation value of 0.518.Thus, showing that if product quality rose, the cosmetics' purchase intention would also rise (both moving in the same direction). Even 'Celebrity attractiveness and endorsements' showed the highest correlation of 0.518 with the purchase intention*. However, the 'Product Price' variable had no significant correlation with the 'Purchase Intention of Korean Cosmetics'.

The correlations between the 'Purchase intention of Korean Food products' and all the independent variables were significant at 1% level (2-tailed).[17] In-fact all the independentvariables showed a positive significant correlation with the 'Purchase intention of Korean Food products' except the Product Price that showed a slightly negative and significant correlation. So, if the product price increased, then the purchase intention of Korean food products would fall. Product Quality and Country of Origin Image showed higher positivecorrelation of 5.88 and 5.70 respectively.

Overall, the correlations between the independent variables and 'Purchase intention of Korean Food products' were stronger and significant as compared to the correlations between the independent variables and 'Purchase intention of Korean Cosmetics/ Skincare'.

d) Regression Analysis

To test the proposed hypotheses, multiple linear regression was conducted[18] using the two equations mentioned before. The regression results are given below:

i. *Purchase Intention of Korean Cosmetics*

The Model Summary given in Table 4 shows the results of the regression of 'Purchase Intention of Korean Cosmetics' on the independent variables. The model's R^2 value came outto be 0.358 or 35.8%. This means that the predictors explain 35.8% changes in the 'Purchase Intention of Korean Cosmetics'. The model is significant at 5% significance level and the R correlation value for the model is 0.598. The regression model's graph is given in Figure 7 and shows an overall positive and significant relation between the independent variables and the 'Purchase Intention of Korean Cosmetics'.

[17] Product Price was also significant but at 5% level (2-tailed).

[18] Regression equations have been stated in the Research Methodology section

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Table 4: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig. F	Durbin-Watson
.598	0.358	0.329	0.72037	12.119	0.000	1.993

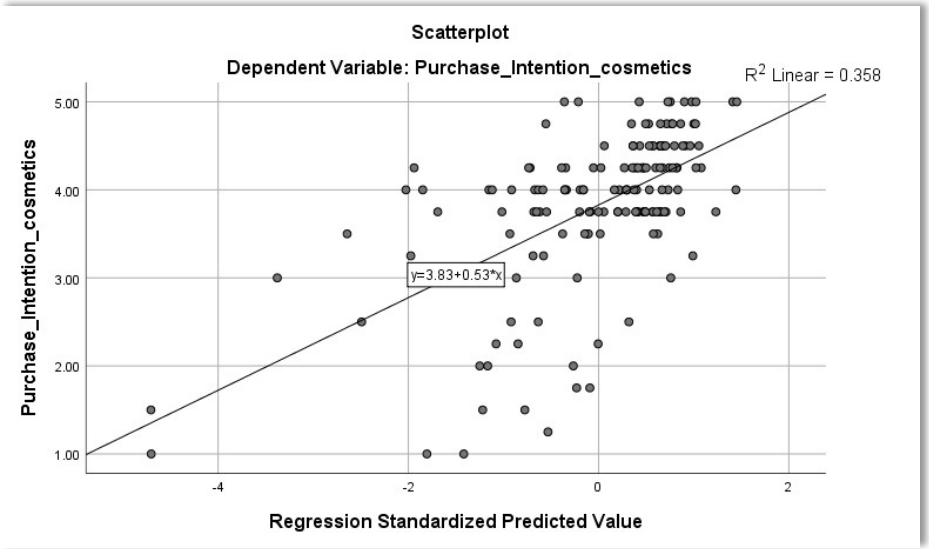


Figure 7

The model's Durbin Watson value is 1.993 thus showing that there is no autocorrelation inthe model (for no autocorrelation the Durbin Watson value should be between 1.5 to 2.5).

The regression individual coefficient results are given in Table 5. The VIF (Variance Inflating Factor) is less than 10 all the variables so there is no multicollinearity in the model.

From the results below, it is observed that two of the independent variables have a significantimpact on the 'Purchase Intention of Korean Cosmetics' at the 5% significance level. *'Product Quality' has a significant and a positive impact on the Purchase Intention of Cosmetics* with a positive regression coefficient $\beta_5 = 0.309$. Also, *'Country of Origin Image' has a significant and positive impact with a positive regression coefficient* $\beta_8 = 0.213$.

Table 5

Regression Results *Dependent Variable- Purchase Intention of Korean Cosmetics*					
Independent Variables	Unstandardized Coefficients		t	Sig.	VIF
	B	Std. Error			
(Constant)	0.281	0.476	0.591	0.555	
K-pop and K-Dramas Viewinghabits and Attractiveness	0.083	0.181	0.458	0.648	4.049
Attractiveness of the Koreanculture and Korean- wave	0.018	0.176	0.101	0.920	4.357
Celebrity attractiveness andendorsements	0.223	0.137	1.619	0.108	3.236
Country of Origin Image	0.213	0.107	1.99	0.048	2.056
Social Influence	0.003	0.080	0.036	0.972	1.293
Product Price	0.024	0.064	0.366	0.715	1.693
Product Quality	0.309	0.120	2.575	0.011	2.601

Thus, in Terms of Hypotheses Testing, the Following Hypotheses are True and Accepted:

- H7: 'Product Quality' has an impact on the purchase intention of Koreancosmetics/skincare.
- H13: 'Country of Origin Image' has an impact on the purchase intention of Koreancosmetics/skincare.

The justification for 'Product Quality' having a positive and significant impact on the Purchase Intention of Korean cosmetics is that ultimately, consumers care about the quality of products when purchasing. There are various brands from around the world manufacturing cosmetics, however the *Korean Cosmetics are being*

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preferred these days because they beat their competitors in terms of product quality.

When it comes to cosmetics, consumers pay attention to the ingredients of these because poorquality cosmetics can be harmful to the skin. With respect to this*, when the questionnaire asked consumers if they pay attention to the ingredients of the Korean cosmetics, most of them agreed with the statement.* The ingredients used by Korean cosmetic brands are known to be natural, gentle but highly effective. *Korean skincare brands have been known to embrace natural ingredients and Indians always prefer the natural side to everything.* As is visible, because of India's Ayurvedic roots, ingredients like neem, coconut, turmeric, etc., are important in Indians' skincare routines and products.

'Country of Origin Image' has a positive and significant impact on Purchase Intention of Cosmetics is because *Indians perceive South Korea to be a well-developed country with its innovation, focusing on quality products*. Also, Koreans are known to have the best skin in the world. *Skincare is valued in the Korean culture and focuses on prevention, thus appearing to be more affective*. Indian consumers prefer Korean cosmetics because the *cosmetic comes from a country which has historically the best skincare methods and people with the best skin quality*. Also, *respondents mostly strongly agreed with the statement that they prefer Korean products because they like the country and its culture, food, and entertainment.*[19] Hence, this shows that Indian consumers also buy Korean cosmetics because they like South Korean culture, food and the entertainment aspect of the country.

Other variables didn't have a significant impact on the Purchase Intention of cosmetics. 'Social Influence' may have been insignificant because Korean skincare is still new and used by only certain age groups and females specifically. For social influence to act significantly, a higher population in terms of age would be required to adopt it*. Korean celebrities' endorsements are not at all prominent in India at this point of time thus having no significant impact*. Attractiveness of the Korean culture entails a lot of aspects and beauty is only a small part of it, thus that may not play much role currently. Similarly, 'K-pop and K-drama viewinghabits' are a very subjective thing and it may so be that people watch them purely because of the visuals and music. Also, they don't explicitly advertise Korean cosmetics. So, this may not have a significant impact on cosmetics purchase intention.

Also, Product Price has no significant impact on the Indian consumers' purchase intention of cosmetics because they would buy the cosmetics irrespective of the price of the product as consumers generally are ready to pay whatever the amount is if the product offers them the best quality. Mostly, respondents strongly disagreed with the statement that Korean cosmetics are reasonable. Thus, they purchase Korean cosmetics even if they are not that reasonable.

ii. *Purchase Intention of Korean Food Products*

The Model Summary given in table 6 shows the results of the regression of 'Purchase Intention of Korean Food Products' on the independent variables. The model's R^2 value came out to be 0.50 or 50%. This means that the predictors explain 50% changes in the 'Purchase Intention of Korean Food'. *The R^2 of this model shows that the chosen independent variables are better predictors of the Purchase Intention of Korean food products than the purchase intention of Korean cosmetics*. This model is significant at 5% significance level and the R correlation value for the model is 0.707.

[19] Which was a statement item for the variable 'country of origin image'.

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Table 6: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig. F	Durbin-Watson
.707	0.500	0.477	0.58376	21.700	0.000	1.877

The model's Durbin Watson value is 1.877 thus showing that there is no autocorrelation inthe model (for no autocorrelation the Durbin Watson value should be between 1.5 to 2.5). Also, the regression model's graph is given in Figure 8 and shows an overall positive and significant relation between the predictors and the 'Purchase Intention of Food products'.

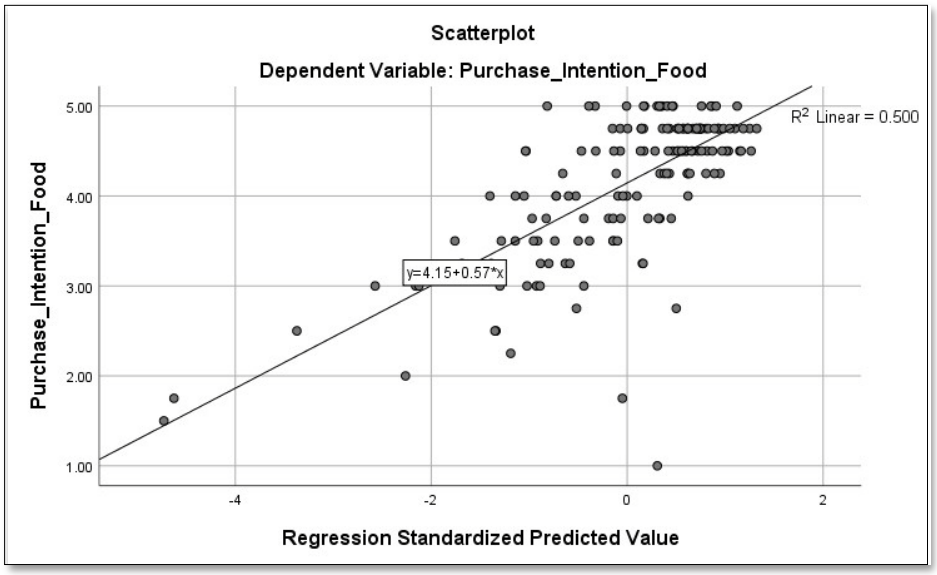


Figure 8

Table 7

Regression Results *Dependent Variable- 'Purchase Intention of Korean Food Products'*					
	Unstandardized Coefficients		t	Sig.	
	B	Std. Error			VIF
(Constant)	0.459	0.385	1.190	0.236	
Attractiveness of the Korean culture and Korean- wave	0.351	0.143	2.453	0.015	4.049
K-pop and K-Dramas Viewing habits and Attractiveness	0.106	0.146	0.723	0.471	4.357
Celebrity attractiveness and endorsements	0.035	0.111	0.317	0.752	3.236
Product Quality	0.327	0.097	3.364	0.001	2.056
Product Price	-0.157	0.052	-3.002	0.003	1.293
Social Influence	0.044	0.065	0.671	0.503	1.693
Country of OriginImage	0.113	0.088	1.284	0.201	2.601

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The regression individual coefficient results are given in Table 7. The VIF (Variance Inflating Factor) is less than 10 all the variables so there is no multicollinearity in the model.

From the results above, it is observed that three of the independent variables have a significant impact on the 'Purchase Intention of Korean Food Products' at the 5% significance level. '*Product Quality' has a significant and a positive impact on the Purchase Intention of Korean food* with a positive regression coefficient $\beta 5^{*}$ = 0.327. The *'Attractiveness of the Korean culture and Korean- wave' has a significant and positive impact with a positive regression coefficient* $\beta 2^{*}$ = 0.351. Also, *'Product Price' has a significant and negative impact* with a negative regression coefficient $\beta 6^{*}$ = -0.157.

Thus, in terms of Hypotheses testing, the following Hypotheses are true and accepted:

- H2: 'Attractiveness of the Korean culture and Korean-wave' has an impact on the purchase intention of Korean food products.
- H8: 'Product Quality' has an impact on the purchase intention of Korean foodproducts.
- H10: 'Product Price' has an impact on the purchase intention of Korean food products.

'Attractiveness of the Korean culture and Korean-wave' consisted of statements like the respondents were attracted to the uniqueness of the Korean culture, food etc, and they were consumers of Korean entertainment content like K-pop, K-dramas, etc. Almost all respondents agreed to these statements. This variable has a significant and positive impact on Purchase intention of Korean Food products and is an indication to the fact that *Indian consumers who have been into Korean entertainment and are attracted to the unique and contrasting Korean culture as opposed to the Indian culture, are also attracted to the different aspects of the Korean culture, the most physically visible in Korean shows being Korean food products and cuisine*. Korean Ramen or noodles are the most popular form of the Korean food products that are being demanded and because *Ramen as a concept has beenperceived to be originating from east Asian countries*, it is no surprise that this variable impacts the consumers' intention to buy Korean food.

Like mentioned before, even though there are different factors to why consumers buy certain products yet one of the most important aspects is the product quality. Product quality positively and significantly impacts the purchase intention of Korean food products. If consumers feel the quality of the food product is not up to the mark, they will rather go for locally produced food. *Korean food is known to be healthy and high in fibre, especially Kimchi, which is the staple fermented food and the large amounts of vegetables used in their food*. It is also because of the perception that Korean food is very healthy, which leads Indian consumers to believe the quality would be great. Additionally, *Koreans are known to be less obese, again creating the idea that their food habits must be healthy*. Also, many respondents strongly agreed with the statements that they perceive Made in Korea products to be of good quality.

The Product Price variable has a significant and negative impact on Purchase intention of Korean food products. The possible logic for this can be because *despite its uniqueness, Korean food products like Ramen have strong competition in India from noodles brands like Maggi, TopRamen, Chings' Secret, etc. and* these brands have been in the market for a long time having a huge brand name. *Most respondents were neutral when asked if they prefer Korean food products over other alternatives*. This means that the consumers *aren't price insensitive to towards the Korean food products and if they feel the prices are higher than the other locally produced brands, they would easily prefer the alternatives*. This is because Indian consumers are price sensitive specially when it comes to food and would rather buy other alternatives if the price of Korean food products are higher or seem to rise.

In contrast, for cosmetics, respondents were price insensitive, because they know cosmetics are going to be expensive and are ready to pay any amount specially if a brand claims they use completely natural ingredients. However, for food products consumers know that there won't be much difference in the quality, except for a few ingredients and flavours of food.

Other variables don't have a significant impact on Purchase intention of Korean food. 'Celebrity attractiveness and endorsements' are not that significant because as of yet, no Korean celebrities' endorsements have been publicised and advertised in the Indian market. 'Social influence' is not significant because maybe the popularity of Korean food is not yet advertised much in India, and people are still experimenting with it. *It would take some years before social influence would become significant, when almost everyone would be aware of Korean food products and influence others*. 'K-pop K-drama viewing habits' could have beensignificant but humans are different from each other and hence, just because someone watches K-pop or K-dramas frequently, we can't infer from this idea that they would purchase more Korean food. This is because, they could be watching the content purely because of its production, visuals, or music.

The table below presents a summary of the Hypotheses testing.

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Hypothesis	Relation	Significance value 5% (regression)	Result
H_1	Attractiveness of Kculture → PI of Korean cosmetic	0.920	Rejected
H_2	Attractiveness of K-culture → PI of Korean food	0.015	**Accepted**
H_3	K-pop K-drama viewing habits → PI of Korean cosmetics	0.648	Rejected
H_4	K-pop K-drama viewing habits → PI of Korean food	0.471	Rejected
H_5	Celebrity attractive. Endorse. → PI of Korean cosmetics	0.108	Rejected
H_6	Celebrity attractive. Endorse. → PI of Korean food	0.752	Rejected
H_7	Product Quality → PI of Korean cosmetics	0.011	**Accepted**
H_8	Product Quality → PI of Korean food	0.001	**Accepted**
H_9	Product Price → PI of Korean cosmetics	0.715	Rejected
H_{10}	Product Price → PI of Korean food	0.003	**Accepted**
H_{11}	Social Influence → PI of Korean cosmetics	0.972	Rejected
H_{12}	Social Influence → PI of Korean food	0.503	Rejected
H_{13}	COI image → PI of Korean cosmetics	0.048	**Accepted**
H_{14}	COI image → PI of Korean food	0.201	Rejected

e) Growth Potential of Korean Cosmetic and Food Brands in India

Korean cosmetics and Korean food brands are witnessing an increasing demand in India,specially post the pandemic. The unexpected growth in their demand has alerted Korean brands to notice the Indian land as a great market with a good population size for their products.

Innisfree India, a Korean cosmetics brand, saw an overall 35% increase[20] *in its demand for Korean beauty and skincare products in 2019 in comparison to 2018.* The brand has thus, decided to open more physical stores in parts of Mumbai and Delhi, and further expand itself to the North-eastern side of India, where offline demand for their products is high.[21] Innisfree India was first launched in 2013 with only one store in India. Also, it was the first K-beauty brand in India. With time, the brand saw great response from the Indian consumers,specially the Millennials and Gen Zs. After 2-3 years, they began opening more stores. As of now they're also available online on Nykaa, Myntra, Flipkart etc.

This evolution of Innisfree from 2013 to now has made their parent company's other brands like Laneige and Sulwhasoo popular in the India with triple digit growth. The brand is already planning to enter the hair category brand because of the huge market size of haircarein India.

Not just Innisfree, but even other brands are gaining market size and demand in India. *Amazon India in 2018 decided to partner with the Korea Trade Investment Promotion Agency to introduce brands like The Face Shop, The Beauty Co Seoul, Mirabelle, etc,.* Flipkart used Korean products as a strategy to promote the buying of cosmetics and beautyproducts and saw a rise in demand.

*Mirabelle cosmetics are also growing in India specially in the category of sheet face mask*s.Further, to cater to their large Indian consumer base, *they launched products like face sheet masks in 2017 that are specially made for the Indian skin type, also the first ones to do so*. Thus, with rising demand, they are customizing their products for the Indian market.

In terms of competition in the Indian beauty market, existing top brand names like *Lakme, Garnier, Ponds, etc. and other brands that claim to manufacture organic beauty product mayact as a competition to these growing Korean brands.* Also, imitating trends and products is not very difficult task. *Inspired from the Korean face sheet masks trend, Ponds and Garnier introduced their own face sheet masks, thus giving competition to Korean brands*. Also, these well-established western brands along with certain Indian cosmetics brands invest intensively in advertisements and local celebrity endorsements. However, Korean cosmetics brands are yet to touch that aspect in advertising.

Even though strong competition exists in the beauty market of India, yet it is observed that Korean beauty companies are striving for a piece of India's lucrative beauty and personal care industry, which is estimated to be worth US$13.9 billion.[22] This industry is predicted to reach US$20 billion by 2025 at a 25% CAGR.[23] Overall, the Indian beauty industry is expanding because of the country's booming young and middle-class populations, who are very tech-savvy and trend-conscious, and who have far more disposable means. As the market expands, so, too, will the desire for unique and specialised brands and goods. Also, with pandemic

[20] Source: Bizz Buzz E-article.
[21] Source: Fashion Network.
[22] Source: Euromonitor International.
[23] Source: Ministry of External Affairs GOI.

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came digitization and that has led to easy and quick access for consumers to Korean brands and has led to an easy way for Korean brands to be available to their consumer base in India. *Thus, the Korean beauty market has huge potential in the Indian market, and Korean companies are prioritizing India now.*

The Korean food market is also slowly growing in India. According to the Indian Ministry of Commerce and Industry, there has been a substantial increase in the consumption of Korean food in India following the 2020 lockdown, with Korean noodles alone enjoying a 162% increase in volume in 2020 and a 178% increase in 2021[24]. *In-fact, India's import of South Korean ramen nearly tripled from Rs 10.44 crore in FY20 to Rs 30.63 crore[25] in FY21, representing a more than 150% increase. Two very popular Korean food brands are Nongshim and Samyang.* These brands offer Korean Ramen and have seen tremendous growth in the past 2-3 years. *Domestic companies who distribute Korean packaged goods in India are now taking advantage of this upswing in demand by focusing on Indian customers*. Rama Vision Ltd, the distributor of Nongshim products, had to discontinued various items within a year in 2014 owing to low demand and the Maggi scandal at the time. However, with the rise of Korean wave in India, the Korean food products started gaining popularity, and the Indian distributors of Korean food products are seeing this as an opportunity.

Nongshim now views India as a key market and is focused on items aimed towards Indian customers. Because of their high wealth and consumer awareness, Nong Shim and Samyang, are actively pursuing Tier 1 Indian markets. Both the companies now even have their official Indian Instagram accounts where they are promoting their products.

Orion, another South Korean packaged food company, is also investing in India. In 2021, the firm announced a 200 crore rupees investment[26] in a manufacturing plant in Rajasthan and plans to expand up its India business through distribution expansion. Choco-pie, O'Rice cracker, and Custas Cup Cake are among the products available in India. *Along with packaged food, the Korean wave is also giving rise to Korean restaurants in India*. Mumbai alone has 10 restaurants specifically for authentic Korean food and the numbers are only growing.

In terms of competition, Korean food brands have a very tough competition in the Indian market from big noodle brands like Maggi (with the largest market share), Yippee noodles, TopRamen, Ching's Secret, etc. The only differentiating factors are the Korean flavours in Korean ramen. *These brands can be an even further threat to the Korean brands if they watchthe demand for Korean cuisine carefully and try launching their own noodles in these new Korean flavours.* Just like Ching's Chinese is a brand that focuses on Chinese cuisine, other brands could try incorporating Korean ingredients to offer to their already existing consumer base. Also, Korean food products are mostly non-vegetarian and may include meat in them, which may be avoided by some vegetarians.

Ultimately, the pandemic did end up creating a new marketplace for Korean food products and with the new age population, which is a lot more liberal and dynamic, they're wanting to jump on trends and currently, Korean food producers have the chance to extend their distribution and market among a specific group of consumers who are adventurous and prepared to pay a premium for noodles. *The expansion of K-food in India, the entry of Korean companies, and how the local market adjusts to this acquired taste are all important developments to watch.*

IX. Conclusion

This paper aimed to analyse the rise of Korean wave and its spillover effect i.e., growth of Korean cosmetics and food products in India. The paper first reviewed the existing literature revolving around the impact of Korean wave on consumers' purchase intentions of Korean products and found out that many variables including Korean wave, country-of-origin image, brand image, celebrity endorsements, K-dramas and their cultural values in general do have a positive and significant impact on the purchase intentions.

The paper's objectives were to understand which factors impact Indian consumers' purchase intention of buying Korean products, and thus followed a quantitative methodology via an online questionnaire. The online questionnaire had Likert scale-based statement items which were constructed into single independent and dependent variables. Then hypotheses were proposed for each variable's impact on purchase intentions. The sample size of the study was 160. Most respondents were Females and belonged to the age category of 15-25 years. Most of the respondents were introduced to the Korean wave during the pandemic period and a greater percentage of them purchased Korean food as compared to cosmetics. Also, E- commerce websites and offline grocery stores were the places where most respondents purchased these products from.

For analysis, multiple linear regressions were conducted to find out which variablessignificantly impact Indian consumers' purchase intentions.

Results of the regression proved that 'Country of origin image' and 'Product Quality' significantly and positively impacted the purchase intention of Korean

[24] Source: Euromonitor International.
[25] Source: Deccan Herald.
[26] Source: Economic Times.

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cosmetics, because Indians perceive South Korea to be a well-developed country with its innovation, focusing on quality products. The ingredients used by Korean cosmetic brands are known to be natural, gentle but highly effective, and Indians always prefer the natural side to everything. For the impact on Purchase intention of Korean food products, the results proved that 'Product Quality', 'Attractiveness of the Korean culture and Korean wave', and 'Product Price' significantly impacted it. While Product quality and attractiveness of Korean culture had positive impacts because respondents were attracted to the Korean culture a major aspect of which is cuisine, and because Korean food quality is perceived to be high due to their usage of healthy and natural ingredients. Product Price had a negative impact because Indian consumers are price sensitive to food items and have a lot of alternatives to Korean food products.

The secondary research into the potential of Korean cosmetics and food showed that beauty brands like Innisfree, The face shop, and Mirabelle cosmetics, have evolved in India over time, and slowly have started to design and promote products in a customised way to India. They are willing to invest in India and have a good potential to become more popular among Indian consumers despite competition from well known western and Indian brands. Also, with pandemic came digitization and that has led to easy and quick access for consumers to Korean brands and has led to an easy way for Korean brands to be available to their consumer base in India.

Similarly, Korean food products have seen a sharp growth in demand specially Noodles. Even though demand for popular brands like Nongshim, and Samyang was negligible back in 2014, yet with the pandemic and recent growth of Korean content, the noodle's demands have picked up. Popular Korean food brands are now targeting the Indian urban market and focusing on their products' promotions. However, how far Korean food products would go in the future remains a question, considering the tough competitions from brands like Maggi, TopRamen, Yippee, etc.

The limitations of this paper were that respondents were not very diversified, owing to the resource constraints. Mostly respondents were based in a concentrated region of India, thus it *missed out on a wider perspective specially from important places like North- Eastern India*. Also, due to time constraints, the *sample size was small and that would mean, the population wasn't represented in its best possible manner.*

Finally, for better further research, these limitations could be worked around, by considering a larger sample size, and by conducting the study across all parts of India, including the North-eastern states. Additionally, since the research is in a subjective field, additional qualitative research via group discussions and interviews would help understand the mindsetof the consumers in a better way.

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Appendix

Variable constructs and questionnaire items for each:

Variable	Statement Items in the Questionnaire
Purchase Intention of Korean skincare/cosmetics.	You willingly buy Korean cosmetics and skincareproducts frequently.
	You prefer Korean cosmetics and skincare products over other alternatives.
	You enjoy using Korean cosmetics and skincare products.
	You intend to buy Korean cosmetics and skincareproducts even in the future.
Purchase Intention of Korean food products andsnacks.	You willingly buy Korean food products and snacks frequently.
	You prefer Korean food products and snacks over other alternatives.
	You enjoy consuming Korean food and snacks.
	You intend to buy Korean food and snacks even in thefuture.
Attractiveness of the Korean culture and Koreanwave.	You are attracted to the uniqueness of the Korean culture in terms of its food, fashion, K-dramas, K-pop,etc.
	You are a consumer of Korean entertainment contentinvolving K-pop, K-dramas, Korean movies, and reality shows.
	Korean culture is in contrast with the Indian cultureand so you like to learn more about the Korean culture. (In terms of their people, their daily lives, their food, fashion, etc.)
K-pop and K-Dramas Viewing habits andAttractiveness	You willingly watch K-dramas, movies and listen to K-pop music frequently.
	You love to watch K-dramas because they're interesting, expressive, and different.
	You love K-pop because the music is unique, addictive and is accompanied by good quality dance performances.
	Presence of Korean snacks and Beauty products inthese Korean shows and videos make you want to consume/try them too.
Celebrity attractiveness and endorsements.	You find Korean celebrities attractive and have favourites.
	You are aware of Korean celebrities becoming brand ambassadors by endorsing a Korean product.
	Your favourite Korean celebrities can have an influence on you to buy a product.
	You want to be able to relate with your favourite Korean celebrities and use similar products like them.
Product Quality	During purchase, you pay special attention to the quality of Korean products.
	You pay attention to the ingredients of the Korean products.
	Your expectations from the Korean products arefulfilled after product usage.

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Product Price	During purchase, you pay special attention to the price of Korean products.
	You buy Korean products because they're reasonable and affordable.
	Korean products have prices similar to otheralternative brands.
Social Influence	Your friends, family and acquaintances easily influence your buying decisions.
	You purchase Korean products on your friends/ family's recommendation.
	You purchase Korean products because a lot of people around you buy them (especially on social media).
	You purchase Korean products because ofadvertisements.
Country of Origin Image	You believe South Korea is a developed country producing good quality products.
	You attach value to all 'Made in Korea' products.
	You prefer Korean products because you like the country and its culture, food, and entertainment.

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Descriptive Insight on the Impact of Sales Organisation

By Dr. Abhilasha Raj & Tapeesh Mishra

Abstract- Sales organisation is a critical aspect of any business that aims to achieve success in the market. This research paper aims to explore the importance of sales organisation in a business and its impact on sales growth. The study focuses on the role of sales organisation in creating effective sales strategies, implementing sales plans, and measuring sales performance. The paper also discusses the factors that influence sales organisation effectiveness and provides recommendations for businesses to improve their sales organisation.

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Descriptive Insight on the Impact of Sales Organisation

Dr. Abhilasha Raj [α] & Tapeesh Mishra [σ]

Abstract- **Sales organisation is a critical aspect of any business that aims to achieve success in the market. This research paper aims to explore the importance of sales organisation in a business and its impact on sales growth. The study focuses on the role of sales organisation in creating effective sales strategies, implementing sales plans, and measuring sales performance. The paper also discusses the factors that influence sales organisation effectiveness and provides recommendations for businesses to improve their sales organisation.**

I. Introduction

A sales organisation is a crucial part of any business, it is responsible for designing and implementing sales strategies, managing sales teams, and measuring sales performance. An effective sales organisation helps businesses increase revenue, expand their customer base, and stay ahead of the competition. In today's competitive market, having a well-designed sales organisation is essential for businesses to succeed.

A sales organisation can vary in size and structure depending on the type of business and industry. However, regardless of size or structure, the primary goal of a sales organisation is to create a cohesive team of sales professionals who work together to achieve the organisation's sales goals. This includes identifying target markets, developing sales plans, and executing sales strategies that align with the organisation's goals and objectives.

II. Literature Review

Numerous important elements that support the effectiveness of sales organisations have been found through research. Effectiveness of the sales force, which includes hiring, educating, and managing the sales team, is one important element. (Anderson & Oliver, 1987).

Effective sales force management, according to studies, can boost sales and increase customer satisfaction.(Kamakura & Wedel, 1995).

Organisational structure and culture are significant drivers of sales organisation success in addition to the efficiency of the salesforce. In one study, companies with decentralised sales organisations outperformed those with centralised sales organisations in terms of sales and profitability.(Ahearne, 2005). According to a different study, creating a customer-focused culture can boost revenue and increase customer happiness.(Boles, Croson, & Murnighan, 2000)

The significance of customer relationship management (CRM) in sales firms has also been underlined by study. In order to monitor and analyse client contacts and boost sales effectiveness and customer happiness, CRM uses technology and data. (Ryals & Payne, 2001). According to studies, using CRM can enhance sales income and improve client retention. (Chen & Popovich, 2003). Significance (sales and distribution management, n.d.)[1]

- Purchase Planning- The sales of the company depend on the sales anticipation. The sales will increase only when the consumer purchases the goods or services. Therefore, the company has to plan the sales according to the consumer need and want, meaning where they want the product, what they want etc. The planning and development is done accordingly to satisfy the need of consumer.
- Create and understand demand patterns of products- The demand of the product is created to lead to sell in the market. When a product is manufactured in the factory, it is not sold automatically. Salespersons push the product to consumers. But even they cannot force the consumer to buy the product. The sale depends on the consumer's need and perception. This need is created by the selling skills, promotions through advertisements, etc., which in turn help in creating demand in market.
- Handling received orders- This is a crucial phase where the salesperson must respond to customer inquiries and questions, take orders, and prepare the goods in accordance with consumer demand. Finally, the products are packaged and shipped in accordance with customer expectations; all of these jobs are crucial and successful.
- Dues collection- Cash sales are not usually possible. Credit is used for large purchases. An firm would find it very challenging to operate just on cash sales; in this cutthroat economy, credit sales are essential. The organisation must begin

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[1]https://www.tutorialspoint.com/sales_and_distribution_management/sales_and_distribution_management_organisation.htm

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collecting dues after the credit sales are completed. It is an extremely difficult duty since the salesperson must get the job done while also keeping the client's business.

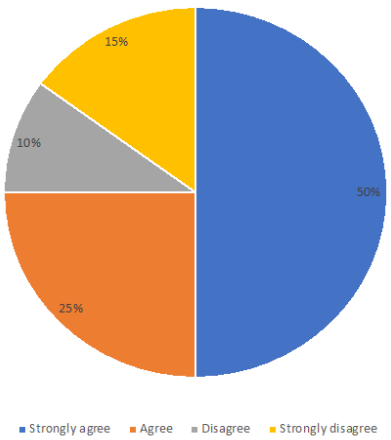
- Personnel's task management- Every company wants the greatest salespeople to increase sales. Training is a factor in this. The company is responsible for choosing, educating, inspiring, supervising, and managing its sales staff. Here, the business must invest in sales personnel.
- Types of sales organisation(Williams O, Babatunde H, & Jeleel B, 2012)[2]
- Geographic sales organisation- This structure creates geographic divisions between sales territories. The success of the sales force and achieving sales targets within each region are under the management of a regional sales manager.
- Product sales organisation - By dividing sales teams into product lines, this structure enables each team to focus on a particular product. Product managers oversee product sales teams and are in charge of creating and carrying out product-specific sales strategies.
- Customer sales organisation - Based on the customer segments they serve, such as small businesses, enterprise customers, or government clients, this structure splits sales teams. A customer sales manager oversees the customer sales teams and is in charge of creating and implementing customer-specific sales strategy.
- Functional sales organisation - Companies with numerous sales channels, such e-commerce, retail, and direct sales, adopt this structure. Each sales team is in charge of carrying out sales strategy in its specific channel. Sales teams are segmented according to function.

III. Research Methodology

This study used a qualitative research design to explore the importance of sales organisation in a business and its impact on sales growth. Data was collected through a survey (Pembi, Fudamu, & Adamu, 2017) the data was analyzed using content analysis to identify common themes and patterns.

IV. Data Analysis

- Sales organisation affects company sales volume?



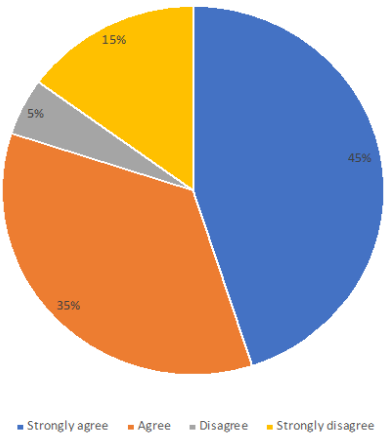
Source: Survey (Pembi, Fudamu, & Adamu, 2017)

The above chart implies that competence of the sales organisation is an important determinant of sales value of an organisation

- Sales organisation helps to increase profit of the organisation?

[2] The impact of sales promotion on organisation effectiveness in Nigerian manufacturing industry by Oyedapo Williams O., Akinlabi Babatunde H., SufianJeleel B., 2012

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Source: Survey (Pembi, Fudamu, & Adamu, 2017)

With 80% agree rate, organisation's major profitability is dependent on sales organisation

V. Result

According to the study's findings, organisations need a well-designed sales organisation in order to meet their sales targets. It can be implied that companies with strong sales organisations typically have better sales planning, more successful sales tactics, and higher sales performance. In addition, the study found a number of variables that affect the efficiency of sales organisations, including leadership, culture, structure, and communication.

VI. Recommendations

Following recommendation seem reasonable based on the findings from study:

- Any business, big or small, should be aware that the sales organisation should be used most effectively.
- A company should always have a planned, coordinated, directed, and controlled sales organisation program in place as this will assist them to implement successful and efficient promotional techniques, higher sales, better customer relation, repeat sales, better customer feedback, higher degree of customer satisfaction.
- The organisation should retrain and coach its salespeople on how to start off on sales activities, and divert their prime focus and efforts in maintaining the sales organisation.

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Acknowledgments

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Manuscript Style Instruction (Optional)

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11'", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
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- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
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The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

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b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
d) An introduction, giving fundamental background objectives.
e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
f) Results which should be presented concisely by well-designed tables and figures.
g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
j) There should be brief acknowledgments.
k) There ought to be references in the conventional format. Global Journals recommends APA format.

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Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

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A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

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One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, “What words would a source have to include to be truly valuable in a research paper?” Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

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Numerical methods used should be transparent and, where appropriate, supported by references.

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Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

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Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

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Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

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14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

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19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

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23. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

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This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

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- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.



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- Use paragraphs to split each significant point (excluding the abstract).
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- Present your points in sound order.
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Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

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- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
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Approach:

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- Report the method and not the particulars of each process that engaged the same methodology.
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- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

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What to keep away from:

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- Skip all descriptive information and surroundings—save it for the argument.
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The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



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Content:

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- Recommendations for detailed papers will offer supplementary suggestions.

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References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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