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Objectives

The principal objective of the journal is to provide a medium for disseminating findings of study and research addressing issues, practices and developments in Management. Scholars and practitioners are invited to publish their work in the field of Management taking either a positivistic or a non-positivistic approach. Thereby, the journal promotes free and unbiased opinion, networking and sharing of experiences on matters of importance to organisations and society.

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Editorial

We welcome the readers to volume 6.2 of the journal, which brings forth diverse research work in Management. Researching real-world issues has always been helpful for the development of a nation and then the world. At NSBM Green University, academia and the management have given priority to such practical issues and has always encouraged a new age of research that fervently contributes towards the betterment or else the development of the community and the nation. As usual, the diversity of the experiences shared here is one such attempt that NSBM has taken to contribute to society at large. This diverse research experience is what makes the issue a unique addition to both national and international database of research.

This issue, which is the second issue of the year 2020 of the NSBM Journal of Management, consists of five papers that discuss research in Management, Marketing and Economics. These papers are from diverse areas ranging from brand equity, impulse buying tendency, strategic planning in state universities to promoting Sri Lankan handicrafts and stock market prices.

The first paper authored by Perera C is a two-country study on the role of customer-based brand equity in higher education. This study assesses the extent to which brand credibility, and eWOM influence customer-based brand equity in increasing brand preference and brand choice intention in the university setting, thus contributing to the services of marketing literature in the university context. The study concludes that the university brand credibility and eWOM could be significant predictors of customer-based brand equity across both Sri Lanka and Vietnam. It further asserts that students' perception of brand equity related to a university is more likely to exhibit outcomes of brand equity, namely brand preference and brand choice intention.

The second paper co-authored by Colombage V K and Rathnayake D T examines the impact of fashion involvement and hedonic consumption on the impulse buying tendency of Sri Lankan apparel consumers with the moderating effect of age and gender. The findings indicate that there is no significant moderating effect from age and gender on the relationships between fashion involvement, impulse buying and hedonic consumption. The study concludes by suggesting that practitioners of fashion retailing should stimulate and fulfil the hedonic needs and desires of fashion consumers to persuade them for more fashion-oriented impulse purchases.

'Higher education, the demand and the service' is a controversial topic in Sri Lanka. Adhering to the controversy, the third paper written by R. Vivek and Y. Nanthagopan explores the key components to consider for strategic planning in Sri Lankan public universities. The findings of the study identify that Global Reputation, Technology Oriented Education, Human Resource Development, Fundraising / Fund generating, Curriculum Quality, Graduate Employability, and Academic Innovation as the specific factors that should be focused on in strategic planning.

“Promoting Sri Lankan Handicrafts to the Global Market” authored by Koswatta I is the fourth paper in the journal. This paper aims to understand the impact of fusion branded crafts and the tourism sector on the handicraft industry in Sri Lanka. The evidence gathered through questionnaires shows that there is a strong preference for fusion and branded crafts. Exploration of handicraft promotion strategies in terms of the rising tourism market has been suggested for future research.

The final paper, which is authored by T S Weeraratne discusses the relationship between three macroeconomics indicators and the stock market prices of three South Asian frontier markets, namely, Sri Lanka, Bangladesh, and Vietnam, proving that Frontier markets with very high growth potentials and mounting opportunities are gold mines to the right set of investors. Thus, this study brings some results that will help various stakeholders, such as economic policymakers, academics, investors, and investment advisers, in numerous ways.

By publishing this issue, we hope that we contribute to the research community of scholars both at the national and international level. We also hope that they will benefit from the research initiatives of the featured authors. Further, the Executive editors take this opportunity to appreciate the various contributions and support by all those involved in this publication, including the Board of Management of NSBM Green University.

Executive Editors

December 2020

The Role of Customer-Based Brand Equity in Higher Education: A Two-Country Study

Charitha Harshani Perera¹

Abstract

Due to the increasingly competitive environment, universities are adopting a variety of strategies with the intention of creating a competitive advantage for them. Creating positive brand equity is one such strategy. The purpose of this paper is to assess the extent to which the brand credibility, and influence of eWOM towards customer-based brand equity in increasing brand preference, and the brand choice intention in the university setting. This research is based on an empirical survey of 768 undergraduate students enrolled in private universities in Sri Lanka, and Vietnam, through a quantitative survey questionnaire. The university brand credibility and eWOM were found to be significant predictors of customer-based brand equity across both Sri Lanka and Vietnam. The results also suggest that students' perception of brand equity related to a university are more likely to exhibit outcomes of brand equity- namely brand preference, and brand choice intention. Findings further indicated that customer-based brand equity mediates the link amongst brand credibility, eWOM, brand preference, and brand choice intention. The current research contributes to the services of marketing literature in the university context by filling two gaps in branding literature; there had not been previous studies focusing much on identifying the importance of customer-based brand equity in the service sectors. Further, the limited conceptual and empirical research on university branding in general and particularly on university brand credibility, eWOM, and university brand equity had been conducted in emerging markets, which had resulted in conceptual ambiguity for the key factors constructing students' university social experiences.

Keywords brand equity, brand credibility, eWOM, higher education marketing

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Introduction

Competition in the higher education (HE) sector is intensifying and universities are increasingly resembling one another (Lomer et al., 2018) and are finding it difficult to attract students due to the lack of a differentiating factor (Sepasi et al., 2019). Recently, the bargaining power has tipped toward students as they have been provided with more options to select. Thus, the competitive advantage of universities is eroding (Schlesinger et al., 2017). Nowadays, the increasing competition among universities has altered their perspective towards a market and marketing-oriented, whereby students become customers (Guilbault, 2018). A market- and a marketing-oriented university focuses on current and potential students - its customers - and tries to meet the needs or wants of the target audience by coherent branding activities (Lau, 2016; Davis and Farrell, 2016).

A key strategy for universities to manoeuvre a difficult competitive environment is to create a unique brand's value (i.e brand equity) for themselves (Pinar et al., 2014; Eldegwy et al., 2018). The brand equity is no longer limited to "consumer products" and various service sectors have been trying to implement strategies to develop positive brand equity in building strong brands (Endo et al., 2019). In this regard, HE and universities are not exceptions; they have also begun to realize the need to develop sustainable brand strategies (Eldegwy et al., 2018). The brand equity has increasingly become a strategic imperative for universities and other post-compulsory educational institutions

to develop meaningfully differentiated brands to communicate their strengths (Dennis et al., 2017). Brand equity acts as positive signals to prospective students, creating a differentiating factor for the university which resides in the students' minds and comprises the essence of what they have learned, felt, seen, and heard about the university brand over time (Foroudi et al., 2017).

In an increasingly competitive environment where the quality of a university is not easily observable, students generally make their selection decisions amid feelings of uncertainty (Habibov and Cheung, 2017), which can make them reluctant to enrol. To solve this problem, universities may use brands as signals to effectively convey information about quality to prospective students (Pecot et al., 2018). The credibility signalled by a brand is considered important because it decreases prospective students' uncertainty and economizes decision-making cost (Wilkins et al., 2017).

Advances in information technology and the introduction of new methods of communication have led to significant changes in student's behaviour (Tsay et al., 2018). With the growth of electronic commerce, there are more and more online students' communities, encouraging them to share their university reviews with others (Kim and Peterson, 2017). These reviews and comments shared by other students via online platforms are called the electronic word-of-mouth (eWOM) that differs from the traditional oral form of

interpersonal communication among students (Le et al., 2019). As media continues to evolve, eWOM can reach large numbers of students and influence attitudes, and judgments related to universities (Lee and An, 2018).

A combination of brand credibility, eWOM, and brand equity shall contribute to enhancing the level of student preference toward universities, which will eventually result in a positive attitude in selecting a university. In the process, the university would have created a differentiating factor for itself, contributing to its competitive advantage.

Furthermore, this study contains two contributions to the academic literature in this field. First, the brand equity is evaluated through the perception of the students which has not received much attention in the literature until now. While the majority of studies in CBBE have focused in manufacturing goods by adopting Aaker's and Keller's conceptual models of CBBE, the service sector received limited attention (Girard et al., 2017; Naidoo and Abratt, 2018; Hunt, 2019). As extant literature shows that CBBE is narrowly focused on brand equity constructs (Tasci, 2018) it ignores the service experience components (Sarker et al., 2019), and their adaptability to the context of service-dominant brands becomes questionable (Çifci et al., 2016). Further, there is a notable shortage in CBBE in the context of HE, and the dearth of research on CBBE in the HE sector may have been due to the high credence of universities' such as internal structures (Izagirre-Olaizola et al., 2015), institutional resistance to change (Mauch and Sabloff,

2018), the information gap between choice factors identified by students (Briggs and Wilson, 2007; Phau et al., 2010), diverse stakeholders (Shams, 2017) and formal communication mechanisms (Chugh and Ruhi, 2018). Therefore, this study makes efforts to explore CBBE components in the HE sector that can contribute to the development of service-based brand equity (Endo et al., 2019).

Moreover, the model developed for this study is completed with the inclusion of brand credibility, and eWOM as a direct antecedent of customer-based brand equity (CBBE) toward the brand preference, and brand choice intention. In this sense, it is important to highlight that, although the dimensions of CBBE are examined in more or less extent in some previous studies, the link between brand credibility and eWOM remains unexplored up to now (Kladou et al., 2015). However, there is a paucity of studies focusing on the identifying the relationship between brand credibility, eWOM, and CBBE and its implications on students' preference and selection choice (Augusto and Torres, 2018; Dwivedi et al., 2018), especially in the context of university brands. Therefore, this paper employs a quantitative approach to explore the concept of CBBE in the context of university brands and investigate the role of brand credibility, and eWOM on the development of CBBE in the HE sector.

Managerial implications include the provision of a measure to assess the university brand equity to assist in constructing a desirable brand helping universities to attract students, faculty,

sponsorships, and alumni support while working to improve the overall image of the university.

It should be highlighted that the model was empirically tested in two different samples: Vietnamese undergraduates and Sri Lankan undergraduates. The different geographical and cultural origins of undergraduates may lead to different perceptions and mental structures regarding the branding strategies, a multi-group analysis was conducted to identify if the brand credibility and eWOM included in the study's model of university CBBE is significantly different or not between the two groups of undergraduates.

Based on the signalling theory, this study examines the extent that brand credibility, and eWOM influence the students' perception on CBBE of universities. The key research objectives of this paper include:

- (1) To identify the relationship between brand credibility, and eWOM on CBBE based on the undergraduates' perception
- (2) To investigate the mediating effect of CBBE in increasing students' university brand preference and choice intention

Literature Review and Hypotheses Development

Customer-based brand equity (CBBE)

The issue of brand equity has emerged as one of the most crucial topics for customer-based perspectives in marketing management since the 1990s (Lee et al., 2017; Dawes, 2017) and has been recognized as an important factor for creating competitive market

advantages (Iglesias et al., 2019) and marketing strategies of differentiation (Pham et al., 2018). The brand equity is generally defined as the marketing effect and numerous definitions has been proposed. Aaker (1991, p. 15) provides one of the most accepted and comprehensive definitions of brand equity: "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". Keller (1993, p. 2) proposes a similar definition: "the differential effect of brand knowledge on consumer response to the marketing of the brand".

CBBE is considered as a multi-dimension construct (Bose et al., 2018). Despite receiving considerable attention on CBBE, there is no clear agreement on how CBBE should be measured (Šerić et al., 2018). Over the last three decades, different CBBE models and dimensions are introduced. Aaker's (1991) and Keller's (1993) are considered to be the pioneers in developing scales to measure CBBE. But, most of the researchers criticize that both are conceptualized scales without any empirical validation (Tsiotsou, 2012; Rauschnabel et al., 2016). Utilizing Aaker's (1991) and Keller's (1993) conceptualizations of brand equity, Yoo and Donthu (2001) developed a multidimensional scale to measure CBBE. They tested the validity of the model only using the manufacturing goods brands (athletic shoes, film for cameras, and colour television sets) among three cultural groups (Korean, Korean American and American). Although applications of Yoo and Donthu's (2001) brand equity scale

confirm its reliability, the validity of their model is questioned (Washburn et al., 2000). They used only three dimensions to develop scale: they are namely perceived quality, brand loyalty and brand associations/awareness which provides a poor discriminatory validity (Washburn et al., 2000). The scale items measuring the brand association and brand awareness are not distinct and several authors have argued that Yoo and Donthu's (2001) brand equity measure is not suitable for service-dominant brands (Lee and Back, 2010; Nam et al., 2011). The most accepted scales to measure service brand equity was developed by Lassar et al. (1995), and Berry (2000) (Chahal and Bala, 2012; Zhang et al., 2016). Even though Berry (2000) proposed a model to measure service brand equity, it could solely be applied to fashion brands (Sarker et al., 2019). The brand equity model created by Lassar et al. (1995), confirmed the validity and tested within different service settings (Anselmsson et al., 2017; Tasci, 2019). Taking into account its potential, this paper takes as a starting point the dimensions proposed by Lassar et al (1995), for CBBE (i.e. performance, social image, value, trustworthiness, and attachment) and examines its relevancy in the context of HE.

The brand equity plays a major role in the HE context in reducing the perceived risk associated with the universities because the assessment of quality takes place after the usage of the service offered (Pinar et al., 2011; Eldegwy et al., 2018). Hence, having positive brand equity among universities is important as a risk reliever and simplify students' decision-making process (Mourad et al., 2019). That is to

say, CBBE is acting as a differentiation tool to provide the cues to the students during their university selection process (Soler and G emar, 2017).

Brand credibility (BC)

The brand credibility is defined as the consumer belief in the trustworthiness of the information offered by a company's brand (Swait and Erdem, 2007) and requires a consumer to perceive a brand to have both the ability (i.e. expertise) and willingness (i.e. trustworthiness) to continuously deliver what has been promised (Dwivedi et al., 2018). Expertise and trustworthiness are based on the cumulative impact of the previous marketing activities done by the company for their brands (Al-Nashmi and Almamary, 2017). Credible brand signals the brand's ability and willingness to provide the promised service continually while reducing the perceived risk associated with the brand during the decision-making process (Anees-ur-Rehman et al., 2018). The brand credibility represents the summary of customer-brand communication overtime (An et al., 2019), and embraces the customer's personal experiences with the brand (Dwivedi et al., 2018). Brand credibility increases the consumer-expected utility of a brand and the probability of the brand being chosen (Jeng, 2016).

Credible brands incur lower-information searching, and processing cost and lower perceived risk (Bougoure et al., 2016). Higher brand credibility can increase the customers' perception of the quality of the brand by increasing customer-expected utility of a brand, thus adding

customer value to a brand (Kashif et al., 2018). If a university's previous marketing activities reflect its ability in providing superior service to the stakeholders, the students' perception towards the credibility increases (Curtis and Samy, 2014; Jose and Chacko, 2017). This could help to add value to the university and thus increase the brand equity related to university brands. Based on the preceding discussion, the following hypothesis is advanced.

H1. The credibility of a brand will positively impact the CBBE of the university brand.

eWOM (Electronic word-of-mouth)

The advent of social media has provided a powerful edge to eWOM allowing the customers to gather information from other customers (Yang, 2019), and share their brand experience with other potential customers within a shorter period (Rizal et al., 2018). eWOM refers to any positive or negative online content made by the potential, actual, or former customers through internet or any means of information technology about a product, or company (Sijoria et al., 2018). Marketing activities through eWOM seem to be appealing due to its ability to overcome the customers' resistance (Augusto and Torres, 2018), significant low cost in processing information (Kudeshia and Kumar, 2017), and fast delivery of information, especially through technology such as social media (Zhou et al., 2019). eWOM includes informal communication among the customers about the characteristics, and features of brands (Kudeshia and Kumar, 2017). However, in particular, eWOM can create a huge impact on the firms'

performance (Xun and Guo, 2017), and the relationship with the customers (Gerdt et al., 2019), as customers trust the opinion of other customers more than the advertisement provided by the firms itself (Israeli et al., 2018). Studies suggested that eWOM is more influential on customers' purchase intentions as it occurs between friends and acquaintances (Kim et al., 2018). Indeed, eWOM is considered one of the most useful information sources where the customers' are seeking peer opinions, and experiences instead of information shared by the firms (Sijoria et al., 2018).

eWOM has become a major part of brand communication and its impact on the customer's decision-making process cannot be ignored (Yan et al., 2018). Brand information shared through eWOM could help the customers to get a better insight about the brand and customer's perception towards brands may change as it focusses on person-to-person contact by sharing their experiences (Veloutsou et al., 2017). This could help to create a positive value for the brand (Augusto and Torres, 2018). When students share and receive information through eWOM about the university, students would be able to gain a better understanding and it would result in enhancing the university brand value (Gomes and Murphy, 2003; Bonnema and Van der Waltd, 2008; Balroo and Saleh, 2019). Interaction among the undergraduates and the prospects in the online platform could create a positive effect on university-based brand equity (Le et al., 2019). Considering the above facts discussed, the following hypothesis is formulated:

H2. eWOM will positively impact the CBBE of the university brand

Brand Preference (BP) and Brand Choice Intention (BCI)

The brand preference encourages the customers to select a brand based on what they know and feel about it (Amoako et al., 2017). It measures the customers’ preference for a specific brand among the other competitive brands (Winzar et al., 2018). Brand’s trustworthiness and expertise induce users to develop a favourable preference for the brand (Vogel and Watchravesringkan, 2017). Further, a brand with higher equity could create a significantly preference and choice intention (Moreira et al., 2017). High brand equity is associated with high customer satisfaction which leads to purchase a specific brand among the competitive brands (San Martín et al., 2018). In the context of HE, students select universities based on the perceived values associated with it (Nguyen and LeBlanc, 2001; Petruzzellis and Romanazzi, 2010; Panda et al., 2019). Higher perceived value reflects positive brand equity which motivate the students to select a particular university to enrol (Eldegwy et al., 2018). Further, the

positive brand equity led the students to differentiate the universities from each other and select the best one for them (Panda et al., 2019). To sum up, brand equity is generally believed to be an important contributor to brand preference and brand choice intention, hypothesized as follows:

H3: Customer-brand equity will positively impact (a) brand preference and (b) brand choice intention

H4: Customer-brand equity mediates the relationship between (a) brand credibility and brand preference (b) eWOM and brand preference (c) brand credibility and brand purchase intention, and (d) eWOM and brand choice intention.

The study model (Figure 1) is based on the signalling theory and CBBE model premises. Signalling theory suggested that conveying the brand information, intention, and abilities communicates a signal to the customers about the brands; customers then examine the communication to evaluate whether the qualities are credible and valid (Shafranskaya and Potapov, 2014; Rahman et al., 2018).

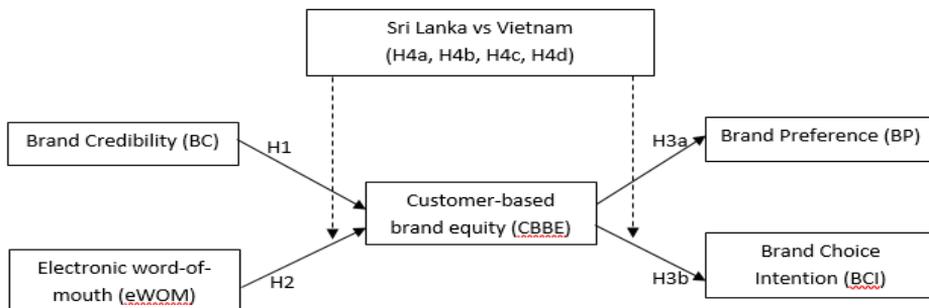


Figure 1: A proposed theoretical model

Methodology

To evaluate the proposed hypothetical model, a quantitative survey design has been employed. Since this study is focused on the university brand equity, the undergraduates who are currently studying in universities have considered as the target population. Four private universities have been selected from each country based on a) research-intensive, (b) teaching-intensive, (c) regional-focused, and (d) special interest (Kandiko & Mawer, 2013). 800 questionnaires have equally been distributed among the undergraduates in both countries based on the systematic probability and purposive sampling. 780 were returned, 12 were

removed due to the absence of significant parts of the questionnaire and 768 were considered valid for subsequent quantitative analysis (i.e. 96% of the original sample). The questionnaire was designed using and adapting existing scale items in the literature (Table 2). The questionnaire comprises of 34 items, excluding demographic questions. Seventeen items for CBBE that have been adopted from Lassar et al. (1995). Five items for brand credibility were adapted from Bougoure et al., (2016). Four items (each) for eWOM, brand preference, and brand choice intention were adopted from Liang et al. (2018), Amoako et al. (2017), and Lu et al. (2015).

Table 1: Profile information

	Sri Lanka (n=396)		Vietnam (n=372)	
	Frequency	Percentage	Frequency	Percentage
Gender				
Male	128	32.32	125	33.6
Female	268	67.68	247	66.4
Studying Year				
1 st Year	111	28.03	97	26.08
2 nd Year	75	18.93	77	20.7
3 rd Year	110	27.78	96	25.80
4 th Year	100	25.26	102	27.42
Field of study				
IT	25	6.31	13	3.49
BusinessAdministration	153	38.63	129	34.68
Finance & Accounting	76	19.20	72	19.36
Marketing	34	8.59	33	8.87
Other	108	27.27	125	33.60

All responses were recorded using an ordinal 7-point Likert scale, which ranged from “completely disagree” to “completely agree”. Also, the questionnaire was pre-tested in two ways to avoid potential misinterpretation by respondents, (1) Some target respondents were requested to evaluate the comprehension level of the survey, and (2) scholars from the fields of brand management and business ethics were asked to assess the adequacy of the questions from the conceptual standpoint.

Measurement assessment

Respondents answered several questions that proved their engagement in the use of social media. Table 1 depicts the sample profile in detail.

Table 2 includes the basic indexes of central tendency (i.e., mean and median) and variability (i.e., standard deviation). The items were subjected to principal component factor analysis that resulted in the extraction of five factors with a total of 34 items. As all the factor loadings were higher than the threshold value of 0.5, convergent validity was supported (Hair et al., 2014). The two statistical tests used were the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett’s Test of Sphericity. KMO close to one indicates better sampling adequacy with the minimum value of 0.6 and the significance level for Bartlett’s test should be 0.05 or less (Hair et al., 2014). The KMO value is 0.948, and Bartlett’s test of Sphericity confirmed the

significance value as ($p = 0.000$), thus leading to a rejection of the null hypothesis and to the conclusion that an acceptable level of correlation amongst the variables in the data set exists.

To assess the adequacy of the measures, the authors have estimated the convergent validity through item reliability, construct reliability, and average variance extract (AVE) (Table 3). Firstly, item reliability was evaluated. Construct reliability was assessed through both composite reliability (CR) values and Cronbach alpha coefficients. As all the CR values and Cronbach alpha coefficients were higher than the threshold value of 0.7, construct reliability was supported (Hair et al., 2014). Secondly, the AVE was assessed because it is the summary indicator of convergence. As all the AVE values were higher than the threshold value of 0.5, convergent validity was supported (Hair et al., 2014).

If the square root of the AVE of each construct is higher than any of the bivariate correlations among the constructs indicates an acceptable level of discriminate validity of the measurement model (Iglesias et al., 2019). As all the square roots of AVE were higher than the bivariate correlations among the constructs, discriminant validity was supported. Maximum Shared Variance (MSV) is less than AVE, so the discriminant validity was further supported (Iglesias et al., 2019).

Table2: Constructs and items used in the questionnaire

Construct	Items	Loading	Cronbach's Alpha (α)
CBBE	- I can expect an outstanding teaching quality from this university	0.636	0.94
	- During the study period, I found that the quality of this university was less prone to errors	0.661	
	- This university seems to be a learning place without any issues pertaining to the quality.	0.685	
	- I feel this university's functions are quite efficient.	0.758	
	- I feel this university suits my personality	0.722	
	- I feel proud of the decision I have taken to enrol in this university	0.783	
	- This university will be well appreciated by my friends	0.683	
	- Based on the information on social networks, this university is suitable for my personality	0.711	
	- This university degree is valuable	0.700	
	- Considering the level of tuition that I pay for this university; I believe I will receive more what I spend	0.734	
	- I chose this university degree because of the benefits I receive	0.703	
	- If I look at the faculty and facilities of the university, I find this university to be very reliable.	0.749	
	- For students' interests, the university seems very attentive.	0.707	
	- I believe this university does not take advantage of its students	0.662	

	<ul style="list-style-type: none"> - After experiencing this university, I was very pleased with my growth and knowledge - I have a positive feeling for this universit -The time at the university helped me feel friendlier towards this university 	<p>0.761</p> <p>0.757</p> <p>0.740</p>	
Brand Credibility (BC)	<ul style="list-style-type: none"> - This university does exactly what they promise - The quality promoted by this university is trustworthy - I can count on the brand of this university - This university reminds me of a graduate who is equipped with enough skills and knowledge and knows what they are doing - This university does not try to promote a false image in relation to its quality. 	<p>0.845</p> <p>0.842</p> <p>0.788</p> <p>0.728</p> <p>0.698</p>	0.78
eWOM	<ul style="list-style-type: none"> -I often read the comments online to find out if this university makes a good impression on people -I often refer to the online comment section to choose a good university -I often refer to the online comment section to choose the right university -I often collect information from the online comment section before choosing to study at a certain university 	<p>0.696</p> <p>0.808</p> <p>0.863</p> <p>0.825</p>	0.82
Brand Preference (BP)	<ul style="list-style-type: none"> -My university is one of the best in the HE sector -I am very content with the services offered from my university -My university is highly professional in serving students' needs -I think this university is superior to other competing universities 	<p>0.842</p> <p>0.787</p> <p>0.866</p> <p>0.819</p>	0.86

Brand Choice Intention (BCI)	-Although other universities have a level and quality that are not so different from this university, the decision to study at this university is still a smart choice	0.829	0.74
	-This university is always a superior choice compared to other universities that have the same level and quality.	0.872	
	-Although the quality of all universities is almost equal, choosing to study at this university is still more reasonable than studying at other universities	0.884	
	-This is the university I like the most compared to other universities which are of the same level and quality	0.821	

Table 3: Discriminate and convergent Validity

	CR	AVE	MSV	BP	BCI	BC	eWOM	CBBE
BP	0.895	0.682	0.170	0.826^a				
BCI	0.914	0.728	0.166	0.248 ^b	0.853^a			
BC	0.901	0.652	0.377	0.372	0.365	0.808^a		
eWOM	0.876	0.641	0.176	0.412	0.363	0.366	0.801^a	
CBBE	0.973	0.877	0.377	0.404	0.408	0.614	0.419	0.937^a

a Square root of AVE in the diagonal

b Pearson correlations among constructs

Results

To assess model fit, the comparative fit index with the overall model chi-square measure (χ^2), the comparative fit index (CFI), the goodness of fit index (GFI), the root mean square error of approximation (RMSEA), Standardized RMR (SRMR), and associated PCLOSE were used (Byrne, 2010). For the current model, χ^2 /df is 2.764 ($\chi^2 = 406.691$; df = 145), CFI is .950, GFI is .901, RMSEA is .048, SRMR is 0.0384, and PCLOSE is 0.869.

An adequate model fit was, therefore, indicated.

Hypothesis Testing

As indicated in Table 4, the results show that brand credibility and eWOM are statistically significant predictors in terms of affecting the students' perceptions of the university brand equity. Similarly, CBBE creates a positive impact on brand preference and brand choice intention in both countries.

Table 4: Structural equations results for hypotheses

Path	Sri Lanka		Vietnam		Comment
	Estimates(p)	CR	Estimates(p)	CR	
BC->CBBE	0.356***	10.266	0.504***	9.105	Supported
eWOM->CBBE	0.114***	4.229	0.221***	6.342	Supported
CBBE->BP	0.564***	6.523	0.582***	7.764	Supported
CBBE->BCI	0.585***	7.561	0.529***	6.234	Supported

***p<.05

In the Sri Lankan context, brand credibility, and eWOM demonstrate a strong significant impact on CBBE ($\beta=0.356$, $p<0.05$ and 0.114 , $p<0.05$) supporting H1 and H2. The results also supported H3a and H3b as CBBE had significant effects on brand preference and brand choice intention ($\beta = 0.564$, $p<0.05$ and $\beta = 0.585$, $p<0.05$). Similarly, In the Vietnamese context, the results showed a significant positive relationship between brand credibility-CBBE, and eWOM-CBBE ($\beta= 0.504$, $p<0.05$, and $\beta= 0.221$, $p<0.05$), thereby supporting H1,

and H2. Finally, H3a and H3b were supported since CBBE was positively related to brand preference and brand choice intention ($\beta = 0.582$, $p<0.05$ and $\beta = 0.529$, $p<0.05$).

The mediating effect of CBBE on the relationship between brand credibility, eWOM, brand preference, and the brand choice intention was tested using the bootstrapping method with bias-corrected confidence estimates (Preacher & Hayes, 2004). In Table5 (H4a-H4d), the results show that CBBE partially mediates the relationships in both Sri Lankan and Vietnamese context.

Table 5: Mediating effect of CBBE

Path	Sri Lanka		Vietnam		Mediation
	Direct Effect	Indirect Effect	Direct Effect	Indirect Effect	
H4a: BC->CBBE->BP	0.2043***	0.2752** *	0.2127* **	0.3747** *	Partial
H4b: BC->CBBE->BCI	0.1691***	0.3826** *	0.1670* **	0.3032** *	Partial
H4c: eWOM->CBBE->BP	0.2788***	0.2932** *	0.1442* **	0.2719** *	Partial
H4d: eWOM->CBBE->BCI	0.1754***	0.4247** *	0.1710* **	0.2110** *	Partial

All R^2 values increased due to the influence of CBBE in both countries. The results, therefore, suggest the presence of a partial mediating effect of the university brand equity on the relationship between brand credibility, eWOM, brand preference, and brand choice intention. This is found to be true for both countries. Therefore, the results support H4a-H4d.

Discussion and conclusion

Theoretical Implications

In broad terms, this paper contributes to the literature by advancing knowledge of the CBBE formation process, which is especially relevant and requires further academic attention in services settings. Creating and managing CBBE is one of the main strategic issues in today's competitive environment (Theurer et al., 2018). The direct effect of the brand credibility and eWOM on CBBE contributes to the literature by providing a significant insight into the context of HE which has not been studied by the previous researchers so far. Accordingly, this research has shown that developing brand credibility among the students in the HE sector, and their commitment in enhancing CBBE, is indispensable if brands want to gain competitive advantage and in turn to improve the brand preference and brand choice intention in the HE sector.

This article further shows that the brand credibility relating to universities and students' online interaction via eWOM has a positive effect on CBBE, which in turn positively influence brand preference and brand choice intention supporting H1, H2, H3a, and H3b. These findings further reinforce the central role

of CBBE in persuading students to select a particular university over the competitors. Additionally, these results emphasize the notion that brand credibility and eWOM are key antecedents of CBBE in the HE setting.

Moreover, this research also suggests that the brand credibility is particularly important in the context of services because of the intangible nature of the services as providing a creditable service is more challenging compared to the field of products/goods. Therefore, the universities should be able to reflect the ability and willingness to provide the promised service continuously. Further, universities should be able to motivate the students to interact with their stakeholders online and create positive eWOM about the university. Since creating eWOM is out of the control of the university, any negative eWOM could create an adverse effect on the university's perceived value and thus CBBE.

Furthermore, to the best of our knowledge, this paper is the first to show that, in the context of HE, CBBE positively mediates the relationship between brand credibility, eWOM, brand preference, and brand choice intention. This means that the greater the CBBE, the greater the positive impact on brand preference, and brand choice intention. This is a counterintuitive finding because a great number of scholars have acknowledged that CBBE is invaluable in building a favourable brand and an enduring brand reputation (Foroudi et al., 2019). This is also the reason why university brands still shaping their positioning through the process of CBBE.

Although various scholars have argued that branding strategies are important for the service contexts (Castaldi and Giarratana, 2018; Endo et al., 2019), empirical research examining the impact of brand credibility, and eWOM on CBBE in the services domain is still very thin on the ground and scarce in the context of HE. More specific research is needed in this domain, because of the distinct nature of university services, and the greater number of student-university brand interactions that HE sector encompasses (Eldegwy et al., 2018). Thus, this paper contributes to the literature on university branding to a greater extent.

In conclusion, by taking the signalling theory, and applying it to students in a HE context (student-university identification) an important contribution has been made in understanding the student mind-set when universities implement branding strategies.

Managerial Implications

The results of this research reveal compelling managerial implications. First, this study shows that the brand credibility and eWOM create a significant positive impact on CBBE, and thus, managers need to be aware of the need to demonstrate their ability, and willingness to provide a superior service to the students to increase their preferences which would highly affect their decision in selecting a university for further education. To succeed, students have to be able to believe the credibility of the university services. So that the managers need to have a clear vision of the brand from the planning stage and develop the university values that include

integrity and credibility. Moreover, managers should encourage the students to share their positive personal experience through eWOM utilizing various available means of online applications, so that they can convey the level of credibility pertaining to the university brands.

Limitations and future research

Notwithstanding its theoretical contributions and managerial implications, this research also has some limitations: this study is limited to the HE sector, and therefore the external validity of the findings is an issue. Future studies should extend this to provide a consistent result across the whole service sectors. Further, this study has adopted only the quantitative approaches and data were collected through questionnaires. Future researchers could triangulate the surveys incorporating qualitative data to avoid the mono-method bias in quantitative methods. Moreover, as the sample is solely representative of the Sri Lankan and the Vietnamese population, it only reflects the behavioural attitudes among the emerging countries. Therefore, the generalizability of the findings is a concern. To deal with this concern, future research could replicate this study in other developed countries to gain a better comparative result.

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Impact of Fashion Involvement and Hedonic Consumption on Impulse Buying Tendency of Sri Lankan Apparel Consumers: The Moderating Effect of Age and Gender

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Abstract

Fashion and clothing are the foremost aspects of human life. Previous studies have identified many variables as antecedents of fashion-related impulse purchases. The role of fashion involvement and hedonic consumption as predictors of fashion-related impulse buying are less examined. Extant literature suggests that there can be a moderating effect of age and gender on the relationship between fashion involvement, hedonic consumption, and impulse purchases of apparels. This research aims to examine the impact of fashion involvement and hedonic consumption on the impulse buying tendency of Sri Lankan apparel consumers with the moderating effect of age and gender. The study was guided by the positivistic paradigm. The researcher employed a single cross-sectional design for the study, and the population was Sri Lankan apparel consumers who were above twenty years old. The sample of the study was drawn from the Colombo district, where 324 responses were obtained using a structured questionnaire. According to statistical analysis, there was a positive impact of fashion involvement and hedonic consumption on the impulse buying tendency of Sri Lankan apparel consumers. Further, the researcher examined the moderating effect of age and gender on relationships between fashion involvement, impulse buying and hedonic consumption. However, it was revealed that there is no significant moderating effect from age and gender on the aforesaid relationship. Based on the findings of the study, it is suggested to practitioners of fashion retailing to stimulate and fulfil hedonic needs and desires of fashion consumers to persuade consumers for more fashion-oriented impulse purchases. Future studies under the same topic could be conducted with cultural influences on the impulse purchase of fashions and situational factors such as time and money availability.

Keywords: *Impulse buying tendency, Fashion involvement, Hedonic consumption, Age, Gender*

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Introduction

Increasing attention of scholars is directed towards a fundamental necessity of human being, clothing which was also explicated in different religious viewpoints (Pituwela, 2014; Khare et al. 2012; Workman & Lee, 2011; Banister & Hogg, 2004; Andrew & Darshika, 2004; Dhurup, 2014 and Park et al., 2006). Importantly, Rathnayake (2011) has explained the lacuna of research in the field of fashion consciousness of the consumers in developing countries, including Sri Lanka. Rathnayake (2011, p. 21) signposted that “fashion consciousness of consumers in developing countries needs to be assessed as this dimension is not adequately researched”. Rathnayake (2011) has conducted a study based on the fashion consciousness defined by gender and educational status. Furthermore, Pituwela (2014) has explicated the impulse buying behaviour of Sri Lankan apparel consumers based on situational factors such as money availability, time availability and in-store promotions. Besides, none of these studies on Sri Lankan apparel consumers has identified the importance of consumer's fashion involvement (Dhurup, 2014; Khare, et al., 2012; Park, et al., 2006) and hedonic consumption tendency (Dhurup, 2014; Park, et al., 2006; Tifferet & Herstein, 2012) in explaining impulse buying of fashion. Therefore, the current study contributes to present a novel viewpoint of the impulse buying behaviour of Sri Lankan apparel consumers in terms of fashion involvement and hedonic consumption.

In explaining the importance of clothing for a human being, Khare, et al., (2012, p. 47) cited from Noesjirwan & Crawford, (1982) that "Clothing is mostly a means of communicating, not personal identity, but social identity". Also, he has emphasized that "Dress reflects cultural and material aspects of society and has importance in economic and social terms" from (Workman & Lee, 2011) and as it represented "symbolic" values endorsed by the group (Lurie, 1981). Meantime Khare, et al., (2012, p. 47) cited that "Fashion is conceptualized both as an object and behavioural process" from (Vieria, 2009). According to Gronow (1997), Solomon & Rabolt (2004) Piamphongsant & Mandhachitara (2008) as cited by Khare, et al., (2012, p. 47), consumers utilized fashions to set themselves apart from others and cope with their group affiliations. Consumers used clothing as a tool to represent their social group, class or affiliation group while confirming with social and cultural norms of the respective group regarding fashions and clothing. The same phenomenon has emphasized by Kaiser, (1990); Shim et al., (1991); Gronow, (1997); Murray, (2002); Banister and Hogg, (2004) as cited by Khare, et al., (2012, p. 47) as "Consumers exhibit their group affiliations by selecting clothes which are approved by social and cultural norms". Fashion related products: especially clothing items purchasing decision differs according to age category, gender, income and social status, expecting social identity and family influences. This schema was supported by Khare, et al., (2012, p.47) as cited from Zaichkowsky, (1985); Mayer and Belk, (1985); Goldsmith et al., (1996); O'Cass, 2000, 2004; Chowdhary,

(2000); Kozar, (2005); Hansen and Jensen, (2009) that women were more involved in fashion clothing as compared to men. Women were conscious of their physical appearances and self-identity (Kaiser & Freeman, 1989). Banister & Hogg, (2004) posited that young women used fashion clothing to improve their self-image and social identity, and fashion was relevant for the younger generation. Thomas & Peters, (2009) posited that elderly women are directed by family and familiar friends in their apparel collection decision which was focused on augmenting self-esteem and social image.

Within this Fashion and clothing behaviour, Fashion-oriented impulse buying scored for a significant proportion of Retailer's and mall shopping revenue scheme of international and local players. This statement was evidenced by Andrew & Darshika, (2004), as in the UK retail sector, fashion and clothing retailing were highly profitable and competitive. UK fashion retailers highly preferred to cater to high-end women and the mass clothing market while taking the most recent styles at their retail store since consumers were driven by instinct buying. As cited by Pituwela, (2014, p. 2) from the business insider.com website, it is revealed that women had a higher propensity to spend more money on apparel in their twenties and thirties, and it was publicized that the highest spending level (\$ 750 billion per annum) in the age level of 45. One study found that impulse purchases on consumer department stores account for between 27 per cent to 62 per cent of purchases (Hirschman, & Elizabeth, 1980). In the fashion retail business, the impulse

buying behaviour of consumers contributed to the majority of sales. According to Verplanken & Sato, (2011) from Abrahams, (1997), this type of buying behaviour came to be responsible for 62 per cent of supermarket sales and as much as 80 per cent of purchases in some product category such as apparel. Most of the research has suggested that in general, it was probably applicable to allocate most purchases to impulse buying behaviour than to plan behaviour. According to Stimulus-Response Model, a set of stimuli or a stimulus triggers to generate an expected response or set of responses. The same concept was explained in a different manner as the Theory of Reasoned Action (TRA) and the Theory of Planned Behavior (TPB). The theory of reasoned action was suggested by Ajzen and Fishbein (1973). The theory of reasoned action consisted of three constructs as behavioural intention, attitude, and subjective norm. TRA revealed that a person's perspective regarding the behaviour and subjective standard were the predictors of a person's behavioural intention. Hence a person relied on substantially others want him/her to execute an action, and he/she is motivated to act in accordance with, it was anticipated the person was more probable to execute the behaviour (Maya, López-López, & Munuera, 2011) as cited by (Zheng & Chi, 2015). Lately, Ajzen (1991) also postulated a construct into this model as Perceived Behavioral Control (PBC) to enhance the validity and predictive power of the TRA model.

In the present study, the researcher expected to study the impulse buying behaviour of Sri Lankan consumers with special reference to the apparel industry.

Predictors of impulse buying behaviour would be Fashion involvement (Dhurup, 2014; Khare, et al., 2012; Park, et al., 2006) and hedonic consumption tendency (Dhurup, 2014; Park, et al., 2006; Tifferet & Herstein, 2012). Fashion involvement referred to the extent to which customers engage with fashion and how fashion is relevant to the customer. On the other hand, Hedonic consumption tendency explained the fun, excitement, joyfulness experienced by the customer while making an impulse buying. Furthermore, the researcher expected to emphasize the moderating effect of Gender and Age on the relationship between the above-mentioned predictors and dependent variables. According to Park, et al., (2006), very little research was conducted in impulse buying that combines specific product involvement and experiential aspect of consumption. Therefore, the present study will fill an empirical gap with special reference to the apparel industry as product-specific impulse buying.

The same study will also provide additional knowledge on the moderating effect of age and gender on the impulsive buying behaviour of the apparel sector. According to Peter & Olson, (1999) as cited by Coley & Burgess, (2003, p. 282) men and women tend to route information differently. In contrast, Dittmar et al., (1996) proposed that men and women rated material possession differently and bought different items for different use. Age also played a vital role in identifying how different people responded to impulse buying according to fashion involvement and hedonic consumption as they perceived. Different age categories perceived fashion

involvement and hedonic consumption in a different manner. In the Sri Lankan context, it is important to study the impulsive buying behaviour of apparel consuming customers in terms of fashion involvement and hedonic consumption with a moderating effect of gender and age.

Remnants of this paper are constructed as follows: in the successive segment, the literature on the topic area is examined, beginning from expounding impulse buying tendency and antecedents of impulse buying tendency. Afterwards, the theory of reasoned action, the theory of planned behaviour and the Stimulus-Response Model were discussed to set theoretical background to recognize relationships between impulse buying tendency, fashion involvement and hedonic consumption to develop hypotheses according to the anticipated conceptual framework followed by methodology of the study and data analysis. Then data analysis process, findings and implications are discussed. Finally, limitations and future research areas are elaborated along with concluding annotations.

Literature Review

Impulse Buying Tendency (IBT)

In explaining impulse buying behaviour/tendency of consumers, many researchers contributed via a variety of studies. Impulse buying tendency could be defined as an innate motivation of a consumer to make unplanned, unintentional, sudden, quick, less time-consuming decisions on a product or brand. It was evidenced by Stern, (1962)

as that planned buying behaviour involved an information search, time consumption and rational decision making. On the other hand, there were unplanned purchases made without much effort, time, and advanced planning. Unplanned or unintentional purchasing has been generally linked with impulsive purchasing by many researchers, and an unplanned purchase was necessary for categorizing a purchase as impulsive (Rook, 1987; Rook & Fisher, 1995). Rook, (1987) yelled that the impulsive decision was made quickly and hastily. Some previous studies have defined an impulsive buying tendency in terms of emotional, psychological aspects. One authoritative and comprehensive psychological definition of impulse behaviour described it as a strong, tempting urge, sudden predisposition to act without self-control (Goldenson & Robert, 1984). Impulsive buying decisions take place when there was the involvement of the consumer and the involvement of the product. Sandy & Minjeong, (2010) have cited from Hock & Loewenstein, (1991) that impulse buying was made after being exposed to the product.

As Wolman & Benjamin, (1973) suggested, the impulse was not thoughtfully planned but suddenly arisen due to exposing to a stimulus. Scholars proposed that the significant differentiation factor between impulse buying and planned buying associated with the speed of making a purchase decision. As Rook, (1987, p. 191) suggested, "Impulse buying occurs when a consumer experiences a sudden, often powerful and persistent urge to buy something immediately. The impulse to

buy was hedonically complex and may stimulate emotional conflict". Also, he has signposted that impulse buying was possible to take place with diminished weighting for its consequence. Impulse buying tendency required the involvement of the consumer in terms of physically, mentally, and emotionally. The physical presence of the consumer in front of a product or brand which provides a set of cues persuades the consumer to make a sudden purchase decision on a product or brand. Consequently, cognitive aspects meant thinking, planning, and other information analyzing related to the process involved in the decision. Most of the time impulsive buying decisions were attached with less cognitive effort. Emotions attached to impulsive decisions represent the emotional involvement of the consumers. In supportive, Verplaken & Herabadi, (2001) has postulated that impulse buying had cognitive aspects such as lack of planning and deliberation and affective aspects such as feelings of pleasure, excitement, lack of control and probable regret. Hence impulse buying behaviour was some hedonically complex buying behaviour, and it is sudden, compelling.

Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB)

Impulse buying behaviour cannot be analyzed or described under an existing theoretical model. It should be explained by psychological variables and by constructing a psychological model. Also, fewer previous scholarly works have been conducted to examine impulse buying behaviour under the psychological variables. As David, et al.,

(2008) cited from Fishbein & Ajzen, (1975), impulse buying was unpredictable with rational decision models and was hard to fit within frameworks based on subjective expected utility models such as the theories of reasoned action and planned behaviour. Impulse buying behaviour was a core concept of consumer behaviour. But it was a deviated model from the Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB) Model. But it was important to discuss these models to capture the most precious insights and a set of theoretically defined backup.

In identifying impulse buying behaviour of the apparel consumers, Theory of Reasoned Action (TRA) was a theoretical model presented by Ajzen & Fishbein (1973). In this model, there were three constructs such as behavioural intention, attitude, and subjective norm. TRA suggested that Person's attitude about the behaviour and subjective norm shapes the person's behavioural intention. Before concern about the behavioural intention, it is worthy to discuss intention. The intention was the possibility, as indicated by the respondent that he/she will execute the specified action (Ajzen & Fishbein, 1980) as cited by (Alsughayir & Albarq, 1982). Behavioural intentions reflected the inspirational factors that encourage a behaviour; these factors were signs of how tough people were persuaded to try and how much of an effort people were planning to exert to execute the behaviour. A person's relative consistency of intention in making a behaviour was a person's behavioural intention. If we more elaborated on it, the person with stronger intention to perform a behaviour will be more propelled to

engage on it (Ajzen, 1991) as cited by (Zheng & Chi, 2015, p. 69). Attitudes can be defined as a person's general favourable feelings or unfavourable feelings about an area or object. When it was applied in the present study, it was favourable or unfavourable feelings held by a person on generally about fashions, clothing, and apparels. In addition, attitudes articulated with beliefs about the magnitudes of carrying out the behaviour as per (Ajzen & Fishbein, 1973) as cited by (Zheng & Chi, 2015, p. 69).

Ajzen & Fishbein, (1973) proposed subjective norm was concerned as a blend of perceived expectations from individuals or groups laterally with intentions to conform with these expectations. Further Maya, et al., (2011) has proposed, an individual was most probably supposed to engage with a behaviour if he/she has strongly believed that others want him/her to perform the behaviour and he/she was motivated to comply with it, as cited by (Zheng & Chi, 2015, p. 69). To improve the projecting ability of the (TRA), Ajzen introduced another construct: Perceived Behavioral Control (PBC) and proposed Theory of Planned Behavior (TPB). Ajzen (1991), according to the citation of Zheng & Chi, (2015, p. 69) explained TPB as a "person's perception of the ease or difficulty of engaging in the behaviour of interest". Recent studies elaborated on the direct impact of the PBC on purchase intention and the positive moderation effect on the relationship between attitudes and intention. As presented by Chung & Kim (2011), according to the citation of Zheng & Chi, (2015, p. 69) "greater PBC results in a stronger

positive relationship between attitude and purchase intention”.

Factors that trigger the impulsive buying tendency of Sri Lankan apparel consumers

Stern, (1962) emphasized that the impulse buying behaviour of customers influenced by Low price of the product, marginal need for item, mass distribution, self-service, mass advertising, prominent store display, Small Size or Light Weight and short product cycles. The presented list of factors by Stern, (1962) was product-related and store related and was suggested in a general manner for some merchandises. Stern, (1962) could not be able to identify consumer-related factors which were mostly contributed to the impulse buying behaviour of fashions and clothing.

When it was narrowed down into the apparel sector, there were some abstract concepts that trigger the impulsive buying tendency of apparel consumers. Park, et al., (2006) has identified fashion involvement, hedonic consumption tendency and positive emotions as triggering factors of fashion-oriented impulse buying tendency. Hedonism, emotional gratification, and fashion involvement were hypothesized by (Dhurup, 2014) to explain the impulsive buying behaviour of apparel consumers in a developing country. Sri Lanka is ranked as a developing country in the Asian region, and these variables could be used for a study of the impulsive buying behaviour of apparel consumers. In explaining the Impulsive buying behaviour of fashions, Store environment including Ambient conditions and social

characteristics, consumers’ positive emotional responses were conceptualized with the Stimulus- Organism- Response (SOR) model by Chang, et al. (2014). In this study, they examined the moderating role of time availability, money availability and task definition on the relationship between consumers’ positive emotional responses and impulsive buying behaviour of fashions.

In contrast, Tifferet & Herstein (2012) has developed a model to examine the brand commitment, impulse buying and hedonic consumption of fashions in terms of some demographic variables such as gender, age, family income and parental education. This study the differences between males and females in selecting brands, being impulsive for fashions and feeling of hedonism. Findings of the study revealed that women are more hedonic, impulsive and brand committed than men for fashions. Meantime Tifferet & Herstein, (2012) identified that female gender, younger age, higher family income and lower parental education were all associated with impulse buying.

In terms of the Sri Lankan apparel industry, there were fewer studies conducted to measure the impulsive buying tendency of Sri Lankan apparel consumers. But some studies can be found in the field of fashions and clothing. Rathnayake, (2011) has concluded about the fashion consciousness of Young fashion consumers of Sri Lanka. Furthermore, the study has yielded that fashion consciousness was the level of involvement showed by a respective person for styles of fashions of clothing, which was interpreted by many

researchers as fashion involvement (O'cass, 2008; O'cass 2004, Dhurup, 2014; Park, et al., 2006). Pituwela (2014) has conducted a study to compare the "influence of culture on consumer behaviour in the fashion industry" for Sri Lankan apparel consumers and Norway apparel consumers. In that study, impulse purchase desire of consumers from two different countries (Sri Lanka and Norway) were examined under influence of reference group members, shopping emotions, in-store promotions, availability of money and availability of time which caused to generate impulse purchase decision with moderating effect of culture, gender and age.

The researcher expected to measure the impulse buying tendency of Sri Lankan apparel consumers with the impact of widely used variables in earlier studies which can support by literature and get finished with a limited time frame. Therefore, fashion involvement and hedonic consumption tendency were selected as independent variables of the study. Furthermore, age and gender were selected as moderating variables of the study, which moderate the relationship between each independent variable (fashion involvement/ hedonic consumption tendency) to the dependent variable (impulsive buying tendency of fashions).

Fashion Involvement

In the context of explaining fashion-oriented impulse buying, the researcher has concerned about involvement in fashion by the customer. As per Dhurup, (2014) the concept of fashion also contains consumption behaviour that demonstrated an individual's preferences

and values. Fashion styles were usually accepted by a large group of people at a time and signify both social identification and distinction according to (Gronow, 1997) as cited by (Dhurup, 2014, p. 171). Involvement was an inner motivating nature of excitement or interest induced by a certain type of stimulus or situation and displayed via characteristics of motivation, as explained by (O'Cass, 2004). In contrast, Auty & Elliott, (1998) emphasized that fashion involvement was the sensing ability of a person to get adjusted with different social surroundings where he or she is being high and motivated to dress in a way to matched and understand dressing pattern of less desirable surroundings or groups to get avoided from distracting situations. This definition attached to the social aspect of fashion involvement. Individuals reflected their differences in likability to different groups of society as more attachment to mostly preferred group and in reversed less attachment to regretting groups of society via their fashion and clothing decisions. Individuals were attentive about the fashion and clothing cues and adapted them with high elasticity.

According to Engel et al., (2005), as cited by Vieira, (2009, p. 180), fashion involvement was how customers perceived the applicability of fashion towards themselves and likability for fashion and clothing. "A consumer can be involved in various objects or stimuli, including, for example, products, advertisements of products, purchase decisions and/or consumption of products" (O'Cass, 2000) and "brand decisions" (Mittal, 1989) as cited by (O'Cass & Choy, 2008, p. 342). In

reference to Zaichkowsky, (1985) as cited by O’Cass & Choy, (2008, p. 342), when consumers felt that the product or service or certain stimuli were capable of satisfying their needs and wants, they tend to be more involved with the particular product.

Hedonic Consumption

Hedonic consumption was defined as feelings such as enjoyment, fun, excitement that can be experienced within a shopping experience. Fashion consumers can be concerned as pleasure-seekers and buy luxury fashion garments for hedonic reasons Juggessur & Cohen, (2009) as cited by (Miller, 2013, p. 161). Fashion and luxury products’ shopping behaviour was attached with hedonic benefits as consumers engage with brands, showing attachments to brands and allow brands to be part of their lives. Hedonism was deep-rooted in modern-day culture as a right to occupy in pleasure-seeking activities for the pursuit of happiness and immediate gratification (Gabriel & Lange, 2006) as cited by (Miller, 2013, p. 161). Bargaining for prices and hanging were two shopping experiences combined with shopping enjoyment (Sherry, 1990) as cited by (Park, et al., 2006, p. 437). Most of the customers valued purchase experience and enjoyed purchasing experience rather than evaluating the earned utility or acquisitions from purchase experience. Rook, (1987) revealed that “the buying impulse was often accompanied by intense feeling states”. Hedonic values generated from the aesthetic attributes of a product and they generated pleasure, affecting consumers’ product choice (Veryzer & Hutchinson, 1998) as cited by (Noh, et al., 2014, p. 270).

According to a study conducted by Rook, (1987, p. 195) many respondents have signposted that “the impulse to buy makes them feel good, happy, satisfied, light, wonderful, or high. Some who had been feeling "down" added that it would make them feel better”. In contrast, some respondents were disappointed about their impulsive buying experience, and it was hindered to them. Furthermore, the set of sample representatives expressed impulsive behaviour as restless, distressed, out-of-control and helpless. He also yelled that consumers feel energized and mentally uplifted after a shopping experience. In the study of Hausman, (2000), he has embossed the fun or psychological advancement experienced by consumers while going on shopping and after it, through presenting a different type of statements given by participants of research. The above findings have indicated hedonic feelings associated with impulsive buying and impulsive buying tendency.

Hypotheses and conceptual model

Fashion Involvement and Impulse Buying Tendency

According to O’Cass, (2004); Park, et al., (2006), fashion clothing involvement highly associated with personal characteristics such as age and gender and fashion knowledge which make consumer confidence to make a consistent decision. For example, they presented younger, female consumers. More precisely, Fairhurst, et al., (1989); Seo, et al., (2001) have suggested that there was a positive association between the level of fashion involvement and apparel purchase decision as cited by

(Park, et al., 2006). Throughout this Park, et al., (2006) had put forward most the apparel consumers were enjoyed high fashion involvement. Therefore Park, et al., (2006) presented that fashion-oriented impulse buying of apparel consumers were driven by higher fashion involvement. Therefore researcher also suggested that,

H₁. Fashion involvement has a positive impact on the impulse buying tendency of Sri Lankan apparel consumers

Hedonic Consumption and Impulse Buying Tendency

These hedonic motivations were significantly attached to the buying behaviour of customers, including impulse buying tendency in a positive manner in respect to fashion products. Likewise, academics have proposed that utilitarianism and hedonism were essentially paired and combined (Babin et al., 1994; Scarpi, 2006) and consumers may seek the benefits of both when shopping for fashion products (Scarpi, 2006), according to citation by (Kang & Park-Poaps, 2010, p. 317). In supportive, another study investigated distinctive roles of hedonic and utilitarian shopping motivations and their predictive power of behaviours found that consumers at a high level of hedonism have a propensity to purchased more frequently than those at a high level of utilitarianism (Scarpi, 2006) as cited by (Kang & Park-Poaps, 2010, p. 317). In addition, Scarpi, 2006 found that the dollar purchase amounts and the number of items purchased were negatively associated with utilitarianism but positively with hedonism as cited by (Kang & Park-Poaps, 2010, p. 317).

There was less research for hedonic consumption tendency. Hirschman & Holbrook, (1982); Levy, (1978) emphasized “consumers' hedonic experiences have not been extensively researched” according to citation of (Rook, 1987, p. 195). According to the citation of Park, et al., (2006, p. 437) from Hausman, (2000); Piron, (1991) in satisfying hedonic desires attached with hedonic consumption tendency, impulse buying has a significant magnitude. This concept was verified by the statement that “impulse buying provides a rich opportunity to observe both the everyday pleasures and pains of buying behaviour” (Rook, 1987, p. 195). As described by Rook, (1987) 41 percent of customers explained that hedonic consumption elements were involved with their most recent impulsive buyings when they asked to describe about feelings experienced with impulse buying. Therefore the researcher expected to validate the same phenomena as,

H₂. Hedonic consumption tendency has a positive impact on the impulse buying tendency of Sri Lankan apparel consumers.

Moderating effect of Age

The researcher expected to signpost the moderating effect of age on the relationships between fashion involvement and impulse buying tendency of fashions along with hedonic consumption tendency and impulse buying tendency of fashions. In order to explain the moderating power of age, it was essential to provide early literature on the moderating power of age in fashion involvement, hedonic

consumption tendency, and impulse buying tendency of fashions.

Age and Impulse buying

It was a general truth that the young generation has a firm association with fashions, clothing, and apparels. The assessment of young consumers' impulse buying behaviour was imperative because they represented a substantial, continually growing market segment (Shim, 1996) & there was less academic research; however, exclusions include Haytko & Baker, (2004) and Mangleburg, et al., (2004) according to citation of (Brici, et al., 2013, p. 263). Boundless freedom, credit availability were the factors that converted young consumers into a more heavily targeted market segment as they are repeatedly the first adopters of products, brands, trends, keen thinkers about awareness of store images, and elaborate on price-value concepts (Bristol, 2001) as cited by (Brici, Hodkinson, & Sullivan-Mort, 2013, p. 263).

Young consumers were also to be expected to adopt and be passionate consumers of fashion and updated technology more speedily than mature consumers. Early literature on the mood states of young people suggested that youngsters experienced explosive fluctuations in their emotional states (e.g. Blos, 1961), and existing literature found young people have a tendency to possess less control of their actions and more variation in their moods than adults (Csikszentmihalyi et al., 1977; Larson et al., 1980) as cited by (Brici, et al., 2013, p. 263). Young consumers may be less

probable to make decisions with responsibility than adults and this truth may lead to youngsters engaging in more impulse buying than adults. Brici, et al., (2013) has proposed Leximancer thematic map for both young and adult in finding Conceptual differences between adolescent and adult impulse buyers. This literature has provided enough insights about the impulsive buying behaviour of youngsters than adults where extant literature supported this phenomenon (Mick & DeMoss, 1990; Rook & Gardner, 1993; Youn & Faber, 2000).

Age and fashion involvement

In evaluating the relationship between impulsive buying tendency in terms of fashion involvement and hedonic consumption, it was essential to study the relationship between age and fashion involvement, which was a predicting variable of the model. When comparing age with fashion involvement, major two clusters can be identified as matures and youngsters along with middle age group young adults. Hereafter researcher has discussed fashion involvement of different age clusters as per early literature.

Mature women perceived older models eye-catching as paralleled to young models. They perceived similarity with older looking models and had a positive impression of their appearance and tastes. They showed a willingness to purchase clothes advertised by these models (Kozar & Damhorst, 2008) as cited by (Khare, et al., 2012). Thomas & Peters, (2009) found mature women were mindful about their outer appearance. Mature ladies showed a significant effort in managing their physical ability and

more involved with fashions. Moreover, mature ladies were conscious about their appearance, taking care of their looks and wearing the latest fashion clothing to feel good. Further, fashion clothing has improved their self-esteem and bolstered their confidence in themselves. Therefore mature people showed a considerable probability of fashion involvement. Majima, (2008) postulated that consumers' involvement with fashion clothing has been grown and "it was positively related to youth, increase in employment of women, and social class" as cited by (Khare, et al., 2012).

Age and hedonic consumption

More recent studies have revealed that young consumers were more likely to be hedonic than utilitarian in their shopping behaviour (Hartman & Samra, 2008; Strutton, et al., 2011) as cited by (Noh, et al., 2014, p. 271). Youngsters were seeking entertainment, happiness, pleasure, excitement and high even they were on-road, railway, home or at shopping. Positive emotions and feeling excitement was a core value in lives, and they gave significant importance to them. Therefore researcher wanted to test whether,

H31. Age has a significant moderating effect on the relationship between fashion involvement and impulse buying tendency of fashions

H32. Age has a significant moderating effect on the relationship between hedonic consumption tendency and impulse buying tendency of fashions

Moderating effect of gender

The second moderating variable of this study was gender. It reflected the magnitude of influence "how males and females make impulse purchase decisions get affect by fashion involvement and hedonic consumption tendency". Gender played a dominant role in explaining fashion-oriented impulsive buying tendency along with age.

Gender and Impulse buying

Males and females have different psychology in perceiving the same aspect or concept. As male and female consumers assigned different values to their fashions and clothing. It was visible that impulse buying of consumers under the moderating role of gender was a less researched area (Coley & Burgess, 2003). Gender was a generally used segmenting variable by retailers in differentiating consumer behaviour of their target market (Chiger, 2001; Marks, 2002; Otnes & McGrath, 2001) as cited by (Coley & Burgess, 2003). In fashion retailing, it was more rational and successful to use gender as a segmenting variable. In impulse buying behaviour or impulse buying tendency of males and females were significantly differ on fashions and clothing. The study of Coley & Burgess, (2003) was to identify gender differences in impulse buying under the classification of cognition and affection. Tifferet & Herstein, (2012, p. 177) have a sign posted major four reasons for "why females may be more inclined to impulse buying" and the first reason was women has a possibility to engage with a high level of hedonic consumption tendency than men. Therefore women possessed impulsive buying tendency than men in

the fashion store because they have the opportunity to touch and experience the desired apparel, garment or cloth.

Gender and Fashion involvement

Tigert, et al., (1980) as cited by Vieira, (2009, p. 182) stated that “a much larger proportion of the female fashion buying public monitors new women’s fashions on a regular basis”. This finding has explained that females were more concern on fashions relative to males. It was found that women more responsive to the informative details provided by ads than men in general and women were more conscious of their external appearance relative to men as presented by the positive relationship between fashion consciousness and public self-consciousness (Auty & Elliott, 1998) as cited by (Vieira, 2009, p. 182). Meanwhile, Goldsmith, et al., (1996) have found that females consider themselves more fashion innovative and it was considered here that this should as such extend to involvement relative to the males as cited by (O’Cass, 2004). In the present Sri Lankan apparel industry, more industry players focus on the

The indication that consumption can be a hedonic experience makes sense in terms of the evolutionary perspective. People were more tend to employ time doing something, however important if they enjoyed it; and where survival hangs on hunting and foraging, those who took desire in the pursuit and kill (men) or in making the most nutrient-rich finds (women) would be at an advantage. Today shopping was more similar to foraging than to hunting; foraging, it involves making selections from a range (large or small) of available objects. In fact, women scored enjoying shopping more than men and are more probable to perceive hedonic consumption as a recreational pastime (Kruger and Byker, 2009) as cited by (Tifferet & Herstein, 2012, p. 177). After evaluation of literature researcher need to hypothesize the moderating role of gender as follows:

H41. Gender has a significant moderating effect on the relationship between fashion involvement and impulse buying tendency of fashions

H42. Gender has a significant moderating effect on the relationship between hedonic consumption and impulse buying tendency of fashions

Gender and hedonic consumption

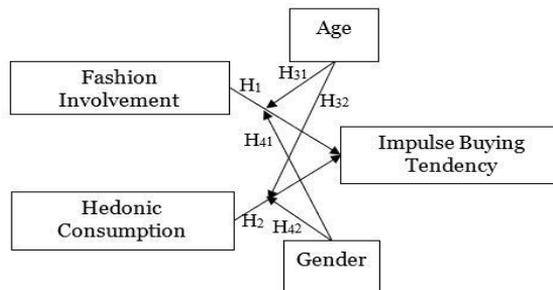


Figure 1: Conceptual Framework

Source: Author compiled

Methodology

The researcher has deployed positivism, thus enunciation of research strategy in present research expected plausible data collection and prevailing theories are applied to build the hypotheses (Saunders, Lewis, & Thornhill, 2009). Formed hypotheses are assessed and verified for full agreement, partial agreement or negation of the hypotheses and it would contribute to the expansion of theory and will discover future research areas.

Furthermore, the present study is identified as deductive research since theory and hypotheses are established, and a research strategy is devised to assess the hypotheses (Saunders et al., 2009). The present study comprises four major hypotheses where hypotheses 3 and 4 splitting into two sub hypotheses based on the theory of planned behaviour (TPB) and Stimulus- Organism-Response (SOR) model. The extant study is a conclusive, descriptive, cross-sectional study since it is more organized and prearranged than the investigative research, and it attempts to elucidate the distinct relationships between impulse buying tendency and fashion involvement and hedonic consumption of fashion products professed by the customer after collecting of data from the sample of population elements at a considered time (Malhotra & Dash, 2010).

The survey instrument was articulated as a structured self-administered questionnaire entail with demographic information: age, gender, income, employment status and scales of impulse buying tendency, fashion involvement

and hedonic consumption. A sample comprises of 35 respondents was chosen and a pilot study was conducted by administering the formed survey instrument. An enhanced instrument was administered to respondents of the sample to collect the necessary amount of data for final data analysis. In existing research, a unit of analysis was individual consumers who were above 20 years. The researcher has used a convenience sampling technique across the study to conveniently reach accessible population elements due to the non-accessibility of a catalogue of apparel consumers in Sri Lanka. To enhance the reliability and validity of the study, the researcher administered the questionnaire to 350 consumers who are inclined to impulse buying.

Measures

Fashion involvement operationalized with sixteen item scale captured from Khare, et al. (2012). Hedonic consumption was measured through a five-point Likert scale stretching from 1-strongly disagree to 5-strongly agree, which consisted of a 7 item scale. Impulse buying tendency is the dependent variable of the study and the impulse buying tendency scale presented by Rook & Fisher (1995). The adapted scale of Rook & Fisher (1995) was used with a five-point Likert scale ranging from 1-strongly disagree to 5-strongly agree.

Data analysis and results

Data analysis of the current study commences with transmitting accumulated data into SPSS software. Subsequently, the raw data sheet is

preserved with a data cleaning process for outliers and the missing values. Moreover, cleaned data examined with multivariate assumptions in order to make data ready for regression analysis. Demographic data such as gender, age structure, and marital status were presented with frequency tables and cross-tabulations. Regression analysis was performed to verify the relationship related hypothesis and moderation impact of age and gender.

Descriptive statistics for demographics

the sample comprised 53 percent of males and 47 percent of females. Moreover, 60.9 percent of the sample represented the 15-24 years age category and 38 percent represented the 25-54 years age category. 55-64 age category consisted of 1 percent of the sample. According to the sample, 29 respondents have got married and 268 respondents who were still single. The married respondents cluster consisted with 16 males and 13 females. Hundred and sixty-eight (168) male respondents and hundred (100) female respondents were in a single cluster. 113 males were in the 15-24 age category and still single along with 68 females in the same criteria. In the 25-54 years age category, there were 24 married respondents and 89 single respondents. 55-64 years age category only consisted

of 2 females and one male who were married.

Reliability and validity of measures

Establishing the validity of an instrument partitioned as content validity, criterion validity and convergent validity, and reliability is an essential part of quantitative studies. (Sekaran & Bougie, 2013). Empirically investigated instruments for impulse buying tendency, fashion involvement and hedonic consumption were elected to measure the constructs of the study in order to establish content validity. As proposed by experts, minor refinements were done to improve the face validity to establish content validity. Construct validity was established through a confirmatory factor analysis (CFA) which was executed for each variable of the study. In the study, Cronbach's Alpha value of the variables is tested to establish the internal consistency of the measures which is measured as the reliability of measures. In the current study, AVE and Composite Reliability (CR) were considered to establish convergent validity and AVE, and CR should be greater than 0.5 and 0.7 respectively. Convergent validity of the items was established through filtering factor loadings greater than 0.45. Factor loadings of the indicators were used to calculate AVE and CR.

Table 1: Reliability & validity of measures

Latent Variable	Number of items	Factor loadings (Minimum-Maximum)	Cronbach's Alpha	AVE	CR
FI	7	0.562- 0.786	0.912	0.656	0.930
HC	4	0.669- 0.822	0.839	0.675	0.893
IBT	3	0.658- 0.747	0.689	0.554	0.788

Source: Author compiled

Table 2: Discriminant validity

Source: Author compiled

		FI_mean	HC_mean
FI_mean	Pearson Correlation	0.810	
	Sig. (2-tailed)		
	N	297	
HC_mean	Pearson Correlation	.651**	0.821
	Sig. (2-tailed)	.000	
	N	297	297

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

Moreover, the discriminant validity of independent variables is established through a comparison of the AVE of a certain independent variable along with the squared correlation values of the other variables. If the squared correlation values of the other variables are less than the AVE value of the considered independent variable, the discriminant validity is established.

Regression analysis and hypotheses testing

Assessment of direct relationships:

Multivariate assumptions folded as normality, linearity and multicollinearity were accessed and proven to proceed with multiple regression analysis. As portrayed in table 3, the impact of FI and IBT is significant ($\beta=-0.203$, P-value=0.000) and hypothesis (1) is accepted. The study has proposed hypotheses (2) in order to test whether there is an impact from HC on IBT and it was proven the impact is significant due to $\beta=0.352$, P-value=0.000.

Table 3: Results of hypotheses testing (H₁ – H₂)

Hypothesis	Std. β value	P-value	Decision
H ₁ : Fashion involvement- impulse buying tendency	0.203	0.000	Supported
H ₂ : Hedonic consumption- impulse buying tendency	0.352	0.000	Supported

Source: Author compiled

Assessments of Moderating effects

Hair et al. (2014, p.154) have defined the moderator effect as ‘a third independent variable (the moderator variable) causes the relationship between a dependent/independent variable pair to change, depending on the value of the moderator variable. To test moderation

impact for categorical variables- age and gender, the researcher has employed dummy variable method and 10 regression analysis were conducted based on the total number of categories in categorical variable and number of direct relationships. Table 4 summarized the moderation effects proposed by the study.

Table 4: Results of hypotheses testing (H₃₁ – H₄₂)

Hypothesis	Std. β value of the dummy variable	P-value	Decision
H31. Age has a significant moderating effect on the relationship between fashion involvement and impulse buying tendency of fashions	Young=(0.070) Young adult= 0.070 Mature= 0.007	0.354 0.353 0.985	Not Supporte d
H32. Age has a significant moderating effect on the relationship between hedonic consumption tendency and impulse buying tendency of fashions	Young=(0.047) Young adult= 0.043 Mature= 0.123	0.516 0.561 0.730	Not Supporte d
H41. Gender has a significant moderating effect on the relationship between fashion involvement and impulse buying tendency of fashions	Male=(0.029) Female= 0.023	0.707 0.768	Not Supporte d
H42. Gender has a significant moderating effect on the relationship between hedonic consumption and impulse buying tendency of fashion	Male=0.038 Female= (0.045)	0.615 0.547	Not Supporte d

Note: negative coefficients are bracketed

Source: Author compiled

As per table 4, none of the moderation impact-related hypotheses was not proven hence all standardized β -values of dummy variables recorded with P- values above 0.000.

Discussion

The researcher has identified several factors that trigger the impulse buying tendency of general consumers, including impulse buying of fashions to prove the first objective of the study. There were Low price of the product, marginal need for an item, mass distribution, self-service, mass advertising, prominent store display, Small Size or Light Weight and short product cycles of the product (Stern, 1962). Most of the time, Sri Lankan fashion retail stores were driving with the self-service concept at store premises and apparels and clothing were displayed in-store in an attractive manner. Fashions and clothing were light in weight and small in size to carry. The product life cycle of fashion and apparel were shorter and not long-lasting. Therefore factors presented by Stern, (1962) can be concerned as characteristics of a product that were caused to impulse buying and the same factors can be implemented on products to make them impulsive. But these factors were only related to products and their retail outlet. Therefore the requirement of integrating consumer-related factors in explaining the impulsive buying tendency of fashion consumers was emerged to researcher and has found the following factors from previous studies.

Fashion involvement, hedonic consumption tendency and positive emotions were presented by Park, et al.,

(2006) in explaining the impulsive buying tendency of fashions. Further research has found that fashion involvement and hedonic consumption were studied by Dhurup, (2014) in describing the Impulse buying tendency of a developing country. In contrast, researcher has identified store environment including ambient conditions, social characteristics and consumers' positive emotional responses as predicting factors of Impulse buying tendency of fashions with the Stimulus-Organism- Response (SOR) model by (Chang, et al., 2014). In contrast, impulse buying was explained in relation to different product categories under cognitive and affective aspect including fashions and clothing such as shirts/sweaters, pants/skirts, coats, underwear/lingerie by (Coley & Burgess, 2003). In divergence, Tifferet & Herstein, (2012) has developed a model to examine brand commitment, impulse buying and hedonic consumption of fashions in terms of some demographic variables such as gender, age, family income and parental education. This research was evidenced to the difference of selecting brands according to gender and impulsiveness and hedonism of each population. Findings of the study revealed that women were more hedonic, impulsive and brand committed than men for fashions. In the present study researcher has conceptualized fashion involvement and hedonic consumption along with the impulse buying tendency of Sri Lankan apparel consumers due to the limited time frame of a study and to make the study more specific. Meantime researcher has added value to the study by measuring the moderating effect of age and gender on the research topic.

According to the general linear regression model, fashion involvement and hedonic consumption were significant in predicting the impulse buying tendency of Sri Lankan fashion consumers. Fashion involvement was impacted on impulse buying with a 0.203 beta coefficient. The same relationship was examined by previous studies (Dhurup, 2014; Park, et al., 2006). As emphasized by Park, et al., (2006), consumers with a high degree of fashion involvement were more driven to buy fashions, clothing and new apparels within a shorter time after arrival to market. Further Dhurup, (2014) has signposted that fashion involvement explained twelve percent of the variance in impulse buying tendency of fashions. Fashion involvement was how customers perceived the applicability of fashions towards themselves and their likability for fashions and clothing. This idea was supported by Engel et al., (2005) as cited by Vieira, (2009, p. 180). Dhurup, (2014) postulated that fashion involvement was the level of interest attached to a fashion product in the consumer's mind. The scale of fashion involvement was comprehensive in examining the involvement towards fashions by Sri Lankan apparel consumers, and it was positively affecting to impulse buying tendency of Sri Lankan apparel consumers.

Hedonic consumption was described as feelings in consumers mind such as enjoyment, excitement, fun, happiness and highly experienced at their shopping experience. Hedonism was deep-rooted in modern-day culture as a right to occupy in pleasure-seeking activities for the pursuit of happiness and immediate gratification (Gabriel & Lange, 2006) as

cited by (Miller, 2013, p. 161). In the present study, the researcher has examined the predicting ability of hedonic consumption on impulse buying tendency of fashions. If the consumer felt happy, excitement, fun with some fashion related product or on apparel, clothing, he tends to buy it suddenly. Hence there was a positive impact from hedonic consumption on the impulse buying tendency of fashions. The same relationship was evidenced by previous academic works (Rook, 1987; Hausman, 2000; Park, et al., 2006). The hypothesis was verified by general regression analysis and the beta coefficient of hedonic consumption was positive and significant with a 0.05, level of significance. Consumers perception about the novelty of clothing shopping, the ability of fashion shopping to satisfy the sense of curiosity, new experiences with clothing shopping and sensing about exploring new things were tested with a questionnaire. Hence it was proved that there was a significant positive impact from hedonic consumption on impulse buying tendency of fashions which was measured by hedonic desires of apparel consumers.

In the present study, the researcher has added value to the research by measuring the moderating role of age and gender on relationships between (FI), (IB) and (HC), (IB). As per established objectives and relevant propositions gender has a moderating effect on the relationship between (FI), (IB) and (HC), (IB). The further researcher has articulated dummy variables to measure the moderating effect of gender as male and female. According to regression analysis, the beta coefficients of male and female dummy

variables were poor. The beta coefficient of the male dummy variable on the relationship between fashion involvement and impulse buying tendency of apparel was poor and negative. Also, there was a poor negative beta coefficient of female dummy variable on the relationship between hedonic consumption and impulse buying tendency of apparel. Meanwhile, there was a poor positive unstandardized beta coefficient value of female dummy variable and male dummy variable on relationships between (FI), (IB) and (HC), (IB) respectively. But all beta coefficients of gender dummy variables were not significant with a 0.05 level of significance (P-values of dummy variable > 0.05). Therefore two propositions of the moderating effect of gender were rejected. It was interesting to elaborate on finding that the moderating effect of gender was not considerable or applicable on relationships between impulse buying tendency of fashions and involvement of customer for fashions. Meanwhile moderating effect of gender on hedonic consumption and impulse buying tendency of fashions was not significant. Finally, it was evidenced that gender was not a moderating variable to change the relationship between (FI), (IB) and (HC), (IB). Therefore fashion retailers only have to elaborate on the direct relationship between (FI), (IB) and (HC), (IB). Further, the moderating effect of gender can be verified with different samples drawn by the Sri Lankan apparel consumer market. Hence future scholarly works were more required on this aspect.

In the present study, age was another moderating variable. The age distribution of respondents of the sample was

categorized into three categories such as young (15-24 years), young adult (25-54 years) and mature (55-64 years). Therefore three dummy variables were developed and regressions were performed to assess the moderating effect of age on relationships between (FI), (IB) and (HC), (IB). According to beta coefficient values of regressions for dummy variables of age, there were negative and positive impacts. Negative impacts were placed with the young age category with relationships between (FI), (IB) and (HC), (IB). Nevertheless, the moderating impacts were not significant since the Beta coefficients' P-values were greater than the 0.05 level of significance. Furthermore, it was verified that age was not a changing variable of relationships between the independent variable and dependent variable. In the Sri Lankan apparel consumer market, the relationship between consumer involvement with fashions and their impulse buying tendency was not moderated by age. Meanwhile, excitement, enjoyment, fun and other sensory feelings which were predictors of Impulse buying tendency of apparels were not get affected by age in the predictive ability of impulse buying tendency of apparel. Hence it was apparent that there was no moderating effect of age on relationships between (FI), (IB) and (HC), (IB). In addition, it was a finding towards marketers that, Age did not act as a predictor or mediator of relationships between (IB) and (FI) or (HC).

Theoretical Implications

Impulse buying tendency was a considerably researched area by academics (Stern, 1962; Rook, 1987;

Rook & Fisher, 1995; Pollay, 1968; Verplanken & Herabadi, 2001). Fashion involvement (O'cass, 2004; Auty & Elliott, 1998; Vieira, 2009; Khare, et al., 2012) and hedonic consumption (Kang & Park-Poaps, 2010; Tifferet & Herstein, 2012) which are independent variables of the study were studied by different scholars under different topics with the collaboration of a variety of variables and constructs. Nevertheless, the model of the present study was a less researched area (Park, et al., 2006; Dhurup, 2014). Fashion involvement and hedonic consumption were conceptualized by the researcher as predicting variables of impulse buying tendency of Sri Lankan apparel consumers. In the Sri Lankan context, there were only a few studies were conducted in relation to impulse buying, fashion involvement and hedonic consumption (Pituwela, 2012; Rathnayake, 2011). Further, the fundamental model of the study was not studied in the Sri Lankan apparel consuming market. Therefore the present study was significant in contributing a theoretical value addition to Sri Lankan fashion and apparel related research areas. Meantime age and gender were integrated into several previous studies (Tifferet & Herstein, 2012; Coley & Burgess, 2003; Stern & Gauld, 1987; Khare, et al., 2012) in relation to fashion involvement, Hedonic consumption and Impulse buying tendency. Nevertheless moderating effect of age and gender was not examined previously in the Sri Lankan apparel consumer market with relation to fundamental regression of study. Therefore the present study has contributed to explain the moderating effect of age and gender in the Sri Lankan apparel consumer market.

Managerial Implications

It is worthy to mention that, increased workload on consumers' mindset and competitiveness of the world made consumers into sudden decision making, tempting and quick tempered. This complex situation rotated the apparel consuming industry into a fast-moving industry where merchandise of industry (finished garments and clothing) was low in price, mass advertised, mass available, easy to carry due to lightweight, shorter product cycle, small in size, marginally required and prominently displayed and self-servicing (Stern, 1962). These characteristics lead the apparel consumer market to be impulsive. Above mentioned characteristics were identified by the researcher under a relevant discussion as essentials of an apparel product or finished garment or whatever fashionable item to make them more impulsive from perspective of the customer. Simply a fashionable product, finished garment or clothing item became an impulsive buying item for customer if a particular item has consisted with a blender of these implementations. Hence, factors which influence impulse buying were presented by Stern, (1962) in his study "significance of impulse buying for today" merely applicable for apparel consuming market in the present. A golden path was opened by Stern, (1962) for today apparel industry marketers to reap doubled and doubled profits over stimulating impulse purchases of patronages with these factors.

In contrast, due to increased market expansion of the apparel consumer market, an average apparel marketer also came with a variety of apparel products

with a mixture of these factors. Therefore competitive advantage gained from the study of Stern, (1962) was not further applicable. The requirement of a consumer-oriented approach has emerged. Further, the present study has presented a linear relationship between the Impulse buying tendency of Sri Lankan apparel consumers and their level of fashion involvement and hedonic consumption tendency. As depicted by the researcher, hedonic consumption tendency and fashion involvement has a positive impact on impulse buying of fashions. Fashion involvement is the level of engagement shown by the consumer is related to fashions, apparels and clothing. Hedonic consumption was referred to an inner feeling of consumers such as fun, excitement, enjoyment, happiness, curiosity and high felt at the shopping experience. Nevertheless, the hedonic consumption of consumers has shown relative strength in predicting the impulse buying tendency of fashions. Therefore marketers had the opportunity to capture the hedonic needs of consumers and satisfy them within fashion retail store premises. Further, fashion retail marketers can stimulate the hedonic desires of fashion consumers and persuade them to make impulse purchases on apparels, fashions or clothing. In-store promotions, prominent displays, virtual dressing for dummies make the consumer more excited, enjoyed and high. Meanwhile, consumers make positive evaluations of them and react in a favourable way to purchase fashions and clothing impulsively. Experiential marketing could be implemented within store premises to make a more pleasant, fun, joyful fashion

shopping experience for consumers to induce impulse purchases of fashions. As signposted by the researcher, there was no moderating effect of age and gender on relationships between fashion involvement and impulse buying along with hedonic consumption and impulse buying. Therefore marketer could implement a marketing strategy with only referring to relationships between dependent and independent variable as per study without catering to moderating variables such as age and gender. Simply differences of age and gender on the impact of fashion involvement and hedonic consumption on impulse buying tendency of Sri Lankan apparel consumers were not considered in articulating marketing strategy for apparels. Nevertheless, time availability of consumers, money availability of consumers and task definition has affected to the relationship between impulse buying of apparel consumers with referring to independent variables such as store environment, social characteristics (Chang, et al., 2014). Finally, the researcher has found that there was no significant difference in the impulse buying tendency of Sri Lankan apparel consumers according to age and gender. Therefore marketers not required to identify segments of consumers markets who are impulsive with reference to age and gender. It was apparent that men and women were equal in impulse buying of apparel. Hence marketers not required to customize their marketing strategies according to gender. A common marketing program was applicable for both segments in a similar manner to induce impulse buying of apparels. Meanwhile, youngsters, young adults, matures were not showed

significant differences in impulse buying of apparels. Consequently, the opportunity was opened for marketers to fight with rivals in the market and reap profits over the young, young adult, mature apparel consuming markets with a marketing strategy to fulfil hedonic desires and attract consumers into the store and induce their impulse purchases to rocketed sales.

Limitations and directions for future research

There were a few limitations of the present study in terms of variables of study and methodology of the study. The researcher has examined the impulse buying tendency of Sri Lankan apparel consumers in terms of fashion involvement and hedonic consumption. The study was explained a 31.1% variance of impulse buying tendency of Sri Lankan apparel consumers. Therefore approximately 70% of the impulse buying tendency of apparel consumers was not explained by the model of study since the model has consisted with only two independent variables. Nevertheless, previous studies have presented positive emotions (Park, et al., 2006), store environmental characteristics and social factors (Chang, et al., 2014). Therefore researcher suggests studying on impulse buying tendency of apparel consumers regarding store environment, social characteristics and positive emotions. Further moderating variables of the present study was not significant to moderate relationships between (FI), (IB) and (HC), (IB). Hence researcher suggested to predict the impulse buying tendency of Sri Lankan apparel consumer with time availability, money

availability, task definition (Chang, et al., 2014).

The researcher has employed a single cross-sectional research design where responses of the sample were captured once at a specific time frame (Malhotra & Dash, 2010). Hence the finding of research may not be applicable to the market after a few years. Therefore researcher suggests to conduct research as longitudinal research where the same sample of respondents was measured several times on the same topic between a specific time. Moreover, the researcher suggests to draw a sample from major districts of the country to make the sample more representative rather than a sample drawn from a nearby urbanized area. Cultural factors effects on consumer decision making process considerably. Furthermore, the researcher suggests to hypothesize the moderating effect of cultural influence on impulse buying of apparels in the Sri Lankan context.

Conclusion

The researcher has suggested a variety of factors that impulse buying tendency of fashion consumers in general and specifically. Stern, (1962) has presented several factors that trigger impulse buying of general merchandises, including fashions and those factors were derived into product-related factors and store related factors. Further, consumers' related factors were searched and developed the base of research to measure the impact of fashion involvement and hedonic consumption on impulse buying tendency of Sri Lankan apparel consumers with moderating role of age and gender. The initial regression model proved there was

a positive impact from fashion involvement and hedonic consumption on the impulse buying tendency of apparels. The model was significant, and the Beta coefficients of (FI), (HC) and constant were significance with 0.05, level of significance. The moderating effect of gender on individual relationships between (FI), (IB) and (HC), (IB) was verified and there was no significant moderating effect of gender existed on relationships between (FI), (IB) and (HC), (IB). Therefore both male and female populations could be concerned as one population; hence, the moderation impact of gender is proven as null. Thereafter moderating effect of age was assessed. Same as gender, there was no significant moderating effect on individual relationships between (FI), (IB) and (HC), (IB) from age, and it is advisable for marketers to disregard age difference in fashion marketing activities to stimulate fashion involvement and hedonic consumption.

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Exploring the Key Components to Consider in the Strategic Planning in the Public Universities of Sri Lanka

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Abstract

There is a significant demand for higher education in Sri Lanka. The stakeholders of higher education are students, graduate employers, funding agencies, staff, and society. It appears that Sri Lankan state universities do not meet the needs of those who are interested in the university system. Possessing a place in a state university is a great challenge for students; the students who learned at state universities face various challenges in finding suitable jobs. Therefore, the key objective of the current study is to explore the key components to consider for strategic planning in Sri Lankan public universities. The Qualitative method that equips documentation data of newspaper articles was adopted. This study used a purposive sampling method; 15 newspaper articles related to strategic planning in Sri Lankan public universities were selected as the research sample. Thematic content analysis is applied to analyze the accumulated data. The specific factors that should be focused on in strategic planning are Global Reputation, Technology Oriented Education, Human Resource Development, Fundraising / Fund generating, Curriculum Quality, Graduate Employability and Academic Innovation.

Key words: *Strategic Planning, Public University, Higher education*

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Introduction

Education is the most critical parameter which measures and determines the development of socio-economic status of a nation. Universities are known as communities with all academic programs, centralized physical settings and a kind of governance with a wide range of services (Ariyawansa, 2013). In other words, universities are seen as social institutions that facilitate the higher intellectual requirements of a community in terms of academic knowledge and training preparing the students to pursue various careers in the country. Meanwhile, solving social problems, protecting and exchanging knowledge are important duties of universities. Therefore, it must meet the social aspirations towards higher education and support to obtain results of social changes. Strategic planning in state universities creates important directions or visionary approaches and goals for a university or a department. It allows senior management to use their resources and capabilities efficiently and effectively to achieve strategic objectives, maximize benefits for stakeholders, and be competitive (Perera 2013).

With the complexities created by the globalized world, universities must re-examine their role in generating development results, particularly as a developing country that relies heavily on the skills and capabilities of the country's human resources. Therefore, the present study aims to respond to the objectives of the research, to identify the key factors that should be considered in strategic planning in Sri Lankan public

universities and to recommend the appropriate strategic approach for the effective performance of the public universities.

Problem statement

Generally, graduates are recognized as the most critical human capital in a country. Socio-economic changes, continuous and rapid innovations in science and technology, cultural diversity and globalization have led to creating changes in the educational environment, especially in higher education (Weerasooriya, 2013). In developing countries like Sri Lanka, the process of establishing an educational system has begun, shaking up the static academic life. Deregulation of public enterprises, in particular, the entry of new institutions into higher education, has created aggressive competition in higher education (Samarajeewa, 2016).

There is a significant demand for higher education in Sri Lanka, and Students who learned at public universities face various challenges in finding suitable jobs (Fernando, 2016). It is obvious that the country could not obtain the maximum contribution to the growth and success of the economy from its human capital. This is the time which requires a paradigm change in higher education. For any organization, it is completely difficult to remain static for long. With the complexities of the globalized world, strategic planning enables to steer the affairs of the university while successfully meeting stiff competition from the industry to embrace the changes in the globalized environment. Therefore, the current study attempted to answer the main research question, "What are the

key components that should be focused on in the strategic planning process in Sri Lankan state universities?"

Literature review

Strategies are simply a set of actions that allow an organization to achieve results (Pearce, 2000). Strategic planning is an organizational process to define its strategy or direction and make decisions about the allocation of its resources to pursue this strategy (Henry, 2008). The main objective is the documentation and establishment of the future business direction. The organization hopes that successful strategic planning will lead to action until the final step (Pearce, 2000). The main purpose of strategic planning is to share the vision through values-based organizational strategies. Strategic planning must be an inclusive and participatory process. The process accepts accountability to society (Henry, 2008). Strategic planning has an external focus to filter all aspects of the organization. In addition, it is sensitive to the organizational environment. The strategies are based on quality data to offer the best planning. The strategic planning process is the key part of effective management ((Bryson & Roering, 2018)).

The strategic plan is created under some types of requirements. A solid plan should serve as a framework for decisions to gain support or approval. It should provide a basis for more detailed planning (Henry, 2008). The strategic plan must ensure three principles: simple, logical and practical. It should focus on matters of strategic importance. The plan must be separate from daily work (Maleka, 2014). Especially, the strategic

plan must be complete and integrated to achieve organizational results. Management should review in the relevant period (annually, semi-annually or monthly) to measure effectiveness. The management must necessarily prepare the strategic plan in writing. The plan must distinguish between cause and effect. When preparing strategic planning, management must be able to control the capacity of the strategic plan ((Bryson & Roering, 2018)). The plan should aid in referral marketing and performance tracking. It should stimulate change and become the cornerstone of the next plan (Maleka, 2014). Management expects to retain in a realistic, critical and achievable way through the strategic plan. Organizations follow five steps to strategic planning: prepare, articulate the mission and vision, assess the situation, develop strategies, goals, and objectives, and complete the written plan. When implementing the strategic plan, management must consider three essential elements, such as process elements, content elements and use elements (Maleka, 2014).

To prepare the strategic plan, management must have the maximum amount of information to ensure availability. SWOT analysis is often important to gather initial information about the organization's strengths, weaknesses, opportunities, and threats ((Bryson & Roering, 2018)). There are four key elements in strategic planning which include vision, mission, values, and strategy. Strategic planning is an organizational process to define its strategy or direction and make decisions about the allocation of its resources to pursue this strategy (Henry, 2008). The organization can achieve some types of

benefits within strategic planning. These are focus, coordinated action, control, and time management. Mainly, management tries to demonstrate mission, vision and values through the strategic plan of the organization. They use long-term goals and action plans to align organizational goals (Crittenden, 2000).

A well-written strategic plan can grow your business with survival and success. The future success of the organization depends on effective strategic planning and the nature of execution. Strategic planning analyzes the entire business to lead to significant changes in the business. Finally, set realistic goals and objectives ((Bryson & Roering, 2018)). The efficiency of the public sector in terms of operational competency is known to be very poor (Joyce, 2004). With long term strong strategic plans, government sectors lack facilities and knowledge to implement strategy, which is one of the key issues in developing countries. The final result of failing reduces the quality of output generated by the universities (Weerasooriya, Khatibi and De Alwis, 2014; Kasturi Arachchi, 2017). The current situation of handling Covid- 19 pandemic, confirms the lack of finding causes and implementing solutions, which is a gap in strategic planning process by the universities (Abayasekara, 2020). One would question the university and its inability to change. Various factors of internal and external environment can affect the strategic planning (Covid-19, 2020). Therefore, the main objective of this research is to explore the key components that should be considered in the strategic

planning in the public universities in Sri Lanka.

Methodology

This study outlines the research methods required to complete the study. The study is based on Interpretivism as it works with observable social reality and inductive approach; the researcher directs efforts to investigate a specific objective that examines an existing theory based on past literature (Williams, 2000). The study used the qualitative method and the documentation method, collecting data from secondary sources in the newspaper category to examine what components are required in the strategic planning process in Sri Lankan state universities.

The purposive sampling method is applied to select the sample (Langkos, 2014). Fifteen newspaper articles related to strategic planning in state universities, which were published during the period 2019-2020 in Sri Lankan news sources were selected as a research sample. . Thematic content analysis is used to analyze the study data (Parveen and Showkat, 2017). The articles were reviewed, analyzed and explored themes to determine the components required for strategic planning in the public universities of Sri Lanka.

The research process for this study is illustrated in Figure 1. The researcher used documentation analysis to compile newspaper articles for this study. Since then, the researcher has explored the themes to identify the key components that are of great importance to be considered in strategic planning.

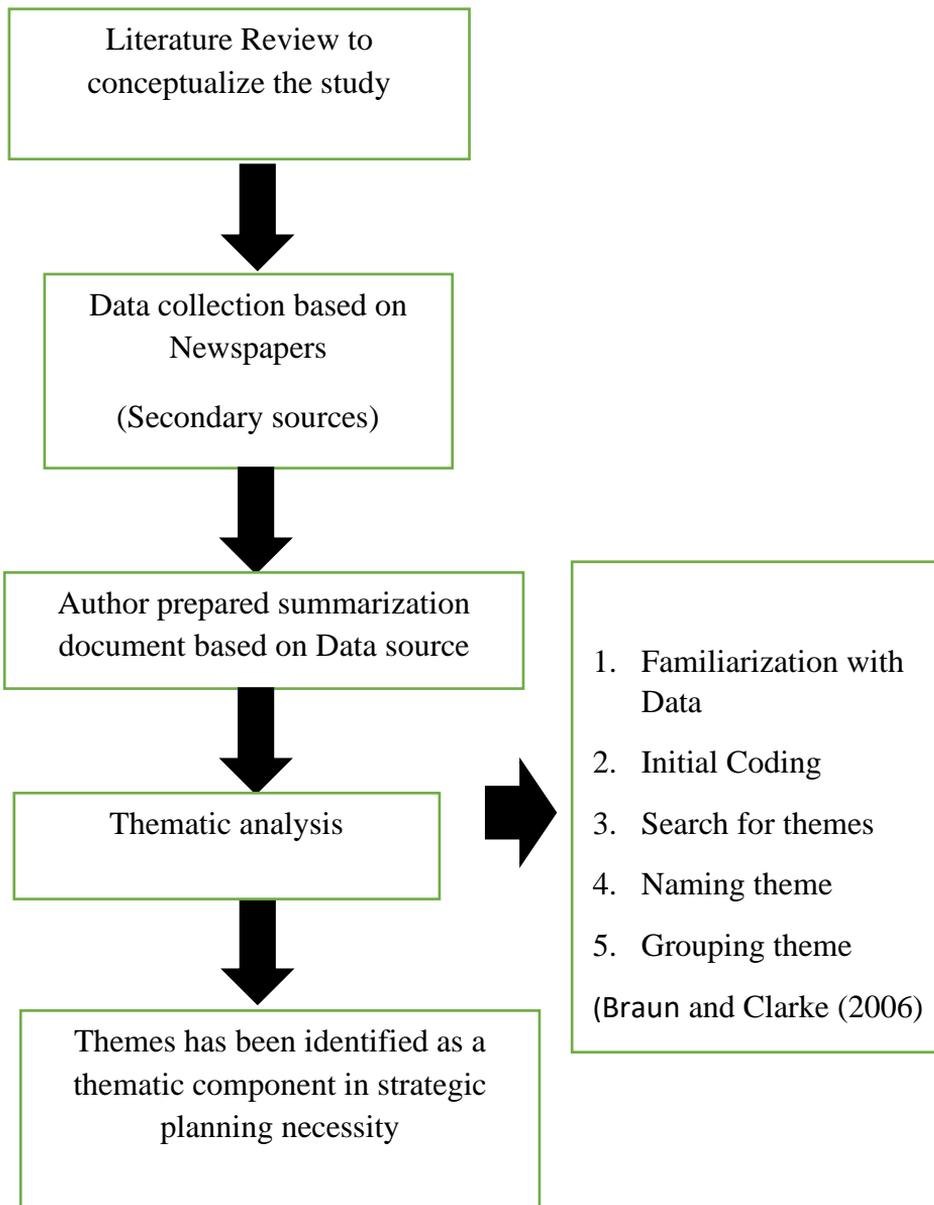


Figure 1: Research process Diagram

Source: Researcher Created

Data Source and Title of Publications

The data collected from 15 various news sources available in the country.

Table 1 shows the data sources and the title of the publications that were used in the present study.

Table 1: Data Sources and Title of Publications

No	Data Sources	Title and year of Publications
01	Derana.lk	Harnessing technology to empower Lankan undergraduates (2020)
02	Weearsooriya	Major Problems and Issues in Sri Lankan University System (2013)
03	Colombo Page	State Universities and Private Universities should be of equal standard- President (2019)
04	Daily FT	Future of higher education and challenges for public universities in Sri Lanka(2020)
05	Daily Ft	Our public universities need more scrutiny, not blind endorsements(2020)
06	Daily Ft	Policy reform key to attract Foreign Direct Investment and spur economic growth(2020)
07	Daily Ft	Requirement of international accredited universities for A/L students in Sri Lanka(2020)
08	Daily Ft	JICA for public sector HR development with schools for young officials in Japanese unis(2020)
09	Daily Ft	Sri Lankan universities and the world rankings(2020)
10	Daily News	Dawn of a New Era (2020)
11	Daily News	How Sri Lanka could thrive as an ideal higher education destination’(2020)
12	Economic Next	Sri Lanka hires 45,000 graduates in costly fallout from state university crisis(2020)
13	Insider Highre ED	Study in Sri Lanka? (2020)
14	News Fisrt	The first US patent to University of Colombo (2020)
15	World Sociloist	Sri Lankan university workers continue indefinite strike (2019)

Source: News Sources Survey in Sri Lanka

Findings and Discussion

This section discusses at the identified key factors to consider on in the strategic planning of Sri Lankan public universities. The seven factors have been identified from the Sri Lankan news

Sources survey. Table 2 shows the identified components and the number of times those components were indicated in Sri Lankan News Sources.

Table 2: Thematic components

Thematic Components	Number of Times
Global Reputation	03
Technology Oriented Education	09
Human Resource Development	02
Fundraising/Fund Generating	04
Curriculum Quality	05
Graduate Employability	06
Academic Innovation	07

Source: News Sources survey

Global Reputation.

Daily FT, (2020f) confirmed that the university strategic planning process is not focused on the big global picture, as the strategic planning of Sri Lankan universities is at a low level. Therefore, Sri Lanka could rank no university at least among the top 1000 universities in world rankings. The planning phase is the most important to get a great result and the author of the report has stated that the planning activities of Sri Lankan universities are not carried out in a scientific way and do not use modern methods. This has classification needs to encompass a wide area not only on the recurring process but also on the development aspect with strategic planning in the ranking position.

Technology Oriented Education

Daily News, (2020a), explained that universities should focus on modern information technology in their operation, regardless of their traditional practices. The strategic planning process needs to focus information technology in your practices. Sri Lanka's public sector needs to be upgraded to adapt to new technologies in the world as there is a need for strategic planning in technological advancement. The new Sri Lankan government will pay attention to developing public sector strategies to meet the latest trends in information technology.

The importance of strategic planning in technology-oriented education was emphasized in Ada Derana Biz, (2020). It clearly mentioned that, with COVID 19, the use of technology for education has improved and Sri Lankan universities

(apart from a few) do not use that technology to continue education during the pandemic season. That means their strategy planning is out of date with modern technology, plus student internet accessibility, mobile and portable facilities, and the adoption of new practices at the student and staff level play an important role in execution. To support Ada Derana Biz, Daily News (2020b) confirmed that through strategic planning, state universities can identify the opportunities available in the external environment. For example, as a result of COVID 19, the traditional education system collapsed, but it opened up new online education opportunities to universities. Therefore, the strategic planning procedure must focus on dynamic changes in the environment and robust SOWT analysis at the planning stage.

Human Resource Development

According to Daily FT, (2020e), human resource development is a need of the Sri Lankan public sector, and there are several complaints from the public about the behavior and other activities of government office staff. Thus, Strategic Planning in Human Resource Development must address the development of human resources and is considered as one more factor that makes strategic planning essential. Academic human resources are one of the key elements for the public universities to produce competent graduates and producing national importance researches for the development of the country. The strategic planning process must address robust strategies to empower staff in the universities.

Fundraising / Fund generating

Universities are working on the basis of the Treasury Fund. In addition, to attract foreign direct funding to public institutions, including universities, they must reform policies and strategies to attract funds. The meaning of policies is strategies of the universities, and the author has suggested to plan the strategies for attracting external funds (Daily FT, 2020c). Accordingly (Daily FT, 2020b), strategic planning is necessary for public universities to make a critical observation of their finances, operations and other areas of service. At present, no critical observation is made to determine the weaknesses of the institutions. Therefore, strategic planning in the feasibility fund for implementation should focus on how to start the fund generating project by introducing new courses or developing new project proposals for obtaining funds from the donors. Relying on government funds is not enough. The planning process has to focus on financial viability is very necessary to achieve the objectives of an organization.

Curriculum Quality

The strategic planning in Quality curriculum development was confirmed in Daily FT, (2020d). Universities must be able to set their standard of service to a higher level to achieve global and local reputation. The need to integrate the studies of state universities with international standards is essential for it to be of high quality. Therefore, strategic planning must be carried out by the government, the UGC and the institution level to achieve this objective, and it is necessary to take into account the quality of education, global collaboration and

strong curriculum development in the process of planning.

Graduate Employability

In the context of the University of Sri Lanka, graduates face difficulties in finding work. Economy Next, (2020) Strategic planning to connect with employability and the labor market was the topic addressed since the important factor to address in strategic planning are the parities that participate in strategic planning must pay attention to the outputs of the university. Today most graduates are unemployed. In addition to that, strategic planning is necessary not only on the side of university students, but also to meet the requirements of the staff or employees working in the universities. Therefore, strategic planning is needed to address all aspects of the university” (World Socialist, 2019). Therefore, the strategic planning process must include: Stakeholder expectations, labor market expectations, and especially the planning process must be connected with external people.

Academic Innovation

News First, (2020) noted that the innovations made by Sri Lankan universities are low, and the University of Colombo recently obtained the first US patent. Thus, it is apparent that the current strategic planning of state universities is not in an optimal level. Therefore, the universities should focus on strategic planning in innovation to boost academic innovations too. In the university context, research is relevant to the development of the industrial base in Sri Lanka, within an internationally competitive landscape.

Academic innovation, one of the strategic dimension in the academic sector, has to be considered at a vast level in the strategic planning process.

Conclusion and Recommendations

The main research objective of the study is to identify the key areas that are to be considered in the strategic planning process in Sri Lankan state universities. According to the results of the research, the need for strategic planning is led by several factors, such as global reputation, technology-oriented education, human resource development, fundraising/fund generating, curriculum quality, graduate employability and academic innovation. The study recommends that the components explored should be approached as strategic dimensions in the strategic planning process. Factors identified as strategic planning needs are supported by the literature review, and recommendations can be made to the ministry / UGC and the universities to pay attention to existing issues in strategic planning and improve current strategic planning to meet the needs identified in this study.

The study further suggests that universities should focus on enhancing global reputations by enhancing the quality of education and research. They should focus on technology-oriented education, and teaching methodologies should be connected to the digital system and provide greater accessibility to students. The academic and non-academic staff of the universities will be provided with continuous training for their professional development. Universities must attend to their financial

capacities through their own income generation programs and take advantage of the opportunities available from external sources. The quality of the curriculum must meet national and international higher education standards in order to increase the employability of the graduates. Academic innovations in all disciplines should be promoted to meet national needs.

The study provides a valuable contribution to the theory of strategic planning in the Sri Lankan context, where only a few studies were conducted regarding this area. Additionally, the study helps the universities and UGC strategic planners to focus on key factors in the strategic planning process. Future researchers may opt for longitudinal studies to assess the behavior of respondents for a long time, and the mixed study method can be used to study all the key components in-depth and to understand the similarities and differences between Sri Lankan universities.

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Promoting Sri Lankan handicrafts to the global market

Isuru Koswatte⁶

Abstract:

Handicrafts have a traditional value in a nation's culture and heritage. With increasing globalization and rising demand for home accessory products, the global handicrafts market is expanding. Handicrafts are identified as a key income generator in many countries as their consumption patterns represent both local and international taste. The key to success remains in catering to the demands of global consumers and remaining updated as an industry. This study aimed to understand the impact of fusion branded crafts and the tourism sector on the handicraft industry in Sri Lanka. Although Sri Lanka has strong cultural roots embedded in society to develop traditional industries such as the handicraft sector, the industry as a whole is struggling to maintain its position to attract consumers. This is one of the key reasons why the study aims to identify fusion branded crafts as the key solution to revive the industry. The study identifies the theory of planned behaviour as well as branding in order to analyze the feasibility of developing fusion branded crafts in Sri Lanka. The research was conducted using a questionnaire, and the data collected comprised of quantitative data. Primary data were collected from over 100 respondents, and the data were used to prove the research hypotheses. It was found that there is a strong preference for fusion and branded crafts. Therefore, for future research, it is suggested to explore handicraft promotion strategies in terms of a rising tourism market.

Key words- branding, designer products, fusion, handicrafts

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Introduction

In spite of the recent economic downturn, the significant growth of the global handicraft market and a rise in the interest for global products has unravelled greater opportunities for artisans (Barber & Krivoshlykova, 2006). With the home accessory market strongly influenced by fashion as well as global consumer taste, it is no longer possible to view traditional artisanal products in isolation from global market trends and competition (Khan & Amir, 2013). The brisk rate of changing market trends presents a major challenge for handicraft exporters, while the advancement in globalisation has aggravated the challenge faced by the artisan community (Barber & Krivoshlykova, 2006).

As stated by Subramanian & Cavusgil, (1990), in most developing countries, the development of a handicrafts market abroad needs significant levels of investment and is done best by the government organisations. The emergence of dedicated public companies aiding the growth of the handicraft sector presents a unique opportunity for Sri Lanka, if utilized appropriately. The literature further emphasizes the notion that the survival of the handicraft sector significantly depends on the understanding of the global demands of consumer segments. According to numerous global studies conducted by the United States Agency of International Development for Global Handicrafts, low-end (priority on low prices) markets are expanding, with the competition at the low end being strong and requiring significant production capacity. China and India have primarily

exploited this segment through mass-scale production, low-cost bases, and western designs.

The rise of globalisation has changed the business landscape for many businesses and opened up opportunities to many in the recent past (Auer, Borio, & Filardo, 2017; Gereffi & Kaplinsky, 2001). One of the key industries facing this change is the handicrafts market which is required to make some key changes for future success. One such country facing the pressure is the Sri Lankan handicrafts sector. As shown by Mahgoub & Alsoud, (2015) increased globalization has meant that the traditional artisan industry and their products cannot be in isolation from the global trends and international competition. The essence of the study is based on the fact that best practices used by global competitors, such as using fusion handicrafts coupled with strong branding, and the booming tourism sector will enable Sri Lankan crafts to be positioned in the global market as a successful competitor. This study used the three-key export-oriented strategies tailored specifically to the key consumer segments (inbound, outbound, local, business tourists), to determine the applicability of the best practices in the Sri Lankan context, as this aspect is unexplored to date.

The literature review provides theories and best practices from successful handicraft-exporting nations and highlighting the importance of fusion crafts and the positive impact branding has on elevating consumer demand. However, there is still a lack of empirical and scientific research on the handicraft sector and their respective cultural significance on a global level (Mahgoub

& Alsoud, 2015; RANA, 2018). The suitability of the export strategies used by global competitors in the Sri Lankan context remains unexplored, and this study aims to fill this gap in the knowledge. The results of the primary research are combined with the best practices to identify the effectiveness and applicability of the findings. The study concludes with recommendations for the future of the handicraft sector and avenues for future research.

Literature review

Handicraft is an item, which is created by hand or by using simple, often traditional tools, which serves a purpose beyond decoration. Handicrafts, crafts, or craft products are synonyms for artisanal products, which are components of creative industries. As per Qattan, (2009) artisanal products are items that are mainly produced manually or even mechanically, with the direct manual contribution from the artisan playing a substantial role in the generation of the finished product. Dash, (2011) states that, handicrafts are a unique medium for expressing a certain country's identity, heritage, and culture. These products are significant to the country of production mainly because of the skills and the traditional and local materials used in the manufacturing process of these products.

Today, in many developing countries, the handicrafts industry is seen as a major source of employment, and the volume of exports associated with it accounts for a significant part of the export economy. As per Barber & Krivoshlykova, (2006 p.1), "The growth of international markets for home accessory products and

an increased interest in global goods have opened up new market opportunities for artisans". This notion is further backed by the development of the global craft sector, with the value of handicrafts increasing from US\$ 75 billion in 1999 to approximately US\$ 984 billion by the year 2023 (Market, 2018). According to numerous global studies conducted by the United States Agency of International Development for Global Handicrafts, low-end (priority on low prices) markets are expanding, with the competition at the low end being strong and requiring significant production capacity. China and India have primarily exploited this segment through mass-scale production, low-cost bases, and western designs. As per Jayawardhana & Surangi (2010), because this industry is highly labour intensive, China and India are reaping the profits of the industry with their tremendous labour force, thereby creating themselves a significant position in the global handicrafts industry.

Dash, (2011) suggests that for satisfying the evolving consumer tastes and preferences, artisans have to constantly update craft techniques and discard traditional patterns and styles in order to embrace contemporary ones. According to the Central Bank of Sri Lanka Report (2012) only gems, diamonds, and jewellery accounts for 5.7% (+ 5.2% year-over-year [YOY]) of the total exports of the country, with leather, travel goods, and footwear accounting for 0.6% (-14.9% YOY) and ceramic products, for 0.4% (-6.65% YOY). In contrast, in countries such as Italy, the craft sector accounts for 24% of the national export volumes, with craft exports accounting for 17% of the national GDP (Noella,

2007). Therefore, Sri Lanka lacks the ability to satisfy the global demand for handicraft products. In the attempt to satisfy global preferences, fusion crafts have been introduced to boost the demand for local crafts.

The integration of traditional design elements to a modern and contemporary design to arrive at a final product is identified as a fusion product (Heng, 2016). The handicraft industry is a major source of employment in Sri Lanka, but handicraft export constitutes a small percentage of the export economy. As per McComb, (2012), a market-based product development approach coupled with a more business-oriented outlook is essential for handicraft development in export markets. In the current situation, a clear strategy is needed to shape up the enterprises, strengthen sector competitiveness, and boost the sector's export volumes. The effectiveness of such policies is evident in China, as shown by Ernst and Young, (2012 p.19) report: one of the main factors directly contributing to the success of the Chinese handicraft exports is "adoption of an aggressive pro-export strategy by central authorities". For developing a long-term export strategy, it is crucial to adapt to the global trends in developing artisanal products. Therefore, emphasis must be placed on the use of branding handicrafts, by learning from relevant examples from

other successful nations and applying the relevant strategies in the Sri Lankan context.

However, as the Sri Lankan craft sector attempts to enter the global market, it is crucial that the global forces affecting the handicraft sector are dealt with cautiously. As per Bryson, (1988), firms in the modern era not only require effective strategies to position themselves in the market but also need to develop the groundwork for implementing these strategies in the volatile corporate climate. Sri Lanka may establish the most promising export strategy for handicraft promotion, but to succeed, a greater understanding of global competition and adversary behaviour is critical.

This section primarily will use the five forces model for identifying the key drivers shaping the industry competition in the global handicraft market. The analysis will attempt to identify how the global competitive forces in the handicraft category can affect Sri Lankan handicraft in its venture into the export market. The main areas of focus are the barriers to entry, buyer power, and the threat of substitute. These three factors are primarily analysed throughout the research hypothesis and later compared against the primary data gathered in the study.

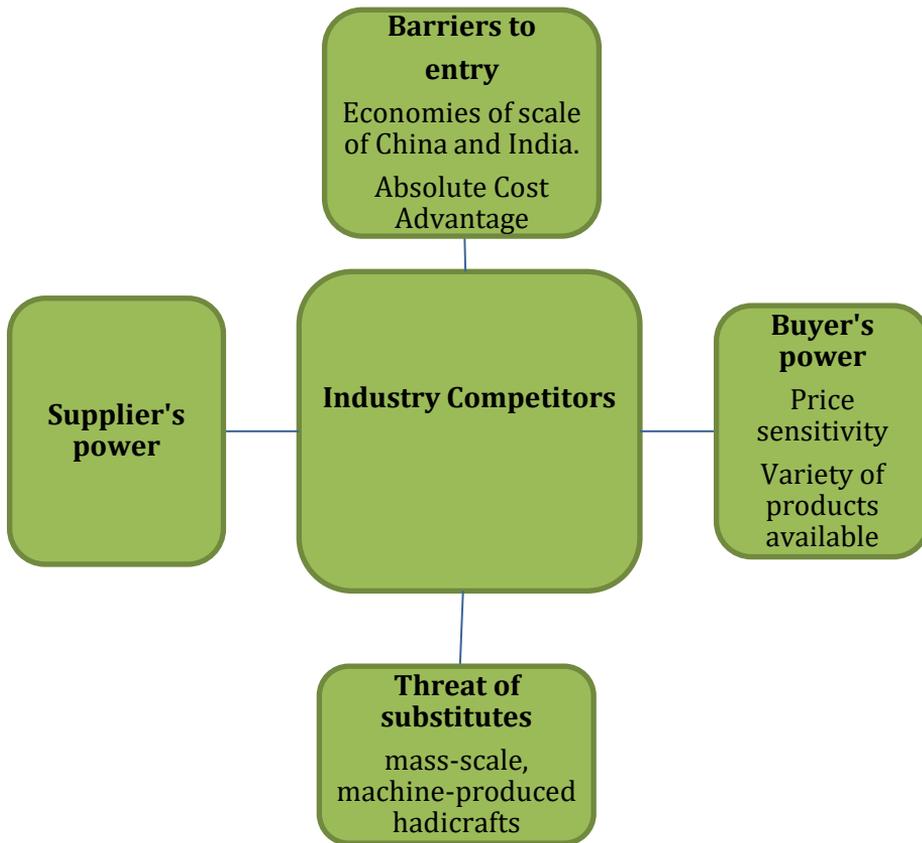


Figure 1. Forces influencing the Sri Lankan craft sector

Porter's model is used to assess the primary threats that could be encountered by Sri Lanka Handicrafts in exporting local handicrafts. In the context of the current study, the term "barriers to entry" refers to the cost advantages of dominant players, such as China, have in the sector. "Supplier's power" refers to the concentration of a few dominating competitors in the global handicraft market. "Threat of substitution" refers to the easy substitution of premium-priced handcrafted pieces with the modestly priced mass-scale machine-produced

craft items. A detailed analysis of each of the key forces related to handicrafts is presented below:

Barriers to Entry

The handicraft industry has a significant number of barriers to entry, especially in a global context, primarily the dominant global players such as China and India. China holds a dominant position in the world as a key exporter of handicrafts and has established this stature for the foreseeable future. As per Barber &

Krivoshlykova, (2006) China's enormous production capacity, coupled with the low labour cost, has made it a near impossible task for foreign competitors to compete, particularly on price and volume aspects. Through economies of scale, they have the comfort to produce items at a lower cost per unit, thereby lowering the number of firms in the business and diluting the competition. This cost-efficient level of production exercised by China creates a significant barrier for new competitors like Sri Lanka to enter the global market, as the entry unit cost of the local artisanal products will be very high for Sri Lankan products.

In a more optimistic perspective, Sri Lankan handicrafts have the opportunity to penetrate the largest handicraft markets such as the USA and EU, as product differentiation is a key aspect consumer seek in these Western markets. As detailed by Vietrade, (2012) market potential for low-cost, mass-market suppliers is limited in the Western markets, where well-designed products are in high demand. The research primarily focuses on differentiating the Sri Lankan industry in terms of branding and introducing fusion crafts. The primary data gathered through the questionnaire provides valuable data on the extent to which local crafts can be differentiated to suit global demand.

Threat of Substitutes

As per Barber & Krivoshlykova (2006), large craft producers in China excel in mechanizing the production process (packing, cutting, etc.) and using advanced machinery for finishing

processes. Innovations of such scale enable Chinese producers to manufacture craft products that are near-exact copies of handmade handicrafts on a mass scale from other countries. Even though the finishing may not be as elegant as a handcrafted artisanal piece, buyers are inclined to opt for these Chinese products owing to their modest price tag. Authentic handicrafts face a serious threat from these machine-produced, semi-handcrafted products, which are rapidly proliferating in the global market. As per McComb, (2012) consumers have options ranging from a US\$500 handmade telephone wire basket to a US\$0.50 plastic cardholder. Consumers are automatically attracted to the modest price tag provided by the Chinese craft producers. However, this study explored the consumers' preference for handcrafted products with a higher price tag as opposed to cheaper machine-made ones. The impact of pricing on consumer preference is further analysed using theories of consumer behaviour and pricing.

Buyer's Power

The bargaining power of consumers can simply be described as the ability of the consumer to put the firm or the supplier under pressure. In other words, the price levels of the respective firms significantly affect buyer power. In terms of the global handicraft market, consumers have limited choices in handicrafts, as few firms dominate the global supply. As most markets are highly price-sensitive, global buyers are inclined to settle on the low-priced, mass-produced craft items as opposed to expensive artisanal items from new

suppliers.

Moreover, the barriers to entry have also curtailed the buyers' power to a certain extent. With the dominant players opting for a limit pricing approach, new producers such as Sri Lanka attempting to penetrate the global market are discouraged to an extent. This constraint itself unravels greater opportunities for Sri Lankan crafts, as consumers do not have the luxury of a wider product range, and few suppliers dominate this market. The low power of a buyer is an opportunity to exploit global tastes and preferences through innovation. This point corresponds to the research hypothesis that fusion handicrafts increase the demand for craft products. This study attempts to clarify whether introducing fusion crafts and branding will help differentiate local crafts in the global market, thereby offering greater choice to buyers, eventually increasing the global demand for Sri Lankan handicrafts.

Qattan, (2009) states that the market is currently tending towards artisanal products with shorter product lifecycles, moving from indigenous designs to modern minimalistic ones. As the market for purely primitive designs is diminishing, "global style" products combining traditional elements with contemporary designs are a growing category (International, 2007). As per Ernst and Young (2012), most of the developing countries, which are successful in capturing the global market, are those that have adapted their technology and workmanship to the international demands and trends. However, in understanding the global

tastes and preferences of consumers, it is pivotal to understand consumers' beliefs and preferences of handicrafts; this will be done by analysing consumer behaviour with regard to the craft sector.

The research framework

As highlighted in the introduction, one of the key objectives identified is to understand global consumer preference to sustain in the handicraft business. In the process of understanding human behaviour as well as evaluating certain factors that influence the consumer decision making process, we have looked at the theory of planned behaviour (TPB) (Phu, Hai, Yen, & Son, 2019). The theory primarily looks at attitudes, subjective norms, perceived behavioural control and the level of knowledge impacting upon an individual's behaviour patterns (Ajzen, 1985). The theory of planned behaviour (TPB) is implemented in many fields of study and it suggests how human behaviour can be monitored. Attracting tourists and understanding their behaviour patterns in relation to fusion crafts as well as branded handicrafts requires significant focus. As previous lines of work in tourism related sectors has shown, the theory of planned behaviour could provide a holistic understanding of the consumer attitudes and the final purchase intention (Dutta, 2016). This work has also been empirically tested in the field of handicrafts to a certain extent where purchase patterns of handicrafts as well as how to devise appealing crafts to match the consumer preferences are identified with the use of the TPB framework (Meitiana, Setiawan, Rohman, & Irawanto, 2019). This would

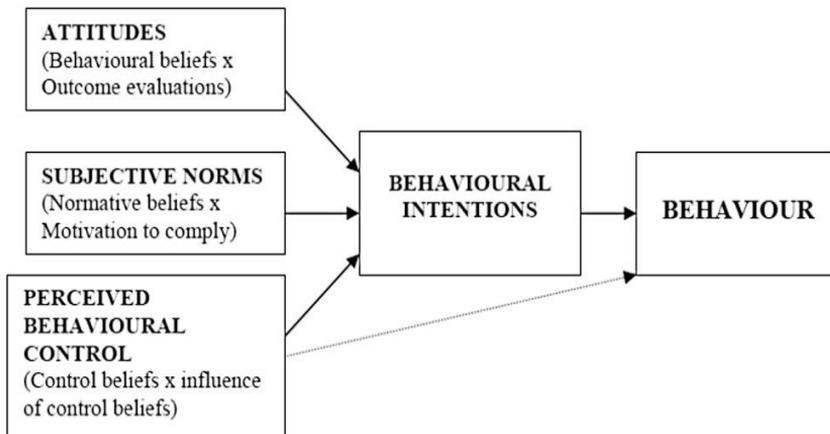


Figure 3. Theory of planned behaviour (Ajzen 1991)

allow the study to identify the impact of developing fusion crafts on the Sri Lankan handicraft industry and identify the cues on buyer attitude towards repeat purchasing craft items.

In order to prove the hypothesis of increasing demand for crafts by using fusion products, primary data is gathered from the consumers to understand their choice and preference. With the use of Attitudes towards behaviour refer to the individual's overall evaluation of a particular type of behaviour. Ajzen, (1991) elaborates that beliefs related to consequences of behaviour determine the attitudes towards that behaviour. Hence, different attributes of handicrafts like artistic value, craftsmanship, and uniqueness are specific attributes the consumers may be attracted to. This may result in building up a strong positive attitude in the consumer's mind regarding the crafts (Hansen, Jensen, & Solgaard, 2004). For instance, handicrafts are high

TPB, consumer behavioural intent is perceived to identify their likeliness in adopting such behaviour. As per Kim & Karpova, (2010), a theory is used to analyse the underlining reasoning behind attitudes, social norms, and behavioural aspects of decision-making. It also describes the impact demographics and surroundings have on the decision-making process (Ajzen, 1980).

in craftsmanship, look more appealing, have genuine differentiated designs, and are of high quality, so ultimately, the image built through the positive attitudes will eventually lead to consumers showing positive behaviour, i.e., purchasing the handicrafts.

Individuals also face social pressure to perform a certain type of behaviour. As per Ajzen, (1980) an individual believes that those closest to him/her expect him/her to perform a specific behaviour without a doubt. Therefore, subjective

belief arises when an individual accomplishes or fails to perform a task in the midst of social pressure. One may be willing to purchase handicrafts because of the social pressure from important referral groups such as family or close friends. Therefore, subjective norms could be identified as a social factor that leads to a certain level of peer pressure leading individuals to adapt to a particular kind of behaviour (Vesci & Botti, 2019). Subjective norms can be measured by the perceived expectations of the referral against the motivation of an individual to fulfil that particular expectation (De Silver & Kundu, 2013).

Moreover, it is equally important to understand the extent to which a person feels he or she can perform a certain type of behaviour. As per Ajzen, (1991), the greater the availability of resources and opportunities and the fewer the obstacles in performing a certain behaviour the greater the level of perceived behavioural control over behaviour. The understanding of the TPB framework is further extended through the work of perceived behavioural control (PBC) (Kiriakidis, 2017). PBC is identified as the extent to which an individual believes their behaviour is in their control (Trafimow, Sheeran, Conner, & Finlay, 2002). Vamvaka, Stoforos, Palaskas, & Botsaris, (2020) highlights two elements of PBC self-efficacy on the knowledge and skill level as well as the perceived controllability as external factors such as resources and barriers influencing a certain decision-making process. In fact, with regard to handicrafts, Mogindol & Bagul, (2016) has highlighted that there is, in fact, a difference in the PBC when you consider

the consumer to be a local or a tourist. According to the above notion, it can be assumed that consumers have a favourable attitude towards purchasing handicrafts owing to their belief that buying these products enhances their social status and prestige.

Pricing is identified as one of the most important marketplace cues affecting the buyers' decision-making process. Primary data were gathered from consumer segments to identify the level of price sensitivity when introducing fusion, branded crafts. As per Lichtenstein, Ridgway, & Netemeyer, (1993), price represents the amount you forgo in a purchase decision, meaning higher prices negatively affect the purchase probability. This is further explained by De Silver & Kundu, (2013); Girón, Hernández, & Castañeda, (2007) who found a positive correlation between the level of income and purchasing of handicrafts in general. Dash, (2011) explains that with the commoditization of handicrafts, consumers are influenced to buy different kinds of handicrafts owing to their belief that the products have an emotional connection with particular cultures, customs, and values. Because of the deep emotional connection that consumers have with a particular type of handicraft, they are willing to pay a premium price for that product, and this is an opportunity to exploit the market dominated by cheaper rivalry.

However, recent studies have shown that consumers intentionally manipulate the meaning and attitude related to a certain product (Campbell, 2005). This notion is further clarified by the expectancy value model of attitudes, where individuals'

beliefs and evaluation aspects on that belief are formed to be the behavioural beliefs creating an attitude towards a particular behaviour (Ajzen, 1991). This means that a consumer may be willing to purchase a certain type of handicraft if he/she believes that they can maintain or elevate their status in society by purchasing that high-end craft piece. This means consumers are placing greater emphasis on branded handicrafts in order to elevate their social status.

Branding

The impact of branding has become ever more important in most industries as a key differentiating factor for businesses and their products. As per McComb, (2012) branding is at the heart of the cultural sector, with consumers increasingly being concerned about their status as well as seeking for products and services that boost their status. The primary aim of analysing branding theory is to evaluate the research hypothesis that value addition to crafts through branding will boost consumer demand. The above notion is clarified through primary research involving the questionnaire survey. Product branding, as per Keller, (1993) can be categorized under brand attributes varying from product related aspects like size and texture to non-product related-aspects like pricing and packaging. As per Raizada, (2012) promotional methods such as branding are extremely expensive. This allows government organizations such as the Sri Lankan Handicrafts Board to provide the finance for developing branding and adding value to the products.

The relevance of branding Sri Lankan

handicrafts is further highlighted by porter's analysis of the threat of substitutes, thereby implying that the most feasible strategy to enter the global market is through differentiation. With global competitors such as China and India dominating the craft industry with their low-cost, mass-scale products, Sri Lankan handicraft has the opportunity to penetrate the market through unique designs and products to match the global taste. Branding adds a completely new level of product distinction, especially when competing in the high-end market. As per the literature, there is a growing demand in the handicraft market particularly in the high-end segment, where the middle-class consumers' demands are expanding not only in the Western but also in the Asian region (Barber & Krivoslykova, 2006).

The luxury market currently focusing on distinctive designs and quality is an ideal target market for the Sri Lankan crafts, already placing heavy emphasis on uniqueness and differentiation. Branding gives recognition to the local products globally and also strengthens consumer confidence in the reputation of the brand. For instance, the French fashion giant Chanel has been designing products for well over a century, proving that buyer confidence coupled with status allow a brand to command a higher price from its consumers (McComb, 2012). However, to cater and compete in the exclusive high-end markets, it is advisable to collaborate with renowned fashion houses in private partnerships. Kovesi & Johnson, (2020) showed how Max & Co., an Italian fashion company, linked up with African producers of handbags and accessories. Further, the House of Pierre

Cardin linked with Indian handloom producers for promoting their products in the European market (Subramanian & Cavusgil, 1990). On both occasions, the collaborations proved highly successful owing to the reputation the fashion designers brought into the partnership, thereby adding value to the domestic craft products.

According to Cooper, (1986), product failure can be attributed to a misunderstanding of customer requirement, which is a crucial factor artisans need to consider. It's not about merely a question of the level of skill or craftsmanship, but offering products consumers demand and are willing to pay (Steenkamp, Van Heerde, & Geyskens, 2010). With modern technological advances, e.g. the Internet, communicating directly with consumers and other aspects have gained immense importance (Xiang, Magnini, & Fesenmaier, 2015). As per Abbate, (2017), the revolution of the Internet has led to the formation of a single global market for crafts where all the businesses are competing in the same field, thereby heightening the already competitive environment. With the increasing usage of online marketing, local handicraft retail websites, such as Laksala, need to use the best web marketing techniques for attracting tourists and other target consumer audiences. Effective marketing communications require the marketer to encode the message in a way that takes into account how the consumer will decode it (Bakri, Krisjanous, & Richard, 2020). Furthermore, it is crucial that the target messages are transmitted through efficient media and feedback channels are established to monitor the responses of

the receivers (Kotler, 2007). With regard to the handicraft market, it is crucial that the message is clear for both the buyer and seller.

The statistics for the handicraft industry bear many similarities with the statistics for the tourism industry, as both industries run parallel to each other. As per ICRA (2011), tourist arrivals to Sri Lanka increased by 46% in 2009; consequently, domestic travel and spending by locals also increased by a considerable amount during the same period. As explained by Nedelcheva, Dogan, Obratov-Petkovic, & Padure, (2011), local crafts are an important element of culture, and culture is vital to maintaining competitiveness in the tourism sector. Fillis, (2009) stated that tourism and handicraft trade complement each other, as community tourism is linked with the crafts and creativity levels of those communities. As per the findings of McComb, (2012) the modern tourists are seeking for more authentic tourist experiences, where they can closely interact with the local community and culture. This opportunity can be captured through the establishment of the "Ape Game" (Our Village) by the Sri Lankan Handicrafts Board where foreigners are given the opportunity to experience the authentic village environment and a society characterised by agriculture and traditional industries

In summary, the literature review section initially aimed at understanding the industry as a whole in terms of the five forces model and aimed to develop the theoretical understanding of consumer behaviour in relation to handicrafts with the theory of planned behaviour (TPB).

Methodology

The section presents the research methods employed to gather data for the study, namely the research design, sample population, sampling techniques, and data collection and analysis. The data were gathered from the Sri Lanka Handicraft Board Outlets (Laksala) situated around the capital city Colombo – this city was chosen primarily because most of the handicraft boutiques are situated in the city limits, and as the airport is close to the city, tourist traffic has been high here, before it spread across the island.

Research Design

The main objectives of the study were to determine the effectiveness of adapting fusion-style handicrafts in satisfying global demand, analyze the consumer preference for branded crafts as well as to determine whether tourism boosts the sale of handicrafts. Based on this understanding the following three hypotheses were developed.

H1: There is a relationship between the craft demand and fusion crafts

H2: There is a relationship between craft demand and branding

H3: There is a relationship between craft demand and tourism.

Quantitative research methods were used for this study to explore the consumer intention towards fusion crafts, branding, and the impact of tourism on this industry. Quantitative analysis is useful for understanding how consumer

preferences vary according to demographic factors and determining the sample sizes falling under each segment. Further, the quantitative techniques used in the research enable effective analysis of statistics and figures as stated in the hypothesis (Lee, 1992). The purpose of this approach was to identify the extent to which the target consumer segments preferred fusion crafts as opposed to traditional and contemporary products whilst taking into account factors such as pricing. Nonetheless, using only a quantitative approach tends to limit the understanding of the human element of the data, as it presents a static view of social life separate from the individual (Bell & Bryman, 2007).

In order to address the three hypotheses highlighted earlier in the research, a questionnaire was used. The questionnaire yielded a significant amount of empirical data regarding consumer preferences regarding handicrafts from a small target segment and the questionnaire was considered a more standardized method than an interview for gathering primary data (Harris & Brown, 2010). However, even though data analysis becomes easier using a standardized questionnaire, there is a possibility of participants misinterpreting the questions (Harris & Brown, 2010). To address this issue, an initial pilot test was carried out with the shop staff. They were explained what was expected of them when answering the questionnaire, so that they could handle queries from the actual respondents participating in the survey.

Quota sampling was used in this study to obtain a sample that categorizes people according to various categories

(Bryman E., 2011). This sampling technique was used to measure how the demand for different types of handicrafts varied among the target consumer segments. Quota sampling is used in situations where budgets and time are limited. However, to compensate for these limitations, the questionnaire covered more than 100 respondents at the Laksala outlets, covering the key consumer segments (inbound, outbound, local and MICE) – the minimum recommended sample size for achieving a reliable result falls between 100–200 participants (Lozano, García-Cueto, & Muñiz, 2008).

The questionnaire contained a series of close-ended questions regarding handicraft pricing and branding. Because the responses to pre-determined close-ended questions are very specific, it is easy to compare these responses (Saunders, Saunders, Lewis, & Thornhill, 2011). Furthermore, close-ended questions were used to simplify the coding of answers because, in the case of open-ended questions, the responses need to be read in detail in order to derive a theme (Bryman E., 2011). However, some questions used the Likert scale to determine consumer preference in a broad spectrum (Bryman & Bell, 2011, p. 240), with “1” denoting “strongly agrees” and “5”, “strongly disagree”. As the research involved the collection of primary data, potential ethical issues have been taken into consideration. The respondents voluntarily participated in the survey and were informed of their right to withdraw from the study at any point. Furthermore, respondents’ anonymity was maintained at all times

and confidentiality of their feedback was also maintained.

For the survey questionnaire, 100 respondents were selected from the key consumer segments initially identified as vital to the Sri Lankan craft industry. In terms of income, the majority (over 84%) were in the income range of below \$40,000. Of note, this figure is significantly greater than the per-capita income of Sri Lanka, i.e. \$4000 (Fernando & Nizar, 2018). Over 75% of the sample population had attended university or had higher education qualifications. This is a crucial element in terms of consumer knowledge and understanding of fusion handicrafts and other global trends. The age of the majority of the respondents ranged between 25 and 45 years, with the highest proportion of respondents, 26%, belonging to the middle-age category, i.e., 35–45 years. The proportion of young consumers aged 25 years was very low, i.e., 16%, meaning handicrafts do not attract the young consumer segments at present.

Data analysis

The primary data reveals that fusion handicrafts have the highest level of consumer preference. Over 50% of the sample population preferred fusion crafts, and modern crafts were the least preferred option. This finding is in line with what was previously highlighted by Qattan, (2009), i.e. the modern global trend towards crafts combining traditional designs with contemporary ones in the handicraft sector.

Table 1. Descriptive statistics for preference of craft type

	N	Minimum	Maximum	Mean	Std. Deviation
Prefer fusion crafts	100	1.00	5.00	2.4100	1.24799
Prefer traditional crafts	100	1.00	5.00	2.8900	1.37727
Prefer contemporary crafts	100	1.00	5.00	3.0900	1.20684
Valid N (listwise)	100				

Source: author's own

Table 4 highlights consumer preference for fusion crafts. Contemporary crafts remain the least preferred option, with a mean of above 3, which corresponds to the results in Table 3, with only 13% of the sample population preferring it to the other two options. Therefore, the first hypothesis is proven.

Based on the first hypothesis that there is a significance of fusion handicrafts, we further wanted to understand what factors were contributing to fusion handicrafts relative to non-fusion. This was mainly identified by focusing on some of the key demographic information such as age,

income levels, type of visitor. Education level was not considered as it was non-significant. We carried out a regression analysis with the dependant variables of two categories of fusion and non-fusion. In achieving this process, we have re-coded the 3 craft types identified in the questionnaire (traditional, contemporary, fusion) into fusion and non-fusion as a first step. Secondly, the age groups from the questionnaire, which had 7 data points were re-coded into 3 data points. Finally, the type of visitor demographic was re-coded into two items to include foreigner and non-foreigner.

Table 2 Regression analysis

Factor	Wald statistics	significance	Odds ratio
Age (AGEG)	3.376	0.066	1.906
Type of visitor (VISITG)	2.631	0.105	1.962

Source: author's own

According to the logistic regression analysis, specifically on the re-coded variable of the type of visitor, the odds ratio value of 1.962 visit (tourist or local) indicates it is two times more likely for locals and locals living abroad to prefer fusion crafts over and other craft types relative to casual and business tourists.

On analyzing the mean figures, it is evident that there is a strong consumer preference for fusion and traditional crafts as opposed to modern crafts. This does indicate that consumer choice is to an extent influenced by the high level of craftsmanship and uniqueness that is rarely found in modern products (Hansen et al., 2004).

On analyzing the results, it is evident that there is a strong tendency, almost 60%, towards associating Sri Lankan handicrafts with popular designer brands. The mean figures of 2.2 and 2.4 for branded crafts and willingness to pay a premium imply that consumers are willing to accept designer products in stores. This point can be linked to the literature, where McComb, (2012) states that branding is at the heart of the cultural sector, with consumers using it as a status symbol to elevate their position in society. Furthermore, the significant preference towards branded crafts is supported by the findings of Barber & Krivoslykova, (2006) who highlighted that the growing demand for high-end handicrafts is not limited to the Western world and aggressively rising in Asia.

Table 3. Descriptive statistics for branding and premium price

	N	Minimum	Maximum	Mean	Std. Deviation
Designer	100	1.00	5.00	2.2600	1.26826
Higher price for branded	100	1.00	5.00	2.4000	1.27128
Valid N (listwise)	100				

Source: author's own

Table 3. Correlation between branding and premium price

		Designer	Higher price branded
Designer	Pearson Correlation		.536**
	Sig. (2-tailed).		.000
Higher price for branded	Pearson Correlation	.36**	
	Sig. (2-tailed)	.000	
		100	100

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

Source: author's own

Pricing is another crucial element in the attempt to promote designer crafts. The positive correlation of .536 does highlight the consumer willingness to pay a premium for a designer craft. As previously explained by Ajzen, (1991) the belief that purchasing handicrafts elevates social status is a key determining factor here, that could be implied based on the results. This notion can also be linked to the level of consumer education and income and also the pricing function as discussed in the findings section. As was seen with the demographic data, the consumer segments are highly educated, and they have the ability to afford crafts with a premium price tag. Consumers who have these resources, as pointed out by (Ajzen, (1991) have fewer obstacles in performing the desired behaviour, i.e.,

purchasing designer crafts. Therefore, the second hypothesis that consumers are willing to purchase designer crafts and pay a premium for these craft pieces is proven. The tourist category was found to be the key driver for the sale of local crafts. This segment forms almost 80% of the key consumer population, with casual tourists accounting for 37% of the tourist population. These figures correspond to the findings of Konarasinghe, (2017)– the number of tourists is expected to grow rapidly in the coming years. Overall, 80% of the sample segment preferred fusion branded crafts to the other two options. This finding implies that the tourists are the major contributors to the growth of local craft sales and their choices are very similar to global craft tastes.

Table 4. Preference for designer crafts

Visit	Mean		Std. Deviation
Tourist casual	2.3243	37	1.29216
Outbound.	2.0000	24	1.21584
Local	2.6190	21	1.35927
Business tourist.	2.0556	18	1.16175
Total	2.2600	100	1.26826

Source: author's own

From the given statistics, it is evident that the casual tourist segment has the lowest mean figure of 2.1351, indicating its strong preference for fusion crafts. The three key tourist segments (business, casual, and outbound) show the lowest mean figures, indicating their strong preference for branded crafts. Hence, satisfying the demands of the above mentioned tourist segments would eventually boost the growth of the local handicraft market, therefore proving the third hypothesis.

Discussion

The aim of this research was to find out the ways in which Sri Lankan handicrafts can be promoted in the global market. The primary focus was placed on branded fusion handicrafts. On analysis of the primary data gathered with the questions, it was found that fusion crafts with strong branding have a high preference amongst the target consumer segments. The

regression analysis carried out on the fusion craft segment based on the demographics identified that the locals both living in Sri Lanka and abroad were twice more likely to purchase a fusion craft as opposed to a tourist consumer. This finding is also in line with the work of Mogindol & Bagul, (2016) that identified the foreign tourists would have a different perspective in their intentions to purchase locally made handicrafts in a particular country as opposed to locals. On the other hand, the data showed that foreign tourists were actually more likely to choose traditional crafts as opposed to fusion products. The cultural embeddedness of the products and the authenticity attributes are identified as key elements tourists recognise in their purchase decision of handicrafts (Mogindol & Bagul, 2016). Furthermore, previous lines of work have shown similarities to the findings highlighting the importance of providing local products made by the locals and create an

authentic cultural experience for the tourists (Akhoondnejad, 2016). Identifying such differences in the form of demographics and catering to the needs of such particular segments would be crucial and a feasible strategy for the development of the craft sector in the long run. This also could be addressed in the follow-up studies on the area to further explore the emerging understanding of the particular demand for fusion-based crafts.

The primary data was gathered regarding consumer willingness to accept fusion and branded crafts. However, it is vital to cater to the specific needs of the identified target segments for delivering tourist packages to the segments and increasing their level of awareness. Developing packages specific to the needs of a particular tourist category and communicating the message clearly of the offerings could attract a significant audience. (Perks & Ferreira, 2017). Traditional handicrafts can be “sold” as part of the Sri Lankan cultural package and mini-tours and courses centred on handicrafts, gemming etc. could be developed to extend the average stay of tourists and increase the average handicrafts-related sales to tourists. It is crucial that the customers be educated about the variety of crafts offered, as they need to be clearly informed prior to a product purchase. Tourists have shown interest not simply in identifying the typical ‘tourist attractions’ but they want to be educated and identify the processes of certain cultural activities (Andari & Suprayitno, 2020).

Key consumer demands need addressing through effective marketing campaigns. As the primary data have highlighted the

immense potential for branding handicrafts, the marketing strategies need to be aligned with the extensive promotions carried out by the tourism board in Sri Lanka. Further, Tables 7 and 8 highlight the low levels of communication, as 20% of the consumers in both segments are not completely aware of the effectiveness of branding. As earlier explained by Kotler, (2007) there should be clear lines of communication for both the consumer and the seller for reducing communication mismatching. Astiti, (2017) highlights that tourists should be able to clearly appreciate the value of the craft pieces, with a clear understanding of the products and services offered, a crucial aspect in their decision-making process. A key managerial implication is developing subtle marketing approaches such as hotels and restaurants providing one-stop-shop services to customers and offering their premises for craft sales, exhibitions and duty-free shops for gift items will provide avenues for gaining foreign currency through handicraft sales in a subtle but effective way. Developing the concept of a one-stop-shop would allow tourists to further enjoy the cultural experience and find all their requirements more efficiently (C. Cooper, 2018).

Limitations and future work

As given with any research, the current study has several drawbacks. First of all, this research was conducted primarily in Colombo, so the results may not clearly depict the wide consumer perspective in the island. Most of the data gathered were limited to a few Sri Lankan Handicrafts Board (Laksala) outlets. The handicraft business in particular in Sri Lanka has

now expanded further with the establishment of new private sector businesses such as Lakarcade, establishing their presence significantly in Colombo within a short life span (Gamage, 2018). Therefore, these new players also need to be considered to gain greater insights into the role of fusion crafts as well as understanding the changing consumer preferences in the craft industry.

Furthermore, the total sample size was only 100 respondents and in proving the consumer behaviour and preference there could be a need to have a larger sample. Especially in the understanding of the role of fusion crafts with relation to the demographic factors, future work could expand the study to a bigger audience or as a cross-section of the tourism industry to further confirm the developed understanding. Furthermore, the study had a few key demographic factors such as income level, consumer time, education, etc which were not considered for in-depth analysis. In addition, the conclusions are based solely on the findings from the primary data because of the lack of studies on this topic, especially on the use of fusion crafts and branding to uplift the industry in Sri Lanka.

The study took into consideration some key demographic variables such as age, type of tourist, etc, and we were able to run a logistic regression on the first hypothesis of the strong preference for fusion crafts to identify who the key segments were. It was evident that, it was actually the locals living in Sri Lanka and abroad who showed a preference for fusion crafts and the tourists preferred

either traditional or contemporary products. This is quite a novel finding which needs to be further tested empirically and analysed with future research work. Secondly, we focused on only three factors in answering our research question. However, a variety of other factors (social, economic political, etc.) have an impact on consumer decision-making. Furthermore, this research focused on handicrafts in general, but further research could be focused on specific segments of handicrafts, e.g., furniture, home décor, jewellery, etc., for understanding consumer behaviour in depth. Further research should focus on understanding the use of fusion and branding in other nations as well.

Conclusion

This study looked at the Sri Lankan handicraft sector to understand the importance of catering crafts to the global consumer in order to become sustainable as an industry. The study focused on three key hypotheses for the study focusing on identifying the relationship between the demand for crafts and fusion crafts, craft demand and the role of branding as well as analyzing the relationship between demand for crafts and the tourism sector. The study adopted a quantitative technique of developing a survey questionnaire and using SPSS statistical software to analyze the empirical data. The data analyses revealed that there is a significant relationship between craft demand the tourism sector and by branding crafts, it further boosts demand for crafts. One of the most interesting findings of the study was on the relationship between fusion crafts and

craft demand. Although this relationship was significant proving the study hypothesis, further exploring the demographic variables using techniques of logistics regression yielded novel and possibly important directions for future research in the area of developing fusion handicrafts.

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Macroeconomic Variables and Stock Market Prices in Frontier Markets: A Panel Data Analysis

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Abstract

This study attempts to investigate the relationship between three macroeconomic indicators and the stock market prices of three South Asian frontier markets, namely; Sri Lanka, Bangladesh and Vietnam. Specifically, the paper studies exchange rate, consumer price index and industrial production index using monthly data over the period of February 2013 to June 2018. It employs a battery of tests, which includes panel unit root, panel co-integration, dynamic ordinary least square and granger causality to examine the long run association, long run elasticities and short run causality between the said variables. Pedroni panel co-integration test confirms the existence of long run equilibrium. The argument is further supported with the results of panel DOLS long run elasticities. The consumer price index and industrial production index have a statistically significant influence on the market prices in the long run. However, the test fails to confirm a long run association between the exchange rate and stock market prices. In contrast, the causality test provides support towards a short run association between exchange rate and market prices, whereas no other short run causality is found to be running from the remaining macro variables to the stock prices. Frontier markets with very high growth potentials and mounting opportunities can be considered as a gold mine to the right set of investors. Hence, these findings will be useful for economic policymakers, academics and to the investors and investment advisers in numerous ways.

Keyword: causality, cointegration, DOLS, frontier markets, macroeconomic variables, panel analysis

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Introduction

The relationship between stock market prices and macroeconomic factors has been researched and proved by numerous researchers over the past few decades. As a result, asset pricing theories such as Arbitrage pricing theory (APT) (Ross, 1976) were emerged as alternatives to the highly accepted Capital Asset Pricing Model (Sharpe, 1964). The immense acceptance of APT lead number of other multifactor asset pricing models, that incorporate macroeconomic variables as explanatory factors of equity return. Existing literature attempts to explain the type of relationship that exists between different macroeconomic variables and equity returns. However, these studies were concluded with inconsistent findings (Ahmad *et al.*, 2015). Even though there is a strong intuitive appeal towards the hypothesized relationship between macroeconomic factors and market returns, there is a lack of empirical support (Flannery and Protopapadakis, 2002).

Contemporary economic conditions are drastically changing. Hence, equity markets have become more vulnerable to these abrupt changes. The impact is unavoidable and long-term. Adding to that, different markets respond to the diverse economic conditions in numerous different ways. For instance, Garcia and Liu (1999) investigated the macroeconomic determinants on stock market development based on 15 industrial and developing countries. This study failed to support the hypothesized relationship between the macroeconomic factors and the stock market. Chan, Karceski and Lakonishok (1998)

concluded a very weak association between the equity returns and the macro factors in two developed markets; Japan and UK. Bilson, Brailsford and Hooper (2001) studied 20 emerging markets and found moderate evidence on the relationship between macro factors and the equity returns. On a different note, Agarwal and Mohtadi (2004) concluded a statistically significant relationship between macro variables and stock prices in emerging markets. This result was proven by Chandrashekar *et al.* (2018).

A study based on Ghana, one of the frontier markets in the African region discovered a significant relation among the market returns and coca prices, where all other macroeconomic determinants such as money supply, oil prices and gold prices were found to be insignificant in explaining market prices (Adjasi, 2009). A study based on selected ASEAN countries concluded, macroeconomic variables have a greater influence on Islamic stock indices than on the conventional stock indices. They further disclosed that Islamic indices are more responsive to the macroeconomic changes (Jamaludin, Ismail and Ab Manaf, 2017). Aforesaid findings failed to map a clear picture about the macroeconomic impact on the stock market prices in general. Evidently, the findings vary based on the type of market. At the same time, it is understood that the majority of the studies up to date have focused on developed markets, developing markets or emerging markets. Minimum attention is given to study the impact of macroeconomic factors in frontier markets.

Thereby, this study is conducted to investigate the association between macroeconomic variables and the stock market in the context of frontier markets. Unlike most studies, the current study will aim at a group of markets instead of individual markets. Thus, the study focuses on the frontier markets in the Asian region. As per the most updated market classification by MCSI frontier market index, there are only three frontier markets in the Asian region, namely; Sri Lanka, Bangladesh and Vietnam. As per the author's knowledge there are minimum studies conducted to understand the relationship between macroeconomics and stock market returns in frontier markets resides in the Asian region. Given the uncounted growth potentials in these frontier markets, such a study can be considered as a timely need to provide unbiased information to the investors and policy makers.

The frontier market is an economic term introduced in 1992 by the International Finance Corporation (IFC) to describe small and inaccessible stock markets in developing countries. In other words, frontier markets are developing countries that are more developed than the least developed countries, but it is too small and risky to be considered as an emerging market. Financial Times Stock Exchange (FTSE) explains a frontier market as a market representing developing countries with higher economic growth rate but with small and relatively illiquid stock markets. Frontier markets are often in their infancy stage and have attracted attention due to the vast amount of opportunities and growth potentials. Hence, it is beneficial to examine the

factors that affect frontier market performance. Based on the 2019 MSCI Frontier Market Index, there are 21 frontier markets. It is important to note that, even though these indices provide a market classification based on their standard criteria, the classification should not be viewed as static. The markets tend to upgrade/ downgrade based on their changing economic performances. However, by the time this research is conducted, the classification of frontier markets in the Asian region did not change.

The study is performed with three objectives. Firstly, to assess the long run association between the selected macroeconomic variables (Exchange rate, Consumer price index, Industrial production index) and stock market prices. Secondly, to investigate the possible causality effect between and among the independent and dependent variables. Finally, the study is conducted with the objective of adding to the prevailing stack of knowledge with regard to the macroeconomic impact on stock market prices. Moreover, throughout the study researcher attempts to build up a discussion on empirical findings of the corpus while highlighting the ambiguity dominated in this field of research.

The study will be significant in different ways. Findings will contribute to the existing literature by investigating the impact of three important macroeconomic variables in the context of frontier markets. As per the author's knowledge, this is one of the few studies based on Asian frontier markets. Thus, the findings of this study will add to the

existing literature. More importantly, the findings will greatly help the economic and market policy makers to take policy decisions. Similarly, the study is also useful for the local and regional investors who seek to invest in fast growing markets with opportunities. Results can be used to re-confirm and assess the validity of the existing literature on macroeconomics impact on equity prices.

Rest of the paper is organized as follows; section two gives an overview about the existing literature. As the literature is vast and undefined, the review is narrowed down to studies that have used panel data analysis and have studied Emerging markets or frontier markets or, in a broader sense, Asian markets. Section three elaborates the data and methodology of the study. Section four is devoted to the analysis and discussion of results. While section five elaborates the concluding remarks, the last two sections will provide the list of references and appendices that contain an additional analysis based on the variables.

Literature Review

The efficient market hypothesis argued, in an efficient market stock prices fully reflect all available information in the market (Fama, 1970). Therefore, no investor can earn an abnormal return in an efficient market. Ross (1976) brought up the Arbitrage pricing theory, which gave much larger space to the discussion of the role of macroeconomic factors in deciding the stock market returns. Following the aforementioned theoretical frameworks, the association between macro factors and the stock market has been tested and proven through a number

of studies over the years (Ross, 1976; Fama, 1981; Chatrath, Ramchander and Song, 1997). A favourable economic condition upbeat the stock market performance. On the contrary, stock market performance is a deciding factor of economic growth. Hence, the performance of a stock market can be considered as a yardstick that measures the economic growth of a country. (Jamaludin, Ismail and Ab Manaf, 2017). By predicting the economic activities, investors can foresee the future market conditions in order to facilitate their buying and selling decisions and better manage the risk of their portfolios (Adjasi, 2009). Similarly, policy makers will be able to better understand the factors and areas of the economy, which influence the stock market more in order to make more effective policy decisions (Adjasi, 2009).

Ahmad *et al.* (2015) has classified the empirical literature on stock market returns and macroeconomic variables under three basic categories; developed countries, developing countries and group of countries. Accordingly, it is found to have a mixture of findings due to the method of study, macroeconomic determinants, time span and the study area (Ahmad *et al.*, 2015). Tangjitprom (2012) reviewed the literature based on different macroeconomic variables; variables based on general economic conditions, variables associated with interest rate and monetary policy, variables related to the price level, and variables reflecting international activities. Similar to Ahmad *et al.* (2015), Tangjitprom (2012) stated mixed results for the relationship between macroeconomics and the stock market.

However, he further mentioned that most of the studies conclude statistically significant results between the two (Tangjitprom, 2012). Apart from these studies, there are a number of studies conducted focusing on emerging markets, Asian markets, Islamic markets etc. This review will discuss the most related literature and prioritize studies based on emerging markets and frontier markets. Also, focus is given to studies based on panel data analysis.

Bilson, Brailsford and Hooper (2001) proposed a multifactor model incorporating local and global factors to study the phenomenon under emerging market conditions. The study was conducted using 20 emerging countries. Accordingly, the exchange rate was found to be the most influential macroeconomic variable, where the exchange rate depicts a significant negative association with the stock returns in twelve markets out of twenty. While money supply has greater importance, other factors based on real activities and goods price are found to be less important in explaining the equity market returns.

Wongbangpo and Sharma (2002) investigated the association between money supply, exchange rate and consumer price index (CPI) on the stock prices in five selected ASEAN countries (Malaysia, Philippines, Thailand, Indonesia and Singapore) employing Granger causality test. Findings revealed that stock prices in Malaysia, Thailand and Singapore positively related to the money supply, yet negatively in Philippines and Indonesia. In terms of the exchange rate, stock prices in Indonesia, Malaysia and Philippines were positively

related to the exchange rate, yet negatively in Singapore and Thailand.

A study based on Sri Lanka for the period January 1985 to December 2001 tested money supply, exchange rate, treasury bill rate, consumer price index for possible long-run and short-run relationships. It is found that money supply, inflation rate, and treasury bill rate have a significant lagged influence on the stock market index. Above all, treasury bill rate depicted the greatest impact on the share index (Gunasekarage, Pisedtasalasai and Power, 2004). Further analysis concluded that, the major part of the stock index variation was explained by its own innovations, while the minority is read out by the selected macro factors (Gunasekarage, Pisedtasalasai and Power, 2004).

Abugri (2008) revealed mixed results based on four Latin American nations. The exchange rate was significant in two out of four markets, whereas the money supply was significant in only one market. One of the few studies on frontier markets, Adjasi (2009) examined the effect of macroeconomic uncertainty on stock prices volatility in a frontier market, Ghana. The study investigated seven macroeconomic variables namely, consumer price index (proxy for inflation), exchange rate, money supply, interest rates, oil price, gold price, and cocoa price. As per the findings, increased uncertainty in cocoa prices and interest rates amplify increased volatility in Ghana stock prices. In contrast, high volatility in gold prices, oil prices and money supply will reduce the volatility in the stock prices of Ghana stock market.

Ayub and Masih (2014) investigated the empirical relationship between the stock prices of Islamic banks and two macroeconomic variables, namely exchange rate and interest rates, in 13 countries employing a panel data analysis. The results suggested that the exchange rate display a significant negative relationship on Islamic bank stock prices. In contrast, the dynamic panel data analysis elaborated an insignificant negative relationship between the interest rate and the Islamic stock prices. Mohapatra and Rath (2015) addressed the same phenomenon among BIC countries (Brazil, India and China) using panel data. Results support the existence of long run equilibrium between exchange rate, industrial production, inflation rate, interest rate and the stock prices of BIC economies. However, in the short run only interest rate found to be predictive of stock prices.

Jamaludin, Ismail and Ab Manaf (2017) conducted a panel data analysis on three selected ASEAN markets focusing on inflation, money supply and exchange rate and tested the influence of macroeconomic factors on conventional and Islamic stock indices. Using panel least square regression, the results suggested a negative association with the inflation rate and a positive association with the exchange rate. The money supply is found to be insignificant. Further evidence revealed that Islamic stock indices are more responsive to the macroeconomic changes compared to the conventional indices. Overall, results showed evidence that inflation has a greater effect on both indices than other macro factors. Chal (2017) investigated Indian stock market to identify the short

run and the long run equilibrium relationship between Industrial Production Index, call money rate, Foreign Institutional Investment, Wholesale Price Index, exchange rate and Share market index for the period 2006 to 2017. Results showed the exchange rate, inflation rate and gold prices as the factors capable of forecasting the Sensex index of the Indian stock market.

Chandrashekar *et al.* (2018) investigated the relationship between key macroeconomic variables; inflation, industrial production, real exchange rates in India and Brazil. Using panel Granger causality test and Johansen-Fisher panel cointegration test both short and long-run equilibrium relationship is examined. Consequently, results suggested the presence of long-run equilibrium among the stock prices, inflation, industrial production, real exchange rates and interest rate of the selected markets. The result further revealed a positive and statistically significant association between most of the key macroeconomic variables such as stocks prices and the exchange rate. One of the most recent studies based on US and Canada sector indices suggests that there is an evidencing long-term relationship between the industrial production, money supply, long-term interest rate and different sector indices in US. However, the same was not found in Canada (Bhuiyan and Chowdhury, 2020).

Methodology

Data

The present study focuses on three frontier markets out of the 21 frontier markets based on the market classification provided by MSCI – Frontier market index. The sample consists of Sri Lanka, Bangladesh and Vietnam. Sample selection was restricted by the data availability; hence, when selecting the sample, focus is given only to the Asian region. Market indices of the main/ primary exchange are selected for the analysis. For instance, All Share Price Index (ASPI) of Colombo Stock Exchange, Sri Lanka, Dhaka Stock Exchange 30 Index (DSE 30) of Dhaka Stock Exchange, Bangladesh and VN 30 of Vietnam Stock Exchange, Vietnam are used as the market indices. The information is extracted from investing.com, a web database.

As independent variables, three local macroeconomic factors are chosen to study further. These variables are well supported in the extant literature and well tested in individual markets. Hence this study incorporates the Exchange rate, Consumer price index and Industrial production index as local economic factors. Macroeconomic data are extracted from the International Financial Statistics service of IMF. The time period of the study covers 65 months, starting from February 2013 until June 2018. The data set is structured as a panel data set, and it contains observations for the same cross-section over 65 months. Consequently, the study has a balanced pool dataset with 780 total data points spread across three panels. The analysis

is conducted using the EViews software. The derivation of the dependent and independent variable is illustrated in the next section.

Variable Description

Market index : Main stock market indices (MKT) of the sample markets consist of a weighted average of all the stocks listed in that exchange. Natural logarithms of the main stock market indices are taken as the market return of individual markets; thus, it is the dependent variable of the study. Market indices are taken as of the last trading day of the market. Appendix 1(a) graphically compares the movements of selected market indices. Overall, Sri Lankan stock exchange shows the least overall growth within the study period. Yet, it can be considered as a matured exchanged compared to the other two. Both Bangladesh and Vietnam exchanges experience sizable growth. The growth in the Vietnam stock exchange is obvious given the fact, Vietnam established its stock exchange in July 2000.

Exchange rate: The exchange rate (EX) is the national currency per US dollar (EX) as at the end of the period. Since exchange rates are available daily, the model incorporates the exchange rate contemporaneously (Bilson, Brailsford and Hooper, 2001). Exchange rate fluctuations are graphically illustrated in Appendix 1(b). As per the diagram, it is evident that Vietnam has been maintaining more or less a pegged exchange rate system during the period 2013 February till 2015 December. (Throughout this period, the country has devalued their currency at several points,

within intervals of 12 months, 6 months and 4 months etc.) Aftermath, Dong shows fluctuations on a monthly basis, indicating a change in the exchange rate policy of the country. Evidently, in January 2016, the State Bank of Vietnam has moved into a new exchange rate system which pegged Dong to a basket of 8 currencies, replacing the previous USD pegged exchange rate regime (Huyen, 2018). At the same time, when comparing the three exchange rates, Dong can be considered as a highly depreciated currency compared to the other currencies in the region. Moreover, Sri Lanka and Bangladesh show a floating exchange rate policy (managed float) within the study period.

Consumer price index: The consumer price index (CPI) is employed as a proxy for the inflation rate. This is based on all items of the defined market basket of the country based on domestic currency

values (the base years may differ in different markets). All three markets experienced an increase in the inflationary pressure, more or less in a similar amount. This can be due to the common regional economic conditions. Refer to appendix 1(c).

Industrial production index: The industrial production index (IPI) is taken as a proxy for economic activities and calculated based on domestic currency. Bangladesh tends to show a considerable growth in the economic activities relative to the other markets. Based on the movements of IPI, both Sri Lanka and Vietnam have overcome drastic drops in IPI at the beginning of 2016 and at the end of 2016 respectively. Refer to appendix 1(d).

Consequently, the conceptual framework can be developed as follows.

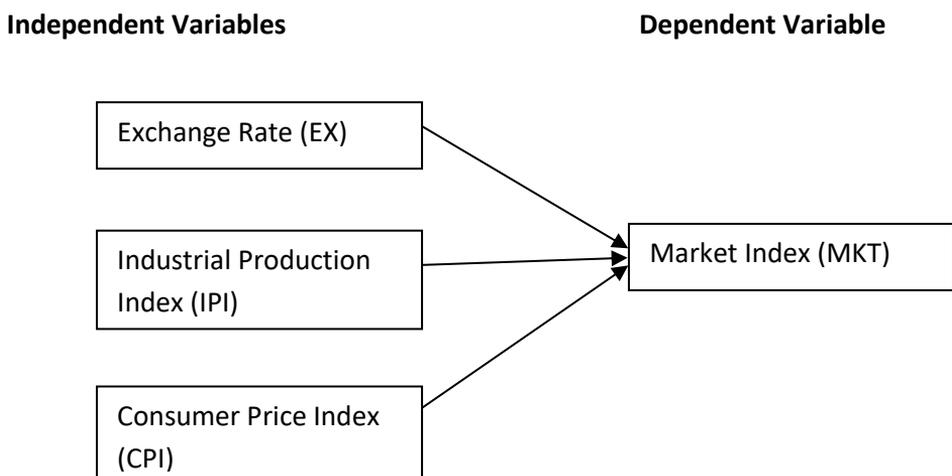


Figure 1 Conceptual Framework

Model Specification

The relationship between exchange rate, consumer price index, industrial production index and stock market index can be specified as follows using a regression model;

$$MKT_{i,t} = \alpha_0 + \alpha_1 ER_{i,t} + \alpha_2 CPI_{i,t} + \alpha_3 IPI_{i,t} + \varepsilon_{i,t}$$

Where $MKT_{i,t}$ is the natural logarithm of the market index at time t , for the i th market. $ER_{i,t}$, $CPI_{i,t}$ and $IPI_{i,t}$ are the natural logarithm of the exchange rate at time t , for the i th market, consumer price index at time t , for the i th market and industrial production index at time t , for the i th market. α_1 , α_2 and α_3 respectively are the coefficient of ER, CPI and IPI. Finally, $\varepsilon_{i,t}$ is the error term of the model which represents the error term.

Data Analysis Procedure

All variables are tested for stationarity by employing multiple panel unit root tests. Existing studies have followed different panel unit root tests to test the stationarity of data. Wongbangpo and Sharma (2002) and Bilson, Brailsford and Hooper (2001) used Dickey– Fuller (ADF) and Phillips– Perron (PP) unit root tests, Chandrashekar *et al.* (2018) used Levin, Lin and Chu (LLC) and I'm, Pesaran and Shin (IPS). The current study uses two unit root tests Levin, Lin and Chu (LLC) and I'm, Pesaran and Shin (IPS) tests. For two tests, the null hypothesis states that there is a unit root, and the alternative hypothesis states otherwise. If all three tests indicate a unit root (nonstationary) at the level of data and no unit root (stationary) at first order difference, it

suggests the possibility of having a long-run equilibrium relationship between the variables as a group. Thereby, the panel Co-integration test is adopted to test the long run equilibrium relationship between variables. Following Mohapatra and Rath (2015) long run relationship between variables is tested using seven test statistics suggested by the Pedroni panel cointegration test. Once the panel cointegration is confirmed, the study runs a dynamic ordinary least square (DOLS), which is considered superior to ordinary least square (OLS) model. DOLS explores the long run elasticities of the exchange rate, industrial production index and consumer price index on the stock market index. Finally, to investigate the possible short run causality between variables, study adopts a Granger causality test.

Analysis and Discussion

Descriptive Statistics

Table 1 summarizes the descriptive statistics of the independent and dependent variables. Stock indices of all three markets are at an average of 7.9%, with a minimum of 6.3% and a maximum of 8.9%. The standard deviation of the index series is 1.02, where the dispersion mainly arises from the VN 30 (Appendix 1(a)). The average exchange rate is 6.43%, and the standard deviation of 2.53 shows a large dispersion of exchange rates around the mean. This dispersion mainly arises from the Vietnamese dong, as Dong is a much-depreciated currency against the US dollar, compared to other regional currencies (Appendix 1(b)). However, a country wise analysis tells that all countries try to control their

Table 1. Summary of Descriptive Statistics

	MKT	EX	IPI	CPI
Mean	7.914872	6.432154	4.775077	4.957949
Median	8.430000	4.950000	4.690000	4.970000
Maximum	8.900000	10.03000	5.540000	5.120000
Minimum	6.280000	4.350000	4.040000	4.790000
Std. Dev.	1.024412	2.529797	0.343417	0.081771
Skewness	-0.670719	0.678765	0.402214	-0.114100
Kurtosis	1.578453	1.500146	2.387645	2.284122
Observations	195	195	195	195

exchange rates with minimal fluctuations to ensure a stable value for the local currency. The average IPI is 4.77%, with a comparatively lesser standard deviation, 0.34. The minimum and maximum IPI values are 4.0 and 5.5, respectively. Analysis of CPI shows a minimum dispersion around the mean.

Panel Unit Root test

The study examines the stationarity level of data series using two panel unit root tests ; Levin, Lin & Chu (LLC) and Im, Pesaran and Shin (IPS). Table 2 depicts the results of the panel unit root test. Results are presented for level data and for the first difference. Both tests are done with an individual intercept. Accordingly, LLC and IPS tests fail to reject the null hypothesis of MKT, EX, CPI and IPI, suggesting non-stationarity at the level form (except for one situation). However, all data series reject the null hypothesis at first difference, implying stationarity. Apart from the two tests explained here, researcher has also

Accordingly, CPI has a standard deviation of 0.08. Both market index and CPI have a negative skewed/ left skewed distribution. Exchange rate and IPI have a positively skewed distribution. CPI seems to be normally distributed, yet all other variables are not normally distributed.

explored unit root using other unit root tests such as Augmented Dickey Fuller (ADF), Phillips-Perron (PP) and Hadri which further valid the non-stationarity at level form and stationarity at first difference. These results are not mentioned in the paper as the results are almost similar to the one presented below in table 2. In order to perform a cointegration test all variables must be stationary on the same order. Thereby, the entire data series meets the precondition to perform a cointegration test. Hence, it is evident that there is a possible cointegration relationship between all variables in the long run. The applicable test is conducted in the next section to verify the long run equilibrium relationship.

Table 2. Results of Unit root test at level data and first difference

Variable	Levin, Lin & Chu (LLC)	Im, Pesaran and Shin (IPS)
MKT	0.15493 (0.5616)	0.09620 (0.5383)
D1_MKT	-14.3295*** (0.0000)	-13.0623*** (0.0000)
EX	1.26358 (0.8968)	3.40606 (0.9997)
D1_EX	-16.5413*** (0.0000)	-14.3808*** (0.0000)
IPI	-0.34916 (0.3635)	-0.63072 (0.2641)
D1_IPI	-14.9167*** (0.0000)	-17.9790*** (0.0000)
CPI	-2.38694 (0.0085) *	0.89354 (0.8142)
D1_CPI	-6.78678*** (0.0000)	-11.8185*** (0.0000)

Note: Probability values are in parenthesis.

***, **, * denote statistical significance at 1%, 5% and 10% level.

Panel Co-integration test

Section 4.2 suggest MKT, EX, CPI and IPI data series under the review are non-stationary at level form and stationery at the first difference. This indicates the presence of a long run equilibrium relationship among the variables. Thus, this study applies Pedroni panel co-integration test to examine the possible long run relationship. Table 3 illustrates the results. Results are validated based on the seven tests suggested by Pedroni co-

integration test. Six out of the seven test results are statistically significant at 5% and 10% level. Thus, it can be concluded that there is a possible long run relationship between stock market index, exchange rate, consumer price index and industrial production index. Obtained results are in line with the prevailing studies, which concluded a long run equilibrium relationship between the market index and macroeconomics variables (Mohapatra and Rath, 2015; Chandrashekar *et al.*, 2018).

Table 3 Results of Panel Co-integration test

Test statistic		Probability
Panel v-statistics Panel	1.050880	0.1467
Panel rho-statistics Panel	-1.342543*	0.0897
Panel PP-statistics Panel	-1.567771*	0.0585
Panel ADF-statistics Panel	-1.509966*	0.0655
Group rho-statistics Panel	-1.401191*	0.0806
Group PP-statistics Panel	-1.982941**	0.0237
Group ADF-statistics Panel	-1.934389**	0.0265

***, **, * denote statistical significance at 1%, 5% and 10% level.

Dynamic Ordinary Least Square

Having examined the panel cointegration, long run elasticities of the three exploratory variables are confirmed using a DOLS. Table 4 reports the results of DOLS. The table 3 represents the long run elasticities for all three countries as a group. Accordingly, out of the three macroeconomic variables, only two are statistically significant at 1% and 5% significance levels. This indicates that frontier market prices do have an influence from the selected macroeconomic factors in the long run. Adding to this, few more observations can be made based on the test results. The exchange rate seems to have a negative yet insignificant association with the frontier market prices. Inflation (proxied by CPI) and the real economic activities (proxied by IPI) seem to have a positive and statistically significant long run impact of the stock indices. Accordingly, CPI is significant at 1% significance level

and IPI is significant at 5% significance level.

The above results comply with the existing literature to a certain extent. In line with the finding of Mohapatra and Rath (2015) and Chandrashekar *et al.* (2018) the inflation (proxied by CPI) and economic activities (proxied by IPI) positively affect the stock market in the long run. Yet, Chandrashekar *et al.* (2018) failed to suggest a significant result for inflation. Results of the current study contradict with the findings of Ayub and Masih (2014), who discovered an inverse relationship between the CPI and stock market indices. However, their result is not statistically significant. As per the current results, the highest impact seems to be coming from CPI. This is in line with the results of Jamaludin, Ismail and Ab Manaf (2017). As per the corpus, the exchange rate and the market indices are positively and significantly associated, yet in the case of frontier markets the results indicate a negative and insignificant relationship.

Table 4 Results of Dynamic OLS

Variable	Coefficient	Probability
EX	-0.255780	0.3776
CPI	2.254422***	0.0000
IPI	0.264821**	0.0294

***, **, * denote statistical significance at 1%, 5% and 10% level.

This result seems to be affected by the exchange rate systems of the three countries. It is important to note that, the impact of the exchange rate needs to be further analyzed, at the country level, while keeping in mind the aforementioned difference among the three selected frontier markets.

Panel Causality test

Pairwise granger causality test is conducted to explore the short-run relationship among variables. The results are revealed in table 5. The test has used the first difference of all data series, where there is no unit root. Thereby it is understood that exchange rate granger causes the frontier market indices, whereas the consumer price index and industrial production index do not. In addition to that, reverse causality is found from the stock index to consumer price index at 10% significance. Moreover, a

short run causality is also running from CPI to IPI at 5% significance level. No other causalities were found between and among the explanatory variables. Market and industrial production do not have any form of causality. Thus, in conclusion, the exchange rate is the only variable which affects the market index out of the selected three macroeconomic variables. Extant literature suggests mixed results on this cause. Wongbangpo and Sharma (2002) also observed the same phenomenon in the short run, where they discovered a short run causality running from the exchange rates to the stock market index, yet none in terms of reverse causality. This result contradicts with Mohapatra and Rath (2015) and Chandrashekar *et al.* (2018). Similar to Chandrashekar *et al.* (2018) a reverse causality is found from CPI to the stock market index. It should be noted that, short run causality results seem to be less uniform across the prevailing studies.

Table 5. Results of Ganger Causality test

Null Hypothesis:	F-Statistic	Probability
D(EX) does not Granger Cause D(MKT)	3.10165**	0.0474
D(MKT) does not Granger Cause D(EX)	0.50597	0.6038
D(CPI) does not Granger Cause D(MKT)	0.74152	0.4778
D(MKT) does not Granger Cause D(CPI)	2.77819*	0.0648
D(IPI) does not Granger Cause D(MKT)	0.53223	0.5882
D(MKT) does not Granger Cause D(IPI)	0.00265	0.9973
D(CPI) does not Granger Cause D(EX)	0.56198	0.5711
D(EX) does not Granger Cause D(CPI)	1.32313	0.2689
D(IPI) does not Granger Cause D(CPI)	0.56303	0.5705
D(CPI) does not Granger Cause D(IPI)	3.21978**	0.0423

***, **, * denote statistical significance at 1%, 5% and 10% level.

Conclusion

This study investigates the long run and short run relationship between selected macroeconomic variables and the stock market returns of three frontier markets in the Asian region; Sri Lanka, Bangladesh and Vietnam. As per the researcher's knowledge, there is very limited literature on the selected frontier markets. Even though there are studies based on certain frontier markets at an individual level, literature does not provide much evidence based on a group of frontier markets. Therefore, this study can be considered as one of the limited studies conducted to investigate the macroeconomic impact on frontier market returns using a panel approach. The study uses monthly data from 2013 February till 2018 June, accounting for 65 months altogether. The study

examines the long run and short run relationship between the exchange rate, consumer price index, industrial production index and the stock market index using panel co-integration test, dynamic OLS and granger causality test.

Having confirmed the preconditions of the data set: i.e., stationarity at the first difference, this study employed the Pedroni panel co-integration test to investigate for a possible long run association between variables. Empirical results concluded a long run association between macroeconomic variables and stock market indices. Long run elasticities were then measured using a dynamic ordinary least square. Accordingly, the consumer price index and the industrial production index seem to be positively and statistically significant in determining the stock

market indices in the long run. The results corroborate the findings of earlier studies. However, results suggest a positive and insignificant association between exchange rate and market index. As per the detailed study carried out on the exchange rate systems of three countries (where Vietnam is using a comparatively different exchange rate system compare to Sri Lanka and Bangladesh), the researcher suggests further study about the exchange rate systems before concluding the results. Granger causality provides minimum evidence towards the existence of a short run association between variables. Yet, the results found to be interesting, where out of all three macroeconomic factors, the exchange rate is the only variable with a short run association with the market index. On the contrary, the exchange rate does not support the hypothesis of having a long run association to the market index. These results add to the divisive results of the prevailing literature.

Given the existing findings, it can be concluded that exchange rate, inflation (proxied by CPI) and economic activities (proxied by IPI) plays a significant role in determining the frontier market index both in the long run as well as in the short run. Thereby, policy makers need to pay attention into the identified relationships when making policy decision in a frontier market. At the same time, they need to monitor the macroeconomic variables closely to reduce the unnecessary fluctuations in the stock markets. Furthermore, it is important to be vigilant about the fundamental differences between the three countries when interpreting the results of this study.

Thereby, the researcher would like to suggest further analysis on the selected macro-economic variables, and if possible, to add other macro-economic indicators to the study as improvements.

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Appendix

Diagram 1(a) Market index

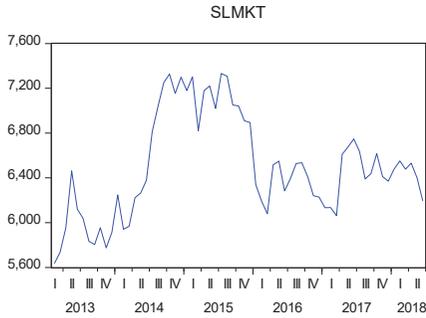


Diagram 1(b) Exchange rate

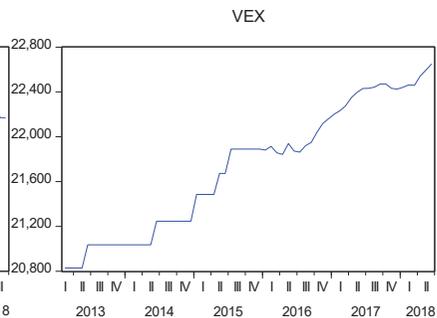
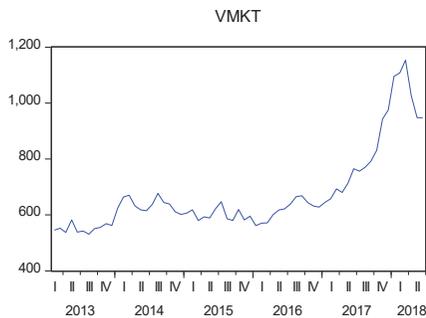
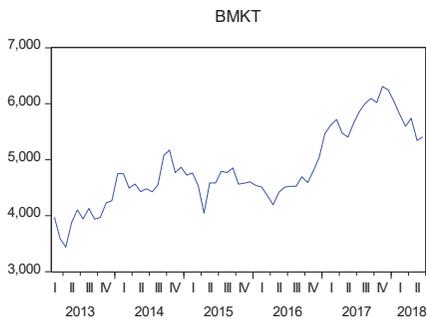
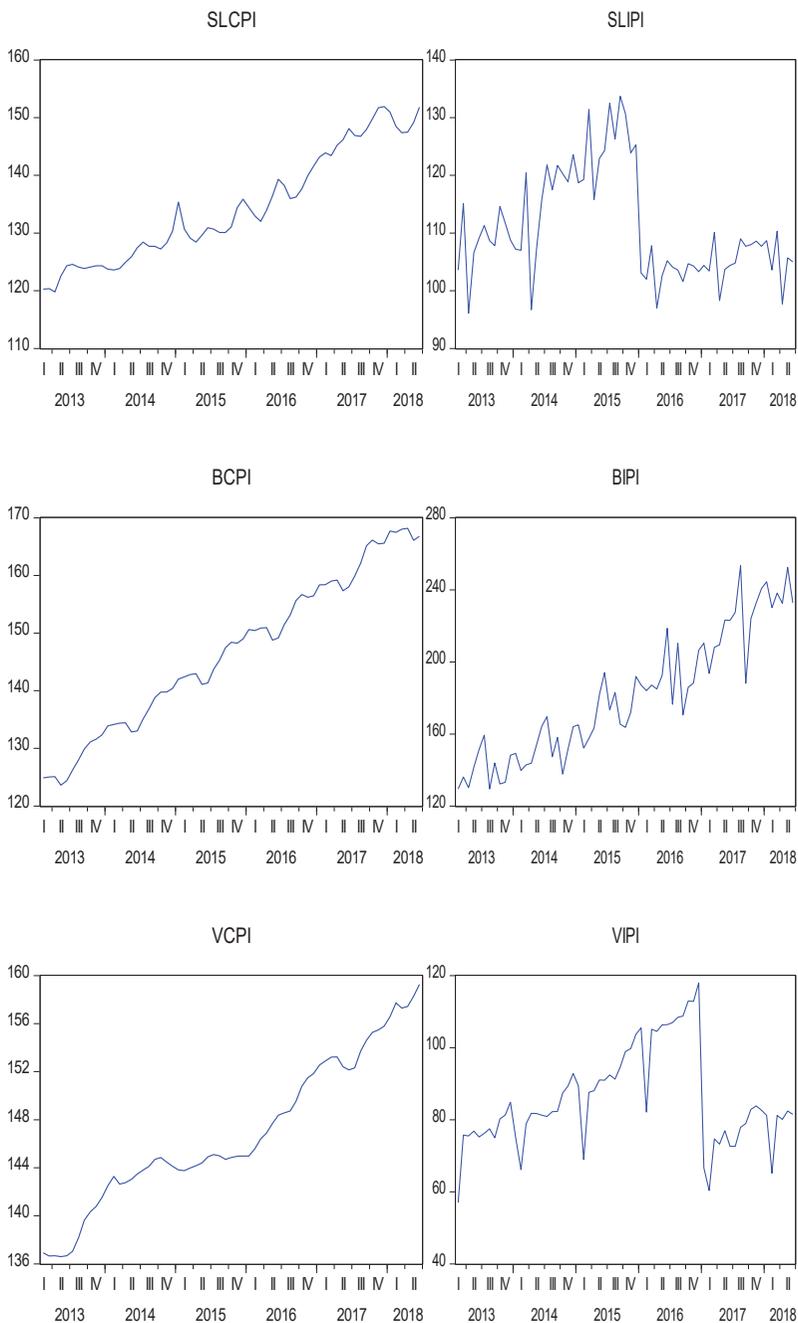


Diagram 1(c) Consumer price index Diagram 1(d) Industrial production index



Author's Guide

Who should contribute?

An open invitation to submit papers is made via the NSBM website as well as communications addressed to Deans of Faculties of Management Studies in state and private sector universities in Sri Lanka. In addition, scholars of repute are invited to contribute. Contributions from intellectuals from industry are also welcome.

Contributions

These can take the form research articles, case studies, research notes or book reviews.

Research articles: They constitute both conceptual and empirical papers. They will be of a positivistic or non-positivistic nature. The word limit is between 6,000 to 9,000 words. Each article is required to be accompanied by an abstract of 200 to 250 words and up to five key words, organized in the alphabetical order. All articles submitted will undergo a double-blind review process after being cleared by the Editorial Board.

Case studies: They will necessarily be of an empirical nature and may include organization-based research/ projects. The conditions stipulated for research articles will apply here as well.

Research notes: This is a shorter version of a research article with a narrower scope which does not fall into the above categories. A research note will consist of 3,000 to 6,000 words. Other requirements stipulated above will apply.

Book reviews: These are critical reviews of recently published HR/ Management related books with particular relevance to South Asian countries. The word limit is between 1,000 to 2,000 words. On being cleared by the Editorial Board submissions will not be subject to double blind review process.

Submissions requirements

Each submission must be in English language type-set using MS Word (font size 12 with 1.5 spacing). They must contain the title of the paper, name(s) of the author(s), abstract and key 2 words. The text of a research article will in general contain the introduction, research questions, review of literature, methodology, data analysis, findings and conclusions followed by a list of references and annexes.

The softcopy (in MS Word) should be submitted to the Editor, NSBM Journal of Management. In addition, a hard copy (printout) is also required submitted. Each submission must accompany a statement of originality in the covering letter addressed to the Editor. In case there are multiple authors, the principal author can submit the statement of originality.

Submissions should be original contributions and should not have been submitted to any other conference or publication previously or at present. By submitting an article, the author transfers copyright to the journal. A contributor is, however, at liberty to publish his/ her article/ paper in a work of which he/ she is the author/ editor or joint author/ editor. Authors are required to sign a copyright agreement if the article is accepted. They are fully responsible for obtaining permission and clearing any copyrights issues relating to the content of their submissions.

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Each submission will be initially cleared by the Editorial Board and thereafter undergo a double-blind review process. The comments and suggestions received will be sent to the authors with requests for minor/ major revisions before the paper is accepted for publication. A paper may even be rejected based on the reviewer comments which will be duly informed to the contributor. Further, the editorial board or the reviewers may sometimes request access to data and workings during the review process and the relevant authors must be willing to supply these when requested for.

Referencing and numbering of Figures and Tables

Referencing is required to be done according to the Harvard style and a guide will be made available on request.

Figures shall be numbered consecutively using Arabic numerals. They will be labelled below the figure (e.g. Figure 1, Figure 2). Borders are not required to be included for Figures unless essential. Further, Figures must be produced in black/ white images embedded in the text.

Tables shall be numbered consecutively using Arabic numerals and labelled above the Table (e.g. Table 1, Table 2). Only horizontal lines shall be used to distinguish the content within a Table. It is advised to keep one blank line above and below each table/ figure to separate them from the text. The title of the Figure/ Table must be in one line. Capitalize each word in the Figure/ Table label except propositions and conjunctions. Figure/ table titles must be in Times New Roman 12 pt. and centre aligned.

