

# Disruptive Technologies Transforming HR Service Delivery in the IT Industry- A Bibliometric Analysis

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*This study explores the current use of technologies in HR practices through scholarly articles in the Scopus database. It explores how advanced tools like artificial intelligence, machine learning, augmented reality, and virtual reality can be used in recruitment, onboarding, training and development, performance management, compensation, employee engagement, and well-being. The bibliometric analysis provides an overview of disruptive technologies in HR service delivery within the IT industry. By examining 119 research articles published between 2007 and 2024, the study identifies emerging trends, key themes, and research gaps using the PRISMA framework. Artificial intelligence emerges as a central theme in the study.*

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## Introduction

Technological advancements have significantly accelerated the fast-changing field of human resources within the information technology sector. Nowadays, the development of new technologies influences nearly every part of our lives. This research mainly explores how these innovative developments impact human resource practices through a bibliometric analysis. Effective human-computer interaction is a component of computing, and significant technological advancements have been made in this field. Businesses are increasingly adopting remote work and seeking new ways to manage geographic distances. One approach is the use of artificial intelligence, machine learning, augmented reality, and virtual reality, which have revolutionized HR support systems. In recent years, compa-

nies have focused more on training employees in techno-functional skills like cloud computing, blockchain, artificial intelligence, security, etc. The IT industry has gone through a paradigm shift in recent years, which has made conventional human resources strategies outdated. The need for qualified workers continues, but the widespread adoption of remote work models has fundamentally changed the dynamics of hiring, onboarding, training, and employee engagement.

A cloud-based human resource management system is an open-source platform that provides employee self-service, personal information management, benefits administration, pay management, and leave tracking. In HR, to tackle complex decision-making challenges involving large datasets across various scenarios, cluster analysis can be integrated with the Best-Worst Method to enhance multiple criteria decision analysis within a structured framework. (Ijadi Maghsoodi et al., 2020). Customers are searching for innovative solutions that address the ever-present issue of market competitiveness and offer long-term benefits through the use of disruptive technological breakthroughs (Sardana, 2020). As an essential component of innovation, the IT in-

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dustry is always pushing beyond its limits in terms of technological enhancement, which results in recruitment, selection, performance management, compensation, training, and development. The seamless integration of a remote workforce dispersed across a few geographic areas presents a unique challenge for the Human Resources management environment within this dynamic sector (Lawton, 2021)

Virtual Reality (VR) enhances employee training and safety in the raw materials industry by providing immersive, interactive learning experiences that improve skill development and efficiency, though high costs and specialized requirements remain challenges. (Holuša et al., 2023). A virtual reality system equipped with heart rate, gaze, and fear rating helped the employee overcome fear and anxiety during self-training (Tursunbayeva, 2019). The metaverse is transforming HR training by enhancing interactivity, flexibility, and immersive learning. While it offers benefits like real-time collaboration and feedback, challenges such as accessibility, ethics, and security remain. (Saeed et al., 2024). Traditional HR support frameworks have immense difficulties in effectively engaging, instructing, and fostering a cohesive culture through dispersed teams as firms increasingly adopt remote work models. Introducing and discovering new VR simulations to conduct and evaluate the applied candidates helped the team identify the right candidate with the required talent (Lawton, 2021 b. Leading multinational companies in India are adopting VR for employee onboarding, with

Accenture's 'Nth Floor' showcasing years of advancements in HR technology.(Evangeline, 2025). Organizations use robots for a variety of HR tasks, including candidate verification, answering staff members' questions, and managing attendance. Cloud computing introduced a new model in the IT sector by providing customers with on-demand, flexible, and widely accessible computing resources.(Donyagard Vahed et al., 2019). People analytics enables businesses and human resources professionals to reduce employee turnover by transforming the approach to attracting and retaining talent with the help of data science and big data analytics.(Yahia et al., 2021a).

AR and VR enhance HRM by simulating real-world scenarios and improving communication between virtual and real environments, (Syal, 2024). Employee engagement can have several beneficial effects on the business's organizational and financial outcomes in addition to the individual and his or her team. Organizations will be more than happy to embrace AI if it can be utilized as a tool to support EE(Saxena & Mishra, 2023).

Organizations with a solid recruitment strategy can hire the right people to adapt to the growing business environment and the digital age. This makes recruitment the key factor for any company aiming to hire skilled workers who can be more productive and efficient in achieving job goals. Artificial intelligence can serve as an effective alternative to humans in the hiring process.(Nawaz, 2019). Artificial intelligence is designed to act and re-

spond like a human, with the main goal of enabling computers to carry out tasks that people usually do. AI is highly accurate and can make decisions quickly. (Geetha & Reddy, 2018). The capabilities of AI technologies, including natural language processing, machine vision, automation, and augmentation, have a significant impact on the recruitment and selection process. These technologies can lead to several benefits, such as saving time, improving accuracy, eliminating bias, reducing workload, increasing efficiency, and enhancing the experience for candidates.(Hemalatha et al., 2021).

Several factors influence the broad use of artificial intelligence technology in human resources for talent hiring. The adoption of AI for talent acquisition is positively affected by the involvement of top management, the readiness of human resources, cost efficiency, competitive advantages, and support from AI providers.(Mao et al., 2017).The implementation of artificial intelligence has a positive effect on training and development, and most companies tend to use these tools through more innovative, comprehensive, and technologically advanced methods.(Maity, 2019; Niehueser & Boak, 2020)

AI is strongly connected to innovation and usability, highlighting how it impacts human resources through these two factors.(Kumar & Raza, 2015; Bhardwaj et al., 2020). An AI-driven digital human resources ecosystem that includes platforms and applications for human resource management improves both em-

ployee experience and engagement. (Malik et al., 2023).

**The connection between the adoption of AI technology and its practical application in talent acquisition is negatively impacted by a preference for traditional methods.**

The actual use of AI technology in talent acquisition is affected by both its adoption and how well it fits the tasks at hand. Research shows that the connection between the adoption of AI technology and its practical application in talent acquisition is negatively impacted by a preference for traditional methods. (Pillai & Sivathanu, 2020). The use of artificial intelligence and machine learning technologies is transforming progressive work practices through automation of repetitive tasks, real-time feedback, and improved decision-making. These advancements contribute to a better work-life balance, increased job satisfaction, and higher employee retention. (Chuang et al., 2025)

In the age of data science and big data analytics, people analytics assists businesses and their human resources professionals in reducing employee turnover by changing how they attract and retain talent. In this context, high staff turnover presents a significant threat to an organization's ability to ensure continuity in planning and maintain productivity. (Yahia et al., 2021b) HR managers believe that combining machine learning with their organization's various functional complexities will improve and

enrich the overall experience for employees. (Alkhazraji & Buhaliba, 2020). Machine learning algorithms are already commonly employed in the hiring process. Applications analyze applicants' social media profiles to gain insights into their skills and personalities. This information is then used to perform a comprehensive behavioral analysis, which is presented to HR managers for further evaluation (Faliagka et al., 2012).

### **Context of the Research**

Disruptive technologies are causing a major shift in the IT industry's HR service delivery model. Understanding the history of this change is essential to appreciating its possibilities and ramifications. (Tursunbayeva, 2019b). The use of AI and ML in recruitment processes, along with the adoption of cloud-based human resources solutions for improved operational efficiency, are among the key areas of focus. A review of conventional HR procedures is required in light of the increasing prevalence of remote work and virtual collaboration platforms. IT organizations must comprehend how these disruptive technologies affect organizational culture, HR effectiveness, and employee experience if they want to remain competitive in luring, keeping, and growing top people. To examine these developments and how they affect HR service delivery in the IT sector, this background study will be helpful to both researchers and practitioners. (Zaki, 2019).

As time passes, the use of technology becomes increasingly prevalent in our daily lives. digital technologies like



AI and automation are transforming industries, disrupting jobs, and requiring new strategies for economic adaptation. (Brynjolfsson & McAfee, 2014) Every advancement in technology and the ongoing, rapid changes in corporate structures compel us to adopt a new approach to human resource management that relies on knowledge and data gathering. The first step in this transition is the implementation of personnel monitoring systems in various businesses. Here, 'monitoring' refers to the process or system for gathering, storing, and analyzing data from various sources and reporting on the performance and actions of the staff members (Ball et al., 2010). The importance of employees utilizing multi-criteria decision-making methods is highlighted by the practice of assigning relative weights to achievements and fuzzy criteria through inter-criteria correlation. Employers are grouped using the Compromise Solution approach and various measurement alternatives. (Chaudhary et al., 2022). HR analytics enhances organizational performance by assisting companies in monitoring their human capital management (Kiran et al., 2022).

Technology has made IT industries establish more talent pools by conducting virtual job fairs that include webcasts, webinars, and videos to interact with candidates and employees across the world. Prospects are allowed to learn about the organization and search through areas that interest them which is a part of the recruitment process that includes uploading the resumes and they can identify those candidates with right value and coordinate them using tools such as text-based (or)

video chats. The integration of supply chain management and Industry 4.0 promises manufacturing businesses enormous growth and development prospects (Dhamija et al., 2020). By leveraging datasets, emerging technologies are enabling corporate executives to make decisions more quickly and consistently by replacing human labor with robots for information processing that is considerably faster and more accurate. Artificial intelligence is transforming the field of management and leadership by leveraging data analytics to get better results (Krishnan & Krishnan, 2022).

Machine learning is centered on enabling computers to adapt to innovations and knowledge, allowing them to reason logically and draw conclusions. While AI simplifies and transforms data into a comprehensible format, Machine learning is an advanced type of artificial intelligence that examines data to identify patterns and adapts program execution based on those insights. This field emphasizes the creation of algorithms that improve human resource decisions by producing accurate predictions. (Fomude et al., 2023). Algorithms using AI and ML can identify patterns that are hidden from view. It might be utilized to much more quickly and effectively discover the ideal candidate for the available job opportunity. Any industry aiming to succeed in this highly competitive environment must improve talent acquisition and management by fully leveraging artificial intelligence and shifting the focus from an ethical human resources system to an ethical human resources department that incorporates AI. Technologies within arti-

ficial intelligence, such as natural language processing, machine vision, automation, and augmentation, significantly impact the hiring and selection process. These technologies can result in beneficial outcomes, including decreased workload, enhanced efficiency, greater accuracy, elimination of bias, time savings, and an improved experience for candidates.(Dhamija et al., 2020). Artificial intelligence models are increasingly being utilized at various stages of employee lifecycle management to facilitate data-driven decision-making. (Nosratabadi et al., 2022).

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The establishment of HRM Dynamic Capacities through HR procedures and both internal and external resources, as well as how these contribute to different results, including employee happiness, business performance, and resource and practice changes. The performance of the company can be enhanced by placing more focus on organizational-level strategic HRM processes (Apascaritei & Elvira, 2022). Virtual storage and resource management are the most often used cloud applications by IT and business enterprises. Corporate buyers have spent a lot of money on training headsets, and millions more have expressed interest in using them for amusement and productivity. Augmented reality is also used in human resources as part of VR

intensity. VR uses specialized goggles and headsets to create a 3D experience, whereas AR augments, rather than replaces, the real world with 3D data. High-stakes training, which includes safety and other concerns, is done using Virtual Reality. Employees used to have to go to training facilities all over the world for practical instruction, which resulted in expensive lodging and transportation expenses. Motorola produced online training sites by simulating an assembly line environment. The drawback is that workers had trouble installing the sites and obtaining the expensive yet necessary machinery. After conducting a few tests, they found that the employees who were trained through VR platforms scored comparatively higher than those who were trained in a traditional method (Minehan,1996). The application of AI in businesses and sectors, tackling implementation challenges and the interaction between partner businesses, clients, and enterprises. By leveraging the capabilities of AI, organizations can encourage positive social, environmental, and economic outcomes, which will ultimately contribute to the achievement of the Sustainable Development Goals.(Kulkov et al., 2023).

The World Economic Forum predicts over 75 million job losses, leading to a demand for more HR specialists due to the creation of 133 million new roles driven by artificial intelligence and machine learning, resulting in higher costs for organizations, but incorporating AI in hiring may yield benefits that exceed initial implementation expenses.(Mukherjee & Krishnan, 2022)

The structures from the integrated theoretical framework can be used to accurately forecast compensation by utilizing a variety of advanced machine learning methods(Jaiswal et al., 2023).

When diversity management strategies are effectively implemented inside the company, learning within the company will improve.

**Table 1 Summary of Key Findings from the Literature on Focus Area Relevant to the Study**

| Focus Area                   | Author                     | Findings                                                                                                                                                                                                                                                                          |
|------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fourth Industrial Revolution | Venturini, 2022            | The Fourth Industrial Revolution (4IR) involves intelligent technologies like AI, big data, and automation, with much focus on their adoption but less on the development of related knowledge.                                                                                   |
|                              | Chaudhary et al., 2022     | The use of multi-criteria decision-making methods, such as CRITIC and MARCOS, allows employers to effectively categorize employees and make informed decisions through a thorough evaluation of performance metrics.                                                              |
|                              | Kiran et al., 2022         | The application of HR analytics improves organizational performance by offering insightful information for tracking and refining HR procedures.                                                                                                                                   |
|                              | Dhamija et al., 2020       | Manufacturing companies have enormous prospects for rapid expansion and development because of the synergistic integration of Industry 4.0 and supply chain management.                                                                                                           |
| Integration of AI and ML     | Sashreek & Krishnan, 2022  | The convergence of emerging technologies and data analytics, particularly through artificial intelligence, is revolutionizing management and leadership paradigms, enabling rapid and precise decision-making while reducing reliance on human labour for information processing. |
|                              | Fomude et al., 2023        | In the rapidly changing field of artificial intelligence, the move toward strategic thinking emphasizes how crucial machine learning is to HR decision-making by providing precise estimates based on data analysis.                                                              |
|                              | Pillai et al., 2024.       | Employees' receptiveness to change beliefs positively correlates with factors supporting AI integration like perceived intelligence and customization, while it exhibits no influence on attitudes towards 'reasons against' such as perceived risk and technology anxiety        |
|                              | Nosratabadi et al., 2022   | As data-driven approaches transform decision-making processes, artificial intelligence models are increasingly being utilized at different stages of employee lifecycle management.                                                                                               |
|                              | Apascaritei & Elvira, 2021 | Fostering HRM Dynamic Capacities through strategic HRM processes enhances company performance by positively influencing employee happiness, business performance, and organizational resource and practice                                                                        |

|                            |                                                                                                                                                                                                                                                            |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kulkov et al., 2023        | adaptations<br>Leveraging AI's potential for business purposes encourages cooperation between clients, partners, and enterprises, resulting in favourable social, environmental, and economic consequences that support the Sustainable Development Goals. |
| Mukherjee & Krishnan, 2022 | As organizations face a shift due to AI and ML, incorporating AI recruitment tools can offset rising HR costs by demonstrating cost-effectiveness through efficient operations.                                                                            |
| Jaiswal et al., 2023       | The integrated theoretical framework provides accurate compensation forecasts through the application of diverse advanced machine learning methods, enhancing precision in compensation management.                                                        |

Source: Synthesized based Scopus Database

## Research Methodology

This research explores the influence of disruptive technologies on HR service delivery in the IT sector through a bibliometric analysis. The study was conducted by sourcing and analyzing papers published in the Scopus database. The final dataset comprised 119 documents published between 2007 and 2024, reflecting an annual growth rate of 16.79%. The average age of the documents was 2.35 years, indicating they are relatively recent. Each document had an average of 8.37 citations.

The authors employed bibliometric tools using the bibliometrics package developed by Aria & Cuccurullo (2017) to identify trends, logical connections between the keywords, and potential research gaps. Network visualizations were used to illustrate the relationships between key concepts and author collaborations. Overlay visualizations of keywords were created using Vos Viewer to identify clusters of related terms. Network visualizations pictorially represented the connections between research themes and author net-

works, and overlay visualization illustrated shifts in research focus and publication trends. (Van Eck & Waltman, 2014). Citation impact charts offered a comparative view of the significance of earlier and more recent contributions, and geographic maps visually represented the global spread of research efforts.

RQ1: How are artificial intelligence and data analytics transforming recruitment and decision-making processes in HR within the IT sector?

RQ2: What are the emerging trends and challenges in HRM's adoption of AI technologies in the IT sector?

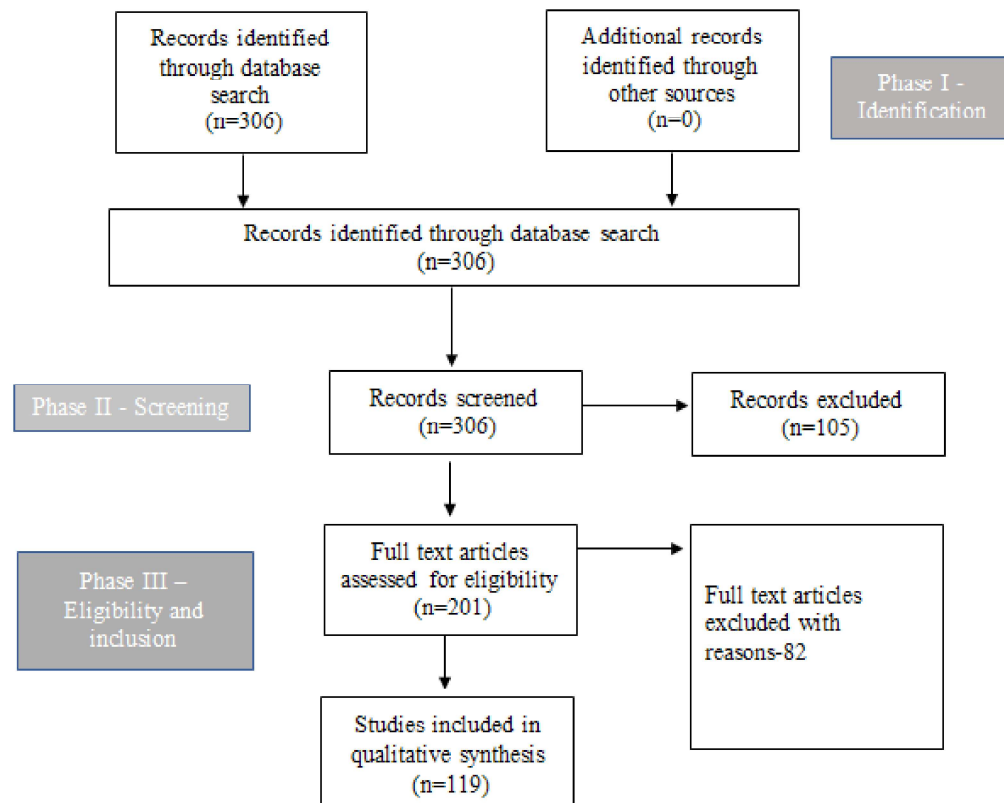
To maintain the relevance of the selected studies, particular inclusion and exclusion criteria were established based on the PRISMA framework. (Page et al., 2020). The inclusion criteria stipulated that studies must specifically address HR service delivery and disruptive technologies in the IT sector and be published between 2007 and 2024. The analysis focused on empirical research articles relevant to the IT industry and excluded

**Table 2 Keywords Used in the Study**

| Parameter                       | Search Query                                                                                                                                                                                                                                                                      |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Industry Keywords               | 'Tech sector,' 'IT industry'                                                                                                                                                                                                                                                      |
| HR Keywords                     | 'PMS,' 'onboarding,' 'employee engagement,' 'recruitment,' 'training and development'                                                                                                                                                                                             |
| Primary Keywords                | 'ML,' 'AR,' 'VR,' 'AI,' 'MR,' 'disruptive technologies'                                                                                                                                                                                                                           |
| Boolean Search Query for Scopus | ('HR service delivery' OR 'onboarding' OR 'employee engagement' OR 'recruitment' OR 'PMS') AND ('mixed reality' OR 'artificial intelligence' OR 'machine learning' OR 'virtual reality' OR 'augmented reality' OR 'disruptive technologies') AND ('tech sector' OR 'IT industry') |

Source: Authors' own formulation

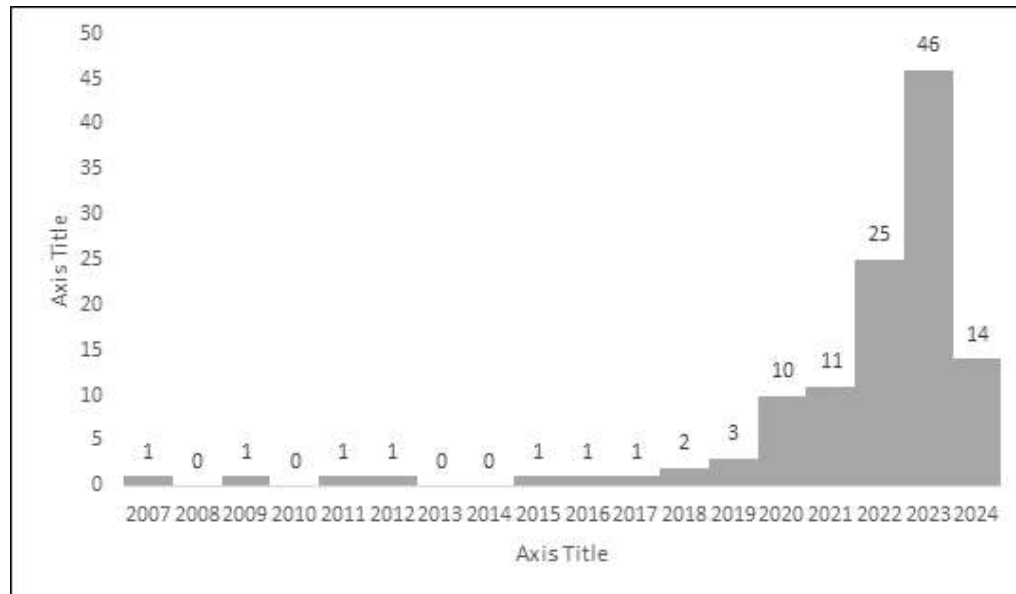
**Fig. 1 Prisma Flow Diagram**



Source: Adapted from Page et al. (2020).

those related to unrelated sectors such as healthcare, education, textiles, tourism, and hospitals. This approach resulted in the final selection of 119 papers from

an initial set of 306, which were meticulously reviewed and filtered to ensure a systematic and transparent selection process. (Fig.1)

**Fig. 2 Annual Scientific Production**

Source: Data retrieved from Scopus

The number of articles released annually between 2007 and 2024 reveals fluctuations in publication activity over time. There were only very few publications between 2007 and 2010, one in each of the years 2007 through 2009, and none in the years 2008 through 2010. From 2011 onward, the trend began to exhibit greater consistency, where years of publication and non-publication alternated until 2015. There has been a noticeable rise in the frequency of publications since 2016. The number of published papers has significantly risen each year, with two articles released in 2018 and three in 2019. The number of papers is higher between 2022 and 2023, demonstrating a significant rise in publication activity over these years. After reaching its peak in 2023, publishing activity may have stabilized or returned to a lower but more steady level, as indicated by the small

decline in the number of articles published in 2024 compared to 2023. (Fig. 2)

The analysis provides insights into the terms that are associated with human resources in the IT sector. With a frequency of 13, 'artificial intelligence' stands out in particular, indicating its growing significance in HR procedures. The terms 'personnel,' 'human resource management,' and 'IT industry' are also important. These terms emphasize recruitment procedures, technology integration, and essential HR activities. The existence of phrases like 'deep learning' and 'natural language processing systems' highlights how contemporary technology has affected HR procedures. All things considered, this graphic effectively conveys the dynamic convergence of analytics, AI, and people-centered approaches in IT-related human resources. (Fig. 3)

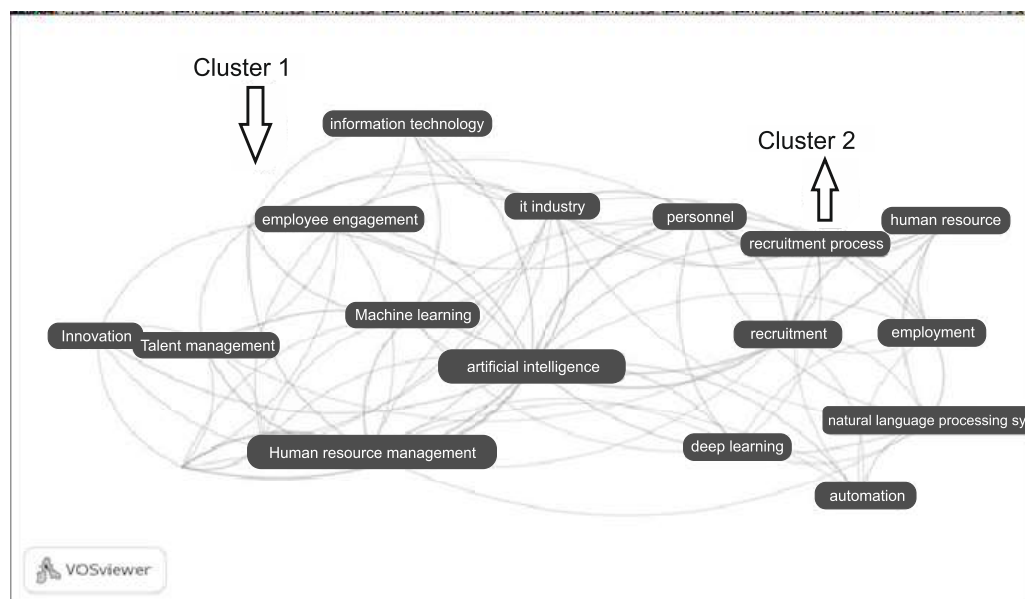


The occurrences of words over time illustrate the frequency of publications or mentions across several topics from 2007 to 2024. A gradual increase is observed, primarily in Artificial Intelligence (AI), Personnel, and the IT Industry, with consistently low activity in these areas especially in the years 2017-2018 evidenced a slight rise, with the keyword 'Decision Making' emerging along with AI. From the year 2019 onwards, there is a significant growth in the keywords AI, Personnel, IT Industry, and the introduction of

Employment. This trend continues with a surge in 2021, expanding to include Human Resource Management (HRM), Recruitment Process, and Natural Language Processing (NLP) Systems. By 2022, all topics show increased activity, with the keywords 'AI' and 'Personnel' leading the research activity. (Fig. 4)

**By 2022, all topics show increased activity, with the keywords 'AI' and 'Personnel' leading the research activity.**

**Fig. 5 Network visualization of keywords**



Source: Scopus database, analysis performed using Vos Viewer

The importance and interconnectiveness of different technologies and Human Resource Management concepts are highlighted through the network described. Artificial intelligence serves as a key link between different HR and technology-related topics. It is at the heart of this network, with closely as-

sociated terms such as 'machine learning,' 'deep learning,' and 'natural language processing' highlighting the integration of advanced technology into HR practices. In the context of human resources, terms like 'employment,' 'recruitment process,' 'personnel,' and 'hiring' are grouped, reflecting a strong

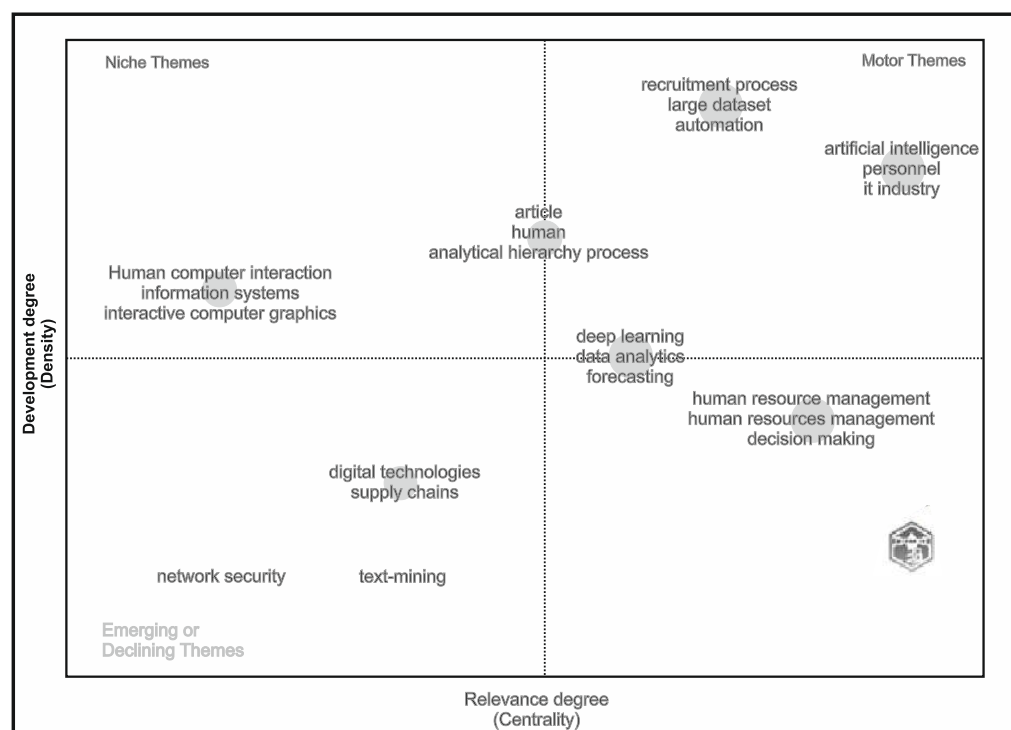


focus on the impact of technology on conventional HR functions.

Technological advancements have a profound effect on the areas of ‘employee engagement,’ ‘talent management,’ and ‘human resource management,’ highlighting progress in managing and engaging the workforce. The relationship between the HR keywords ‘information technology’ and ‘IT industry’ highlights how IT has

revolutionized HR procedures. The use of ‘automation’ indicates the trend toward HR procedures being automated to improve productivity. Disruptive technologies, including artificial intelligence and machine learning, are reshaping HR operations and strategies by illustrating the dynamic relationship between human resource management and these innovative technologies. (Fig. 5)

Fig. 6 Thematic Map of Keywords



Source: Scopus database, analysis performed using the bibliometrix R package

The thematic map provides the development and relevance of four themes. **Motor themes** such as Artificial Intelligence, Automation, and Large Dataset management are pivotal, driving significant advancements in Human Resources

in the IT sector due to their high centrality and development. **Niche themes** like Human-Computer Interaction and Interactive Computer Graphics are well-developed within their specialized areas but have limited broader relevance, focusing

**Table 3 Thematic Map -Quadrant-wise Explanation.**

| Quadrant                            | Description                                          | Themes                                                                                          |
|-------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <b>Motor Themes</b>                 | It is Well-developed and has highly relevant themes. | Artificial Intelligence, Personnel, IT Industry, Recruitment Process, Large Dataset, Automation |
| <b>Niche Themes</b>                 | It is well-developed but less relevant.              | Human-Computer Interaction, Information Systems, Interactive Computer Graphics                  |
| <b>Basic Themes</b>                 | Basic and transversal themes                         | Human Resource Management, Decision Making, Deep Learning, Data Analytics, Forecasting          |
| <b>Emerging or Declining Themes</b> | Emerging or declining (i.e. less relevant)           | Network Security, Text-Mining, Digital Technologies, Supply Chains                              |

Source: Scopus database, analysis performed using the bibliometrix R package

on enhancing user experiences and information visualization.

**Basic themes** such as Human Resource Management, Decision Making, and Data Analytics form the foundational aspects of the field, essential for understanding but needing further development to arise as a central theme. **Emerging or Declining themes** like Network Security, text mining, and Digital Technologies indicate areas that are either gaining traction or losing relevance. Analytical Hierarchical Process (AHP) intersects between Niche Themes and Motor Themes, which shows that it is foundational as well for further innovation in it. (Fig.6 & Table 3)

The spread of keywords highlights the multifaceted role of AI in HR, linking advanced technologies with practical HR applications to improve various aspects of workforce management.

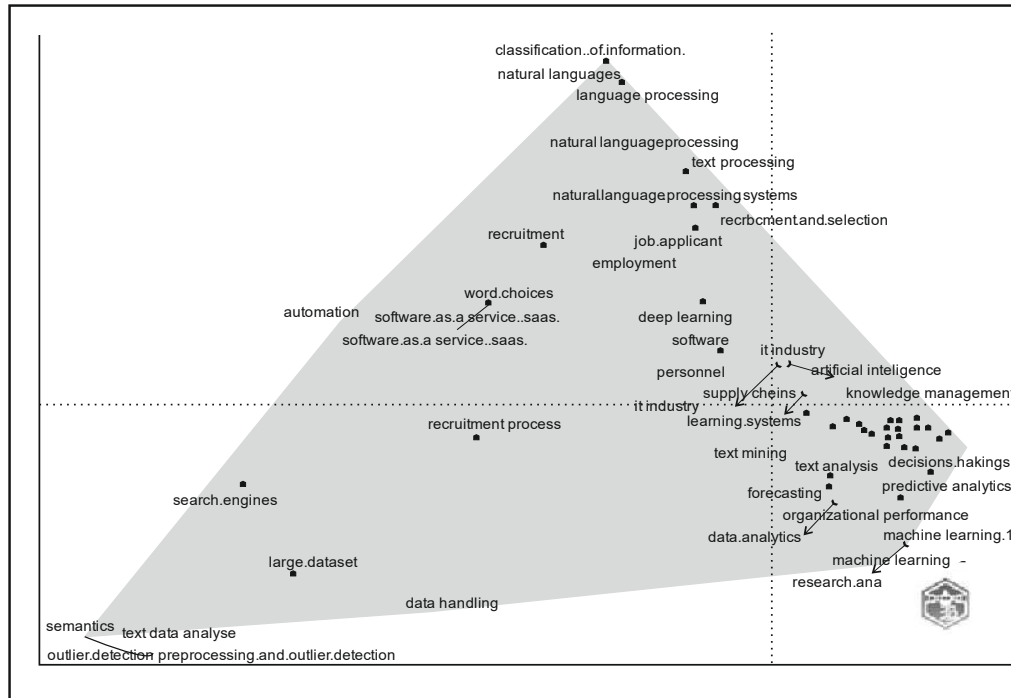
Fig. 14 shows the diverse background of AI applications in HR, highlighting a blend of technical and applied themes. The horizontal axis of the facto-

rial analysis provides a shift from technical facets like ‘semantics’ and ‘outlier detection’ on the right to practical applications like ‘recruitment,’ ‘text mining,’ and ‘predictive analytics’ on the left. It progresses vertically to ‘natural language processing,’ which is used for evaluating job applicants within the recruitment system and assessing organizational performance. AI-driven recruitment and selection processes, along with machine learning and data analytics, are employed to improve organizational performance and automate HR tasks through AI tools. The spread of keywords in the same cluster but with subthemes shows the multifaceted role of AI in HR, linking advanced technologies with practical HR applications. (Fig. 7).

## Discussion

IR 4.0 seems to be the integration of technologies into various other sectors, which is significantly transforming the business process of organizations, especially in the field of HR. Brynjolfsson and McAfee (2014) highlighted the shift towards this revolution despite initial resistance from

Fig. 7 Factorial Analysis



Source: Scopus database, analysis performed using the bibliometrix R package

management, heightening the global role of technology in modern life. The use of multi-criteria decision-making methods such as CRITIC, and MARCOS, as discussed by Chaudhary et al.(2022) allows organizations to make informed decisions through a comprehensive evaluation of performance metrics. Human capital management also sees significant enhancement through the application of HR analytics, which, according to Kiran et al (2022), mediates improved organizational performance by refining HR processes. Collectively, these studies illustrate the profound impact of the fourth technological revolution on productivity, decision-making, and organizational efficiency, driven by advanced technologies and data analytics.

Disruptive technologies are significantly transforming HR service delivery in the IT sector, and their impact is increasing. The integration of artificial intelligence, machine learning, robotic process automation, and data analytics into daily operations is reshaping the field. The HR practices have shown significant positive outcomes. The HR leaders of the IT industry leveraged these technologies to enhance the employee experience, improve decision-making through data insights, and accelerate HR operations.

Important trends and insights in the research publications are identified through this study. There were only a few publi-

cations on 'disruptive technologies' between 2007 and 2010. There was a steady pattern of academic publishing starting in 2011, continuing in alternating years until 2015. Publication frequency has increased dramatically from 2016, reaching a high between 2022 and 2023, and the upward trend will continue in 2024 and beyond.

There are key distinctions in the scholarly impact of publication activity, and future research is necessary to fully understand why India leads the world in publication frequency. Keywords like 'artificial intelligence', and 'deep learning' are becoming more common, which shows that Artificial intelligence is increasingly being integrated into HR practices.

**Artificial intelligence is increasingly being integrated into HR practices.**

The connection between human resources and technology emphasizes the transformative role of artificial intelligence in HR processes. Terms such as recruitment, employment, and traditional HR concepts are grouped with natural language processing, deep learning and machine learning, illustrating how technology is reshaping workforce management. The thematic clusters and research gaps are underscored by the bibliometric analysis, which illustrates the interdependence of disruptive technologies in HRM.

### Logical Interconnectedness

*Thematic Map:* The thematic map connects these themes, showing a com-

prehensive picture of the research field. Motor themes like Artificial Intelligence and Automation are critical in transforming recruitment processes and large dataset management, which aligns with the use of deep learning and data analytics from the basic themes. Although niche themes such as Human-Computer Interaction and Information Systems support the broader application of AI, they are not as immediately relevant.

*Connecting Dots through Factorial Analysis:* The Natural Language Processing and Recruitment clubbed together in a cluster demonstrating a relationship between applying natural language processing techniques in the selection process. The connection between software and automation demonstrates how deep learning technologies are integrated into software services, especially within the IT industry and recruitment processes, indicating the essential role of SaaS models in improving effectiveness.

The connection between analytics and decision-making highlights various advanced analytical techniques, including predictive analytics, machine learning, and text mining, which can be utilized to enhance decision-making processes. This also emphasizes the importance of AI and knowledge management in boosting organizational performance.

A connection is evidenced between natural language processing (NLP) and recruitment, highlighting the potential for NLP technologies to transform recruitment and selection processes. Implementing NLP systems can improve job appli-

cation management efficiency, automate the initial screening process, and identify the best candidates based on language analysis. This can lead to more efficient and effective recruitment strategies, reducing the time and cost associated with traditional hiring methods, indicating a shift towards more automated and technology-driven recruitment and IT management practices.

### **Implications**

The phrase ‘AI’ was introduced by John McCarthy, marking 1956 as the widely accepted starting point for the field of AI. The AI reached its fiftieth anniversary in 2006 itself.(Cordeschi, 2007). Now we can see that all the sectors are leveraging the technology, which shows the height of advancement in this dynamic era. As artificial intelligence and Internet of Things connections become more prevalent, human resource management is undergoing substantial changes and is now referred to as smart HR.(Srivastava et al., 2022). Only a small number of businesses are implementing artificial intelligence in their human resource management or creating AI-driven HR software, as this field is still relatively new and not widely adopted, particularly in India.(Murugesan et al., 2023). Now, small companies and startups would understand the importance of AI in better HR decision-making. This

**Human resource management is undergoing substantial changes and is now referred to as smart HR.**

nascent stage of AI implementation should be focused on, and the barriers shall be overcome by drafting a global-level policy on AI adaptation, especially in countries like India. The IT policy shall be revised, as India is the hub for the major Western countries in terms of backend support. Multi-criteria decision-making methods (MCDM) shall be leveraged as the tools significantly enhance HR practices by providing a structured approach to evaluating complex decisions. It can also aid in selecting training programs and designing compensation packages by weighing factors like cost and efficacy. Recent advancements in text mining and natural language processing allow companies to leverage these tools to enhance their human resource practices.(Guo et al., 2024).By leveraging NLP, HR leaders can quickly analyze large amounts of text data, such as resumes, exit interview data, and feedback. This helps them make optimal decisions about hiring the best talents.

### **Conclusion**

Disruptive technologies fundamentally transform how HR services are delivered in the IT sector, leading to a new era marked by improved employee experiences, informed decision-making, and greater efficiency. These technologies have many advantages, but they also have drawbacks and difficulties, including the need to upskill the workforce, implementation costs, and data protection issues. Organizations can, however, fully realize the promise of disruptive HR technology by tackling these issues through strategic planning, funding, and

cooperation. To optimize their HRM strategies and stay competitive in this digital age. IT companies need to cultivate an innovative and adaptable culture. The importance of embracing change and utilizing technology to drive organizational success in the digital age is highlighted by the disruptive technologies' overall transformative impact on HR service delivery in the IT industry.

### Limitations

This study offered valuable insights into the impact of disruptive technologies on HR service delivery within the IT industry only. The research fetched the data from the Scopus database from 2007 to 2024 alone; other databases were not considered. Only research papers related to the IT industry were included.

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# Sustainable Transformation through Employees' Pro-environmental Behavior: An Empirical Study

Anubinda Mohanty, Bighnesh Dash Mohapatra, & Chandan Kumar Sahoo

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*This study examined how leadership, organizational culture, and green human resource management (HRM) practices contribute to fostering sustainable behavior. Using a mixed-methods approach, the study collected both quantitative and qualitative data from across diverse industries, focusing on organizations with established sustainability credentials. Statistical analysis and thematic coding reveal significant correlations between OB principles, particularly transformational and ethical leadership styles, sustainability-oriented cultures, and green HRM practices and pro-environmental behavior (PEB) among employees. The results indicate that OB principles play a vital role in aligning organizational operations with sustainability goals.*

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## Introduction

In recent decades, sustainability has evolved from a niche concern to a global imperative, driving fundamental changes in how organizations operate. As environmental, social, and governance (ESG) expectations increase, businesses are under intense pressure to adopt sustainable practices that address climate change, resource scarcity, and social inequality. This shift toward sustainability is not merely a regulatory response; it reflects a growing awareness among stakeholders, including customers, investors, and employees, that businesses must actively contribute to solving societal challenges. As a result, sustainability has become integral to corporate strategy, shaping decisions that affect everything from operations and supply chains to branding and stakeholder engagement. Organizational behavior (OB), traditionally focused on understanding and optimizing workplace dynamics, now plays a

critical role in supporting sustainability. The study of OB explores how individuals and groups within organizations behave and interact, revealing insights into the drivers of motivation, leadership, decision-making, and culture. Given the complexity of embedding sustainability into business practices, OB principles offer valuable frameworks for fostering the behavioral changes required to achieve sustainable development. By examining how leadership styles, organizational culture, human resource management (HRM), and employee engagement intersect with sustainability goals, this paper aims to elucidate the behavioral factors that underpin successful sustainability initiatives. The adoption of OB-driven sustainability practices can enhance brand loyalty, employee satisfaction, and regulatory compliance, positioning organizations as leaders in sustainable development. In this way, the study underscores that sustainability is not only a business obligation but also a strategic opportunity that can yield significant social, environmental, and financial benefits. The study aims to examine how OB principles are applied to support sustainability within organizations. By focusing on leadership, organizational culture, HRM practices, and employee engagement, the study aims to identify specific OB strategies that enable organizations to achieve sustainability goals. The key research objectives are:

1. To analyze the influence of dimensions of organizational behavior (i.e. leadership styles, organizational culture, green HRM and employee engagement) on pro-employment behavior.

2. To identify barriers to integrating sustainability within organizational behavior and explore potential solutions grounded in OB theories.

## **Literature Review**

Literature on organizational behavior (OB) and sustainability is extensive and multidisciplinary, drawing insights from management, psychology, environmental science, and organizational studies. This section provides an in-depth review of existing literature, focusing on the role of OB in supporting sustainability through leadership, organizational culture, green human resource management (HRM), and employee engagement. By synthesizing key theories and empirical studies, the literature review establishes a theoretical foundation for understanding how OB principles can drive sustainable practices within organizations.

## **Sustainability in the Context of Today's Corporate**

The concept of sustainability has evolved over time, shifting from a focus on environmental preservation to a more holistic framework that includes social and economic dimensions. Elkington's (1997) "triple bottom line" approach defines sustainability as the balance between financial performance, social responsibility, and environmental stewardship. According to Dyllick and Muff (2016), sustainable businesses prioritize long-term value creation over short-term profit maximization, emphasizing the interdependence between business success and societal well-being. Several studies highlight the benefits of sustainability for

organizations, including enhanced reputation, customer loyalty, and risk management. For example, research shows that companies committed to sustainability enjoy a competitive advantage in the marketplace, as consumers increasingly prefer brands that align with their environmental and ethical values (Smith et al., 2020). However, adopting sustainability as a strategic priority requires more than operational adjustments; it necessitates a shift in organizational behavior, as sustainability is fundamentally a people-centered endeavor. This recognition underscores the importance of OB principles in facilitating sustainable transformation.

### **The Role of Leadership in Promoting Sustainability**

Leadership is widely regarded as one of the most influential factors in promoting sustainability within organizations. Leaders play a central role in defining organizational values, setting strategic priorities, and modeling behaviors that reflect the company's commitment to sustainability. Transformational leadership, in particular, has been identified as highly effective in fostering sustainable practices. Transformational leaders inspire and motivate employees by articulating a compelling vision for the future, encouraging them to transcend self-interest for the greater good (Bass & Riggio, 2006). Research by Chen and Chang (2013) demonstrates that transformational leaders who prioritize sustainability instill a sense of purpose and environmental responsibility in their teams, leading to increased pro-environ-

mental behavior (PEB) among employees. Transformational leaders use strategies such as individualized consideration, intellectual stimulation, and inspirational motivation to encourage employees to embrace sustainability as a core value. By fostering an emotional commitment to environmental goals, these leaders create a foundation for long-term sustainable behavior. Ethical leadership is another critical style in the context of sustainability. Ethical leaders, characterized by integrity, fairness, and a commitment to stakeholder welfare, influence employees' moral perspectives, making them more likely to engage in sustainable actions (Brown & Treviño, 2006). Ethical leaders create a culture of trust and accountability, which reinforces employees' intrinsic motivation to support environmental initiatives. Maak and Pless (2006) argue that ethical leaders who prioritize sustainability attract employees who share similar values, creating a cohesive and supportive environment for sustainable practices. While transformational and ethical leadership styles are commonly associated with successful sustainability efforts, research also highlights the role of servant leadership and participative leadership. Servant leaders prioritize the needs of their team members, including fostering an environment that supports sustainability. Participative leaders, who involve employees in decision-making processes, promote a sense of ownership and empowerment, which is conducive to sustainability (Avolio & Yammarino, 2013). By engaging employees in sustainability-related decisions, participative leaders enable a shared commitment to environmental goals. Organi-

zations led by sustainability-focused leaders are better equipped to adapt to environmental and market changes (Bansal et al., 2018). The hypothesis that emerged is as follows:

Hypothesis 1: Leadership will positively affect the pro-environment behavior.

### **Organizational Culture & Sustainable Behavior**

Organizational culture, such as shared values, beliefs, and norms that shape behavior, significantly influences the success of sustainability initiatives. Schein (2010) defines organizational culture as the “invisible force” that guides decision-making and behavior within a company. When sustainability is embedded in the organizational culture, employees are more likely to adopt pro-environmental behaviors and align their actions with the company’s environmental goals. A sustainability-oriented culture provides a sense of purpose, unity, and responsibility that motivates employees to engage in eco-friendly practices. Lozano (2018) emphasizes that companies with a strong culture of sustainability integrate environmental responsibility into all aspects of their operations, from resource management to product design. This integration is evident in companies like Patagonia, where sustainability is a core cultural value that shapes every level of the organization. Patagonia’s commitment to environmental activism, transparency, and ethical sourcing serves as a model of how a culture centered on sustainability can drive both employee engagement and customer loyalty (Haigh & Hoffman,

**The concept of a “green” organizational culture is gaining traction as organizations seek to foster pro-environmental behavior.**

2014). The concept of a “green” organizational culture is gaining traction as organizations seek to foster pro-environmental behavior. A green culture promotes values such as environmental stewardship, ethical responsibility, and social accountability, encouraging employees to support green initiatives. Norton et al. (2015) find that employees in organizations with a green culture experience a sense of psychological ownership over environmental goals, leading to greater engagement in sustainability efforts. Moreover, a sustainability-oriented culture often attracts employees who are already environmentally conscious, reinforcing the organization’s commitment to green practices. However, building a sustainability-oriented culture presents challenges. Cultural change is a gradual process, and transforming existing values and norms to prioritize sustainability requires consistent leadership, clear communication, and alignment of policies with environmental goals. As Shrivastava (1995) notes, organizational inertia can hinder the adoption of sustainable practices, especially in companies with established routines that may be at odds with environmental objectives. Overcoming these challenges requires a strategic approach that leverages OB principles to align organizational culture with sustainability. Organizations with sustainability-integrated cultures are better equipped to navigate disruptions and

challenges (Bansal & DesJardine, 2014). The derived hypothesis is as follows:

Hypothesis 2: Organizational culture will positively affect the pro-environment behavior.

### **Green Human Resource Management (GHRM)**

Green HRM is a growing field that explores how HR practices can support sustainability by promoting environmentally friendly behaviors within the workforce. Green HRM encompasses various practices, including green recruitment, training, performance appraisal, and reward systems, all of which aim to embed sustainability into the employee experience. Renwick et al. (2013) define green HRM as the alignment of HR functions with the organization's environmental objectives, creating a workforce that is both motivated and equipped to contribute to sustainability. Green recruitment involves hiring candidates who value sustainability, reducing resistance to eco-friendly practices, and fostering a cohesive culture around environmental goals. Kim et al. (2019) stated that employees who join organizations with green recruitment practices are more likely to embrace the organization's sustainability initiatives, as they already share an alignment with environmental values. Training programs focused on environmental awareness and pro-environmental behavior are another essential component of green HRM. These programs equip employees with the knowledge and skills needed to support sustainability goals, enhancing their engagement in green practices. Jackson

et al. (2011) argue that green training and development are vital for cultivating a sustainability-oriented mindset, as they provide employees with a clear understanding of how their roles contribute to environmental objectives. Performance appraisal and reward systems that recognize sustainable behaviors reinforce the importance of environmental goals within the organization. For example, organizations that include sustainability metrics in their performance evaluations encourage employees to prioritize resource conservation, waste reduction, and other eco-friendly practices. This approach aligns with findings by Robertson and Barling (2013), who suggest that reward systems incentivize employees to support green initiatives by providing tangible recognition for their contributions. Green HRM practices encourage the development of a sustainability-oriented organizational culture (Daily et al., 2009). It aligns HR practices with environmental strategies, creating synergy among departments (Pinzone et al., 2016). It also empowers employees to take ownership of sustainability initiatives, driving collective action (Jabbour & Santos, 2008). The emerged hypothesis is as follows:

Hypothesis 3: Green Human Resource Management will positively affect the pro-environment behavior.

### **Employee Engagement**

Engaged employees are more likely to adopt and sustain pro-environmental behavior (PEB), leading to higher operational efficiency in the organization. PEB refers to individual actions that contrib-

**Engaged employees are more likely to adopt and sustain pro-environmental behavior (PEB), leading to higher operational efficiency in the organization.**

ute to environmental goals, such as conserving resources, reducing waste, and supporting organizational green policies (Steg & Vlek, 2009). Engaged employees who feel a sense of ownership over sustainability initiatives are more motivated to participate in eco-friendly practices, which contributes to the organization's overall environmental performance. Robertson and Barling (2013) identify several factors that influence PEB, including intrinsic motivation, environmental values, and social norms. Intrinsically motivated employees who engage in sustainable practices out of personal interest or commitment to environmental values tend to be the most consistent supporters of sustainability initiatives. Research shows that when employees perceive sustainability as aligned with their personal values, they are more likely to take proactive steps toward environmental responsibility. Moreover, organizations can enhance employee engagement by providing opportunities for involvement in sustainability initiatives. Programs such as green teams, employee-led sustainability projects, and community involvement encourage employees to take an active role in promoting environmental goals. According to the findings of Norton et al. (2015), employees who participate in sustainability initiatives experience a sense of fulfillment and alignment with the organization's

mission, reinforcing their commitment to PEB.

### **Challenges in Embedding Sustainability into Organizational Behavior**

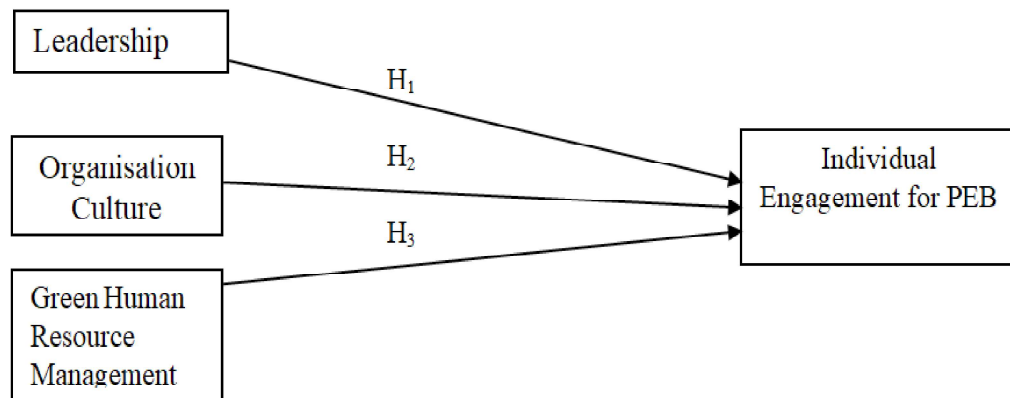
Despite the numerous benefits of integrating sustainability into OB, several challenges persist. Resistance to change is a common barrier, as employees may be reluctant to alter established behaviors and routines that conflict with sustainable goals. This resistance often stems from a lack of familiarity with new methods, perceived inconvenience, or skepticism about the effectiveness of green practices (Shrivastava, 1995). Effective change management strategies, including clear communication and training, are essential for overcoming resistance and fostering acceptance of sustainability initiatives. Financial constraints also present a challenge, especially for smaller organizations with limited resources. While large corporations may have the financial capacity to invest in sustainability initiatives, smaller companies may struggle to allocate sufficient budget for green practices. As noted by Hart (1995), sustainable practices are more accessible to companies with greater resources, highlighting the need for cost-effective sustainability strategies. Lack of awareness and training is another barrier to sustainability. Employees who are unaware of the organization's environmental goals may feel disconnected from sustainability initiatives, leading to disengagement. To address this issue, organizations must improve internal

communication, offer regular sustainability training, and clarify the role of each employee in achieving environmental objectives, leading to higher operational efficiency.

The literature highlights that organizational practices are integral to achieving sustainability within organizations. The

dimensions such as leadership, culture, and green HRM play a unique role in promoting pro-environmental behavior. The above arguments propose the hypothesised model (Table 1) encompassing the independent variables (leadership, culture, and green HRM) predicts the dependent variable i.e. employee engagement and pro-environment behavior.

**Fig 1. Conceptual framework**



However, challenges such as resistance to change, financial limitations, and insufficient awareness underscore the need for strategic approaches that align OB with sustainability goals. By understanding these dynamics, organizations can leverage OB strategies to support sustainable development and enhance organizational resilience.

### Research Design

An exploratory research design was adopted, aligning with the study's objective to investigate the relatively new intersection between OB and sustainability. An exploratory approach is suitable for studies aiming to uncover patterns and

generate insights rather than test specific hypotheses. The study employed a mixed-methods approach, combining quantitative and qualitative data. Quantitative data was collected through a structured survey, providing statistical insights into how OB factors influence sustainable behavior. Qualitative data was gathered through in-depth interviews, allowing for a more nuanced understanding of organizational practices and individual perceptions.

### Sample Selection

The sample included organizations from diverse industries, such as manufacturing, technology, retail, and services,



each facing unique sustainability challenges. The organizations were selected based on their publicly available sustainability commitments, such as participation in certifications (e.g., ISO 14001) and sustainability reporting standards (e.g., Global Reporting Initiative). This criterion ensured that the selected organizations were actively engaged in sustainability initiatives and that their OB practices were likely to reflect an intentional focus on environmental goals. Within each organization, participants were chosen from various roles and hierarchical levels, including senior management, middle management, and front-line employees. This stratified sampling approach enabled a holistic view of sustainability, capturing perspectives from both decision-makers and implementers. A total of 200 participants completed the survey, while 15 participants from three organizations took part in in-depth interviews. These organizations were selected for their demonstrated commitment to sustainability, allowing for deeper analysis of best practices and challenges in implementing OB-driven sustainability initiatives.

### **Data Collection**

The quantitative component of the study involved a structured survey designed to assess participants' perceptions of OB practices and their influence on sustainability. The survey covered four main areas: leadership styles, organizational culture, green HRM practices, and pro-environmental behavior (PEB). Each section included statements rated on a five-point Likert scale (1 = Strongly Dis-

agree, 5 = Strongly Agree) to capture the extent of participants' agreement with specific aspects of their organization's approach to sustainability. Demographic questions, such as industry, organizational size, and job role, were included to control for variables that might influence perceptions of OB practices and sustainability. The survey data provided a quantitative measure of the correlation between OB factors and sustainability outcomes, enabling statistical analysis to identify trends and relationships.

To supplement survey data with qualitative insights, semi-structured interviews were conducted with 15 participants from three organizations known for their sustainability practices. These interviews aimed to explore participants' experiences and perceptions regarding OB practices related to sustainability. Semi-structured interviews allowed for guided discussions that were flexible enough to uncover individual perspectives and organizational nuances. Interview sessions, lasting 45 to 60 minutes, were recorded (with participants' consent) and transcribed for analysis. The qualitative data allowed the study to capture in-depth insights into the dynamics of sustainability within organizations, revealing how OB principles operate in practice and identifying challenges and enablers of sustainable behavior.

### **Data Analysis**

The data analysis phase combined quantitative and qualitative methods to provide a comprehensive understanding of OB's role in fostering sustainability.

### Quantitative Exploration

Survey data was analyzed using descriptive and inferential statistics. Descriptive statistics provided an overview of participants' responses, indicating general trends in attitudes toward OB practices and sustainability. Inferential statistics, particularly regression analysis, were used to examine the relationships between specific OB factors such as leadership style, the firm's cultural orientation, green HRM practices, and employees' pro-environmental behavior. Descriptive Statistics such as mean, median, and standard deviation were calculated to summarize survey responses. Regression analysis was used to test the strength and direction of relationships between OB factors (independent variables) and individual engagement for PEB (dependent variable). To enhance the robustness of the analysis, tests for multicollinearity and reliability (e.g., Cronbach's alpha) were conducted. Multi co-linearity tests ensured that the variables were independent, while Cronbach's alpha assessed the internal consistency of survey items, verifying the reliability of the data.

### Qualitative Analysis

Thematic analysis was employed to analyze the interview transcripts, allowing for the identification of recurring themes related to leadership, culture, HRM, and challenges in sustainability. Thematic coding was conducted to categorize responses, with each code corresponding to a specific aspect of OB practices, such as "leadership influence," "cultural support," or "HR practices."

This approach allowed for a systematic exploration of the data, uncovering both common patterns and unique perspectives.

*Familiarization:* Interview transcripts were reviewed multiple times to gain an overall understanding of the data and identify preliminary themes.

*Coding:* Key phrases and statements related to OB and sustainability were coded according to specific themes.

*Theme Development:* Codes were grouped into broader themes, such as "transformational leadership impact," "sustainability culture reinforcement," and "employee engagement in sustainability."

*Interpretation:* The themes were interpreted in the context of existing literature, providing insights into how OB principles are operationalized within sustainability-focused organizations.

To ensure reliability and minimize researcher bias, two independent researchers coded the data, discussing any discrepancies until consensus was reached. This process enhanced the validity of the findings by incorporating multiple perspectives and reducing the risk of subjective interpretation. Ethical considerations were prioritized to protect participants' rights and ensure data integrity. The study adhered to ethical guidelines by obtaining informed consent from all participants, ensuring that they were fully aware of the study's purpose, the data collection methods, and their right to withdraw at any time. Confidentiality

was maintained by anonymizing participants' responses and referring to organizations by industry rather than name. Additionally, data were stored securely, with access limited to the research team. In conducting interviews, sensitivity was shown to participants' experiences and organizational contexts, particularly when discussing potential challenges and resistance to sustainability. Ethical safeguards were also applied in the survey design, ensuring that questions were respectful, relevant, and unbiased. The ethical measures implemented contributed to the study's credibility and the trustworthiness of its findings.

While this methodology provides a comprehensive approach to studying OB and sustainability, limitations need to be acknowledged. First, the sample may not be fully representative of all industries, as it focuses on organizations with established sustainability practices. This focus could introduce selection bias, as organizations already committed to sustainability may demonstrate more advanced OB practices than those at earlier stages of sustainability adoption. Another limitation is the reliance on self-reported data from surveys and interviews, which are subject to social desirability bias. Participants may have overstated their organization's commitment to sustainability, leading to an overly positive representation of OB practices. Future studies could address this limitation by including objective measures, such as organizational sustainability reports or third-party assessments, to triangulate self-reported data.

## **Results**

By leveraging both quantitative and qualitative techniques, this methodology allows for a thorough examination of the behavioral drivers of sustainability within organizations. This section presents the findings of the study, organized according to the primary research themes: leadership influence, organizational culture, green HRM practices, and employee engagement. Both quantitative survey data and qualitative insights from interviews are analyzed to reveal how organizational practices impact pro-environmental behavior within organizations. By examining each theme in detail, this section provides an understanding of the behavioral factors that drive or hinder sustainable behavior.

### **Leadership Influence on Pro-environmental Behavior**

The results indicate that leadership style significantly impacts the adoption and success of sustainable practices within organizations. Transformational and ethical leadership styles were found to be particularly effective in promoting sustainability. Survey responses and interview data illustrate that employees are more likely to engage in pro-environmental behavior (PEB) when they perceive their leaders as actively committed to sustainability.

**Leadership style significantly impacts the adoption and success of sustainable practices within organizations.**

In the survey, 72% of respondents agreed or strongly agreed with the statement, “My organization’s leadership actively promotes sustainability as a core value.” Regression analysis showed a positive correlation between leadership and individual engagement for PEB, with a correlation coefficient of 0.561 with  $p$ -value  $< 0.05$ . This suggests a strong relationship between leadership attributes and employees’ engagement in pro-environmental behavior. Further analysis indicated that ethical leadership also plays a critical role, as 68% of respondents reported that their leaders prioritize ethical considerations in decision-making processes. This ethical orientation was found to reinforce employees’ moral obligation to support sustainability initiatives, leading to higher levels of PEB.

Interviews provided deeper insights into how leadership influences sustainability. Participants frequently mentioned the role of leaders in modeling sustainable behavior and setting a clear vision for environmental responsibility. One participant from a technology firm explained,

“Our CEO’s emphasis on reducing carbon footprint has inspired all of us to consider how we can contribute to the environment.”

Another interviewee from a manufacturing company noted that their manager’s transparency and passion for sustainability motivated employees to adopt eco-friendly practices. Ethical leadership emerged as a recurring theme, with participants describing leaders who

**This finding supports the idea that ethical leadership fosters a culture of trust and accountability,**

prioritize fairness, integrity, and stakeholder welfare. One respondent shared, “Our leaders’ commitment to doing what’s right for the environment sets the tone for everyone. It’s not just talk; they genuinely care, and that makes us more committed too.” This finding supports the idea that ethical leadership fosters a culture of trust and accountability, which enhances employees’ engagement in sustainability initiatives.

### **Organizational Culture on Pro-environmental Behavior**

Organizational culture was found to be a critical determinant of employees’ attitudes and behaviors toward sustainability. Survey and interview data indicate that organizations with a strong culture of sustainability are more successful in engaging employees in pro-environmental behavior. A significant portion of respondents (68%) agreed with the statement, “My organization’s culture encourages environmentally friendly practices.” Statistical analysis supported this, showing a positive correlation between a sustainability-oriented culture and PEB. Regression analysis showed a positive correlation between organizational culture and individual engagement for PEB, with a correlation coefficient of 0.534 with  $p$ -value  $< 0.05$ . Organizations with a culture that emphasizes environmental responsibility reported higher levels of employee engagement in

sustainability initiatives. In addition, organizations that actively communicated sustainability values through onboarding sessions, training programs, and internal communications showed increased alignment between individual behaviors and organizational goals. Employees in these organizations reported feeling a greater sense of purpose and responsibility toward environmental objectives.

**A strong organizational culture provides a foundation for sustainable behavior, fostering an environment.**

Interview data highlighted various cultural practices that reinforced sustainability. For example, employees in organizations with a 'green' culture noted that sustainability was embedded in daily routines and practices. One participant mentioned, "Sustainability isn't just a policy here; it's a mindset. From our workspaces to our day-to-day operations, everything is designed to reduce waste and conserve resources." Several participants also noted that a sustainability-oriented culture attracts employees who are already environmentally conscious, creating a reinforcing cycle that strengthens organizational commitment to sustainability. An interviewee from a retail company explained, "People join our organization because they know we value sustainability. This alignment makes it easier for everyone to work toward the same goals." These qualitative insights support the notion that a strong organizational culture provides a foundation for sustainable behavior, fostering an envi-

ronment where employees feel connected to the company's environmental mission. Organizations that prioritize cultural alignment around sustainability enjoy greater cohesion and higher levels of engagement in green practices.

### **Green Human Resource Management on Sustainable Behavior**

Green HRM practices, such as sustainability-oriented recruitment, training, and performance appraisal, emerged as significant contributors to pro-environmental behavior. Survey responses indicate that HRM practices designed to support sustainability are positively received by employees and contribute to a stronger commitment to environmental goals. Sixty-five percent of survey respondents agreed or strongly agreed with the statement, "Our HR practices emphasize sustainability." Regression analysis showed a positive correlation between green HRM and PEB ( $r = 0.58, p < 0.05$ ), indicating that employees are more likely to engage in pro-environmental behavior when HRM policies align with environmental goals. Specifically, green recruitment practices where organizations seek candidates who value sustainability were shown to be effective in fostering a cohesive, sustainability-oriented workforce. Employees recruited through green hiring processes demonstrated higher levels of alignment with the organization's environmental objectives, reducing resistance to sustainability initiatives.

Interviews provided further insights into how green HRM practices influence

employee behavior. Participants noted that sustainability-focused recruitment helped attract employees who were already committed to environmental values, creating a team supportive of sustainability goals. One HR manager shared: “When we hire people who are passionate about the environment, they bring that energy to work every day, and it influences the whole team.” Training programs focused on sustainability were also highlighted as important constituents in promoting PEB. Employees who received training on environmental topics reported feeling more equipped to engage in sus-

tainable behavior. An interviewee from a manufacturing firm noted: “Our organization offers workshops on waste reduction and energy conservation, which makes us more aware of how we can contribute to sustainability at work.”

Performance appraisals that included sustainability metrics further reinforced pro-environmental behavior. One participant rightly mentioned, “Our performance evaluations now include a section on sustainability contributions, which makes us more conscious of how our actions align with the organization’s goals.”

**Table 1 Regression Summary**

|                   |           |
|-------------------|-----------|
| Multiple R        | 0.331939  |
| R Square          | 0.7938192 |
| Adjusted R Square | 0.77023   |
| Standard error    | 10.701850 |

Source: Authors’ Calculations

The empirical analysis shows the coefficient of determination ( $R^2$ ) value 0.793812 implies 79% of the variance in the outcome variable i.e. individual engagement for pro-environmental behavior is explained by the model proposed.

**Table 2 ANNOVA**

| Source     | df  | SS          | MS          | F           | SignificanceF |
|------------|-----|-------------|-------------|-------------|---------------|
| Regression | 1   | 6.958435583 | 6.958435583 | 3.616986958 | 0.058644123   |
| Residual   | 198 | 380.9165644 | 1.923821032 |             |               |
| Total      | 199 | 387.875     |             |             |               |

Source: Authors’ Calculation

**Table 3 Coefficients Table**

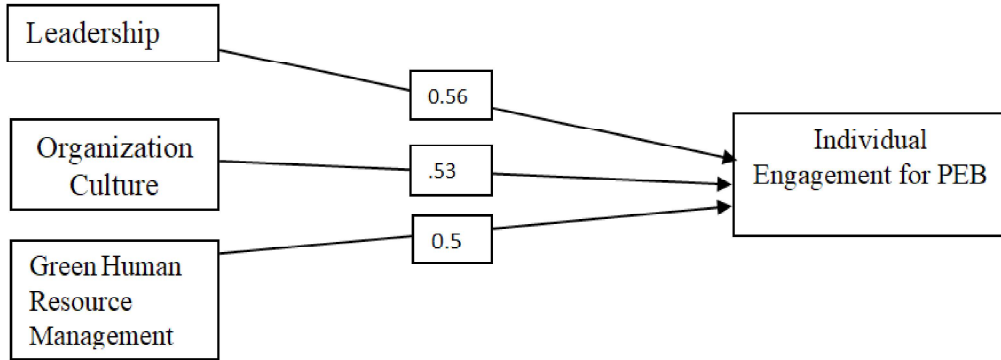
| Index    | Coefficient | S.E     | t Sta.   | P Value | Lower 95% | Upper 95% |
|----------|-------------|---------|----------|---------|-----------|-----------|
| Constant | 3.297423    | 0.21903 | 15.45009 | 0.004   | 2.8655    | 3.729     |

Source: Authors’ Calculation

Further, the first control variable, industry type, suggests that sectoral differences have no significant impact on pro-environmental behavior. While importantly mid-sized firms have significant

impact on pro-environmental behavior showing the efficacy of small and middle sized firms adopting pro-environmental behavior thereby achieve sustainability compared to larger sized organizations.

Fig 2 Results of the Regression Analysis



### Barriers to Integrating Sustainability into Practices

The key challenges that emerged from interviewing the managerial personnel are discussed as follows.

***Resistance to Change was a significant barrier, particularly among employees accustomed to established routines that contradicted sustainable practices.***

- *Resistance to Change* was a significant barrier, particularly among employees accustomed to established routines that contradicted sustainable practices. Approximately 30% of survey respondents expressed reluctance to adopt new sustainability-oriented behaviors, citing factors such as perceived inconvenience and lack of familiarity with new methods. Interview participants echoed this sentiment, noting that change management strategies are essential for overcoming resistance. A participant from a technology firm shared, “Some people resist sustainable practices because they feel it disrupts their routines. It takes time and communication to show them the benefits. These insights highlight the need for effective change management, including clear communication and training, to reduce resistance and facilitate the adoption of sustainable practices.”
- *Financial Constraints* were another barrier, particularly for smaller organizations with limited resources. Survey responses indicated that while sustainability was valued, budgetary limitations prevented some organizations from fully implementing green initiatives. Interview participants noted that balancing sustainability with financial performance was a challenge, as eco-friendly practices sometimes required upfront investment without immediate returns. A participant from a small manufacturing firm stated, “We would like to do more for the environment, but our budget doesn’t allow for large invest-

ments in sustainability.” This finding aligns with the resource-based view, which suggests that organizations with greater financial capacity are better positioned to adopt sustainable practices (Hart, 1995).

- *Lack of Awareness and Training* on sustainability was also identified as a barrier. Survey responses indicated that employees who were unaware of the organization’s sustainability goals felt less engaged in green initiatives. Interview data revealed that some employees did not fully understand their role in achieving the organization’s environmental objectives, leading to disengagement. One participant noted, “There’s a gap in understanding how each of us can contribute to sustainability. It’s not always clear how our daily tasks impact the environment.” This suggests that organizations need to improve internal communication and provide targeted training to enhance employees’ understanding of their contributions to sustainability.

## Conclusion

This study explored the critical role of organizational behavior (OB) in fostering sustainability within modern enterprises. As environmental and social pressures intensify, the need for organizations to integrate sustainable practices into their operations has become paramount. By examining the influence of leadership, organizational culture, green human resource management (HRM) practices, and employee engagement on sustainability, this research highlights the behavioral dimensions essential for driving or-

**OB principles, when aligned with sustainability goals, play a transformative role in shaping sustainable behavior within organizations.**

ganizational change toward environmental responsibility. The study’s findings reveal that OB principles, when aligned with sustainability goals, play a transformative role in shaping sustainable behavior within organizations. Leadership emerged as a key driver, with transformational and ethical leadership styles fostering a sense of purpose and accountability among employees. These leadership styles encourage employees to transcend self-interest, aligning their actions with the organization’s environmental objectives. A sustainability-oriented organizational culture further supports these efforts by providing a shared framework that encourages pro-environmental behavior.

## Limitations & Future Research Directions

The present study has considered three aspects of Organizational Behavior, namely leadership, green HRM practices and organizational culture to empirically demonstrate their impact on pro-environmental behavior. However, other notable aspects, namely resilience and performance management system, have not been considered in this study. Although the study provides valuable insights for practitioners and scholars, there are areas where further research is warranted. Further studies may find out the impact of culture on individual engagement for PEB, particularly in different



cultures prevalent in different parts of the globe. Moreover, the leadership approach to PEB can be studied sector-wise as there may be variations with reference to sectors, e.g., the leadership approach in brick and mortar industries like metal and cement may be different from the leadership approach in the ITEs sector. This paper contributes to both OB and sustainability literature, encapsulating the realities and challenges encountered in the Indian industries towards sustainability.

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## Appendix

### Leadership Driving Individual Engagement for PEB

Promote leadership as a core value.  
Encourage employees to adopt eco-friendly practices.  
Ensure ethical and environment-sensitive decisions.  
Clarity of vision for sustainability.

### Organizational Culture Driving Individual Engagement for PEB

Encourage environment-friendly practices.  
Embedment in the organization's mission and operations.  
Sense of mutual responsibility toward environmental goals.  
Spread the importance of sustainability throughout the organization.

### Green HRM Practices Driving Individual Engagement for PEB

Emphasize sustainability agenda in personnel practices.  
Acquiring of manpower aligning sustainability goals.  
Design sustainability-focused training.  
Employees' sustainability contribution is reflected in performance management.

### Employee Engagement & Pro-Environmental Behavior

Actively engaged in environmentally friendly practices at work.  
Conscious about the organization's sustainability goals and role to play.  
Sense of ownership towards sustainability initiatives.  
Provision of insights and feedback mechanism across the organization.

# Role of Conciliation Mechanism in Shaping Industrial Relations Scenario: An Exploration

**Vishal Kumar Nayak & Chandan Kumar Sahoo**

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*This study examines the conciliation mechanism's vital role within India's industrial relations framework. It attempts to assess the effectiveness of conciliation in reducing industrial disputes, especially strikes, lockouts, retrenchments, layoffs, and closures in the industrial sector over the last decade. The secondary data from the Government of India explains why conciliation plays a considerable part in the development of industrial harmony and economic stability. An old mechanism of solving industrial disputes in India is conciliation, founded on the basis that mutual gains would accrue through exchanging suggestions between employers and employees. This paper provides a background for conciliation in the larger industrial relations framework and emphasizes how it ensures labor peace and organizational stability.*

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## Introduction

Industrial relations provide a wide context through which the relationships between employers, employees, and the government can be understood in contemporary workplaces. Industrial relations describe the negotiation, cooperation, and conflict in creating work conditions or informing wider social and economic order (Suresh Sapkal, 2015; Patil, 1982). The nature of these relationships that keep industry in a state of equilibrium is very complex but inherently riddled with conflict. It would then logically result that whenever employees and employers enter a contract, it eventually leads to miscommunications and varying perceptions, and subsequently, conflicts arise. If unchecked, it might degenerate into an industrial dispute (Joseph, 2014). For that reason, wages and fringe benefits, including working conditions and perceptions of employees about protective and regulating mechanisms through

labor legislations under which they operate, and also the management of disputes promptly needs effective mechanisms.

**Conciliation is one of the most fundamental ways of preventing disputes from escalating into formal litigation.**

Industrial disputes are not limited to immediate employer-employee relations. The effects of an industrial dispute are far-reaching regarding the country's social and economic stability (Foley & Cronin, 2015; Saini, 1992). Strikes and lockouts can cause a breakdown in production, interruption in supply chains, and eventually affect the overall economy. Therefore, a strong dispute resolution mechanism is essential in protecting industrial productivity as well as the welfare of the society. Among the many ways of resolving disputes, conciliation is one of the most fundamental ways of preventing disputes from escalating into formal litigation. Conciliation attempts to create mutual understanding between disputing parties by involving a neutral third party to negotiate and amicably settle the issues without resorting to adversarial approaches (Pender et al., 2019; Khan, 1981).

The International Labor Organization (ILO) defines conciliation as, "a process whereby an independent third party assists the disputing parties to reach a mutually acceptable agreement to resolve their dispute." The definition prioritizes conciliation as a method of voluntary cooperation in pursuing mutual and consen-

sus-based dispute resolution, which helps to create a win-win scenario (Foley & Cronin, 2015). Here, a government-appointed conciliation officer, typically a neutral third party, undertakes dialogues, providing a structural framework leading to equitable negotiation. Such processes enable disputing parties to maintain their relationship and reach a settlement compatible with their interests and regulatory standards (Weinberg, 2020). Conciliation has thus become an essential component of India's industrial relations framework, providing a non-adversarial and cost-effective alternative to judicial proceedings.

This study discusses the role of conciliation in India's industrial relations regime, with a special focus on its effectiveness as a primary mechanism for resolving industrial disputes. This study would contribute to a greater insight into how conciliation might play a role in promoting industrial harmony and sustaining socio-economic stability in industries by exploring the conciliation process in India's labor field and its effects on resolving disputes (Jyoti & Sidhu, 2005). The study attempts to put forward some insights into the challenges and opportunities associated with conciliation through an analysis of secondary data, and reports from the Ministry of Labor and Employment as a critical tool in industrial relations.

### **Legal Framework**

The Industrial Disputes Act, 1947 is the major Act in India which is having provisions for investigation and settle-

ment of industrial disputes. It incorporates different mechanisms like work committees, conciliation, arbitration, and adjudication for the settlement of disputes. In this context, conciliation is one of the methods that are mostly used by appropriate governments to resolve disputes through interaction with the parties to dispute (Weinberg, 2020; Venugopalan, 2011). An independent third party intervenes in conciliation to encourage negotiations, and the independent third party aims to reach an amicable settlement with disputing parties.

Sections 4 and 5 of the Industrial Dispute Act, 1947 relate to conciliation. Section 4 deals with the conciliation officer, while Section 5 is related to the Board of Conciliation. Sections 11, 12, and 13 are related to the procedure, powers, and duties of conciliation officers and the conciliation board. According to Section 21 of the Indian Penal Code, all conciliation officials would be considered public servants and shall have the same powers as are vested in a Code of Civil Procedure, 1908 (5 of 1908), when trying a suit, in respect of the following matters, namely (a) enforcing the attendance of any person and examining him on oath; (b) compelling the production of documents and material objects; (c) issuing commissions for the examination of witnesses; (d) in respect of such other matters as may be prescribed.

In such cases where a settlement is reached through the efforts of the conciliation officer/board of conciliation, a settlement report must be submitted to the appropriate government along with a

memorandum of settlement signed by the parties concerned, and the settlement reached by the consensus of both parties will now be binding. If the conciliation officers fail to make the settlement, then he/she must file a failure report to the appropriate government showing why the conciliation failed. After an examination of this report, the government will decide to either allow the case to be submitted for adjudication or arbitration.

Conciliation in public utility services starts with immediate effect as soon as a strike or lockout notice is issued by one of the disputing parties. For non-public utility services, however, the conciliation officers can schedule such proceedings as convenient. In either of the processes, it follows the appropriate government's advice.

The conciliation officers whom the government designates obtain the right to settle with suggestions to help them resolve the deadlock faced by the disputing parties during conciliation (García et al., 2019; Ratnam, 2003). However, these proposals should not be considered acceptable by the disputing parties, and they would only settle in case the two parties agree upon the settlement. Here, mediation is the conciliator's role, which will hopefully result in a cooperative and constructive solution to the dispute. Any conciliated settlement can only be binding to the parties when they are agreed upon; otherwise, it becomes non-binding. This legal framework offers India an approach towards industrial disputes with structured flexibility in this sense (Roy & Dubey, 2022). The law aims to enable

**The law aims to enable the employer, the employees, and themselves to arrive at a peaceful resolution for disputes fairly.**

the employer, the employees, and themselves to arrive at a peaceful resolution for disputes fairly. Therefore, the objective of the study is to assess the role of the conciliation mechanism set up under the industrial relations regimes.

### Methodology

The present study is primarily based on the analysis of secondary data to assess the role and impact of conciliation on resolving labor disputes effectively and efficiently. The secondary data are collected from the Ministry of Labor and Employment (Annual Report from 2016-23), the Labor Bureau, and the Indian Labor Journal; and research papers on 'conciliation mechanism' published in reputed journals.

### Industrial Relations Scenario in India

As a labor-abundant and industrially developing country, India witnessed tremendous growth once the LPG (Liberalization, Privatization, and Globalization) policy came into effect in 1991 (Mehrotra, 2023). The industrialization scenario has become more complex concerning workforce diversity, where conflicts arise frequently and cannot be avoided. It is very important to distinguish between conflict and dispute. Conflict is broad and generalized to various workplaces,

while a dispute is specific, and its root is found in specific issues (Murty et al., 1986).

An effective industrial environment is achieved with cooperative and communicative relationships and interactions between and among management, employers, and employees (Roy & Dubey, 2022). Industrial disputes fall into two types: individual and collective. Individual disputes occur when an employee raises issues at a certain level against his/her respective employer concerning questions on termination or pay for work done. In contrast, collective issues mean issues that cut across all employees, including the question of wages, bonuses, and working conditions (Agarwal et al., 2020; Joseph, 2014).

It has been found that disputes often lead to industrial unrest, which may be either organized or disorganized. Organized unrest occurs when strikes and lockouts occur, a formal and structured expression of grievance. In contrast, disorganized unrest is less apparent and may be reflected in low morale, low productivity, and frustration among the workforce. This analysis will describe India's industrial relations landscape, showing the need for effective dispute-resolution mechanisms to prevent unrest and foster positive labor-management relations. The majority of industrial relations have specified instances that will make the employer or employee take actions that would disturb the regular industrial operations. Every term, such as strike, lockout, retrenchment, closure, and layoff, represents a different legal and

economic response to disputes or business constraints, and they hold significant implications for workers, management, and the broader economy. In India, these actions are governed under the Industrial Disputes Act, 1947, each action's definitions, conditions, and procedures ensure they operate in a regulated framework.

### **Mechanisms for Resolution**

In India, the Industrial Dispute Act, 1947 makes provisions for investigating and settling industrial disputes. Mechanisms for handling industrial disputes are stated in the following steps:

Step 1: Initially, the 'Works Committee' is there to address and deal with the day-to-day grievances that occur between employers and employees.

Step 2: When the issues are not resolved between employer and employees and the grievance takes the form of a dispute, the disputing parties can go for strikes or lockout by giving notice as per the provision of the Act: a notice of strike or lockout needs to be given before 6 weeks, and the notice is valid for 6 weeks only; strike or lockout can only be commenced after 14 days of the issue of the notice; and no strike or lockout is to be commenced during any conciliation or arbitration or adjudication proceedings, as it is illegal.

**No strike or lockout is to be commenced during any conciliation or arbitration or adjudication proceedings, as it is illegal.**

Step 3: After receiving the notice, the appropriate government will appoint a conciliation officer and initiate the conciliation proceedings. Conciliation is mandatory for public utilities and is not for non-public utilities. The conciliation officer, with the help of disputing parties, will then try to settle the issue and help to reach a consensus-based settlement between the parties.

Step 4: If the conciliation fails, the appropriate government has two ways either to proceed with arbitration or adjudication proceedings.

Step 5: If the dispute is referred for arbitration process, then with the help of the arbitrator, the disputes are resolved, and an award is passed which is binding for both parties.

Step 6: If the dispute is referred for adjudication process (labor court, industrial tribunal and national tribunal), then the respective adjudication machinery will pass an award for resolving of the dispute.

Step 7: If any party is not satisfied with the award passed by an arbitrator / the adjudication machinery, then they may appeal before the High Court and the Supreme Court.

Industrial harmony is promoted through the offering of a systematic and enforceable framework for resolving disputes, as the Industrial Disputes Act, 1947 forms an important milestone in this process. Still, procedural delays and compliance problems need to be overcome to make the Act more relevant and effi-

cient for the changing industrial environment.

### Strike

A strike is an organized work stoppage by a group of employees, usually as a tool to protest or demand improvements in working conditions, wages, or their rights. Section 2(q) of the Industrial Disputes Act, 1947 defines a strike as “a cessation of work by a body of persons employed in any industry acting in combination or a concerned refusal, or a refusal under a common understanding, of any number of persons who are or have been so employed to continue to work or to accept employment.” Strikes can be of different types, such as sympathy strikes, go-slow, or work-to-rule actions, and are usually resorted to when negotiations or collective bargaining have failed. Strike, though a weapon with the workers to protest about their rights, results in significant economic losses for both workers and employers. The broad scenario on strike in India during January 2013 to September 2023 reveals a significant and consistent decline in the number of strikes across India. This includes 103 in 2013 and 30 in 2022; up to this report, only 24 strikes were reported between January and September 2023. An indication that the situation would continue in this trajectory will suggest improvements in industrial relations

and reliance on alternative forms of dispute resolution methods in labor matters, most importantly on conciliation.

The conciliation process is central, marking India’s first and most readily available procedure to address industrial disputes (Ratnam, 2003). It’s non-adversarial as well as cooperative, allowing workers and employers to address their problems at the very first instance and be authorized to talk before a neutral third party, who might help in communicating and finally decide upon solutions acceptable to both parties (Foley & Cronin, 2015). Falling numbers of strikes indicate that the causes of disputes are being tackled at the level of conciliation, so there is less need for strikes to be used by workers to force their claims. Another reason could be that employees and employers know each other’s importance for the proper functioning of operations, and disputes between them will affect both as well as the industry so they try to create an environment of mutual trust, which helps settle any grievance before taking any action from either party. More so, from Table 1, this trend is also matched by a drastic drop in man-days lost because of strikes and lockouts from 1.2 million in 2013 to just above 0.3 million in 2022. It seems that when the strikes occur, they tend to be shorter and could reach fewer employees. This development is in the spirit of conciliation’s role in narrowing the scope of disputes and resolving key issues so that the scale and duration of strikes are as short as possible. Indeed, the impact of conciliation is not only shown in the reduced frequency of

**Industrial relations and reliance on alternative forms of dispute resolution methods in labor matters, most importantly on conciliation.**



**Table 1 Industrial Disputes (Strikes & Lockouts) (2013-2023)**

| Year               | Strikes | Lockouts | Total | Man-days Lost | Man-day lost per strike and lockout |
|--------------------|---------|----------|-------|---------------|-------------------------------------|
| 2013               | 103     | 155      | 258   | 1,26,45,371   | 49013                               |
| 2014               | 119     | 168      | 287   | 1,10,95,370   | 38660                               |
| 2015               | 112     | 29       | 141   | 40,14,559     | 28472                               |
| 2016               | 104     | 26       | 130   | 46,19,868     | 35537                               |
| 2017               | 87      | 25       | 112   | 52,33,467     | 46727                               |
| 2018               | 69      | 17       | 86    | 31,49,554     | 36623                               |
| 2019 (P)           | 65      | 14       | 79    | 33,28,103     | 42128                               |
| 2020(P)            | 43      | 8        | 51    | 25,72,393     | 50439                               |
| 2021(P)            | 38      | 8        | 46    | 21,13,461     | 45945                               |
| 2022(P)            | 30      | 5        | 35    | 6,10,511      | 17443                               |
| 2023(P) (Jan-Sept) | 29      | 1        | 30    | 3,39,169      | 11306                               |

Source: Compiled by authors from the Annual Report of the Ministry of Labor and Employment, GoI, for the period 2013 – 2023 based on Industrial Disputes is based on returns received every month from the Labor Departments of the States/Union Territories and Regional Labor Commissioner(Central).

Note: (P) = Provisional and based on the returns/clarifications received in the Bureau till 30 October 2023.

strikes but also in the diminishing economic impact of labor actions.

The observed decrease in strikes underlines the fact that conciliation mechanisms need further strengthening so that more strikes may be prevented and resolved early. In the process of facilitating dialogue and providing workable solutions, conciliation officers can further reduce both the prevalence and the disrupting impact of strikes. The data supports this notion that investment in conciliation as a preferred dispute resolution method may improve industrial harmony, reduce losses in productivity, and lead to a more stable and constructive industrial relations environment in India.

### **Lockout**

The section 2 (I) of the Industrial Disputes Act, 1947 has defined lockout

as “the temporary closing of a place of employment, or suspension of work, or refusal by an employer to continue to employ any number of persons employed by him.” Usually, it takes place when an employer wishes to implement some terms of employment or counter demands put up by the workforce. It is generally resorted to with a view to a lockout and to prevent escalation of the controversy. Lockouts also entail economic and social costs, especially in industries where continuity of operations has to be maintained. In India, a limitation of lockouts with respect to essential services is imposed, which would be with the dominant intent of limiting the detriment of the impact on public interest.

From Table 1, the data indicated a sharp decrease in the number of lockouts year on year basis. In 2013, there

**Lockouts are generally more disruptive and cause greater losses in productive man-days.**

were 155 cases, but in 2022, only 5 were reported, with only 1 case within the first nine months of 2023. It may indicate improvement in employer-labor relations, a shift toward collaborative dispute resolution, or the effectiveness of conciliation in preventing disputes that may eventually result in reducing the number of lockouts. In reality, lockouts are generally more disruptive and cause greater losses in productive man-days; thus, the decline of lockouts is crucial for industrial stability. This has reflected that reducing the trend of lockouts also gradually decreases man-days lost because the conciliation mechanism is especially potent in diffusing tensions at critical points before they can lead to a lockout. The fact was that recent years revealed fewer lockouts means conciliation is helping to bridge gaps between employers and workers, thereby amicably resolving the conflict without employers needing to resort to work stoppages. With the active role of conciliation officers and the realization of the parties to the disputes, it is quite possible to prevent lockouts and reduction of man-days lost per incident in recent years. Since conciliation officers can provide an avenue for dialogue and feasible solutions, employers may resort to less use of lockouts and find that keeping operational continuity intact is worth more by settling through negotiation. This would be in the interests of India's industrial relations framework, as conciliation would

be considered one of how disputes could be settled without the economic and social cost of a lockout.

### **Retrenchment**

Retrenchment is the discharge from employment resulting from causes other than disciplinary action; these are brought about by pressure from the economy, redundancy, or advancement through technology. Section 2(oo) of the Industrial Disputes Act, 1947 defines retrenchment as "the termination by the employer of the service of a workman for any reason whatsoever, otherwise than as a punishment inflicted by way of disciplinary action, but does not include (a) voluntary retirement of the workman; or (b) retirement of the workman on reaching the age of superannuation if the contract of employment between the employer and the workman concerned contains a stipulation in that behalf; or (bb) termination of the service of the workman as a result of the non-renewal of the contract of employment between the employer and the workman concerned on its expiry or of such contract being terminated under a stipulation in that behalf contained therein; or (c) termination of the service of a workman on the ground of continued ill-health." Retrenchment is one of the most crucial steps in making adjustments in employment and has been given to be carried forward by the employers with some procedure. It also mandates that if there are more than 100 employees in an organization, then there may also be approval from the appropriate government for such retrenchment. The key reason for such protection is that

retrenchment cannot be misused, and the employees who are affected are compensated rightly.

The data in Table 2 gives a trend in retrenchment numbers on a year-on-year basis. For example, the numbers of retrenchment cases were different; it was slightly higher in 2012 (22 cases) and recent years saw drastic reductions, to 2 during January – September 2023. The number of affected workers per retrenchment was, however, particularly very high in 2014 at 304, thereby indicating that some years witnessed sig-

nificantly higher retrenchment impacts on the workforce.

Employer-employee negotiations in the conciliation process may mitigate retrenchments. Conciliators can facilitate looking for other options for retrenchment, such as redeployment, flexible work arrangements, and even retirement schemes. Employers and employees can negotiate in the early stages through conciliation and reach a resolution to avoid retrenchment or reduce its requirements to retain the stability of employment and minimize labor displacement.

**Table 2 Details of Retrenchment (2012-2023)**

| Year               | Retrenchment | Total Workers affected | Workers affected per retrenchment |
|--------------------|--------------|------------------------|-----------------------------------|
| 2012               | 22           | 1798                   | 82                                |
| 2013               | 14           | 533                    | 38                                |
| 2014               | 12           | 3645                   | 304                               |
| 2015               | 13           | 534                    | 41                                |
| 2016               | 4            | 86                     | 22                                |
| 2017               | 4            | 87                     | 22                                |
| 2018               | 9            | 116                    | 13                                |
| 2019(P)            | 7            | 316                    | 45                                |
| 2020(P)            | 15           | 645                    | 43                                |
| 2021(P)            | 7            | 12                     | 2                                 |
| 2022(P)            | 12           | 1364                   | 114                               |
| Jan-Sept(P) (2023) | 2            | 12                     | 6                                 |

Source: Same as in Table 1.

Note: (P) = Provisional and based on the returns/clarifications received in the Bureau till 30 October 2023.

## **Layoff**

This can also be termed as being temporarily incapacitated by an employer to give employment to workers. In some cases, a worker cannot do his work due to exterior factors like raw materials deficiency, breakdown of some machinery, or economic downturn. Section 2(kkk) of the

Industrial Disputes Act, 1947 defines lay-off as “the failure, refusal or inability of an employer on account of shortage of coal, power or raw materials or the accumulation of stocks or the break-down of machinery or natural calamity or for any other connected reason to give employment to a workman whose name is borne on the muster rolls of his industrial establishment

and who has not been retrenched.” Lay-offs and retrenchment differ since the former is generally made for a temporary period where employees are expected to report to work once the circumstances change. The employees that have been affected by a layoff are afforded the benefits of the layoff under the Act, with some exceptions.

Table 3 shows the trend here, which depicts varied results from year to year. In 2013, the recorded 59 layoffs affected 7,226 workers. In 2022, there were just 20 layoffs, but its impact was felt by about 2,761 workers. However, within nine months in 2023, from January to September, only one layoff was declared, which affected the earnings of 513 workers.

Conciliation helps to mitigate workers’ grievances during layoffs because it pressures management to hold discussions on stop-gap measures such as readjustment of pay, furlough, or reduced hours, which will help to avoid the need for layoff in the first place. In such cases, conciliators work on agreements to enable management and workers to preserve the relationships at work while at the same time providing the worker with security as well as assurance. The interplay may explain the continuous decline of layoffs over a period since more industries develop conciliatory approaches to the economic and operational challenges they will face.

**Table 3 Details of Lay-Offs (2012-2023)**

| Year                | Lay-off | Total Worker affected | Worker affected per lay-off |
|---------------------|---------|-----------------------|-----------------------------|
| 2012                | 8       | 1,767                 | 221                         |
| 2013                | 59      | 7,226                 | 122                         |
| 2014                | 21      | 2,515                 | 120                         |
| 2015                | 51      | 3,654                 | 72                          |
| 2016                | 29      | 3,991                 | 138                         |
| 2017                | 40      | 6,274                 | 157                         |
| 2018                | 31      | 6,561                 | 212                         |
| 2019(P)             | 44      | 6,538                 | 149                         |
| 2020(P)             | 40      | 6,376                 | 159                         |
| 2021(P)             | 28      | 4,978                 | 178                         |
| 2022(P)             | 20      | 2,761                 | 138                         |
| Jan-Sept.(P) (2023) | 1       | 513                   | 513                         |

Source: Same as in Table 1

Note: (P) = Provisional and based on the returns/clarifications received in the Bureau till 30 October 2023.

## Closure

Closure involves the permanent closing of a business or part thereof because it is financially nonviable, lacks demand, or due to other forms of economic pres-

ures. Section 2(cc) of the Industrial Disputes Act, 1947 defined closure as “the permanent closing down of a place of employment or part thereof.” The units with more than 50 workers must give advance notice to the appropriate gov-

ernment at least sixty days before the date on which the intended closure is to become effective, stating clearly the reasons for the intended closure of the undertaking. Table 4 shows the status of closures during 2012 - 2023, there has been a huge decline in the number of closures in India. For example, it is a case where although the number of closures remained at 48 in the year 2012, in the year 2022, it had been lessened to only 4 and no closure during January-September 2023. Also, workers affected per closure vary, in the sense that the magnitude and the impact of the scale of each closure show great variations. For example, the maximum number of affected

**Industrial relations are better, and there could be better resolution mechanisms that would avoid company shutdowns.**

workers per closure stands at 216 in the year 2016 as compared to 36 during the year 2022. This might mean that industrial relations are better, and there could be better resolution mechanisms that would avoid company shutdowns.

Conciliation officers play a great role in preventing issues that would lead to closures. Early intervention by a conciliator facilitates dialogue, and disputes between management and workers may be amicably resolved, avoiding the extreme step of closure. The data shows a trend such that conciliation, which is part of the dispute resolution framework regarding industries, might have played an important role in the falling numbers regarding closures since conciliators resolve the disputes and work out possibilities that may result in enterprises remaining operational while not hurting worker interests.

**Table 4: Details of Closures (2012-2023)**

| Year               | Closure | Worker affected | Worker affected per closure |
|--------------------|---------|-----------------|-----------------------------|
| 2012               | 48      | 1934            | 40                          |
| 2013               | 95      | 4476            | 47                          |
| 2014               | 34      | 4726            | 139                         |
| 2015               | 23      | 1920            | 83                          |
| 2016               | 28      | 6037            | 216                         |
| 2017               | 22      | 2740            | 125                         |
| 2018               | 12      | 2143            | 179                         |
| 2019(P)            | 24      | 2726            | 114                         |
| 2020(P)            | 23      | 2880            | 125                         |
| 2021(P)            | 11      | 1618            | 147                         |
| 2022(P)            | 4       | 143             | 36                          |
| Jan-Sept(P) (2023) | 0       | 0               | 0                           |

Source: Same as in Table 1

Note: (P) = Provisional and based on the returns/clarifications received in the Bureau till 30 October 2023.

### Conciliation Proceedings

The scenario of conciliation proceedings (Table 5) during the period 2016-2023 has shown mixed achievements and limitations in the context of industrial dispute management, which are economical in their implications. The number of disputes handled by conciliation officers has remained very high and has gradually increased over time from 13,032 disputes in 2017-18 to 14,002 in 2019-20. Such a volume reflects the strong demand for conciliation services in an economy in which industrial harmony is indispensable for supporting productivity and growth. For every dispute successfully resolved, the losses it would bring to the economy in the form of a strike or production stoppage and labor disruption can be avoided. The information on conciliation efforts has deterred hundreds of strikes from occurring annually. This reached a peak of 845 in 2016-17. However, that has subsequently decreased; by 2023, it was down to only 146. Preventing these strikes would not only favor workers but also protect firms against expensive disruptions and stabilize the economy.

**Preventing these strikes would not only favor workers but also protect firms against expensive disruptions and stabilize the economy.**

However, a chronically high rate of outstanding cases consistently higher than 30% at any point indicates that the conciliatory mechanism is highly inadequately positioned to manage cases

promptly for the effective handling of such cases. Outstanding cases would translate to an ongoing backlog where the potential for delayed redress and keeping workers and their employers in lengthy suspense exists. Such a backlog therefore has economic implications due to potential losses in productivity whereby outstanding grievances may discourage good morale among workers and impact output levels, consequently burdening the economy. The spurt to 71% in the rate pending during the April-November 2020 period, attributable to the probable effect of the COVID-19 pandemic, indicates weakness in the system during such disturbances. This time lag in decision-making not only leads to stresses on labor relations but puts extra pressure on industries under the same distress of recession.

Also, the variations in disposing of disputes indicate possible inefficiency or resource deficit in the conciliation mechanism itself. For example, although 9,016 cases were disposed of in the year 2019-20, the number of disposed cases often went up and down after that, showing that the system perhaps may not be able to handle fluctuations in volume effectively. Increased investment in conciliation services, such as increasing manpower, giving proper training and efficiency in procedures, would help to address the backlog (Ratnam, 2003; Saini, 1992). In addition, enhanced conciliation mechanisms contribute positively to Indian economic objectives by providing an uninterrupted industrial environment so that more and more investments can be attracted and other labor-dispute costs,

Table 5: Conciliation Proceedings (2016-2023)

| Head                             | 2016-17 | 2017-18 | 2018-19 | 2019-20 | APR-NOV<br>2020 | JAN-DEC<br>(2021) | JAN-DEC<br>(2022) | JAN-DEC<br>(2023) |
|----------------------------------|---------|---------|---------|---------|-----------------|-------------------|-------------------|-------------------|
| Industrial disputes Handled      | 12,235  | 12,450  | 12,427  | 14,002  | 9,018           | 12,170            | 12,746            | 11,376            |
| Industrial disputes disposed off | 7,333   | 7,774   | 7,976   | 9,016   | 2,532           | 7,359             | 8,773             | 7,760             |
| Strike averted                   | 845     | 475     | 461     | 698     | 89              | 221               | 318               | 146               |
| Pending disputes                 | 4,057   | 4,201   | 3,990   | 4,288   | 6,397           | 4,590             | 3,655             | 3,470             |
| Percentage of pending disputes   | 33%     | 34%     | 32%     | 31%     | 71%             | 38%               | 29%               | 31%               |

Source: Same as in Table I

as well as economic loss, are reduced. There is scope for implementing both mediation and conciliation through the option, which may reduce some types of burdens as well as costs and speed up dispute resolution in all possible economic ways. In summary, while conciliation has played an important role in the prevention and moderation of labor disputes, bettering its capabilities and productivity could result in huge potential economic benefits in support of a more stable and efficient industrial sector.

### Findings & Discussion

- i) *Decreasing trends of industrial disputes:* The degree of occurrence of strikes and lockouts has declined to a great extent in the last ten years; strikes decreased from 103 in 2013 to 30 in 2022, and in the first nine months of 2023, 24 cases were reported. Lockouts also sharply decreased from 155 cases in 2013 to a mere 5 in 2022 and as low as one in the first nine months of 2023. The reason for this could be the creation of an environment of mutual trust and transparency between employees and employers, which helps in settling the issues before they take the form of any legal actions from either party because they also know the importance of each other for the proper functioning of the organization. This reduction also demonstrates the success of conciliation in preventing industrial disputes from reaching full-blown industrial actions.
- ii) *Role of conciliation in maintaining industrial harmony:* Conciliation has emerged as a cornerstone in India's industrial dispute resolution framework as a preventive and collaborative effort (Noronha & D'Cruz, 2019). Through dialogue and

solutions that are mutually beneficial, conciliation has reduced work stoppages caused by strikes, lockouts, layoffs, retrenchment, and closure, which led to industrial growth and prosperity. Indeed, the success of conciliation is reflected in the fall in economic losses due to man-days lost, from 6.3 million in 2013 to less than 0.3 million in 2022.

- iii) *Impact on retrenchment, layoff, and closure rates:* Retrenchment, layoffs, and closures have also decreased significantly over the past few years. This means that retrenchment cases are decreasing from 22 recorded in 2012 to as low as 2 by September 2023. Similarly, closure cases decreased from 48 instances in 2012 down to 4 in 2022 and none in the first nine months of 2023. Conciliation works as a key pre-condition to prevent these practices and maintain balance in the industry as well as show substantial advancement in employment stability.
- iv) *Performance and challenges faced by conciliation officers:* The performance of conciliation officers has been so important that demand is always there for such mechanisms (Pender et al., 2019). The number of disputes dealt with has continuously risen year after year from 13,032 in 2017-18 to 14,002 in 2019-20. However, as many as 30% of them are pending at any given point, which is a constant challenge, reflecting inefficiency in the conciliation process. For instance, the period of COVID-19 reached 71% in backlog cases.

This proves that the system necessitated increasing resources, personnel, training, and procedural changes toward maintaining themselves efficiently.

**As many as 30% of them are pending at any given point, which is a constant challenge, reflecting inefficiency in the conciliation process.**

- v) *Economic implications:* Through inhibiting industrial actions and disturbances, conciliation has secured productivity and employment in the background of a generally stable economy. For instance, the number of strikes and lockouts registered a constant decline, which illustrates that the majority of involved companies and employees have transitioned towards conciliation with the intent of averting losses resulting from industrial disputes. Again, backlogged cases reflect on the attitude of the workforce and output while influencing the relations in the workplace at large.

### **Limitations & Future Research Directions**

This study is solely based on secondary data and, therefore, suffers from some limitations, which may reduce its depth and reliability. It is probable that primary data will yield more refined results and validate the research more thoroughly. Additionally, concentrating only on conciliation as a mode of settling industrial disputes places a constraint on it



since it does not account for the potential benefits, it is the right time to give due attention on other alternative dispute resolution (ADR) methods which may have significant contribution for prevention of disputes. Single-minded dependence on conciliation often falls short of delivering timely and effective settlements. In addition, the conciliation process suffers from resource constraints like training, knowledge, and the inadequacy of resources among conciliation officers that inhibit the effective resolution of disputes in industrial organizations. Although this study has emphasized on conciliation, it leaves scope for further studies so that primary data may be added to broaden the analysis and extend recommendations to bring more authenticity and reliability into industrial dispute resolution. This study could further expand the understanding by considering other ADR mechanisms like mediation, negotiation, grievance redressal, and Lok Adalats in resolving disputes at an early stage. Future studies that combine both primary and secondary data and compare various methods for ADR may open pathways into the development of innovative and holistic frameworks to bring smooth industrial relations through the proper handling of conflicts.

## **Conclusion**

This research work, therefore, sheds light on the essential role that the conciliation mechanism has played a significant role in the maintenance and development of healthy labor-management relations in India. It provides an organized and non-confrontational way of

resolving disputes and helps to sustain the employment relationship between employees and employers. The observed evidence shows that conciliation has actually turned out to be an even more effective method of resolving disputes, as reflected in the trends, which has indicated a general decline in strikes, lockouts, retrenchments, layoffs, and closures. These declines will contribute to a more stable industrial environment, on which both economic growth and social stability will depend.

Conciliation mechanisms have proved efficient in preventing industrial disputes at the very outset before they actually become formal, adversarial procedures. The role of the conciliation officer has to be seen in the same light, but the increasing backlog of outstanding cases heralds the need for further systemic improvements. The investments in the conciliation process manpower, adequate training, and procedural efficiency further enhance its capacities to manage cases on the spot, thus sustaining the harmony of industries and preventing these losses.

The study reveals conciliation as an important mechanism harmonizing with India's socio-economic aims by providing industrial peace. Resource allocation and efficiency improvement in the conciliation process can further contribute towards reducing the number of industrial disputes and support the sustainable development of Indian industrial units. As a preferred method of dispute resolution, conciliation has the potential to bring about a future where industrial disputes are resolved constructively, equitably, and

efficiently for the welfare of both workers and employers.

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# Rural Urbanization & Rural Industrialization in West Bengal: An Illustration through Empirical Models

**Subrata Dutta**

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*A successful rural industrialization program in West Bengal would need to pay proper attention to rural physical and social infrastructure, and a credit delivery system in order to facilitate the rural transformation process from the traditional domain to a growth trajectory. Rural infrastructure would play a very important role in developing numerous small urban pockets and the rural non-farm sector in those urban pockets would bring in changes in the rural economy through various linkages with the farm sector.*

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## Introduction

The characteristics of an urban area often tend to draw upon the size/density of the population and level of non-farm employment in a particular geographic area. In some poor parts of the world, rural areas are known as pastoral folk, heavily dependent on agricultural activities, poor infrastructure, limited employment opportunities and low levels of income (Haggblade, 2007). On the other hand, the few primate cities are known as the hub of non-agricultural activities, better infrastructure, better institutional environment, greater employment opportunities and higher levels of income (Chapman & Wanmali, 1981). To minimize this gap, urban amenities should be taken to rural areas by adopting a policy of dispersed urbanization (Dutta, 2002). For that, the whole of rural areas does not need to be transformed into an urban area but it requires to be well connected with the nearest small urban centers which also need to be supported with proper

amenities (Friedmann, 1973). The higher degree of rural-urban interaction helps the rural economic diversification process to set in motion and thereby develops healthy rural settings with urban ambience.

This study focuses on West Bengal. The traditional sector i.e. agriculture is already burdened with over-employment in many parts of West Bengal. The rural non-farm sector as a source of new employment opportunities has been emphasized by many scholars as being of immense importance (Dutta, 2007). The degree of spatial underdevelopment of a region can be captured through the movements of labor from agrarian (mainly concentrated in rural areas) to non-agrarian sectors (mainly concentrated in urban areas). Poor, less-educated, people move from the agrarian sector to the non-agrarian sector because of two main reasons: one, income earned through their involvement in agricultural activities is insufficient, and, two, non-farm employment is not adequately available in their own locality. Besides, a section of the unskilled rural labor force living in an agriculturally backward area, in general, out-migrates to relatively fertile agricultural areas.

We would now like to capture the need for adopting dispersed urbanization policies through a couple of empirical models. In the first model, our emphasis would be on what determines rural to urban migration. It is assumed that labor force living in rural areas endowed with low levels of physical infrastructure, social infrastructure, banking service, population concentration, and electricity con-

sumption in commercial activities as well as public works would tend to migrate to urban areas.

## Variables & Hypotheses: Model 1

### Dependent Variable

Rural - Urban migration (for employment & income)  
rural - rural migration (for employment and income)

RURR:  $>1$ ; mostly seeking non-agricultural employment either for survival or for a better living. This happens when non-agricultural employment opportunities are absent due to lack of proper industrialization (this indicates rural-urbanization level is low).

RURR=1; seeking employment outside the village for survival either in agriculture or in non-agriculture.

RURR $<1$ ; seeking agricultural employment due to lack of non-agricultural skill or urban links or information.

### Independent Variables

#### 1. PII: Physical Infrastructure Index

Hypothesis: PII and RURR are negatively related (PII is an indicator of rural physical infrastructure of a district. So, the higher the value of PII, the higher the possibility of rural-to-rural migration).

#### 2. SII: Social Infrastructure Index

Hypothesis: SII is positively related to RURR.

According to Lucas (1993), the main engine of growth stems from the accu-

mulation of human capital—in other words, knowledge—and the main source of the differences in living standards among nations becomes apparent through a difference in human capital. On this score, India suffers from substantial deficiency, especially in the rural sector. High levels of illiteracy in rural India have been considered to be one of the inhibitive factors in the growth of a vibrant rural non-farm sector. In rural areas, due to lack of education labor has either been stagnant in agriculture or moving to casual work occupations in the distress-driven non-farm sector (Planning Commission, 2000). Since most of the rural non-farm activities do not include capital-intensive, sophisticated, industries, or service industries like information technology, a country that desires to develop its rural industrial sector to accommodate a large number of rural unemployed or under-employed masses in the workforce must concentrate in primary and secondary education in the rural regions. Islam (1997) argues that literacy enhances the productivity of the workforce and also enables them to apply their skills acquired through training. He emphasizes secondary education in stimulating the entrepreneurial capacity of the rural talents and convincingly argues that, in developing countries, an entrepreneur with elementary education can expect to earn an income that is 41 percent higher than the one with no education at all.

It is not just education that matters. Health care is an important aspect of rural development through rural industrialization, because the applicability of human capability, earned through education

and training, is conceived to be routed through better health (Tewari et al. 2005) and, for that, adequate healthcare services are a prerequisite. However, in most developing countries including India, rural healthcare services are far below the commendable stage. Largely, the quality healthcare services in India are concentrated in urban areas. The qualitative aspects of the small rural healthcare centers are in poor condition in many parts of the country. Thus, the rural stakeholders would share greater expectations from the urban health centers and thus want them to perform well (Bloom, 2001). Accordingly, the demand for urban healthcare services is seen to be much higher than that of rural hospitals. In this connection, Doeksen et al. (1997) argue that large urban medical facilities often receive a much higher proportion of patients from outside the urban areas.

### **3 NRCB**

Hypothesis: Greater no. of commercial banks per lakh population in rural areas leaves scope for greater access of rural people to financial institutions, which might augment greater rural economic activities, and that induces rural in-migration which may further lead to higher scope for rural urbanization. Therefore, there will be a negative relationship between NRCB and RURR.

### **4 TBLU**

Hypothesis: The higher ratio indicates a lower level of rural urbanization as well as a lower level of rural industrialization.

Thus, the probability of urban migration will go up. Therefore, there is a positive relation between this variable and the RURR.

## 5 PCIPP

Hypothesis: This is considered to be a substantially urban-biased variable. Thus, PCIPP and RURR are positively related (PCIPP is an indicator of the urban physical infrastructure of a district. So, the higher the value of PCIPP, the higher the possibility of rural-to-urban migration.)

## Variables & Hypotheses: Model 2

### Dependent Variable

**PPRSS:** The *pressure* of rural working population on rural small scale sector (measured by the no. of rural workforce per rural small scale unit)

The higher value of this variable implies greater pressure on the rural workforce to find avenues of non-farm employment. This pressure can be reduced through the promotion of successful rural industrialization by way of facilitating the transfer of the rural workforce from the pastoral farm sector to the non-farm sector.

### Conceptual Formulation of the Dependent Variable

For the sake of simplicity, we classify the entire rural workforce into three categories, C<sub>1</sub>, C<sub>2</sub> and C<sub>3</sub> as follows:

C<sub>1</sub> => engaged exclusively in agricultural activities;

C<sub>2</sub> => engaged partly in agricultural and partly in non-agricultural activities; and

C<sub>3</sub> => engaged exclusively in non-agricultural activities.

### Let

$x$  = Total number of rural small enterprise

$N$  = Total rural workforce =  $n_1 + n_2 + n_3$ , where

$n_1$  = Number of workforce engaged in C<sub>1</sub>

$n_2$  = Number of workforce engaged in C<sub>2</sub>

$n_3$  = Number of workforce engaged in C<sub>3</sub>

Now, the pressure of rural working population on rural small scale sector is expressed as  $\frac{N}{x}$ .

$$\frac{N}{x} = \frac{n_1 + n_2 + n_3}{x} = \frac{n_1}{x} + \frac{n_2}{x} + \frac{n_3}{x} \quad \text{---(1)}$$

We assume that the employment capacity of the rural non-farm sector has increased (either in the form of expansion or in number or both) as a result of growth in this sector. Let us now express the non-farm sector with its new capacity as  $x_1$  (where  $x_1 \geq x$ ). We assume that the total number of rural workforce remains unchanged and there has not been any rural-to-large-urban migration of rural workforce. Then, there will be some redistribution of employment within

the above-mentioned workforce categories.

Again, let

$n_1^*$  = number of workers left from C1 to C3 after redistribution. Note that  $0 \leq n_1^* < n_1$  depending on their operational land holding size.

$n_2^*$  = number of workforce left from C2 to C3 and  $n_2^* \leq n_2$  depending on their skill and opportunity to join in C3

$n_3^*$  = number of workforce shifted to C3 from C1 and C2 after redistribution of workforce.

Hence, = + pressure of workforce has absorbed in the non-farm sector.

## Independent Variables

### 1. RURIND

Hypothesis: RURIND is an indicator of the degree of rural industrialization. If the degree of rural industrialization increases, the pressure of rural working population on rural small scale sector (i.e. the dependent variable) will decrease. Hence, there should be a clear-cut inverse relationship between these two variables. One can argue that such a relationship between these two variables is inherent in their respective formations. In spite of that, we have considered RURIND as an independent variable in order to validate the concept of our dependent variable (i.e. PPRSS) as a manifestation of the employment pressure on the traditional sector.

### 2. SVTT

Hypothesis: The higher value of this variable implies increased scope for vocational/technical training which in turn will increase the scope of non-farm activities in semi-urban and rural areas. This will enhance the scope for dispersed urbanization and rural industrialization. The issue involves two facets. Firstly, together with the lack of technical skills, there is little incentive for rural firms to invest in technology, leading to low levels of labor productivity in the rural manufacturing sector compared to urban manufacturing (Chadha, 2003). So, higher training will generate greater scope for rural entrepreneurship. Secondly, as a region/district experiences rural industrialization, the process creates employment opportunities for the upcoming skilled/semi-skilled persons; thus, reducing the number of rural workforce per unit of rural small-scale enterprise. This phenomenon, as we would like to emphasize, is nothing but a transfer of rural workforce from the traditional sector to the non-farm sector. Thus, we hypothesize that if the scope for vocational and similar type of training/education increases and if at the same time rural industrial sector develops, the pressure of the rural workforce on the rural small scale sector will reduce.

### 3. Electric

Hypothesis: The higher the proportion of households having access to electricity, the lower the pressure of rural working population on rural small scale sector via the scope for the generation

of additional household economic activities.

#### 4. RPOC

Hypothesis: Increase in RPOC indicates growth in rural industrial activities which in turn is expected to lower workforce pressure on the existing volume of rural economic activities — which is predominantly agriculture — by opening up new avenues of employment in the domain of rural non-farm activities.

#### 5. AII

Hypothesis: As the agricultural infrastructure level increases the pressure of rural workforce on small enterprises decreases, via the growth in non-farm activities not only at the agriculture/non-agriculture interface but also at the exclusive-non-farm domain.

### Data, Models & Results

We have used SPSS software to estimate the models as conceptualized above.

For the estimation, OLS method has been used. Table 1 presents the detailed descriptions of the variables along with their sources. Besides, the descriptive statistics of the variables of two different models have been presented in Table 2. Currently, there are 19 districts in West Bengal, out of which we have taken 17 districts as units of observation. Note that Kolkata being the sole metropolitan district has been excluded from our conceptualization since the rural part is totally missing in this district. For the dependent variable of our first model, i.e. rural-urbanization model, the latest data has been available from the 2001 Census (also, the 2001 Census data has been used for many other variables that have been expressed in terms of “per capita”, “per lakh population”, “per 10,000 population” etc.). On the other hand, the district of Midnapore has been divided into two districts, namely Purba Medinipur and Paschim Medinipur, in 2002. Thus, for the sake of simplicity, we have considered the undivided district for all other variables, irrespective of whether the data has been available in the form of undivided nature or divided nature. Thus, the total number

**Table 1 Description of the Variables**

| Variable                                     | Measurement                                                   | Variable name | Source of data                                                                                                                |
|----------------------------------------------|---------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------|
| <b>Rural-Urbanisation Model</b>              |                                                               |               |                                                                                                                               |
| Dependent variable                           |                                                               |               |                                                                                                                               |
| Migration (for employment and income reason) | Ratio of rural-to-urban migration to rural-to-rural migration | RURR          | Census of India, 2001<br>(Note: this source has been used wherever we have referred to population data in the following rows) |
| Independent variable                         |                                                               |               |                                                                                                                               |
| Physical infrastructure index                | Composite index that consists of two dimension                | PII           | For road: Public Works (Road) Department, Gov-                                                                                |



|                                                                                                    |                                                                                                                                                                                                                                                                                                             |       |                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                    | indexes (1) rural road index [measured by rural surface road length per sq.km. (maintained by PWD and panchayats including zilla parishad)]; * and (2) rural household electric lighting index (measured by percentage of rural households using electricity for lighting)                                  |       | ernment of West Bengal, 2001-02;For electric lighting: Census of India, 2001                                                                                                                       |
| Social infrastructure index                                                                        | Composite index which consists of four dimension indexes (1) health index measured by availability of beds per 10,000 population; (2) number of doctor per lakh population;** (3) education index measured by teacher-student (class VI-X) ratio and number of high schools); and (4) number of high school | SII   | For hospital bed and doctor: State Bureau of Health Intelligence, Government of West Bengal, 2001;For school, teacher and student: Department School Education, Government of West Bengal, 2003-04 |
| Commercial bank in rural area                                                                      | Number of commercial banks in rural areas per lakh rural population                                                                                                                                                                                                                                         | NRCB  | Bureau of Applied Economics and Statistics, Government of West Bengal, 2001                                                                                                                        |
| Degree of low level of urbanisation                                                                | Ratio of number of administrative blocks having urbanisation of 10 per cent or below to total number of administrative blocks                                                                                                                                                                               | TBLU  | Census of India, 2001                                                                                                                                                                              |
| Consumption of electricity for commercial, Industrial, Public lighting and public works purposes   | Per capita consumption of electricity for commercial, Industrial, public lighting and public works purposes                                                                                                                                                                                                 | PCIPP | Divisional Engineer, West Bengal State Electricity Board (O & M), 2005-06                                                                                                                          |
| Rural-Industrialization Model                                                                      |                                                                                                                                                                                                                                                                                                             |       |                                                                                                                                                                                                    |
| Dependent variable                                                                                 |                                                                                                                                                                                                                                                                                                             |       |                                                                                                                                                                                                    |
| Pressure of total rural workforce on rural non-agriculture (i.e. need for rural industrialization) | Ratio of number of rural workforce to number of rural small enterprises                                                                                                                                                                                                                                     | PPRSS | For number of rural small enterprise: Third Small-Scale Industry Census, 2001-02;For number of rural workforce: Census of India, 2001                                                              |

| Independent variable                                                    |                                                                                                                                                                                                                                                                                                                                        |          |                                                                                                                                                                        |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rural industrialisation                                                 | Number of rural small enterprises per 10,000 rural population                                                                                                                                                                                                                                                                          | RURIND   | For number of rural small enterprise: Third Small-Scale Industry Census, 2001-02                                                                                       |
| Scope of vocational-cum-technical training                              | Number of engineering and vocational institute per lakh population (15-34 age groups) in a district                                                                                                                                                                                                                                    | SVTT     | District Statistical Handbook, Govt. of West Bengal                                                                                                                    |
| Rural household electricity access                                      | Per cent of rural household using electricity                                                                                                                                                                                                                                                                                          | Electric | Census of India, 2001                                                                                                                                                  |
| Rural per capita outstanding credit for artisan small-scale enterprises | Outstanding credit provided to artisans and small-scale enterprises divided by total rural population                                                                                                                                                                                                                                  | RPOC     | For credit: Reserve Bank of India                                                                                                                                      |
| Agricultural Infrastructure Index                                       | Composite index which consists of (a) Govt. canal irrigation index (i.e. per cent of govt. canal irrigated area in gross irrigated area), (b) cold storage index (cold storage capacity (in ton) per '000 ha), and (c) warehouse index (warehouse capacity (in metric ton) available per 1000 ha of food grains and oilseed produces). | AII      | For canal irrigation: District Statistical Handbook, Govt. of West Bengal; For cold storage and warehouse: Directorate of Agricultural Marketing, Govt. of West Bengal |

*Note:* The descriptions presented in the measurement column of this table indicate district-level information/data. However, the term 'rural' has been specifically mentioned wherever we have taken exclusively rural information/data for the districts;

\* PWD stands for Public Works Department of the state government. Panchayat is a local government at village level, whereas zilla parishad represents similar body at district level;

\*\*10 lakh = 1 million.

For the details of rural physical infrastructure index, rural social infrastructure index, and agricultural infrastructure index, see Appendix 1, Appendix 2 and Appendix 3, respectively.

of districts in our study has come down to 17 as the total number of observations. Another important thing to be noted here is that, for the selection of the year of data for all other variables, the closeness to 2001 has been the only criterion. Such closeness aspect has been taken care of in our second model as well. We now interpret the results of the model estimations.

### **Rural-urbanisation -(RURR Model)**

We have found all the variables of our RURR model significant, of which two (TBLU and SII) are highly significant. The model's R-squared value is 0.822, which demonstrates that the data fits the model extremely well. Let us now analyze the results in terms of individual variables (Table 3).

**Table 2 Descriptive Statistics of the Variables**

|                     | N  | Minimum | Maximum  | Mean      | Std. Deviation |
|---------------------|----|---------|----------|-----------|----------------|
| RURR                | 17 | 0.030   | 1.750    | 0.36529   | 0.482028       |
| PCIPP               | 17 | 1.3353  | 11.8093  | 3.375867  | 2.7270098      |
| NRCB                | 17 | 2.8049  | 5.1282   | 4.016648  | 0.7797450      |
| TBLU                | 17 | 0.6429  | 1.0000   | 0.877404  | 0.1165570      |
| SII                 | 17 | 0.2480  | 0.7064   | 0.451180  | 0.1237826      |
| PII                 | 17 | 0.1723  | 0.8201   | 0.414908  | 0.1917596      |
| PPRS                | 17 | 23.5000 | 131.6900 | 63.778235 | 29.5594660     |
| RURIND              | 17 | 28      | 155      | 72.83     | 31.963         |
| SVTT                | 17 | 0.2507  | 3.2963   | 1.136930  | 0.7579802      |
| RPOC                | 17 | 37.72   | 644.66   | 161.4074  | 162.31976      |
| AII                 | 17 | 0.0000  | 0.7978   | 0.231047  | 0.2478337      |
| Electric            | 17 | 0.1637  | 1.0000   | 0.470039  | 0.2347916      |
| Valid N (list-wise) | 17 |         |          |           |                |

**Table 3 Results of RURR Model Estimation**

|                         | Coefficient | Std. Error | t-value | Sig.  |
|-------------------------|-------------|------------|---------|-------|
| Constant                | 2.522       | 0.938      | 2.689   | 0.021 |
| PCIPP                   | 0.055       | 0.028      | 1.961   | 0.076 |
| NRCB                    | 0.302       | 0.129      | 2.338   | 0.039 |
| TBLU                    | -2.929      | 0.917      | -3.194  | 0.009 |
| SII                     | -3.265      | 1.003      | -3.255  | 0.008 |
| PII                     | 1.175       | 0.512      | 2.296   | 0.042 |
| R <sup>2</sup>          | 0.822       |            |         |       |
| Adjusted R <sup>2</sup> | 0.741       |            |         |       |

**PCIPP**

As shown in Table 3, PCIPP appears to be a significant variable (at 10 per cent level) and positively related to RURR. So, there is no reason to reject our hypothesis. This implies that rural labor would tend to move to urban-urban areas if commercial as well as industrial

**Rural labor would tend to move to urban-urban areas if commercial as well as industrial activities grow and urban public infrastructural investments are emphasized.**

activities grow and urban public infrastructural investments are emphasized. To restrain such movement of the labor force, adequate investments are required to develop decentralized small urban pockets. Although to develop urban pockets in rural areas, initiatives from both public and private sectors foment a reinforcing mechanism, at the initial stage public sector initiatives are considered to be a priority. Thus, to encourage the rural labor force to find local employment, public infrastructural investments need to be made in the rural sector in order to develop rural markets and local small urban centers/growth centers.

## NRCB

As it appears, NRCB is a significant variable (at 5 percent level) and positively related to RURR. According to the results, our hypothesis has been rejected. This implies that in spite of the increase in the number of commercial banks in rural areas, the rural labor force has not been attracted to come into rural areas. One possible inference from this result could be drawn as follows: An increase in the number of commercial banks does not necessarily imply liberal credit disbursement and thus the scope of creation of new employment opportunities — via the growth of rural non-farm sector — has been restrained.

**An increase in the number of commercial banks does not necessarily imply liberal credit disbursement.**

## TBLU

TBLU has come out as a statistically highly significant variable (at 1 percent level), having a negative relationship with RURR. This indicates that our hypothesis has been rejected. This result bears highly critical implications for the context of the present study. With the increase in the number of administrative blocks having 10 percent or even lower levels of urbanization, the likelihood of rural-to-urban migration goes down. The objective of this study is to seek policy prescriptions in favor of rural urbanization and thus to provide employment opportunities within the administrative blocks which in turn, it is expected, would restrict rural-to-urban

migration. The result of this variable apparently supports our objective, reflecting on the lower likelihood of people migrating to urban areas, but in reality, it has happened at the cost of rural urbanization, which does not corroborate our central objective. From this perspective, this result, however, entails further elaboration, drawing on the situation related to the grass-root realities of the study area. A district having a critically low level of urbanization suffers from inadequate levels of road connectivity, communication facilities, information flows, physical as well as social infrastructure, institutional shortfalls, and so on. All these restrain the rural population — who were bogged down in their traditional, pastoral, agricultural occupations — from accessing larger options of non-agricultural employment avenues.

## SII

This variable has been found to be statistically highly significant and is negatively related to the dependent variable. The sign of the coefficient of this variable shows that our hypothesis has been rejected. This again means that if SII increases then the likelihood of rural people migrating to urban areas decreases. This result requires further elaboration. Social infrastructure, as has been captured through the variable SII in our model, comprises two crucial social parameters, health and education. These parameters have a direct impact on human capability which heavily draws on the quali-

**If SII increases then the likelihood of rural people migrating to urban areas decreases.**

tative aspects of health and education, not just on the quantitative dimensions. Moreover, if the highest-ranked district, as seen in the present case study (Appendix 2), itself represents a very low social infrastructure level, the other ranks are believed to illustrate even poorer conditions. Thus, an overall low level of human capability in terms of poor quality of health and education (though sometimes it may reflect on a relatively high level of quantitative infrastructure) will have a negative reflection on the overall economy through productivity consequences. These consequences are often dependent on the growth of economic activities in the concerned region. If a region is stuck in a low level of economic activities then productivity consequences — driven by mere quantitatively enhanced health and education infrastructure — would most probably fail to be adequately generated and thus would not attract labor-force to migrate to urban places.

## P11

P11 has been found to be positively related to RURR and the variable is significant at 5 percent level. The regression result shows that if the level of rural physical infrastructure increases then the likelihood of rural people migrating to urban areas would increase. This does not support our hypothesis. It was expected that a vibrant rural industrial sector in the small urban centers would create an adequate backward linkage effect in the farm sector in rural areas, which would create greater opportunities in the farm as well as non-farm sector in villages. But, in our study area rural economic activities in villages have not been

generated in the absence of a necessary backward linkage mechanism. Thus rural labor force, having been forced by the low-income farm sector, wanted to find alternative sources of employment elsewhere. A flourishing alternative that was open to them was the urban construction sector (and some related service industries). On the other hand, improved rural road connectivity has facilitated a higher degree of labor mobility and thus the rural labor moved to urban areas. Besides, access to domestic electricity implies an increase in the level of income of the household and that might also have ignited their desire to adopt more urban-like consumption patterns (Papola & Misra, 1980: 1745). Consequently, to fulfill their desires, they looked for work elsewhere, mostly available in urban areas. Thus, let us conclude that the greater the rural physical infrastructure, the greater the likelihood that rural people migrate to urban centers in search of better employment and income.

**The greater the rural physical infrastructure, the greater the likelihood that rural people migrate to urban centers.**

## Rural-industrialization Model (i.e. PPRSS Model)

Out of the five variables, four have been found as significant in this model. The R-squared value of the model is 0.872 which demonstrates that the data fits the model extremely well. Let us now analyze the results in terms of individual variables (Table 4).

**Table 4: Results of PPRSS Model Estimation**

| Variable                | Coefficient | Std. Error | t-value | Sig.  |
|-------------------------|-------------|------------|---------|-------|
| Constant                | 72.109      | 15.899     | 4.535   | 0.001 |
| RURIND                  | -0.516      | 0.126      | -4.084  | 0.002 |
| SVTT                    | 11.280      | 5.002      | 2.255   | 0.045 |
| Electric                | 59.461      | 22.807     | 2.607   | 0.024 |
| RPOC                    | -0.048      | 0.026      | -1.847  | 0.092 |
| AII                     | -16.312     | 16.145     | -1.010  | 0.334 |
| R <sup>2</sup>          | 0.872       |            |         |       |
| Adjusted R <sup>2</sup> | 0.814       |            |         |       |

### RURIND

As our regression result shows, RURIND has been found to be negatively related to PPRSS at 1 per cent significance level. The result shows that our hypothesis has been confirmed.

### SVTT

This variable has been significant at 5 percent level and is positively related to PPRSS (dependent variable). This indicates that our hypothesis has been rejected. The result bears significant implications. As the scope for vocational and similar types of training/education increases, the pressure of the rural workforce on the rural small-scale sector also increases. This has happened because the rural industrial sector did not grow satisfactorily, meaning that the potential rural labor force that has been produced by such types of institutes over the years did not find placement in local regions.

### Electric

This variable has been found to be positively related to the dependent variable (at a 5 percent level). The result

implies that our hypothesis has been rejected. This further indicates that the increase in rural household electricity consumption has failed to impact on rural non-farm activities due to quantitative as well as qualitative (both in terms of adequate need of the household) constraints of supply of electricity. This phenomenon characterizes the regional development pattern as urban-biased, which, as said earlier, is primarily reflected through the growth of urban construction and allied industries and its rural-to-urban migration consequences, leaving rural areas with weak backward linkages generated from the present unsustainable urban explosion.

### RPOC

In the model regression, RPOC has been found to be negatively related to PPRSS at 10 per cent significance level. The result shows that our hypothesis has been confirmed. This estab-

**Credit has been given to enterprises that have grown and thus have reduced the pressure on the rural traditional economy.**

lishes the fact that credit has been given to enterprises that have grown and thus have reduced the pressure on the rural traditional economy as indicated above. In other words, as it appears, only growth-induced small enterprises have access to formal credit. Among the rest, many might be starving from capital and thus termed as distress-driven enterprises which do not have access to formal, institutional credit. This restricts the spread of the non-farm activities that have future growth potential among the distress-driven enterprises according to their present financial status. However, this requires further elaboration. How come distress-driven, capital-starving, small enterprises have 'growth potential'? The simple answer is: In case of rural 'small' enterprises, the role of other forms of capital (e.g. social capital such as personal goodwill, personal networks, etc.) is embedded in its 'smallness'. For example, a new entrepreneur who wants to start a large firm would find it extremely difficult to mobilize physical capital using his personal goodwill, whereas a small entrepreneur who has some 'personal qualities' can mobilize initial capital from acquaintances to start a business and can then even grow. Taking into consideration these aspects, there is a need to formulate a new credit policy to include potential but capital-starved small entrepreneurs who have the future growth potential and, in this regard, the state has a role to play to ensure growth in the backward regions. We would further elaborate this policy need in the conclusion of this paper.

## AII

This variable has been found to be insignificant.

## Policy Recommendations and Conclusions

In this paper, our objective was to identify the causal factors behind rural-to-urban migration (i.e. rural-urbanization) and the diffusion of pressure of the rural workforce from the traditional sector (i.e. rural industrialization). In our conceptual framework, the variables that have been conceived as important for the first model include physical infrastructure (captured through road index and rural household electric lighting index); social infrastructure (captured through health infrastructure index and educational infrastructure index); rural institutional financial infrastructure; existing district-wise rural-urbanization level; and district-wise per capita consumption of electricity in commercial, industrial, and public works. Interestingly, all the variables in the model appeared to be significant in the regression results. From the perspectives of policy implications, the findings of several of our variables (such as PII, SII, TBLU, and PCIPP) suggest that greater public investments in physical and social infrastructure are required for developing small urban pockets in rural areas. Besides, the increase in the number

**Greater public investments in physical and social infrastructure are required for developing small urban pockets in rural areas.**

of commercial banks in rural areas is not able to promote rural industrialization and thus fails to check rural-to-urban migration, unless the credit delivery system is improved.

Next, the conceptualization of our rural-industrialization model, as described above, seeks to capture the influence of technical education, household electricity consumption, credit disbursement to rural enterprises, and agriculture infrastructure on the diffusion of workforce pressure from the farm sector to the non-farm sector. The result of the variable of vocation training institutes suggests that to make use of the potential technical labor force generated from such types of training institutes, the government needs to emphasize the creation of non-farm employment in small urban satellites through rural industrialization programs as well as other helpful mechanisms (for example, by facilitating the creation of new avenues through promoting linkages between urban economy and rural economy; and new cluster development), otherwise either rural labor force of this type may remain underutilized in the traditional sector or find other non-suitable employment. Similarly, the results of the variable, viz. rural household consumption of electricity, suggest that, in order to generate demand consequences (i.e. demand for new non-farm goods and services which have consumption linkages with electricity, as described above) of its increase, the government needs to ensure its quantitative as well as qualitative aspects. As regards the credit disbursement variable, our result simply confirms the proposition that

small enterprises that have growth potential are creditworthy (or vice versa). Such empirical support, on the other hand, implies that enterprises of low financial capacity (in terms of their existing assets/wealth) are not creditworthy. To accentuate the idea of inclusive growth, the government has to adopt an innovative credit policy (considering necessary insurance mechanisms to cover the repayment failure possibility in order to reduce the risks of banks) for the enterprises that have future growth potential in some other sense (for example, entrepreneur's credit-worthiness should not just be evaluated on the basis of one's repayment 'capacity' in terms of one's existing wealth, but his 'capability' of future growth in terms of the other criteria like social capital should also be taken into consideration).

In sum, we conclude that a successful rural industrialization program in West Bengal would need to pay proper attention to rural physical and social infrastructure, and credit delivery systems in order to facilitate the rural transformation process from the traditional domain to a growth trajectory. Rural infrastructure would play a very important role in developing numerous small urban pockets and rural non-farm sector in those urban pockets would bring in changes in the rural economy through various linkages with the farm sector.

### **Acknowledgments**

This paper is a part of the outcome of a research project titled "Rural Urbanisation, Migration and Rural Indus-



trialization: Studying the Linkages with Reference to West Bengal” funded by the Indian Council of Social Science Research (ICSSR). The grant reference ID is: F. No. 3-16/2021/RIC (under the Budget Head OH-31, 2021-22).

#### Appendix 1 Rural Physical Infrastructure Index (district-wise)

| District          | Surface road length per sq. km. | % of rural household using electricity (2001) | Road index | Rural HH Electricity Consumption Index | Physical Infrastructure Index |
|-------------------|---------------------------------|-----------------------------------------------|------------|----------------------------------------|-------------------------------|
| Bankura           | 0.27                            | 24.01                                         | 0.134      | 0.534                                  | 0.267                         |
| Birbhum           | 0.52                            | 23.59                                         | 0.260      | 0.525                                  | 0.369                         |
| Burdwan           | 1.13                            | 26.08                                         | 0.560      | 0.580                                  | 0.570                         |
| Coochbehar        | 0.36                            | 7.36                                          | 0.181      | 0.164                                  | 0.172                         |
| Dakshin Dinajpur  | 0.55                            | 12.98                                         | 0.272      | 0.289                                  | 0.280                         |
| Darjeeling        | 0.53                            | 42.11                                         | 0.263      | 0.936                                  | 0.496                         |
| Hooghly           | 1.22                            | 44.97                                         | 0.608      | 1.000                                  | 0.780                         |
| Howrah            | 1.95                            | 31.17                                         | 0.970      | 0.693                                  | 0.820                         |
| Jalpaiguri        | 0.45                            | 23.48                                         | 0.224      | 0.522                                  | 0.342                         |
| Maldah            | 0.38                            | 14.37                                         | 0.188      | 0.320                                  | 0.245                         |
| Purba Medinipur   | 2.01                            | 9.21                                          | 1.000      | 0.205                                  | 0.453                         |
| Paschim Medinipur | 0.90                            | 11.81                                         | 0.450      | 0.263                                  | 0.344                         |
| Medinipur         | 1.24                            | 15.94                                         | 0.618      | 0.354                                  | 0.468                         |
| Murshidabad       | 0.75                            | 13.71                                         | 0.372      | 0.305                                  | 0.337                         |
| Nadia             | 1.29                            | 20.3                                          | 0.639      | 0.451                                  | 0.537                         |
| North 24-Parganas | 1.47                            | 20.77                                         | 0.729      | 0.462                                  | 0.580                         |
| Purulia           | 0.50                            | 13.61                                         | 0.248      | 0.303                                  | 0.274                         |
| South 24-Parganas | 0.51                            | 16.81                                         | 0.254      | 0.374                                  | 0.267                         |
| Uttar Dinajpur    | 0.48                            | 8.08                                          | 0.240      | 0.180                                  | 0.369                         |

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## Appendix 2 Social Infrastructure Index

| District          | Health indicator                                  |                                    | Education indicator                |                     | Health Index |              | Education Index |              | Social Infrastructure Index |
|-------------------|---------------------------------------------------|------------------------------------|------------------------------------|---------------------|--------------|--------------|-----------------|--------------|-----------------------------|
|                   | Availability of beds per 10,000 population (2001) | No. of Doctors per lakh population | Teacher-student ratio (T-S) (VI-X) | No. of high schools | BED Index    | Doctor Index | T-S ratio Index | School Index |                             |
| Bankura           | 8.95                                              | 8.14                               | 0.015355                           | 453                 | 0.520991     | 0.426813     | 0.995570525     | 0.321505     | 0.517                       |
| Birbhum           | 7.86                                              | 8.42                               | 0.015262                           | 402                 | 0.457752     | 0.441476     | 0.989517963     | 0.285309     | 0.489                       |
| Burdwan           | 10.02                                             | 13.82                              | 0.014854                           | 862                 | 0.583381     | 0.724349     | 0.963119062     | 0.611781     | 0.706                       |
| Coochbehar        | 5.65                                              | 7.10                               | 0.010133                           | 278                 | 0.328893     | 0.372075     | 0.657014797     | 0.197303     | 0.355                       |
| Dakshin Dinajpur  | 5.35                                              | 5.92                               | 0.014686                           | 161                 | 0.311512     | 0.310314     | 0.952199        | 0.114265     | 0.320                       |
| Darjeeling        | 17.17                                             | 19.08                              | 0.014345                           | 205                 | 1.000019     | 0.999902     | 0.930095179     | 0.145493     | 0.607                       |
| Hooghly           | 7.47                                              | 8.05                               | 0.010894                           | 493                 | 0.435251     | 0.422033     | 0.706313264     | 0.349894     | 0.462                       |
| Howrah            | 9.53                                              | 12.29                              | 0.01172                            | 546                 | 0.555002     | 0.643929     | 0.759915076     | 0.387509     | 0.570                       |
| Jalpaiguri        | 12.31                                             | 9.82                               | 0.010899                           | 290                 | 0.717146     | 0.514682     | 0.706657662     | 0.20582      | 0.481                       |
| Maldah            | 3.48                                              | 3.77                               | 0.014452                           | 323                 | 0.202664     | 0.197508     | 0.937011631     | 0.229241     | 0.305                       |
| Purba Medinipur   | 2.99                                              | 4.55                               | 0.015415                           | 665                 | 0.174036     | 0.238481     | 0.999480457     | 0.471966     | 0.374                       |
| Paschim Medinipur | 6.62                                              | 8.95                               | 0.015423                           | 744                 | 0.385328     | 0.469269     | 1               | 0.528034     | 0.556                       |
| Murshidabad       | 4.94                                              | 4.41                               | 0.010224                           | 499                 | 0.287802     | 0.231386     | 0.662880126     | 0.354152     | 0.354                       |
| Nadia             | 11.37                                             | 7.62                               | 0.010416                           | 455                 | 0.662241     | 0.399499     | 0.675369432     | 0.322924     | 0.490                       |
| North 24-Parganas | 4.82                                              | 5.94                               | 0.006678                           | 963                 | 0.280505     | 0.311499     | 0.432990547     | 0.683463     | 0.401                       |
| Purulia           | 8.93                                              | 8.67                               | 0.014692                           | 333                 | 0.520068     | 0.454576     | 0.952570796     | 0.236338     | 0.480                       |
| South 24-Parganas | 2.32                                              | 3.06                               | 0.013337                           | 771                 | 0.134921     | 0.160116     | 0.864734363     | 0.547197     | 0.318                       |
| Uttar Dinajpur    | 2.95                                              | 4.75                               | 0.01                               | 192                 | 0.171971     | 0.248984     | 0.648369866     | 0.136267     | 0.248                       |

## Appendix 3 Agricultural Infrastructure Index

| District          | Govt. irrigation<br>Infrastructure<br>Indicator | Agro-storage Infrastructure<br>Indicator | Agricultural<br>Infrastructure<br>Index | Agro-storage<br>Index |
|-------------------|-------------------------------------------------|------------------------------------------|-----------------------------------------|-----------------------|
|                   | Govt. canal<br>irrigation index                 | Cold storage<br>Index                    | Warehouse<br>Index                      |                       |
| Bankura           | 0.6475                                          | 0.6382                                   | 0.2811                                  | 0.4880                |
| Birbhum           | 0.7071                                          | 0.1972                                   | 0.2514                                  | 0.3273                |
| Burdwan           | 1.0000                                          | 0.9971                                   | 0.5093                                  | 0.7978                |
| Coochbehar        | 0.0254                                          | 0.1791                                   | 0.2841                                  | 0.1089                |
| Dakshin Dinajpur  | 0.0000                                          | 0.0000                                   | 0.4636                                  | 0.0000                |
| Darjeeling        | 0.6312                                          | 0.0012                                   | 0.6833                                  | 0.0811                |
| Hooghly           | 0.3237                                          | 1.0000                                   | 0.6339                                  | 0.5898                |
| Howrah            | 0.4038                                          | 0.2931                                   | 0.8880                                  | 0.4719                |
| Jalpaiguri        | 0.7629                                          | 0.3783                                   | 0.2001                                  | 0.3866                |
| Maldah            | 0.0000                                          | 0.0457                                   | 0.2013                                  | 0.0000                |
| Purba Medinipur   | 0.1386                                          | 0.0140                                   | 0.5019                                  | 0.0990                |
| Paschim Medinipur | 0.4169                                          | 0.6721                                   | 0.2191                                  | 0.3944                |
| Murshidabad       | 0.2332                                          | 0.0471                                   | 0.2911                                  | 0.1473                |
| Nadia             | 0.0000                                          | 0.0151                                   | 0.2628                                  | 0.0000                |
| North 24-Parganas | 0.0000                                          | 0.0425                                   | 1.0000                                  | 0.0000                |
| Purulia           | 0.5177                                          | 0.0000                                   | 0.0922                                  | 0.0000                |
| South 24-Parganas | 0.2558                                          | 0.0058                                   | 0.1098                                  | 0.0546                |
| Uttar Dinajpur    | 0.0528                                          | 0.1160                                   | 0.2125                                  | 0.1092                |

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# Dynamics of Authentic Leadership: A Comparative Analysis Across Constituent Dimensions

**Karen Staab, Vishal Arghode & Som Sekhar Bhattacharyya**

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*This study investigated the distinction between authentic and non-authentic leaders by examining their character strengths and virtues within the framework of authentic leadership. Using a multi-level analysis approach, followers (teachers) rated their leaders (administrators) on six key variables: bravery, honesty, fairness, self-regulation, judgment, and leadership. Administrators also rated themselves using the Value in Action (VIA) survey. The study employed multilevel regression to analyze the relationship between the independent variables and the dependent variable of authentic leadership, which was measured through the Authentic Leadership Inventory (ALI). The findings revealed significant differences between authentic and non-authentic leaders, particularly in honesty, perseverance, bravery (courage), perspective and judgment (wisdom and knowledge), fairness (justice), and humility, prudence, and self-regulation (temperance).*

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## Introduction

Authentic leadership has garnered significant attention among scholars due to its emphasis on ethical behavior and genuine leadership practices (Bartlett et al., 2021; Imran et al., 2023; Joo & Jo, 2017). Characteristics like self-awareness, following one's convictions, moral growth and their importance in being an authentic leader were highlighted (Gardner et al., 2021). Leaders were recognized for their commitment to moral and ethical conduct in their communities and organizations (Nilsson, 2016). Those who relied on impres-

sion management to win trust were contrasted with this leadership style. It was seen as a tactic to rebuild trust in leadership through sincere and comforting behaviors (Kang, 2015; Joo & Jo, 2017).

Scholars analyzed the attributes and traits of authentic leaders. They focused on qualities like bravery, honesty, and commitment to fundamental values (Avolio, Wernsing, & Gardner, 2018; Gardner et al., 2021). Despite the abundance of evidence, there were still disagreements about the specific characteristics of these qualities and whether they are necessary for true leadership (George, 2010; Walumbwa et al., 2008). Alavi and Gill (2017) argued that moral development played a crucial role in authentic leadership, while Sparrowe (2005) disagreed, stating that moral and ethical behavior were not as important.

Much literature has identified these traits in the past, but little empirical research has examined how they appear in authentic leaders. Most research has focused on theoretical concepts and self-reported traits, leaving little known about authentic leadership in organizational contexts (Walumbwa et al., 2008). The gap in the literature highlighted the need for more studies examining how authentic leaders demonstrated and were perceived in real-world leadership situations. These studies should also focus on identifying the traits of authentic leaders.

This study examined the relationship between authentic leadership and the traits and qualities of authentic leaders compared to non-authentic ones (Byrne,

Crossan, & Seijts, 2018; Chawla, 2021). This study used empirical data to show how leaders in real-world situations exhibited these traits, unlike previous research that focused on theoretical concepts (Knights, Grant, & Young, 2020). The study compared authentic and non-authentic leaders' traits and strengths. It hypothesized that authentic leaders would possess qualities such as honesty, perseverance, bravery, perspective, judgment, fairness, humility, prudence, and self-regulation. The study referenced the works of Deng, Gulseren, Isola, Grocutt, and Turner, (2023) and Peterson and Seligman (2004).

The current study clarified authentic leadership behavior, filling a critical gap in the literature. This research provided new insights. These insights can guide the theoretical understanding and practical implementation of authentic leadership in organizational contexts. The research connected behavioral traits with authentic leadership. The following section gave the theoretical framework and literature review. The section that followed discussed the research methodology. The study's findings are in the next section.

## **Theoretical Framework**

Authentic leadership requires self-awareness and a clear understanding of principles and beliefs, according to Avolio et al. (2018), Cooper, Scandura, and Schriesheim, (2005), and George (2010). Self-awareness required understanding thoughts, feelings, needs, preferences, and beliefs (Kotsori, 2018; Nakamura, et

al., 2023). Genuine leaders need this awareness to act in accordance with their values. It made their leadership reflect their values (Howard, 2024; Sosik, Chun, Ete, & Scherer, 2019; Tabak, 2023).

For authentic leadership to be moral and ethical, character traits and virtues were essential (Nakamura et al., 2023; Walumbwa et al., 2008). Wisdom, knowledge, courage, justice, and temperance were often stressed in leadership literature (Deng et al., 2023; Howard, 2024; Kotsori, 2018). Byrne et al. (2018) found that these qualities matched genuine leaders' character traits.

True leaders displayed these virtues more prominently than other Values in Action (VIA) virtues, demonstrating their link to authentic leadership. The VIA framework gave leaders a structured approach to decision-making with predetermined scenarios and a few recommended behaviors (Cavazotte, Mansur, & Moreno, 2021). The framework identified the traits and moral qualities leaders believed they had and consistently demonstrated (Arar & Oplatka, 2022).

The study aimed to identify the qualities and character traits that distinguished authentic leaders from those who lacked authentic leadership (Lumpkin, 2023). The research enhanced our understanding of how specific virtues and character traits support authentic leadership. It also made the connection between the theoretical framework and study objectives clearer.

## Authentic Leadership

Authentic leadership theory emphasizes a leader's authenticity, integrity, honesty, and bravery (Alvesson & Einola, 2019; Lek, Vendrig, & Schaafsma, 2020). Authenticity used to mean acting in accordance with one's beliefs (George, 2010). Genuine leaders did not become genuine by copying lists of qualities that other people thought were important in leaders (Knights et al., 2020). Crawford et al., (2020) found that genuine leaders demonstrated leadership by embodying their values, significance, and purpose. During challenging times, authentic leaders stuck to their beliefs and ideals (Qu et al., 2019).

**Authentic leaders focused on self-awareness and self-discovery, which occurred independently without considering external factors.**

Authentic leaders focused on self-awareness and self-discovery, which occurred independently without considering external factors (Howard, 2024; Martino, 2019; Sparrowe, 2005). Authentic leaders understood who they really were by creating a life narrative that included incidents, deeds, and inspirations from their past experiences (Gardner et al., 2021). The genuine self formed through interactions with others and changed due to life's experiences (Sparrowe, 2005). The moral compass of transformational leaders was influenced by authenticity. This had an impact on their motivations when making decisions

about the organization (Sendjaya et al., 2016).

Sparrowe (2005) examined how a leader's sincere actions mirrored their fundamental beliefs and goals in a study on authentic followership (Kelly & Hashemi, 2022; Nabi & Akter, 2023). The development of followers' authenticity and true identities was influenced by their imitation of this behavior (Sparrowe, 2005). Similar to this, Walumbwa et al. (2008) and Fusco, O'Riordan, and Palmer, (2016) identified critical leader attributes for genuine leadership. The following theory was put forth in light of the discussion above:

**Hypothesis I:** Honesty (authenticity; integrity) will have a positive association with authentic leadership.

Using willpower to overcome challenges, whether they originated internally or externally, was the essence of courage (Brockorny & Youssef-Morgan, 2019). Positive traits like bravery, tenacity, honesty, and a proactive mindset were linked to the concept (Stichter & Saunders, 2019). A true leader was not always one who exhibited courage (Bartlett et al., 2021; Sendjaya et al., 2016). Having the guts to take action is one sign of authentic leadership, according to Gardner et al. (2021). It was crucial to remember that there were other signs as well. The authors suggested looking into the following hypothesis:

**Hypothesis II:** Bravery (not shrinking from fear; speaking up for what is right) will have a positive association with authentic leadership.

### **Values in Action (VIA) System of Classification**

Ng et al. (2017) included the virtues in the VIA classification of character strengths. Wisdom and knowledge were discussed (Ogunyemi & Ogunyemi, 2020). Gathering and applying information involved the cognitive skills of wisdom and knowledge. Wisdom and knowledge were linked to specific character strengths. These strengths included creativity, curiosity, sound judgment, love of learning, and perspective. The authors suggested investigating the following hypothesis as a result.

**Hypothesis III:** Judgment (critical thinking, thinking things through, and open-mindedness) will have a positive association with authentic leadership.

Humanity has frequently been associated with qualities such as love, kindness, and social intelligence Byrne et al. (2018). Kadyrova (2020) mentioned emotional and personal intelligence as some of the attributes. Justice was viewed as a valuable social quality that helped foster a thriving community. These traits were linked to citizenship, social responsibility, loyalty, equity, and leadership (Gardner et al., 2021). Transcendence included strengths that served the greater good (Onyalla, 2018). The strengths were discussed by Afshari (2023), Deng et al. (2023), and Joo and Jo (2017). Moreover, hope, gratitude, and appreciation of excellence and beauty were also stressed by the researchers (Peterson & Seligman, 2004). Thus, we hypothesize the following.

**Hypothesis IV:** Self-regulation (self-control; disciplined; managing impulses and emotions) will have a positive association with authentic leadership.

Peterson and Seligman (2004) emphasized that authentic leaders needed more virtues and character strengths. Fairness and judgment were essential to balanced decision-making and morality (Rodriguez et al., 2017). Researchers examined authentic leadership theory. They focused on leaders' moral and ethical qualities and supporting theories (Ruch, 2014). Therefore, the following hypothesis is presented for further examination.

**Hypothesis V:** Fairness (avoiding personal emotions when making judgments about others) will be linked to genuine leadership in a positive way.

Walumbwa et al. (2008) conducted a global investigation. They provided empirical data that could assess authentic leadership using the Authentic Leadership Questionnaire (ALQ). Avolio and Gardner (2005) proposed a model of authentic leadership that consisted of four factors. The ALQ could be used to evaluate this model. Walumbwa et al. (2008) also examined the impact of authentic leadership on the performance and job satisfaction of individual followers. The literature review emphasized five important interrelated components. Gardner et al. (2021) identified several elements. These elements included self-awareness, relational transparency, internalized regulation (authentic behavior), balanced information processing, and a morally optimistic outlook.

Authenticity and impression management were distinguished (Lamertz, 2022). Authentic leader consistently acted in alignment with their authentic self, regardless of external influences or expectations (Ebrahimi, Kouchaki, & Patrick, 2020). People who weren't genuine relied on outside sources for information (Peck & Hogue, 2018). Authenticity went beyond just self-regulation. Authentic leaders monitored themselves to present themselves to others (Chawla et al., 2021). An individual with high self-monitoring focuses on cultivating the appropriate social image (Afshari, 2023; Winton, Whittington, & Meskelis, 2022). The goal consistently represented a certain level of the ideal group archetype (Shamir & Eilam, 2005). Researchers found that it matched the external data and social context (Ebrahimi et al. 2020). Morality and authenticity became entwined and mutually reinforced because it was impossible to be truly antisocial or immoral. Shamir and Eilam (2005) stated that being self-aware and committed to one's beliefs is essential for being an authentic leader. Genuineness inspired and earned followers' trust (Winton, Whittington, & Meskelis, 2022). Helping others was prioritized over self-interest and approval (Walumbwa et al., 2008).

Several studies have examined authentic leadership and validated the Authentic Leadership Questionnaire (ALQ) (Panczyk et al., 2019; Wong, Spence, & Cummings, 2010). To assess authentic leadership today, Neider and Schriesheim (2011) developed the Authentic Leadership Inventory (ALI). Neider and Schriesheim (2011) emphasized the im-



portance of using thorough analytical methods to assess the content validity of leadership research.

### **Research Methodology**

Academic and research leaders' virtues and traits were linked to their authentic leadership in this study. These traits were expected of authentic leaders. Leadership authenticity was measured by the degree of agreement between leaders' and followers' evaluations. Participants in this study were invited from a variety of academic and research organizations in the United States, including both public and private institutions.

**Participants:** Thirty school administrators from public, private, and charter elementary, middle, and secondary schools in the Northeastern US participated in the study. The word "administrator" was used to describe people in important executive or managerial positions who were in charge of departments or whole schools. Because these administrators played such important roles in strategic planning, decision-making, and institutional guidance, it was assumed that they were leaders. Participants included teachers, teaching assistants, guidance counselors, school psychologists, librarians, and other instructional specialists from the schools run by these administrators. The participants were selected because they frequently interacted with the administrators, which allowed them to assess the administrators' genuine leadership based on firsthand experience. Participation was voluntary, so partici-

pants could choose to opt out at any time. If they did, their information would be deleted from the analysis.

**Design:** Three measures were used in this study. The first tool, the Virtues in Action Inventory of Strengths, assessed character and virtues. A 120-item online survey was used (Stichter & Saunders, 2019). The second test was the 14-item Authentic Leadership Inventory. Leaders' authenticity was rated by followers (Panczyk et al., 2019). Third, followers assessed their leaders' virtues and character strengths using an adapted Character Strengths Rating Form (CSRF) (Peterson & Seligman, 2004).

**Measures:** Teachers, teaching assistants, guidance counselors, school psychologists, librarians, and instructional specialists completed the Authentic Leadership Inventory (Walumbwa et al., 2008). It evaluated administrators' credibility. The ALI used a 14-item Likert scale. These items stressed self-awareness, relationship transparency, morality, and objectivity. The ALI reliably identified true leaders (Arar & Oplatka, 2022).

The final assessment tool used was a modified version of the original Character Strengths Rating Form (Ruch et al., 2014). It consisted of 25 items. Followers were able to rate the virtues and character strengths of their administrators rather than just their own ratings. At faculty meetings, the study was quickly presented to academic and research leaders. Participants completed two questionnaires: the ALI and the modified CSRF. They also filled out a demographic form.

Both had to be submitted within ten days after the presentation. Leaders' participation was encouraged by coding the questionnaires to correspond with the academic administrator of each follower. This ensured anonymous responses. After the survey, we sent each administrator an overview of their primary character strengths. The researchers were able to access the raw data and individual area scores for the participants' identified character strengths, without disclosing the identities of the administrators. The administrators completed the 120-item Virtues in Action survey using an access code. The raw data for this survey was provided by the VIA Institute.

**Analysis:** Data analysis was conducted using STATA 14 software (Seheult, 2016) to evaluate the effects of variables at different levels. In 2000, Klein and Kozlowski conducted a study. This method was necessary because follower data needed to be considered at both the individual and group levels. This was because individual responses varied depending on the administrator they reported to. The analysis considered how followers' professional relationships and shared experiences could impact their ratings, potentially compromising the objectivity of their viewpoints (Chen & Zhang, 2023). Klein and Kozlowski (2000) justified the multi-level approach, stating that relationships observed at one level of analysis could vary in strength or direction at another level.

The administrator combined all of the followers' responses on the ALI and the modified CSRF, and the ICC1 and ICC2

indices were computed to support this combination. With ICC1 values above the standard cutoff of 0.05 and ICC2 values above 0.70, these indices verified that the aggregation was statistically appropriate and guaranteed that the data appropriately represented the leadership behaviors of the administrators. The investigation assessed various attributes of the administrators, including courage, integrity, equity, self-control, discernment, and leadership. This assessment used two types of measurement. Leaders completed the VIA survey, while followers rated administrators using ALI and modified CSRF. VIA and modified CSRF responses were level two variables. All administrators used the ALI scale as a dependent variable.

## Results

As was the case with Kinnunen, Feldt, and Mauno, (2016), normality tests were performed. Genuine leadership was negative and unusual (Braun & Nieberle, 2017). Kinnunen, Feldt, and Mauno, (2016) recommended the square root transformation after mirroring the variable.

**Significant correlations ( $p < .05$ ) were found between honesty, bravery, fairness, judgement, leadership, and honesty.**

Significant correlations ( $p < .05$ ) were found between honesty, bravery, fairness, judgement, leadership, and honesty. In Table 4 the authors gathered leaders' self-assessments from the Virtues in

**Table 1 Demographic Leader Information (N = 32)**

| Characteristic       | n  | %    |
|----------------------|----|------|
| Gender               |    |      |
| Male                 | 19 | 59.4 |
| Female               | 13 | 40.6 |
| Degree               |    |      |
| Masters              | 3  | 9.4  |
| Masters +            | 27 | 84.4 |
| Doctoral             | 2  | 6.2  |
| Years Teaching       |    |      |
| 0                    | 1  | 3.2  |
| 2-4.9                | 4  | 12.5 |
| 5-9.9                | 10 | 31.2 |
| 10-14.9              | 8  | 25.0 |
| Over 15              | 9  | 28.1 |
| Years Administration |    |      |
| Less than 1          | 3  | 9.4  |
| 1-1.9                | 3  | 9.4  |
| 2-4.9                | 2  | 6.2  |
| 5-9.9                | 8  | 25.0 |
| 10-14.9              | 7  | 21.9 |
| Over 15              | 9  | 28.1 |

**Table 2 Demographic, Academic & Research Information (N=419)**

| Characteristic    | N   | %    |
|-------------------|-----|------|
| Gender            |     |      |
| Male              | 116 | 27.7 |
| Female            | 303 | 72.3 |
| Degree            |     |      |
| High School       | 6   | 1.4  |
| Associates Degree | 4   | 1.0  |
| Bachelors         | 119 | 28.4 |
| Masters           | 176 | 42.0 |
| Masters +         | 107 | 25.5 |
| Doctoral          | 7   | 1.7  |
| Years Teaching    |     |      |
| 0.1-1.9           | 20  | 4.8  |
| 2-4.9             | 41  | 9.8  |
| 5-9.9             | 92  | 22.0 |
| 10-14.9           | 87  | 20.8 |
| Over 15           | 179 | 42.7 |

Action Survey. Significant correlations were found ( $p < .05$ ) between various variables in the data analysis. These included honesty and bravery, honesty and fair-

ness, judgement and fairness, judgement and leadership, and judgement and honesty (Butterworth, 2020).

**Table 3 Summary Information for Academics Measures: Character Strengths Ratings and Authentic Leadership (N=419)**

|                        | M     | SD   | 1       | 2       | 3       | 4     | 5     | 6     | 7    |
|------------------------|-------|------|---------|---------|---------|-------|-------|-------|------|
| 1.Bravery              | 20.39 | 2.24 | 1.00    |         |         |       |       |       |      |
| 2.Fairness             | 21.87 | 1.68 | 0.04    | 1.00    |         |       |       |       |      |
| 3.Honesty              | 22.57 | 1.57 | 0.41*** | 0.37*   | 1.00    |       |       |       |      |
| 4.Judgment             | 21.92 | 2.31 | 0.42*** | 0.58*** | 0.37*** | 1.00  |       |       |      |
| 5.Leadership           | 21.08 | 1.87 | 0.20*** | 0.36*** | 0.49*** | 0.11  | 1.00  |       |      |
| 6.Self Regulation      | 17.80 | 2.34 | -0.09   | -0.07   | 0.12*   | -0.01 | -0.04 | 1.00  |      |
| 7.Authentic Leadership | 56.13 | 9.96 | 0.03    | 0.06    | 0.02    | 0.00  | 0.02  | -0.01 | 1.00 |

\*p < .05, \*\*p < .01, \*\*\*p < .001

**Table 4 Summary Information for Leaders' Measures Virtues in Action Survey (N = 32)**

|                   | M     | SD   | 1     | 2       | 3     | 4    | 5     | 6     |
|-------------------|-------|------|-------|---------|-------|------|-------|-------|
| 1.Bravery         | 20.03 | 2.43 | 1.00  |         |       |      |       |       |
| 2.Fairness        | 21.75 | 1.80 | -0.04 | 1.00    |       |      |       |       |
| 3.Honesty         | 22.53 | 1.70 | 0.37* | 0.47**  | 1.00  |      |       |       |
| 4.Judgment        | 21.75 | 2.18 | 0.24  | 0.57*** | 0.27  | 1.00 |       |       |
| 5.Leadership      | 21.09 | 2.05 | 0.17  | 0.41*   | 0.54* | 0.16 | 1.00  |       |
| 6.Self Regulation | 17.59 | 2.79 | 0.02  | -0.00   | 0.20  | 0.04 | -0.08 | 1.000 |

\*p < .05, \*\*p < .01, \*\*\*p < .001

The scale's alpha reliability was calculated (Seheut, 2016). The coefficient alpha for the ALI was 0.94. The leader's data was analyzed. The authors calculated the alpha reliability of the VIA. The data for the leader's or administrator's

self-assessments were compiled by the authors in Table 5. The results demonstrated reliable levels and aligned with those reported for the Virtues in Action 120-item survey by the Virtues in Action Institute.

**Table 5 Alpha Reliabilities for Administrator Responses on Virtues in Action Survey**

|                 |      |
|-----------------|------|
| Bravery         | 0.77 |
| Honesty         | 0.74 |
| Fairness        | 0.76 |
| Judgment        | 0.79 |
| Leadership      | 0.72 |
| Self-Regulation | 0.73 |

The random effects parameter estimates for the Authentic Leadership Inventory were displayed by the authors in Table 6 (Butterworth, 2020). The intra-class correlations showed how much of the vari-

ance was due to differences between clusters, specifically academic teams in this case. In Table 6, it was found that approximately 27% of the ALI variance resulted from variations among academic teams.

**Table 6 Random Effects Parameter Estimates for the Authentic Leadership Inventory**

| Source                 | Estimate | Standard error | 95% Confidence Interval |        |
|------------------------|----------|----------------|-------------------------|--------|
| ALI leader differences | .5118    | .1652          | .2718                   | .9637  |
| Residual               | 1.401    | .1009          | 1.2165                  | 1.6132 |

Intra-class correlation = .27,  $p < .001$

The authors compiled the findings regarding the second-level equation for teachers' ratings on the Authentic Leadership Inventory and leaders' self-ratings on the VIA in Table 7.

Rodriguez et al. (2017) used the Wald Chi-square test as the significance test for the regression analysis. The test results indicated that the model, which included the independent variables measured on VIA (bravery, fairness, honesty,

judgment, leadership, and self-regulation), did not show any statistical significance.

All significance tests for the slopes in the data were above the  $\alpha = .05$  threshold, which meant they were not statistically significant (Byrne et al., 2018). The administrator's self-assessment of specific virtues and characteristics did not correlate significantly with their evaluation of authentic leadership by academics.

**Table 7 Multi-level Model, Level Two Equation—Leader Self-Ratings**

| sqrtauthentic | Slope  | Std. Error | Z     | p     | [95% Conf. Interval] |        |
|---------------|--------|------------|-------|-------|----------------------|--------|
| Bravery       | 0.0440 | 0.0705     | -0.62 | 0.532 | -0.1822              | 0.0941 |
| Fairness      | 0.0936 | 0.1150     | -0.81 | 0.416 | -0.3189              | 0.1317 |
| Honesty       | 0.0251 | 0.1168     | 0.17  | 0.830 | -0.2038              | 0.2539 |
| judgment      | 0.0171 | 0.0832     | -0.21 | 0.837 | -0.1801              | 0.1459 |
| leadership    | 0.0072 | 0.0841     | -0.09 | 0.932 | -0.1721              | 0.1577 |
| self-reg      | 0.1956 | 0.2727     | -0.72 | 0.473 | -0.7300              | 0.2388 |

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

Wald  $\chi^2 = 2.90$ ,  $df = 6$ ,  $p = .821$

Note: Slopes signs were changed to reflect the correct direction of association

In Table 8, the authors summarized the level one equation for followers' or teachers' ratings on the Authentic Leadership Inventory. The equation included ratings of the independent variables: bravery, fairness, honesty, judgment, leadership, and self-regulation (adapted CSRF). The Wald Chi-square test served as the significance test in the regression analysis (Winton et al., 2022). A correlation was discovered between certain in-

dependent variables related to CSRF and the dependent variable, authentic leadership, as measured by ALI. The correlation was found to be significant at a level of .05.

The data indicated that the slopes for bravery, honesty, judgment, and leadership, as assessed by followers, were statistically significant. The teachers assessed the independent variables using

**Table 8 Multi-level Model: Level One Equation—Leader Ratings by Academicians**

| Predictor  | Slope  | Std. Error | Z     | p        | [95% Conf. Interval] |         |
|------------|--------|------------|-------|----------|----------------------|---------|
| bravery    | 0.1050 | 0.0314     | -3.35 | 0.001**  | -0.1665              | -0.0435 |
| fairness   | 0.2607 | 0.0465     | -0.56 | 0.575    | -0.1172              | 0.0651  |
| honesty    | 0.1279 | 0.0415     | -3.08 | 0.002**  | -0.2092              | -0.0466 |
| judgment   | 0.1341 | 0.0390     | -3.44 | 0.001**  | -0.2106              | -0.0577 |
| leadership | 0.1994 | 0.0440     | -4.53 | 0.000*** | -0.2858              | -0.1131 |
| self-reg   | 0.0305 | 0.0410     | -0.74 | 0.457    | -0.1108              | 0.0498  |

\*p < .05, \*\*p < .01, \*\*\*p < .001

Wald  $\chi^2 = 438.02$ , df = 6, p < .001

Note: Slopes were changed to indicate the direction of association

the adapted CSRF. The authors found a positive correlation with the dependent variable, authentic leaders. This correlation was observed in the aspects of bravery, honesty, judgment, and leadership. No significant relationship was found between self-regulation, fairness, and the dependent variable.

## Discussion

The objective of the research study was to measure the correlations between the traits that characterize authentic leadership and quantify them. Atwijuka and Caldwell (2017) suggested a link between specific traits and effective leaders. Bravery, honesty, self-control, fairness, leadership, and judgment were mentioned as traits or virtues (Ogunyemi & Ogunyemi, 2020). Meng, Cheng, and Guo (2016) found a strong correlation between leaders' authentic leadership ratings and followers' bravery, honesty, judgment, and leadership ratings. Research by Ogunyemi and Ogunyemi (2020) supported these findings. There was no correlation between self-control, justice, and genuine leadership (Shahzad, Raja, & Hashmi, 2021). Shahzad et al. (2021)

found no correlation between authentic leadership and leader virtues.

**Leaders' self-perceptions did not match their followers' views of leadership.**

The study found strong correlations between traits and strengths. The literature on authentic leadership and positive psychology (Atwijuka & Caldwell, 2017) defined human qualities differently. Researchers found a link between leaders' authenticity and trait ratings (Gill, Gardner, Claeys, & Vangronsveld, 2018). These findings needed to be confirmed using different methods and study designs. Concerningly, leaders' self-perceptions did not match their followers' views of leadership.

Highly self-aware leaders were authentic. They tried to communicate openly. They believed in self-awareness and honest relationships with followers (Crawford et al., 2020). This study found that leaders violated basic principles. The gap between leaders' self-assessed character strengths and followers' authentic

leadership assessments showed this. In modern corporate and political environments, authentic leadership appeared attractive, but it turned out to be more theoretical than useful. This suggested that we should support the idea of training people to become real leaders. According to Shane and Venkataraman (2000), the leaders had to reassess, identify the behavioral indicators of the construct, and explain how they demonstrated it.

Latent variables were measured using well-researched tools. The identification of indicators was necessary to conduct quantitative research on social phenomena, such as authentic leadership and its associated characteristics and virtues, as these concepts could not be measured directly. Items representing bravery were observed and indicated through endorsements. The researchers used various indicators from the Virtues in Action Survey and the Authentic Leadership Inventory to identify the characteristics and virtues reported by the administrators and leaders. The Character Strengths Rating Form (CSRF) was adapted. The measurement indicated positive correlations between bravery, honesty, leadership, and judgment with the dependent variable, authentic leadership.

### **Conclusion**

This study investigated the relationship between virtues and authentic leadership behaviors within organizations, aiming to understand the complexities surrounding this concept. Strong positive correlations emerged between vir-

tues such as bravery, honesty, leadership, and judgment and authentic leadership behaviors. Conversely, self-regulation and fairness did not show significant correlations with authentic leadership. These findings suggested that expressing certain qualities in leadership positions might be more complex than previously anticipated. The study also revealed a disparity between how leaders perceived themselves and how their followers perceived their authenticity. This highlighted the importance of understanding behavioral cues and their influence on leadership success.

### **Future Research Directions**

To better understand authentic leadership, future research should be multifaceted. First, research into dimensions other than those examined in this study may reveal more about how they affect organizational outcomes. Second, examine what factors affect followers' and leaders' authenticity perceptions. This analysis considered contextual and individual differences. Third, organizational authenticity requires intervention and training program development and evaluation. These encouraged leaders' self-awareness and openness. Assessing and improving genuine leadership qualities requires exploring different methods and tools due to the ever-changing nature of leadership behaviors. Finally, working with experts would have helped translate research findings into practical leadership and organizational performance strategies. This collaboration sought to apply authentic leadership

principles to organizational frameworks. Leadership practice and development in different organizational contexts would benefit from this.

### Research Implications

The study found complex links between virtues and leadership practices. The study assessed latent variables using validated instruments and set a framework for future research. The discrepancies between followers' perceptions of authentic leadership and leaders' self-ratings need further study. This study will illuminate authentic leadership in real-world organizations. Future researchers should explore more aspects of genuine leadership and use different research methods to better understand this complex concept.

### Practice Implications

This study shows practitioners the importance of authentic leadership. Recognition of relational transparency and self-awareness can help. Leaders should actively seek follower feedback to compare perceptions, according to research. To promote workplace authenticity and trust, organisations should have developed focused training programs and interventions to improve leaders' self-awareness and interpersonal skills (Gupta, Ravindranath, & Kumar, 2018). Practitioners should have improved assessment tools like the Character Strengths Rating Form (CSRF) to assess and improve authentic leadership.

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# Organizational Change & Development in Civil Society Organizations (CSOs): HR Perspective on Sustainability & Effectiveness

**Aman Borkar & Bibhas Mondal**

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*This paper explores the role of human resources (HR) in managing organizational change within civil society organizations (CSOs), with a focus on strengthening their capacity for adaptation and long-term sustainability. It emphasizes the importance of adopting a change management approach underpinned by organizational development (OD) principles to address the operational and strategic challenges that CSOs face in an evolving social landscape. Using case study methodology, this study involved an in-depth organizational diagnosis of 11 CSOs actively working on Sustainable Development Goals over two weeks. It argues that strong leadership is essential for initiating and guiding change, while stakeholder engagement fosters buy-in and ensures that the needs of all parties are considered.*

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## Introduction

Civil Society Organizations (CSOs) including non-governmental organizations (NGOs) and non-profits, play a significant role in addressing India's most pressing social challenges, from poverty alleviation and education to healthcare and environmental sustainability. By working closely with marginalized communities, CSOs advocate for equitable access to resources and rights, promoting inclusive social development that complements government efforts (Mann & Ranjan, 2020; Ghosh, 2020). Historically, the rise of CSOs in India accelerated in the post-independence era, particularly from the 1980s onward, when a wave of grassroots movements and social activism began addressing local challenges like land rights, labor rights, and environmental justice (Chaudhuri, 2021). These organizations now form a critical part of India's development ecosystem, bridging the gaps in social services

and enabling voices from marginalized communities to be heard in policy discourse (Kapoor & Srivastava, 2019).

However, CSOs operate in complex, resource-constrained environments marked by frequent fluctuations in funding, stringent regulatory requirements, and evolving community expectations (Tiwari et al., 2021). Limited resources and dependencies on external funding sources, such as grants, government aid, and corporate donations, often make these organizations vulnerable to changes in financial landscapes and regulatory environments (Pathak et al., 2019). Furthermore, heightened demands for transparency and accountability put additional pressure on CSOs to enhance their organizational capacity and maintain public trust (Bhaduri & Ranjan, 2020). These challenges highlight the need for robust organizational frameworks that allow CSOs to adapt, sustain operations, and continue creating social impact despite external pressures.

OD frameworks and change management strategies, especially from an HR perspective, are essential tools for CSOs to navigate these multifaceted challenges. OD frameworks focus on improving organizational efficiency, flexibility, and effectiveness by addressing structural and cultural aspects, helping organizations build resilience and responsiveness (Cummings & Worley, 2019). Change management, which involves planned and systematic approaches to facilitate organizational transitions, complements OD by enabling organizations to respond proactively to external

shifts in funding, regulation, and social needs (Gilley et al., 2016). Together, OD and change management approaches help foster a supportive organizational culture that prioritizes learning, innovation, and collaboration—key elements for long-term success (Herold et al., 2017).

This paper draws insights from an empirical study conducted with 11 CSOs in Maharashtra, India, examining how HR-led OD strategies empower these organizations to remain resilient, mission-driven, and adaptive. The study highlights how leadership development, strategic HR planning, and stakeholder engagement collectively contribute to effective change management and capacity-building efforts, enabling CSOs to enhance their long-term sustainability and social impact (Sengupta & Das, 2020). By adopting a holistic, HR-focused approach, CSOs can strengthen their organizational foundations, ensuring they remain agile and capable of addressing India's evolving social landscape.

## Literature Review

CSOs face a unique set of challenges that stem from their financial dependency, limited human resources, and increasing regulatory compliance pressures. These organizations, driven by social missions and embedded in dynamic and often unpredictable environments, must continuously evolve to remain effective and responsive to community needs. A key challenge for CSOs is financial dependency, which results from reliance on grants, donations, and government aid. This financial model ex-

poses CSOs to vulnerabilities related to economic shifts and changes in donor priorities. Moreover, limited human resources—both in terms of workforce capacity and specialized skills—restrict operational efficiency and impede scalability or diversification of services (Pathak et al., 2019). Additionally, the increasing burden of regulatory compliance further stretches already limited resources, necessitating significant investments in both financial and HR capabilities to ensure continued compliance and maintain public trust (Bhaduri & Ranjan, 2020).

**This adaptive capability allows CSOs to respond dynamically to shifts in funding, regulatory landscapes, and community needs.**

In the light of these challenges, CSOs must adopt a proactive approach to organizational change, embracing frameworks that facilitate both growth and stability. OD offers a systematic method for aligning organizational structures, updating operational policies, and building a culture that encourages continuous learning and innovation. This adaptive capability allows CSOs to respond dynamically to shifts in funding, regulatory landscapes, and community needs (Cummings & Worley, 2019). Furthermore, through OD, CSOs can balance the urgency of addressing immediate social needs with the long-term goal of sustainable development (Buchanan & Dawson, 2018).

Change management within CSOs is an ongoing process of adaptation, requir-

ing a cohesive approach that integrates strong leadership, strategic HR planning, and capacity-building initiatives. Leaders play a crucial role in guiding the organizational vision, rallying support from diverse stakeholders, and embedding a culture that values collaboration, transparency, and adaptability (Schein, 2017; Appelbaum et al., 2017). This collaborative culture is necessary to secure employee and community buy-in, ensuring alignment with the CSO's mission and goals. Effective change management also necessitates transparent decision-making and communication strategies that mitigate resistance to change. As part of the change process, CSOs must actively engage stakeholders—including employees, community members, donors, and partners—in shaping and supporting organizational transformation (Mack et al., 2019). Through clear communication and participatory processes, CSOs can reduce resistance and foster a sense of ownership among all parties, which is essential for the success of long-term change initiatives.

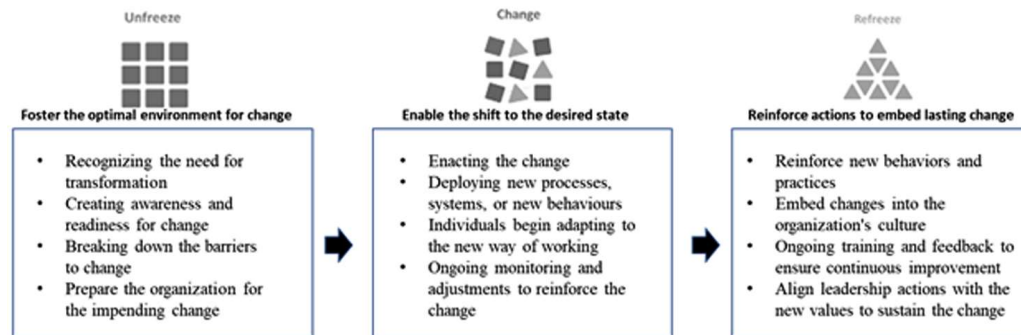
**Effective HR planning aligns staffing, performance management, and professional development with the broader organizational mission and strategic goals.**

For CSOs, human capital is central to creating meaningful and lasting impact. However, the constraints of limited resources make it challenging for many organizations to invest adequately in training, development, and employee retention. Robust HR practices that incorporate recruitment, continuous training, and

strategic retention are therefore critical to CSOs' ability to address complex social challenges effectively (Saks, 2019). Effective HR planning aligns staffing,

performance management, and professional development with the broader organizational mission and strategic goals (Kira & Pekkola, 2018).

**Fig. 1 Lewin's Three-stage Model of Change**



Source: Adapted from The Origins of Lewin's (1947) Three-Step Model of Change

Kurt Lewin's three-stage model of change (Lewin, 1947) - unfreeze, change, and refreeze - provides a valuable framework for understanding and managing organizational transformation within CSOs. The unfreeze phase focuses on creating awareness of the need for change, which is particularly relevant for CSOs that operate in dynamic environments with limited resources. In this stage, leaders must prepare stakeholders, including staff and community members, for the upcoming changes by addressing resistance, fostering understanding, and aligning organizational priorities with evolving external and internal challenges. For CSOs, this stage is crucial as it sets the foundation for engaging all parties in the transformation process, ensuring that the organization can adapt to shifting funding landscapes, regulatory requirements, and community needs.

The change phase involves the actual implementation of new behaviors, practices, and processes, aligning with the continuous innovation that CSOs must undertake to remain effective. During this phase, CSOs introduce new operational strategies, whether in service delivery or stakeholder engagement, requiring both strategic leadership and inclusive decision-making. The final stage, refreezing, ensures the sustainability of these changes by embedding them into the organization's culture and daily practices. This phase includes reinforcing the new behaviors, monitoring progress, and ensuring that the changes are maintained over time. Lewin's model provides CSOs with a structured approach to navigating change, enhancing organizational resilience, aligning internal practices with mission-driven goals, and fostering long-term sustainability in the face of external pressures and resource constraints.



## **Research Methodology**

This study is part of the ‘Unfold’ initiative, a collaborative research effort led by the Tata Institute of Social Sciences (TISS), aimed at exploring the organizational dynamics within Civil Society Organizations (CSOs). The initiative seeks to understand the internal functioning of CSOs, particularly in the context of their human resource (HR) practices, governance structures, and leadership strategies. The research was carried out through a two-week field program, involving 37 participants who were placed within 11 diverse CSOs across Maharashtra. These organizations focus on a wide range of social issues, including healthcare, women’s empowerment, education, and community development.

During the field program, we worked with experienced CSO leaders and their teams. The methodology employed a combination of qualitative research techniques, including interviews with key stakeholders, direct observations, and thematic analysis. These tools enabled the research teams to gain a comprehensive understanding of how the CSOs manage their HR functions, such as staff recruitment, training, performance management, and stakeholder engagement. Additionally, the teams examined the leadership approaches and governance frameworks that these organizations use to drive their missions forward. Through this process, the study identified both the challenges and opportunities these organizations face in managing human resources and organiza-

tional change. By analyzing these aspects, the research offers valuable insights into the best practices for enhancing the sustainability and operational effectiveness of CSOs, contributing to the broader goal of strengthening civil society in India.

## **Leadership Development & Strategic HR Planning**

Leaders in CSOs play a critical role in shaping the strategic direction and setting the tone for their organizations. Many of these leaders emerge from grassroots movements and maintain strong, personal connections to the causes they champion. This deep-rooted involvement enables them to build significant trust with communities, donors, and partners, which is essential for ensuring that the CSO’s mission resonates with local needs and that its activities remain relevant. Trust, in turn, is a key factor in the legitimacy and long-term sustainability of CSOs (Chaudhuri & Ghosh, 2021).

CSOs should consider implementing strategic human resource (HR) practices aimed at developing a second line of leadership. By mentoring and training second-line managers, CSOs can distribute leadership responsibilities more equitably, thereby allowing senior leaders to focus on high-level strategic planning and community engagement, while also ensuring greater organizational resilience and continuity (Raj & Pal, 2021). This strategy not only reduces the risks associated with leadership dependency but also helps cultivate a more robust and adaptable organizational structure.

**Table 1 Organisations: Their Areas of Work**

| Organization                                | Areas of work                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bal Anand                                   | Established in 1984, Bal Anand provides access to sheltering and rehabilitation of orphaned, abandoned, and destitute minors through adoption. It also provides shelter to special children.                                                                                                                                                                                                                |
| CanKids                                     | Originally part of the Indian Cancer Society, Cankids embarked on its journey in 2004, committed to ensuring that no child suffers due to financial constraints when seeking treatment. It offers healthcare and support services as an NGO.                                                                                                                                                                |
| CORO                                        | Initially focused on promoting adult literacy in Mumbai's slums, CORO was founded with the vision of empowering marginalized communities to address their own challenges. Over the past 25 years, CORO has transformed into a grassroots-led organization, predominantly governed and shaped by Scheduled Caste and Muslim women and men.                                                                   |
| Creative Handicraft                         | Creative Handicraft, a Fair Trade Organization, was established in 1985 with a mission to empower women. It has grown into a prominent organization dedicated to transforming lives through fair trade practices.                                                                                                                                                                                           |
| Khula Aasman                                | Originating as a project at the TISS in 2009, founded in 2013 on the belief in the transformative power of art, aims to foster social change through creative expression, dedicated to engaging marginalized communities. It collaborates with survivors of trafficking, children in conflict with the law, prisoners, and others, providing them a platform for self-expression through various art forms. |
| Muskan Foundation                           | Muskan Foundation, founded in 2007 by Mrs. Dipti Gandhi, a WHO-trained low vision consultant, began with just two children in a small veranda in Bandra. By 2009, it was registered as a public trust, specializing in services for children with multiple disabilities.                                                                                                                                    |
| MYNA Mahila                                 | Founded in 2015 by Suhani Jalota, through raising awareness about menstruation and offering affordable sanitary products. Myna directly reaches women in need by manufacturing high-quality, low-cost sanitary napkins and implementing a door-to-door sales approach. Myna overcomes the stigma associated with periods, encouraging conversations to break the taboo.                                     |
| NASEOH                                      | Established in 1968, NASEOH (National Society for Equal Opportunities for the Handicapped) has been dedicated to creating comprehensive rehabilitation opportunities for persons with disabilities, aiming to facilitate their integration into mainstream society.                                                                                                                                         |
| Silver Innings                              | Since 2011, Silver Innings has been accredited for the Open-Ended Working Group on Ageing (OEWGA), UN Programme on Ageing in New York. Their focus lies in reintegrating seniors into mainstream society, enabling them to live with dignity.                                                                                                                                                               |
| Family Service Centre (FSC)                 | Established in 1955, FSC is dedicated to supporting families facing adversity. It operates family-centered and community-oriented programs designed to provide preventive, non-institutional services to those in need..                                                                                                                                                                                    |
| YUVA (Youth for Unity and Voluntary Action) | YUVA is a voluntary organization founded in Mumbai in 1984, dedicated to empowering vulnerable groups and addressing human rights violations. It is fostering the formation of people's collectives to engage in development discourse and promote self-determined collective action within communities.                                                                                                    |

Source: Primary Dat

### **Clear Governance Structures**

A key strategy for enhancing organizational sustainability and operational efficiency is the establishment of clear governance structures. Governance frameworks that define roles, responsibilities, and decision-making processes ensure that CSOs operate with a high degree of accountability, ethical behavior, and alignment with strategic goals. By fostering clear organizational boundaries, these frameworks enable transparency and the effective allocation of resources, thereby reinforcing organizational integrity and credibility among stakeholders (Schein, 2017).

Our research suggests that CSOs should promote active participation of the board of directors as their involvement in strategic planning and HR oversight plays a critical role in shaping a leadership culture that prioritizes long-term goals, ethical decision-making, and transparent practices. Effective governance provides a foundation for addressing key HR issues, such as leadership succession, performance management, and accountability, ensuring that these CSOs remain responsive to both internal needs and external expectations.

### **Financial Sustainability & Mobilization**

Financial sustainability remains one of the most significant challenges for CSOs, given their heavy reliance on external funding sources such as donations, grants, and partnerships. The unpredictable nature of these funding streams

makes it essential for CSOs to develop comprehensive and diversified fundraising strategies that reduce their dependence on any single source of income. In particular, establishing partnerships with government agencies, foundations, and corporate donors can help CSOs build more stable and sustainable funding bases (Bhaduri & Ranjan, 2020). By diversifying their financial sources, CSOs can reduce financial vulnerability and ensure that they are able to continue their work in the long term.

In addition to diversifying funding sources, CSOs must invest in strengthening their internal financial management capabilities. Regular financial management training for board members and staff is critical to building the capacity for budgeting, financial reporting, and ensuring compliance with regulations. These practices enhance accountability, foster trust with donors, and create a transparent organizational culture that can attract new funding opportunities (Singh et al., 2020). Furthermore, collaboration between CSOs can enhance resource mobilization efforts, allowing organizations to share resources and reduce administrative costs through joint fundraising initiatives and pooled funding.

### **Stakeholder Engagement & Community Relations**

Effective stakeholder engagement is critical for CSOs to ensure that their goals align with the needs and aspirations of the communities they serve. Many CSOs adopt micro-community structures, such as self-help groups (SHGs) or youth

collectives, which allow for greater community participation in decision-making processes. These structures facilitate social cohesion and foster community-led development, which strengthens the legitimacy of the organization and increases the likelihood of program success (Björkman & Svensson, 2019). By engaging local stakeholders in a meaningful and ongoing way, CSOs ensure that their interventions are relevant, context-specific, and have the support of the community.

**From a human resources perspective, stakeholder engagement should be based on principles of participatory management.**

From a human resources perspective, stakeholder engagement should be based on principles of participatory management, which empower both internal and external stakeholders to contribute actively to the organization's goals. CSOs should establish transparent communication channels, feedback mechanisms, and regular consultations to ensure that stakeholders feel valued and that their input is taken seriously. This participatory approach can enhance trust, reduce potential conflicts, and increase the overall effectiveness of CSO programs (Buchanan et al., 2017). In turn, HR practices such as community-focused employee training and collaborative workshops can strengthen relationships and ensure that the organization remains responsive to the evolving needs of its stakeholders.

## **Capacity Building & Knowledge Management**

Capacity building is essential for enabling CSOs to improve their operational efficiency and respond effectively to the evolving needs of their communities. Many CSOs prioritize continuous training programs for their employees, focusing on areas such as project management, community engagement, and impact evaluation. These programs enhance staff competence, contribute to higher employee morale, and reduce turnover by fostering a sense of belonging and investment in the organization's mission (Jacobjan et al., 2020). Moreover, when employees feel adequately trained and empowered, they are more likely to perform at their best and contribute to the long-term success of the organization.

Knowledge management is another critical component of organizational development for CSOs. By systematically documenting case studies, best practices, and lessons learned, CSOs can create a repository of institutional knowledge that can be used to inform future projects and decision-making processes. These practices not only preserve organizational memory but also promote innovation and organizational learning (Rogers, 2019). Additionally, knowledge management facilitates cross-organization collaboration by providing a platform for sharing insights, lessons, and strategies, which enhances the overall impact of CSO programs.

### **Technology Adoption & Digital Capacity**

The adoption of digital technologies is increasingly important for CSOs that seek to enhance their operational effectiveness, improve data management, and expand their outreach capabilities. However, many CSOs face barriers to technology adoption, such as limited resources and low digital literacy among staff. Nevertheless, investing in digital skills training can significantly improve the efficiency of CSOs by streamlining processes such as data collection, analysis, and reporting, as well as enhancing communication with stakeholders (Mergel, 2018). Digital tools can also improve transparency and accountability by providing real-time data on program outcomes, which is essential for maintaining donor confidence.

From an HR perspective, fostering a digital-friendly culture within CSOs is key to ensuring successful technology adoption. This involves not only training staff on digital tools and platforms but also creating an organizational environment that encourages the use of technology in everyday operations. Leaders play a critical role in this process by championing digital transformation and demonstrating its potential benefits. By integrating technology into their daily activities, CSOs can improve their productivity, better track their impact, and ultimately strengthen their relationships with donors and communities (Bharadwaj et al., 2019).

### **Strengthening Leadership Development & Succession Planning**

Leadership development and succession planning are fundamental for ensuring the continuity of an organization's mission and operations. For these CSOs, it is essential to cultivate future leaders through mentoring, coaching, and tailored professional development programs. These initiatives help create a leadership pipeline that can absorb leadership transitions seamlessly, minimizing disruptions to operations and fostering continuity in strategic initiatives (Wang et al., 2021). In particular, a strong second line of leadership—prepared and equipped with the necessary skills and knowledge—ensures that these CSOs are not overly dependent on any one individual, which can threaten long-term sustainability. This approach aligns with the broader HR function of succession planning, contributing to the creation of a resilient leadership structure that bolsters organizational agility and adaptability. Moreover, leadership development fosters a sense of ownership and commitment among staff, which is vital for staff retention and organizational effectiveness.

### **Fostering a Culture of Continuous Improvement**

Building a culture of continuous improvement is crucial for CSOs seeking to enhance their operational efficiency and program effectiveness. A culture of continuous improvement encourages adaptive management, enabling these CSOs to adjust their strategies and prac-

tices in response to changing circumstances or emerging challenges. Human resource practices that support this process include the implementation of performance evaluation frameworks, feedback mechanisms, and regular review sessions to assess progress toward strategic goals (Rainer & Puth, 2020). These mechanisms help identify areas for improvement, highlight successes, and ensure that all staff members are aligned with the organization's mission. Furthermore, providing regular learning and development opportunities—such as training workshops, seminars, and cross-functional collaboration—can enhance staff competencies, improve morale, and increase overall organizational effectiveness. This culture not only improves operational outcomes but also promotes a sense of ownership and engagement among employees, further boosting organizational performance.

### **Leveraging Knowledge Management & Collaborative Partnerships**

Knowledge management is an important tool for enhancing organizational learning, innovation, and adaptability in CSOs. By systematically capturing and sharing insights, lessons learned, and best practices, these CSOs can improve decision-making and ensure that knowledge is not lost during leadership transitions. Creating a centralized knowledge repository allows for better program design, facilitates the sharing of successful strategies across teams, and improves overall operational efficiency (Cornwall & Brock, 2016).

Collaborative partnerships with other organizations can further amplify impact by pooling resources, sharing knowledge, and fostering mutual learning. Such partnerships will enhance the capacity of these CSOs to deliver high-quality programs and expand their reach. Moreover, by engaging in networks of like-minded organizations, these CSOs can contribute to collective impact initiatives that address systemic challenges in their communities, thereby creating sustainable and transformative social change.

### **Improving Communication & Stakeholder Engagement**

Effective communication is central to building and maintaining trust with all stakeholders, including donors, community members, employees, and volunteers. These CSOs must develop communication strategies that segment target audiences, craft clear messages, and utilize a variety of communication channels to reach stakeholders effectively. Regular feedback loops and participatory decision-making processes help ensure that stakeholders remain engaged and invested in the organization's work (Lewis, 2019). Transparent reporting and communication about program outcomes and organizational challenges also contribute to stronger relationships with donors and partners. By fostering an open and inclusive dialogue with stakeholders, these CSOs can create a more supportive environment for their initiatives, gain critical insights, and better align their efforts with community needs and expectations.

### **Recommendations on HR Strategies**

To enhance the long-term sustainability and operational effectiveness of Civil Society Organizations (CSOs), it is crucial to adopt a strategic, multi-dimensional approach that emphasizes leadership development, governance optimization, financial diversification, and community engagement. A fundamental area for improvement is the development of leadership capacity, specifically the cultivation of a strong second line of leadership. This can be achieved through targeted mentoring, structured professional development programs, and formal succession planning initiatives. By ensuring the succession of leadership roles, CSOs can mitigate the risks associated with over-dependence on individual leaders, thereby promoting organizational resilience and continuity. Furthermore, the active involvement of the board of directors in strategic planning and human resource oversight is vital. A board that is engaged in fostering a governance culture characterized by transparency, ethical decision-making, and long-term strategic alignment ensures that the CSO's internal processes are consistent with its mission and values, strengthening its legitimacy among stakeholders and enhancing organizational trust (Raj & Pal, 2021; Chaudhuri & Ghosh, 2021). This governance framework not only supports stability in the short term but also lays the foundation for sustainable development and responsiveness to future challenges.

Financial sustainability remains a persistent challenge for CSOs, given their heavy reliance on external funding sources, such as grants, donations, and government support, which can be subject to fluctuations and shifting donor priorities. In light of this, CSOs must develop more diversified and robust funding strategies to mitigate the risks associated with financial dependency. This includes cultivating strategic partnerships with governmental bodies, private foundations, and corporate donors, as well as investing in strengthening internal financial management systems. Regular financial literacy and management training for board members and staff are essential to build the necessary capacity for effective budgeting, financial reporting, and compliance. Strengthening internal financial practices will not only improve accountability but will also enhance organizational credibility, which is crucial for attracting and retaining donors (Bhaduri & Ranjan, 2020; Singh et al., 2020). Additionally, collaboration with other CSOs in joint fundraising initiatives or pooled funding arrangements can further optimize resource mobilization, reduce administrative overheads, and improve financial efficiency, thereby enabling these organizations to allocate more resources to their core programs and activities.

Moreover, the active and meaningful engagement of stakeholders, particularly the communities served by CSOs, is essential for aligning organizational activities with local needs and ensuring the relevance and impact of programs. Adopting participatory management practices, which encourage community in-

volvement in decision-making, enhances both the legitimacy and effectiveness of CSO initiatives (Björkman & Svensson, 2019). The creation of micro-community structures, such as self-help groups or youth collectives, fosters local ownership and strengthens the CSO's relationship with its constituency. Equally important is the ongoing investment in capacity building, which enables CSOs to improve operational efficiency, enhance staff competencies, and respond more effectively to evolving social challenges. Knowledge management systems that facilitate the capture and sharing of best practices, lessons learned, and institutional knowledge further enhance organizational learning and innovation (Rogers, 2019). In addition, integrating digital technologies into operational processes can significantly improve organizational transparency, data management, and communication with stakeholders. The adoption of digital tools not only streamlines internal workflows but also strengthens external accountability by providing real-time data on program outcomes, which in turn bolsters stakeholder confidence and donor support (Mergel, 2018). By strategically implementing these integrated approaches, CSOs can foster resilience, optimize their operational capabilities, and position themselves for long-term success in an increasingly complex and resource-constrained environment.

## **Conclusion**

In conclusion, this study highlights the pivotal role of human resource-focused organizational development strategies in

ensuring the effectiveness and long-term sustainability of Civil Society Organizations (CSOs). From a human resources perspective, aligning organizational culture, stakeholder engagement, and capacity-building efforts with the strategic goals of the organization is fundamental to achieving both operational success and sustained social impact. This alignment ensures that CSOs can mobilize their human capital effectively, fostering a cohesive and motivated workforce that is equipped to tackle contemporary challenges. By investing in HR-led strategies that prioritize adaptive leadership development, financial sustainability, and knowledge management, CSOs can not only enhance their operational efficiency but also expand their resource base and operational reach. The integration of these HR-focused strategies allows CSOs to improve organizational resilience and agility, thereby enhancing their capacity to contribute meaningfully to the social development agenda, particularly in addressing critical issues such as poverty, education, healthcare, and community well-being.

Our study primarily focused on the unfreezing phase of Lewin's Change Management Model, examining how CSOs prepare for and initiate change. By exploring the dynamics of this critical phase—such as raising awareness about the need for change, addressing resistance, and preparing individuals for transformation—we gained valuable insights into how CSOs can effectively disrupt existing structures and mindsets. This stage is pivotal for setting the foundation for a successful transformation process.



However, this represents just one part of the overall change journey. Further research could investigate the remaining two phases—change (or transition) and refreeze—to offer a more comprehensive understanding of how Lewin’s model can be applied to end-to-end change management within CSOs. Future studies could explore how CSOs manage the implementation phase, where new practices, systems, or behaviors are introduced, and how they address challenges during this transitional period. Additionally, the research could focus on the refreezing phase, which involves solidifying and institutionalizing these changes to ensure that they are integrated into the organization’s culture and operations, ultimately making them sustainable in the long term. A deeper exploration of all three phases would provide invaluable insights for CSO leaders, enabling them to better navigate the complexities of organizational change, foster greater adaptability, and ensure that transformations are not only achieved but also sustained.

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# Labor or Leisure: Towards a New Psychological Contract with Gig Workers on YouTube

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*The gig economy has been gaining the attention of both academia and practice due to its rapid upskilling environment and technology enablement. Gigging has changed the traditional employment conditions and the traditional psychological contract. In this paper, we shall go through extant literature on the gig economy and gig workers. We will also define some propositions to create a sustainable psychological contract with the gig workforce. Using the Self-determination Theory, we will try to identify the salient features of a sound psychological contract that can be built with a digital worker who delivers most of his services on the Internet. Our focus will be mainly on those gig workers who are involved with social production through a digital platform.*

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## Introduction

Many people who use the content as a source of their service on a digital platform to earn money from the platform are independent content owners. Many who post their content through videos on YouTube continue to do this to spread knowledge or to do an activity they enjoy. A few people do this full-time, and several others do this part-time, like gigs, to generate more income. Apart from beauty, YouTube content creators share almost everything under the sun; health, lifestyle, home décor, comedy, gardening, medicine, and education, among a plethora of options. Videos of 'how to' of even the most trivial to the most complex processes, including installing software, opening a shampoo bottle, changing a bulb, and anything that one needs to know is available on the platform.

The term gig has more or less been associated with professionals/semi-professionals or non-professionals who do not associate with a long-term contract and defined workers employed on a need basis. 'Gig' became a general term due

to the changing workforce structure and changing nature of work (Barley, Bechky, & Milliken, 2017) as a significant portion of the labor force moved away from traditional employment contracts. Gig workers have more freedom to walk out of contracts at a lower opportunity cost, have control over the time they want to devote to the work, and also get to establish the terms of their agreement, including compensation. By designing the means of delivering their services with varying degrees of freedom and formalization, gig workers have to bear the cost of several benefits that employees of an organization may have (DeStefano, 2015).

‘Gig’ was often used by contingent labor or by the likes of singers, dancers, cleaners, plumbers, electricians, performers, or similar skill-based labor that required some form of semi-skilled problem-solving qualifications that required varying degrees of professional skills. It is neither a shadow nor a subset of the contract labor force. As the domain of contingent labor expands, we observe more and more services falling under the definition of the contingent labor market or the modern workforce. As defined by the Bureau of Labor Statistics, contingent workers do not expect their jobs to last beyond a year on average. Before using the term ‘gig’ and ‘contingent’ interchangeably, it is crucial to understand some terms clearly before we segregate the components of the gig economy. We can identify the gig workforce as flexible employment, with personal training and development incentives, intrinsic motivation, low barriers to entry into the

market, a steep learning curve, and entrepreneurial skill development, among others (Kossek & Michael, 2011). The US Bureau of Labor Statistics, 2018 defines ‘gig work’ as ‘task-based and ‘electronically mediated.’ Due to unpredictable work, income, and time devoted, gig workers have to factor in the cost of unexpected contingencies, unplanned work schedules, and multiple gigs (Arenas et al., 2018).

With the rise of the gig economy, companies reduce short-term involvement costs and long-term costs of succession planning and off-boarding. Gig workers are still latent in India but can create up to 90 million jobs with more than \$250 billion in volume. An estimated 35 million jobs will rely on skilled and semi-skilled gig workers. There have been proposals to include gig workers under social security laws in the Budget of 2020 to ensure timely payments along with health and insurance benefits. During the Pandemic itself, there has been a significant boost to the gig economy in India (Economic Survey, 2021). With the advent of technology 4G internet services, and low barriers to entry, many individuals can find employment through the gig economy. The Associated Chambers of Commerce and Industry of India (Assocham) has predicted that the Indian gig economy will grow at a compounded annual rate of 17 percent and a targeted revenue of 455 billion US dollars by the year 2023. India’s gig economy will grow three times in size in the coming millennium, creating up to 24 million jobs and contributing up to 1.25 percent to India’s Gross Domestic Prod-

uct. During the Pandemic itself, we saw how dependent we were on the gig economy for daily supplies of essentials. Uber drivers were given up to 14 days of paid sick leave assistance from March 2020 onwards (Kerr, 2020). Other financial benefits were extended to their drivers in California (Rosenblat, 2020). Though these policies are not flawless, the Pandemic gave recognition to our dependence on the gig economy worldwide.

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Due to the informal nature of the job in the gig economy, there is not much legislation protecting gig workers from exploitation. Gig workers come from entrepreneurs who identify themselves by their brand, compared to the mass 'labor services' purchased from the market without heavy screening. From the perspective of an organization, it is yet again essential to identify the kind of contract employees have with various types of gig workers. Since firms do not spend much time with gig workers, interacting with them, or spending on their well-being and motivation, there is much disconnect between them. There is a lot of controversy and legal confusion governing their employment status, wage levels, a threat to exploitation, among several others.

This paper aims to understand why people join the gig economy and continue to stay in the gig economy through the

lens of a psychological construct. We will be using the Self-determination Theory to understand the underlying reasons that motivate gig workers to join, survive, and thrive in such a dynamic market. By breaking down a few critical components of gig worker expectations, we can avoid conflict and even determine the future of gig workers eventually. We left out Social Exchange Theory as our theoretical foundation because the theory excludes several aspects of time from the reasons for the Psychological Contracts breach (Rousseau et al., 2018). We also left out the Conservation of Resources Theory, the Resource-Based View Framework, and the Job Demand Resources Model to avoid repetitive work.

## Literature Review

A term extensively used today is 'digital labor.' Digital labor may be paid or unpaid, and the worth they do can exist in or out of employment relations (Huws, 2014). The gig economy consists of services provided in a particular geographical location or remotely but moderated through a digital platform (Wood et al., 2009). First coined during the Great Recession, gig work referred to the kind of job market that existed during such a time when the employer could not employ anybody full-time, and one job was not enough to fulfill the needs of one worker (Brown, 2009). With the advent of the internet in the 1990s, technology became a core of business service or product delivery. The pioneering forms of gig work can be traced back to 'outsourcing,' of IT services, where many of them were sent offshore to re-

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gions with relatively cheaper labor. It was also visible in direct selling gigs in older companies such as Avon, Oriflame, Tupperware, babysitters, etc. (Watson et al., 2021). Gigs are generally mediated on an online platform that enables employers looking for short-term contingent labor to deliver particular kinds of services in exchange for money. Many of these platforms determine compensation rates and actively control gig worker behavior via algorithmic management techniques (Rosenblat, 2018). Other platforms provide gig workers the freedom to set their rates in exchange for their services (Kuhn & Maleki, 2017). A lot of gig work exists because of advancements in technology, and digital employment is a means of digital delivery of services.

### **Gig & Gig Workers**

Gig work is not a stable lifestyle, and since the gig economy in itself is an unstable industry, stability or security is not guaranteed. These digital nomads in a radical and dynamic space seek their inspiration from a space of entrepreneurship and a labor revolution. For a long time, gig work was not separated from numerous online services, used synonymously with piecework (Lehdonvirta, 2019). Due to the nature of work deployment, pay, and control, gig workers are growing every day, and this form of the

labor market also referred to as digital workshops, has grown way out of proportion (Morath, 2018). The gig economy that operates remotely is increasing at an annual rate of 25% (Kassi & Lehdonvirta, 2018). It is not easy to assess what percentage of the total workforce has moved out of the realm of traditional employment to gig employment, and simple survey techniques cannot measure this (Abraham et al., 2018; Jarmin, 2019). A lot of it has to do with the fact that the gig work people engage in is not a permanent source of income, and many do not associate gig work with a source of income. Individuals involved with gig work may have a full-time profession that they consider their sole source of income. Those sections of the gig economy may consider it a side gig and not even mention it as the individual may think the same insignificant (Hall & Krueger, Abraham et al., 2018).

Even though several organizations operate contingent labor through an online platform according to their discretion and may portray that these employees are not disposable at the whims and calls of employers, this section of employees is 'self-employed' (Smith, 2016). Contingent laborers, who are paid regular wages, even on the non-completion of a project, are not gig workers (Chen, Yeh, & Madson, 2019). Entrepreneurs who believe that they are in a long-term career of being employed by themselves are also not gig workers (Prottas & Thompson, 2006).

So who are these gig workers? A few types of gig workers fall under the realm

of the informal economy in both developed and emerging economies. The first category of gig workers are professionals with expert technical skills in their domain who deliver their professional services through a digital platform (Vallas & Schor, 2020). This type includes architects, journalists, researchers, and designers, among others. The second category of gig workers provides services physically in a geographical location and delivered to the customer via a digital platform. This type includes cab services, food delivery agents, beauty grooming agents, and incorporating education services like tutors, coaches, and instructors, among many others (Rosenblat, 2018; Vallas & Schor, 2020). Another type of gig work is the kind of work that cannot be delegated to computers or executed with the help of Artificial Intelligence. This type of service requires human intervention and rationale, including visualizing content audio or visual to find cues, transcribing interviews, observing underlying emotions, identifying bias, etc. (Wood et al. 2018). The last type of gig work identified by Duffy (2017) talks about aspirational labor, which is gaining attention lately in literature. They generally pursue this out of a passion for doing what they love to gain attention and be recognized.

The gig economies run the risk of being exploited as they are almost nameless faces for the company and create a very chaotic space for litigation, individuals, and society's well-being (Friedman, 2014; Warner, 2015; Smith, 2016). Though gig workers can choose their work schedules, employers, and jobs (Kuek et al., 2015),

they are exploited when the pool of choices for the employer is big enough (Kalleberg, 2009; Brawley & Pury, 2016; Calo & Rosenblat, 2017). The relationship is significantly affected by the power relations between the two (Wood et al., 2016). Gig workers get their project-based earnings, which are temporary and have flexible working hours, unstable nature of the job, expectations of employment, and even place of delivery (Kossek & Michael, 2011). Crowdsourcing is work outsourced to anonymous people on the web for anybody to apply. Outsourcing on a digital platform contributes to being a part of the gig work that operates on the internet. Both employer and employee may not interact much (Schulte, Schlicher, & Maier (2020). A massive section of the gig economy runs with the flexibility of operating from their own homes, coffee houses, satellite offices, or wherever the person feels like working from (Barsness, Diekmann, & Seidel, 2005). New-age workers are also moving towards this space or career paths that are boundary-less and do not confine them to a line of profession or specialization, allowing them to move intra-industry and across domains (Arthur, Khapova, & Wilderom, 2005; DeFillippi & Arthur, 1994). However, studies in sociology that try to deconstruct 'labor commodification' (Greer, 2016) have suggested that all forms of labor markets go through institutionalism, professional or non-professional, that have some economic or non-economic impact.

### **YouTube as a Platform**

YouTube was launched in 2005 and acquired by Google Inc. in 2006. By



2009, YouTube had reached the milestone of one billion views per day. YouTube is the second most visited site globally and has billions of users who post and consume content every day. In 2020, YouTube generated around 19.7 billion US dollars, with an updated user count of nearly 2.3 billion per month.

Amateur video bloggers post their creative content on YouTube through small channels. YouTube is a free platform where amateur vloggers post their content, and product companies use this data to sell their products. In April 2011, YouTube entered the live broadcasting business and allowed sites to stream games, concerts, events, and the Olympics. In 2011, YouTube started partnering with established channels to create original content for viewers. In March 2013, YouTube reached one billion monthly users. In May 2019, T-Series, a Bollywood music label from India, famous for all kinds of music production and distribution in India, crossed a hundred million subscribers. In December 2019, YouTube reviewed its harassment policy against racism, gender discrimination, and sexual orientation.

### **Psychological Contracts**

The law does not bind psychological contracts (PCs), and neither are they based on a concept of mutuality. That being said, a PC is very binding as it is a promise. The psychological contract is rooted in the Social Exchange Theory by Blau (1964).

Psychological contracts are individual beliefs regarding a dyadic relationship, generally paternalistic, expected by the employee from their employer (Rousseau (1989;1995;1996). A PC can be relational, transactional, or ideological (Rousseau, 1995). PC is a construct very similar to concepts of trust, satisfaction, commitment, and leadership. Rousseau (1997) suggests that psychological contracts also define individual behavior that he displays at the workplace depending on whether or not his expectations are met. Though a psychological contract may not be mutual and synonymous to both parties, having them does facilitate the transaction. Psychological contracts are neither universal nor general. Therefore, by deriving the boundaries of what is and what is not a psychological contract, we can define what forms the psychological contract between an employer and a gig worker (Taylor & Tetrick, 2004). The conditions of a PC evolve as both parties accumulate their experiences with each other during the exchange (Rosenblat et al., 2018). PCs also determine the expectations beyond terms of employment (Rousseau, 1989) which demands that these expectations only be 'fair' (Rousseau, 2018).

Every gig worker will have a different set of expectations from the company. It will depend on the individual, personality, personal experiences, group, and the information he can get, or industry norms, among many others (Rousseau, 1995). Since gig workers have minimum to no standardization of performance metrics, it is challenging to establish a general arrangement of performance delivery

between the two. We may observe many discrepancies or subjectivity in their selection and compensation, apart from performance metrics. This paper shall discuss the conditions of the psychological contract established with gig workers and its sustainability.

## DISCUSSION

The gig economy is here to stay and is rooted in the general desire of individuals to break free from the bondage of traditional employment. Commands are not synonymous with duty, and terms of work cannot be unidimensional. People want more than rewards and recognition from employers, and they want to get involved with the institution that pays them and demands transparency. However, the gig economy is a byproduct of recession and a slow-moving economy. With the business cycles going up and down with recession and boom, the gig economy may not survive the changing times when the economy will be doing well.

Does a dyadic relationship between an employer and a gig worker exist? This is the most crucial question before defining what kind of PC exists between them. Since PC is a construct, we can operationalize it differently to describe the PC between a gig worker and the audience they serve. Defining gig workers will also separate them from contract labor, contingent labor, freelance workers, and other forms of undefined short-term labor. This paper attempts to form some conceptual clarity on how gig work is defined—establishing the kind of employment contract that the two share will

also lay a foundation for the type of psychological contract the two may have. A PC can exist even if the formal terms of the same are unclear. Psychological contracts indicate the kind of workplace behavior employees display and form antecedents of possible psychological contract breaches (T. Guest, 2018). However, when a considerable chunk of gig services are delivered digitally, we need to dissect the kind of expectations parties can have even without frequent interaction and minimal to zero physical interaction.

The Self-determination theory identifies three individual psychological needs, competence, autonomy and, relatedness (Deci et al., 2017). According to the theory, intrinsic motivation and internalization are both factors for efficiency and are fuelled by satisfying the three psychological needs (Gagne and Deci, 2005). Gagne et al., 2010 suggest that autonomously motivated individuals have a brighter outlook towards life and that attitude leads to better work performance, job satisfaction, good health, and well-being.

The gig economy also gives the labor force the freedom to break away from the taboo of working in a working class. We also have an opportunity to define new-age workers. The gig labor market runs the risk of being nobody's child and no-strings-attached labor. The millions and billions of users of the content on YouTube, Twitter, Instagram, and Pinterest, who post their content on these platforms do not have a clear employer.

Proposition 1: Autonomy and Volition go hand in hand when defining a psychological contract with a gig worker.

Bosses, shifts, income groups, and politics, among many others, have made many shifts to the gig economy. The Self-determination Theory suggests that autonomy is a crucial part of an employee's well-being (Deci & Ryan, 2008). A failure to keep autonomy in a job may result in a violation of the psychological contract. As more and more concepts revolving around the gig economy are surfacing, practices aimed at controlling gig behavior are exposed to public scrutiny. Organizations may induce several harmful mechanisms to worker efficiency and motivation (Deci et al., 2017).

The gig economy gives service providers in developing countries a chance to serve in developed markets and be a part of the global supply chain of the workforce (Graham et al., 2017). Graham (2017) also states that this motivates individuals to keep upskilling voluntarily. Autonomous forms of motivation lead to positive outputs, like job performance and psychological well-being (Baard et al., 2004) and work engagement (Deci et al., 2001). Intrinsic forms of motivation are considered autonomous motivation as an individual has the free will to decide whether or not he is willing to invest in that activity. However, extrinsic motivation is more or less associated with a particular outcome (Deci et al., 2002). The onus of upskilling and the personal development of the YouTuber is a personal choice. But when we try to mandate any activity above and beyond the

job description, feelings of obligation may arise (Bidee et al, 2012). Taking away such crucial work conditions that define gig work may lead to a violation of the psychological contract.

Individual workers who have high autonomy over their work schedules control how and when they complete the task to increase their work's meaningfulness (Hachman & Oldham, 1976, McKinsey & Co., 2016). In a study conducted on volunteerism, attitudes and behavior can be positively influenced by need satisfaction (Gagne & Deci, 2005). The study revealed that volunteers' performance could be improved by valuing and considering individuals, offering space and choices to make decisions, taking initiatives, and providing constructive feedback (Vantilborgh, et al, & Hofmans, 2012).

Proposition 2: Psychological Contract depends on the gig workers' age and tenure of service.

An employee's tenure is directly proportional to the rate at which his psychological contract can be breached (Woodrow & Guest, 2020). It is relatively tougher to go through a PC breach early on as this is a formation stage of the PC. Without a precursor to a similar violation, an employee may or may not perceive an early act of breach as a PC breach. It is also noteworthy that the youngest and oldest members of the workforce experience the highest job insecurity (Burchell et al., 1999). Individuals at a younger age are affected more by extrinsic motivation and respond to autonomy differently than older

members of the gig workforce (Bidee et al, 2012).

Proposition 3: Money is not the only currency that gig workers are expecting.

A lot of gig work is free labor in hopes of getting future employment that is more stable. Though looking for future jobs, individuals involved in curating services for online digital production do gain 'recognition' and 'intrinsic pleasures' (Arvidsson, 2008). Social production gives the individuals scope to identify themselves by allowing them to develop a particular skill that reinforces personal motivation (Arvidsson, 2008). The SDT suggests that people work either through extrinsic or intrinsic motivation. The number of videos and the quality of videos one puts up is solely an inherent quality, directed towards intrinsic motivation. If integrated into the individual, the activity will give him the freedom of choice and psychological freedom (Deci & Ryan, 1985). But if a vlogger continues to work on the quality and content of their videos based exclusively on their followers' count, it could be because of extrinsic motivation. While understanding how a gig worker wants to be managed, we must keep in mind that the currency of exchange is mutually discussed and clear, failing which could violate the psychological contract.

Aspirational laborers understand that they must invest in their branding to remain in the limelight and/or be employable. Individuals in this kind of gigs such as photographers, stand-up comedians, poets, and actors, are not looking for

money and may not be looking for only currency as exchange. Other concepts such as venture labor (Neff, 2012), which captures individuals' time and resources, and hope labor (Kuehn & Corrigan, 2013) which captures the hopes associated with work, indicate new forms of labor currency. A breach in any of these could also lead to a violation of psychological contracts.

Proposition 4: Individuals who want to thrive in the gig economy are aware and agile. Gig workers' motivation makes them competent.

Individuals who continuously feel satisfaction in the three tenets of the SDT, autonomy, competence, and relatedness, have greater well-being in their daily lives (Gagne, Ryan & Bargmann, 2003). We forget while trying to standardize and make routines that to keep an individual up and running, one needs to fuel him with motivation. Due to their time and routines' high degree of autonomy, gig workers need to establish their discipline without supervisors (Ashford, 2018). Gigging requires a lot of agility for an individual to thrive as continuous efforts to maintain a personal standard of service require self-discipline.

When there is minimum scope for interpersonal relationships in a digital economy, individuals find it challenging to extract information. Coworkers are critical sources of information (Fisher, 1990). Through these sources, employees form their initial psychological contract and base their perceptions of 'trust' and 'fairness' (Shore & Tetrick, 1994).

Gig workers feel a lack of 'relatedness' at their jobs the most (Schmidt, 2015) among the Self-determination Theory's three tenets due to isolation (Graham et al., 2018). Youtube gives individuals a community to share their common interests and a sense of belongingness. People may be loners but come together for brands, trends, and fan culture (Putnam, 2000).

### **Conclusion**

The gig economy is enormous, and we attempt to bring semi-knowledge workers into the picture. With minimum regulation and millions of employees of this new workforce built around technology and continuously adapting, researchers must understand the future of the knowledge economy. Even though with very minimum professionalization, skills like driving a car, hosting events, maintaining a lodge, and trivial tasks, it is assisting some customers out there.

The gig workforce and their services have boosted the digital economy. The silver lining of the COVID-19 pandemic is how it highlighted the dependence of an emerging economy like India on the gig economy. This paper helps build a foundation for the future of the conditions governing psychological contracts with the new-age workforce. Using the Self-determination Theory, we have added a few concepts like aspirational labor and the social production of labor, a section of the economy that has been neglected, even in the gig economy literature. Though the research papers on Mturk, Uber, Airbnb, among others, have

given us insights into gigging, we tend to leave the semi-knowledge workers on YouTube, Instagram, TikTok, and several others. They add their value to the economy by assisting millions of customers. We propose that the three tenets of Self-determination Theory, competence, autonomy, and relatedness if satisfied, make a gig worker join the gigging business. By keeping those needs satisfied, one will continue to remain in the gig economy, and by continuously working towards each of them, one can thrive in this economy. Intrinsic motivation is essential for any individual to join and sustain in the gig economy. To further the concepts in this paper, there can be studies defining the individual personality of gig workers, their attitudes and beliefs, different types of gigs, etc.

### **Future Research**

The gig economy gives scope for lots of future research in conceptualizing the gig economy, legislation in the gig economy, unionizing in the gig economy, how gender roles may be more prevalent in the gig economy, and identity in the gig economy, among several others. Qualitative studies through the lens of a gig worker in food and beverages in contrast to someone in the beauty industry could be a starting point for developing fundamental cliches and contradictions of gig workers' experiences. Gig work in the cultural industries, strategic involvement of gig workers in the workforce, engagement of gig workers, and the span of control over gig workers, among others, are several areas of further discovery. The outbreak of platforms like

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Instagram, TikTok, Pinterest, Snapchat, Tumbler is a sign of a revolution of opportunities. The workforce is trying to break free from the iron cage of institutionalization. Still, unless we are cognizant of the metamorphosis of the gig economy, we may be gearing towards a digital cage.

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# Organizational Culture & Gender Inclusive Hiring: Case Study of a Non-banking Financial Company

**Vinitha Nair, Veena Vohra & Hema Bajaj**

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*This study examines the role of organizational culture in shaping gender inclusivity within organizations. A literature review highlights the lack of empirical research on gender inclusivity in Non-Banking Financial Companies (NBFCs), particularly in the Indian context. Also, the existing studies tend to overlook the unique cultural dynamics of NBFCs, which may significantly influence gender diversity and inclusion practices in these organizations. This study aims to explore how organizational culture influences gender inclusivity in an NBFC and seeks to contribute to efforts to improve diversity rates. Open-ended semi-structured interviews were conducted on a sample size of 20 participants from an NBFC and thematic analysis was done to identify and develop codes, categories, and themes.*

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## Introduction

In recent years, with more and more organizations recognizing the need to address the quality of equal participation, the discourse on gender diversity is gradually shifting to focus on gender inclusion. Research reveals that women who report higher levels of inclusion are 2.2 times more likely to recommend their employer as a good place to work and are 1.2 times less likely to change employers than women with lower inclusion scores (World Economic Forum, 2024). However, in the corporate sector in India, the latest statistics from NSE show that out of 2041 listed companies, only 100 have women as CEOs and Managing Directors (Economic Times, 2023). A study done by the CFA Institute and CFA Society, India, in 2023 reveals that within financial services companies, women repre-

sent 21.7% of employees and 15.9% of key management personnel. 18.7% of board seats in India are now held by women (Egon Zehnder, 2023) – an increase from 17 percent in 2020. It is important to note that BFSI registers a significant growth in terms of women hires - from 18000 women hires in 2022, this has moved to 31000 women hires in 2023. However, for men, these numbers were at 32000 in 2022 which moved up to 56000 in 2023 (Deccan Chronicle, 2023), the rate of increase remaining higher for men.

Non-Banking Financial Companies (NBFCs) play a crucial role in the Indian financial sector, serving as a bridge to financial inclusion by reaching underserved markets and supporting economic growth. NBFCs have shown immense adaptability and agility in transforming their business models and over the years have been instrumental in financial inclusion by providing credit to unbanked segments of the economy. NBFCs are mostly private sector institutions that specialize in meeting credit needs and a variety of financial services which include the financing of physical assets, infra loans, etc. They specialize in offering loans to niche areas and cater to specific sectors.

However, despite their significance, the conversation around gender inclusion in NBFCs remain limited (Khatri & Modi, 2022). In the present study, gender inclusion is defined as organizations developing a fair and equitable culture in which women employees contribute their full potential (Khosla,

2014). It is the process of reviewing and restructuring policies and practices to ensure womens' participation in organizations. Hence, it is necessary for organizations to focus not only on diversity but also on providing an environment or a culture that fosters parity among men and women (McKinsey Report, 2020). Organizational culture can be defined as the basic tacit assumptions about how the world is and ought to be, that a group of people share and that determine their perceptions, thoughts, feelings, and their overt behavior (Schein, 1996).

However, NBFCs like many other sectors, continue to face challenges in achieving equitable representation of women across operational levels and have modest diversity rates (Business Today, 2023). Women leaders and employees bring unique perspectives and insights that can help NBFCs design and deliver financial products tailored to a diverse clientele. Addressing gender inclusion within NBFCs holds the potential to not only strengthen internal organizational dynamics but also to better align with the broader goals of financial inclusion.

This study seeks to explore the current state of gender inclusion in Indian NBFCs and to understand how culture could influence gender inclusivity in these organizations. By doing so, it aims to contribute to a more equitable and inclusive financial ecosystem fostering positive organizational outcomes such as reduced female attrition and enhanced gender inclusion.

## Literature Review

Social norms relating to gender present barriers to entry for women to fully benefit from financial institutions and markets (Johnson, 2004). In fact, the study by Duvendack et al. (2023), focuses on trying to understand how India's digital financial revolution has affected financial transactions and services with a focus on gender inclusivity for the attainment of the SDGs. The findings of the study suggest that although India has made great advances in promoting digital financial inclusion, the country has struggled to achieve gender parity even within specific finance-focused programs designed to improve gender inclusivity. It needs to be noted here that the study defines gender inclusivity as enabling women to access and use the financial instruments available to men in similar socio-economic situations.

Yadav (2017), has used convenience sampling to study the financial performance of NBFCs for a period of 8 years using annual reports. Shanmuganandavadivel and Sasikala Devi (2018) have based performance of NBFCs on asset quality, profitability, exposure to sensitive sectors, and capital adequacy of NBFCs. A study by Gupta et al. (2021) focuses on the NBFC business model and its long-term viability and sustainability, highlighting the advantages and disadvantages of NBFCs and the need to strengthen that sector. Kaur (2018) analyzed the financial viability from different aspects such as revenue, net profit and quality of assets.

Suneelkumar and Hosmani (2019), studied the NBFCs concerning their capital adequacy and certain select ratios.

Most of the studies about microfinance have also taken a narrow view of empowerment and very few explored dimensions like challenging socio-cultural norms and power relations (Kabeer, 2005). In recent times, there is growing recognition even within government programs such as the National Rural Livelihood Mission (NRLM) for the need to integrate gender lens across all its verticals, whether capacity building, social inclusion, livelihoods, or financial inclusion (Sengupta et al., 2022).

**There is a lack of focus on NBFCs as distinct entities compared to banks or microfinance institutions.**

The literature review conducted indicates that although there are several studies and articles examining the role of Non-Banking Financial Companies (NBFCs) in promoting financial inclusion in India, there is a dearth of empirical research on gender inclusivity in NBFCs, particularly within the Indian context. Most of the studies seem to focus on either financial inclusion concerning NBFCs or their financial performance. Despite the growing importance of NBFCs in promoting financial inclusion in India, there is a lack of focus on NBFCs as distinct entities compared to banks or microfinance institutions. Again, the existing studies tend to overlook the unique cultural dynamics of NBFCs

which may significantly influence gender diversity and inclusion practices in these organizations. Addressing this gap is critical, as NBFCs are pivotal to India's financial ecosystem, particularly in rural and semi-urban areas where formal banking penetration is limited. Understanding how gender inclusion is practiced in NBFCs can offer valuable insights for improving diversity and fostering equitable growth within this vital sector. Thus, this study aims to bridge the existing literature gap by exploring gender inclusion practices within India's NBFCs, shedding light on unique organizational dynamics and cultural influences. By doing so, it seeks to provide actionable recommendations for enhancing diversity and inclusion in this crucial sector

### **Research questions:**

How does culture dynamics influence gender inclusivity in NBFCs?

How can a gender-inclusive organizational culture in NBFCs contribute to improved diversity rates?

### **Methodology**

To enhance the robustness of the findings, a case study method was chosen. The case study design seemed appropriate for this study as this method allows the questions of why, what and how to be answered with a relatively full understanding of the nature and complexity of the complete phenomenon and this resonates well with the research questions in this study. The research paradigm used in this study is a

constructivist and interpretive approach. It needs to be noted here that this study has been approached with an open mind, 'empathizing with the data,' where respect and a keen desire to collaborate with each participant have contributed positively to credibility in analysis. To address the gaps such as the lack of focus on NBFCs as distinct entities compared to banks or microfinance institutions, the limited exploration of gender inclusion practices in NBFCs and the insufficient attention to cultural factors, an NBFC organization already performing well in terms of gender inclusivity was studied here. This would help to gain an in-depth understanding of the specific aspects or background factors that would have contributed to driving such highly positive organizational outcomes as high gender inclusivity and low female attrition. It has also helped to identify additional contextual factors responsible for such high outcomes. To select an organization that places a strong emphasis on gender inclusivity and is performing well in this area, the GPTW (Great Place to Work) list was consulted. A few organizations from this list were approached, and out of the few that responded positively, an NBFC was finalized for the study. This choice was based on their impressive gender inclusivity status, despite the modest diversity rates (Business Today, 2023).

Purposive sampling was used here. Semi-structured interviews were conducted with 20 participants from the organization, encompassing 5 HR team members 5 hiring panel members, 5 fresh female recruits, and 5 female em-

ployees with substantial experience within the organization. Thus, by conducting semi-structured interviews with a diverse group of participants, the study ensures that the insights gathered reflect a comprehensive understanding of the issue from different viewpoints within the organization. This has also helped to cross-verify information, thus ensuring triangulation and strengthening the validity and reliability of the findings. Primary data was gathered from the semi-structured interviews and observations and secondary data from company documents that included Annual reports, newspaper articles, articles posted on LinkedIn etc. This also helped to ensure data triangulation. By examining the experiences of the women candidates and employees who have participated in various hiring or promotion processes and encountered diverse cultural dynamics, the study aims to shed light on how organizational culture influences gender inclusivity. The interviews were transcribed and thematic analysis (Braun & Clarke, 2006) was done to identify the codes, categories and themes. This provides a deeper understanding of the case. The themes represent the core insights or patterns that arose from the single case and are presented to capture the essence of the case study's context.

For the study, one of the largest housing finance companies serving rural India and set up in 2007, was chosen. Extending across 16+ states, with more than 730+ branches spread across 88000+ villages and serving more than 1.2 million customers, they provide accessible home

loans to those living in rural, semi-urban and urban areas. They followed what has been coined as the 'Rise' philosophy which is all about optimism, the desire to create a better future, passion, alternative thinking that would challenge the status quo and the possibility of attaining whatever they set their minds to. Focused on customer-centric innovation and keen on bringing around a transformational change in the lives of the rural customers, the company believes in encouraging people to be adaptive and agile while maintaining highest standards of integrity. The core values are entrepreneurship, integrity (financial, intellectual, and transactional integrity), teamwork, risk mitigation and customer-centricity. Not only in 2021, but the company has featured in Top 25 Best Places to Work in BFSI in India for 2023 by the Great Place to Work Institute, India.

## Findings

Six themes were mainly identified after the thematic and within-case analysis. They are: Family-oriented culture, Unbiased hiring manager perceptions, Cognitive diversity, Transformative and participative leadership style, Internal & external negotiators supporting female employees and Gender sensitive culture.

### Theme 1- Family-oriented Culture

This theme responds to the first research question. Almost all the respondents in the study, at some point in time or other, would mention the word 'family' – "functioning like a family unit," "close-knit family culture," "customers

treated like family,” “bonding like one big family,” “welcome to our family,” “grow as a family” etc. Focus on values, conducive work environment for female employees and low female attrition were categories identified under Family culture. A few relevant quotes are:

According to one of the senior HR managers, also a member of the hiring panel – “our family culture truly motivates us. In this company, everyone works like a family. The closeness is there. We grow as a family and together we are facing challenges and results.”

In the words of another HR manager - “I always ask and insist on the employees meeting once a week or once in two days to discuss any problem or issue they would be facing. I tell them to think as a family and to facilitate the creation of a family atmosphere. In fact, I sometimes tell the employees in my team, you can talk to me like an elder brother...that gives them the confidence that someone is there to handhold them.”

These words clearly reflect the bonding, the level of trust, care, and commitment that existed between the employees in the organization. It needs to be noted here that these values (family values) were being instilled in the organizational culture right from the top and passed down to the lower levels of the organization. These values act as ‘glue’, fostering high levels of commitment, loyalty and trust among the employees in the organization.

In fact, one of the manager’s responses clearly indicates how the ‘family culture’ impacts the women employees in the organization. This sentiment is also echoed by a majority of the managers and provides valuable insight while addressing both research questions. Another hiring manager, also a hiring panel member, says: - “Most of these female employees are in the organization for a longer run because they love to work here. I always tell them that this is your family, this is your organization. I have given them that confidence not to worry because all of us are there with you.”

**The family-oriented culture in the organization seems to contribute to positive organizational outcomes like low female attrition and high gender inclusivity.**

It needs to be noted here that the family-oriented culture in the organization seems to contribute to positive organizational outcomes like low female attrition and high gender inclusivity. The bonding, simplicity, trust, mutual respect, and confidence the employees have in each other and in the management, the support they provide to one another during times of professional and personal crisis - are all factors highly responsible for the low female attrition in the organization.

## **Theme 2 - Transformative & Participative Leadership Style**

This theme addresses the second research question. Leadership style is identified as a significant culture-based stra-

tegic element that could influence gender inclusivity in organizations. Transformative leadership style, participative leadership style and employee attributes are the categories identified under this theme. A combination of transformative and participative leadership styles is reflected throughout the organization which seems to support the hiring processes where the focus is more on the values. The focus on individualized consideration, a feature of transformative leadership style ensures that the unique strengths and needs of all genders are acknowledged and supported. This also contributed significantly to reducing or curbing instances of bias, including gender bias in the organization.

#### **Some of the significant quotes are**

According to one of the hiring panel members, - “We have started hiring women in all designations, even in collections, field, credit and what not .... you name it. We are keen to promote diversity and we are even thinking of opening a branch exclusively managed and run only by women employees.” These words reflect a mindset (transformative style of leadership) and effort on the part of the managers to find new ways to motivate, inspire and empower the female employees in the organization and simultaneously add value to their business strategy by investing in the soft skills of these female employees. Passion, inspiration, “signs of a visionary,” “serving the underserved,” and “fire in the belly”, all indicate a desire to initiate and implement transformative efforts and experience tremendous satisfaction, particularly in relation to rural customers.

In the words of a Senior HR professional – “We will ask candidates if they have read about the company and what they feel about it.... what are their thoughts on the company’s mission...are we really making a difference...things like that. Their opinions matter to us.” This clearly indicates the employer being open to feedback. It also reflects the encouragement that is given to the employees to actively participate in the decision-making processes. According to another senior HR professional, – “The mission and vision and all is not just written on the walls here...it is there in us! We feel so much at home here...and we all feel we’ve been born and brought up together”. This indicates a certain ‘sense of ownership’ which is another feature of participative leadership style.

“Management open to employee feedback”, “good bonding”, “good interaction”, “understanding employee problems”, “collectively working towards solutions”, open to exploring diverse candidate perspectives, transparent and effective communication, and absence of micromanagement – were all indicative of a participative style of leadership.

#### **Theme 3 - Unbiased Hiring Manager Perceptions**

This theme responds to the second research question and has been identified as a crucial organizational element that plays a significant role in shaping gender inclusivity in an organization. The major categories identified here are: no preferential treatment for women, manager perceptions reflect-



ing safety concerns and absence of gender bias.

Some of the relevant quotes are: In the words of a senior HR professional - "We are hiring women in all roles...for all designations like field and collection, credit, system, HR... you call it what not." This indicates equal treatment or equal opportunities for female employees with absolutely no differentiation in handling roles that could be difficult (contradicting typical gender stereotype perspectives). In the words of another HR manager - "Sometimes handling collections in rural areas can be challenging or being in office with a large male work force must be culturally okay with them. We can't promise that you will have a lady in office to have lunch with".

All these words clearly indicate the absence of any preferential treatment to female candidates or employees in the organization. The only apprehension or concern as far as the female employees were concerned was regarding their safety, particularly in the case of travel in rural areas. However, they would welcome them happily to take on such roles if the female candidate herself is confident and willing to take up the challenge.

In the words of one of the hiring panel members - "We are trying to recruit more women, but when it comes to field jobs, they are somewhere hesitant to join. We have many women branch managers also who are doing very well in the industry...whoever comes forward to take up the role, we are more than happy to have them on board." Another

panel member made himself very clear, his words echoing the sentiments of others - "Women here must go to the field and meet the customers. And sometimes, these customers may not be in good condition! They could be in an inebriated state and all that also becomes risky for us. So, we are apprehensive if the women are hesitant. If they are willing, we are more than happy to take them." These organizational elements also contribute to mitigating biases, including gender bias in the organization.

Many of the respondents have vehemently stated that there is "absence of any discrimination" in the organization. In the words of an HR team member and hiring panel member, - "I never keep any biases.... always go by the data, what the system says, what the target is and based on that I view people - whether they are capable or not to handle that position."

Again, another respondent, an HR team member and hiring panel member says - "In our company, stakeholders never say that this is only for men or this is only for women. But generally, we interview everyone and take the one most capable."

All these words indicate the absence of any gender bias in the organization. These sentiments were echoed by all the respondents, including all the female respondents in the study. Thus, the absence of any preferential treatment for female employees as well as the absence of gender bias reflect the absence of bias in the hiring manager's perceptions. Their

only concern was the safety of women, particularly in the case of any rural travel.

#### **Theme 4 - Cognitive diversity**

This theme responds to both the research questions and has been identified as a crucial organizational element or culture-based strategic element that plays a heavy role in promoting diversity and inclusivity and mitigating biases. Cognitive diversity refers to different perspectives, backgrounds, educational levels, knowledge, information processing styles, skills etc. Hiring manager perceptions, Interview experiences of female employees and Cultural experiences were the major categories identified here.

In the words of a senior HR panel member – “I have got a person who discontinued his engineering ... I did conduct his interview thinking he could join collections.” This indicates the fact that the hiring managers are open to hiring from different educational backgrounds. Even different industry personnel are hired here as is evident from the words of a senior HR hiring panel member - “There are different kinds of people we hire. Like there is this ex-military guy - their values would be inclined to ours; integrity is paramount and his work is undoubted and even more responsible than any guy we’ve hired from the same industry”. Similar sentiments are echoed by another panel member.

The management is always trying to bring in different ideas and perspectives through their candidates/employees which is made possible through hiring

from varied backgrounds at the middle and senior levels. This acts in favor of female candidates also as their perspectives and ideas are highly valued by the management.

**Valuing different perspectives and encouraging cognitive diversity during hiring plays a significant role in reducing biases and enhancing gender inclusivity.**

In the words of one of the female employees – “Our ideas are valued here, even if a ll cannot be accepted, we are heard and we have the full freedom to voice our opinions.” Thus, valuing different perspectives and encouraging cognitive diversity during hiring plays a significant role in reducing biases and enhancing gender inclusivity.

#### **Theme 5 - Internal & External Negotiators**

This theme also responds to both the research questions. The categories that are grouped together to formulate this theme are: Employee motivational factors, Management support, Family support and Culture shift in women. All these categories focus on aspects that motivate and support female candidates or employees to overcome travel-related apprehensions. All these categories, either internal or external, play a major role in supporting female employees motivating them to pursue their professional goals and maintain a work-life balance.

According to the respondents, the various motivational factors include

work-life balance, job satisfaction, equal opportunities, “very approachable senior management”, “good learning opportunities”, flexible working hours, “shifts to ensure smooth working for female employees after maternity leave”, “company being a leader in the market”, “company having good market reputation”, brand name, apolitical organization, “beautiful benefits”, “stable and super tenured leadership team”, “thoughtful and caring concepts”, “respect given to women”, absence of gender discrimination etc.

The second category, Management’s support for female candidates is a subcategory of ‘Employee motivational factors.’ However, it has been equally highlighted as it constitutes a crucial part of the internal factors that help to navigate the challenges – such as travel (particularly rural travel) and other minor difficulties faced by female candidates and employees.

The third category, ‘Family support for female employees’ which is an external negotiator, plays a crucial role in making the career choice in a few cases, and in most cases smoothening the career progression of the female employees. In the words of a female employee – “the kind of support I get from my mama and mother-in-law and husband.... everyone is so comfortable. Now I tell them I will get a good package in another company, but they don’t want me to leave this place!” (laughs). These words indicate the positive role of family support in their work life.

The fourth category is ‘Culture shift in women, particularly in those wanting to

embrace learning and growth. The words of the respondents reveal that there is a shift that happened over the years in the thought processes and attitudes of women concerning their work-life, work-life balance, and what they perceive as their duties or responsibilities. They are more aware of the importance of valuing themselves, their aspirations, and their dreams. As one of the respondents says - “One thing I know is: I would like to keep doing better things and learning more. I would like to have the freedom as well as the opportunity to reach higher things or higher goals and feel good about myself.”

### **Theme 6 - Gender Sensitive Culture**

This theme responds to both the first and second research questions and plays a crucial role in fostering gender inclusivity in organizations. The categories supporting the theme are - Management support for female employees, Family culture fostering good bonding and job satisfaction and Absence of gender discrimination.

Management support for female candidates is an obvious right from the time of hiring in the organization. That the senior management team consists of many females itself is a proof of the fact that management is extremely enthusiastic towards selecting and promoting female candidates.

According to one of the female respondents who is also a fresh recruit: “If we want to go to another department also, they will never say no, but they will sup-

port us.”; Another respondent says: “My boss always encourages me ...you should speak out, he says. So, we have been encouraged to speak out whatever it is and if it is something that can be implemented, they will implement it. These words reveal the support and encouragement the employees seem to be getting from the senior management in the organization.

Again, regarding gender bias, one of the female respondents says: “There is no one who says – you are a female, so you will not be part of this meeting or that you will be unnecessarily questioned or micromanaged. It has never happened to me and I don’t think anyone else either”. These words clearly indicate the absence of any gender bias in the organization.

Similar sentiments were echoed by all the female respondents. Not even one of them had a negative instance to narrate. Two of the respondents did voice their disappointment over the ‘work from home’ situation during COVID-19 and how it had demotivated them as they were slightly new to the organization and would have appreciated more peer interaction. The findings identified various culture-based strategic elements and organizational elements that play a crucial role in influencing gender inclusivity within the organization, contributing to positive outcomes such as low female attrition and high gender inclusivity. All these elements also seem to contribute positively to mitigating bias, including gender bias. The findings of this study indicate that the ‘type of culture’ in the organization is a highly significant factor that influences organizational outcomes, particularly gender inclusivity.

**‘Type of culture’ in the organization is a highly significant factor that influences organizational outcomes, particularly gender inclusivity.**

The study has highlighted the significance of a family-oriented culture and its role in positively influencing gender inclusivity in organizations. This work not only offers a multi-stakeholder perspective on gender inclusion in NBFCs, but also suggests significant insights for the effective hiring processes. The findings underscore the importance of striking a logical balance between organizational culture and gender inclusion, taking into account the organizational elements and culture-based strategic elements that shape or influence both aspects. This approach can be instrumental in enabling organizations to maximize their return on investments in hiring efforts. These findings could also contribute to addressing the ‘broken rung’ issues in the leadership pipeline to some extent.

## Discussion

This study highlights the crucial role of organizational culture in influencing gender inclusivity in NBFCs. It contributes a novel perspective by focusing on the unique cultural dynamics of NBFCs, indicating that the ‘type of culture’ has a significant impact on organizational outcomes, particularly gender inclusivity. In this context, it highlights the positive role of family-oriented culture in fostering gender inclusivity. Besides this, the findings also identify significant organizational elements that play a critical role in influencing gender inclusivity.

The study by Duvendack et al. (2023), states that several factors especially at the level of the individual, the level of the family and the level of the organization have a significant role to play in either enabling or constraining women's access to digital financial services. The present study has focused mainly on the factors at an organizational level that can have a positive influence on gender inclusivity in NBFCs. According to previous research, the uniqueness of NBFCs lies in their ability to provide flexible and tailored financial services to underserved sectors, particularly in rural and semi-urban areas. The findings of this study reveal that despite the modest diversity rates, the NBFC exhibits high levels of gender inclusivity. This indicates that while the proportion of women in the workforce remains limited, the organizational culture and policies actively foster inclusivity for the women who are present. The findings here suggest that Family-oriented culture, Unbiased hiring manager perceptions, Cognitive diversity, Transformative and participative leadership style, Internal & external negotiators supporting female employees and Gender sensitive culture are crucial organizational elements and culture-based strategic elements that can positively influence female employee attrition and gender inclusivity in the organization.

Most importantly, the study has highlighted the significance of a family-oriented culture and its role in positively influencing gender inclusivity in organizations. The Competing Values Framework (CVF) of Quinn and Rohrbaugh (1983) also highlights the significance of the Clan culture, which

brings in a very harmonious workplace reflecting communication at the personal level and the whole ambiance is that of an extended family. Many of the previous studies have stressed the significance and benefits of a Clan culture, equivalent of a family culture in various sectors such as education and health care. Again, the participative style of leadership is that style of leadership bound to be present in any type of organization where openness and empowerment of employees are encouraged (Huang et al., 2021). Employee participation in decision-making has been identified as a significant component of organizational decision-making that influences the various factors in business organizations that are responsible for enabling them to navigate the dynamic business environment. Again, positive perceptions of hiring managers on organizational diversity were found to influence female candidates increasing their interest and comfort even in a minimally diverse field (Kulkarni et al., 2018).

This study offers a fresh perspective on gender inclusion within NBFCs, an area that has received limited attention in the existing research. Focusing on the role of organizational culture uncovers how cultural dynamics within NBFCs can either facilitate or hinder gender equity. Moving forward, future research could explore how different cultural contexts within NBFCs influence gender inclusion strategies and examine the long-term effects of these practices on organizational success.

### **Research Implications**

The findings of the study identify various organizational and culture-based

strategic elements that play a crucial role in influencing gender inclusivity within the organization, contributing to positive outcomes such as low female attrition, and high gender inclusivity. They also indicate that the 'type of culture' in the organization is a crucial factor that influences organizational outcomes, particularly gender inclusivity. In this context, the findings have highlighted the significance of a family-oriented culture and its role in positively influencing gender inclusivity in organizations.

The study has addressed both research questions, thereby filling the gaps identified in the literature review. The study contributes to the literature on workplace diversity and inclusion, particularly in the under-researched context of NBFCs, by providing insights into how culture dynamics shape gender inclusivity. For NBFC leaders and policymakers, the findings can help create better policies and practices to ensure fair hiring, retention, and leadership opportunities for all genders. Additionally, the research can guide efforts to address barriers to gender equity, supporting broader goals of economic growth and inclusion. It can also contribute to the literature on workplace diversity and inclusion by offering insights into the culture and gender dynamics within the financial services sector, an area that has received limited academic attention.

Future studies could explore the applicability of the findings in international or cross-cultural contexts, thereby enhancing their external validity and providing a more comprehensive understanding of the concept of inclusion. These explo-

rations could extend beyond the gender perspective, examining inclusion through other critical dimensions such as age, ethnicity, or socio-economic factors. Additionally, cross-industry studies could be conducted to investigate how inclusion is manifested and managed in diverse sectors, offering insights into industry-specific challenges and best practices. The findings related to family-oriented culture could be explored further. Future studies could focus on understanding how such cultural values influence organizational policies and interpersonal dynamics. Furthermore, other significant findings such as those about leadership styles, could be analyzed under varying contexts to assess their adaptability and relevance. Such studies would contribute to a richer and more nuanced understanding of gender inclusion across different organizational and cultural landscapes.

### **Limitations**

The study has certain limitations. Its geographical scope is limited to the Indian context. This may impact the external validity of the study's conclusions. The examination of inclusion is predominantly focused on the gender perspective, overlooking the other dimensions of diversity like ethnicity, age etc. That the study's focus is limited to NBFCs in the BFSI sector may limit the generalizability of the findings to the other sectors with distinct organizational cultures and hiring practices.

### **Conclusion**

The findings of the study suggest that inclusivity is a function of internal organi-

izational culture rather than mere demographic representation. The study highlights the relevance of the ‘type of culture’ in the organization (family culture) and its role in promoting positive organizational outcomes, particularly gender inclusivity. This study indicates that despite modest diversity rates, NBFCs have succeeded in creating supportive environments for women. The findings suggest that attaining gender inclusivity will require a significant focus on the organizational culture, particularly the ‘type of culture’ in the organization. Focusing on the culture-based strategic elements or organizational elements such as unbiased hiring manager perceptions, cognitive diversity, internal and external negotiators supporting female employees, transformational and participative leadership style and gender-sensitive culture – will contribute to fostering gender inclusivity and reducing female attrition in the organization. This would also play a key role in enhancing diversity rates within the organization. Thus, by addressing the gaps between diversity and inclusivity, NBFCs have the potential to set benchmarks for other industries. Enhancing gender diversity while maintaining a culture of inclusivity could not only improve organizational performance but also contribute to broader social equity goals.

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# Unlocking the Digital Equation: ICT Usage, Work-life Conflict & Moderating Role of Psychological Detachment in Shaping Life & Job Satisfaction

**Munmun Goswami**

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*This study explores the linking mechanisms and conditional processes underlying the relationship between ICT usage (using devices to connect to and complete office work during non-working hours), work-to-life conflict and overall satisfaction (life, job), and the moderating role of psychological detachment on the above. Data was collected from 201 Indian adults working full-time in ITES companies across India in a multi-phased manner. Data was analyzed using structural equation modeling (SEM). The findings indicate that ICT usage negatively impacts job satisfaction, mediated by work-to-life conflict. Furthermore, psychological detachment is a crucial moderator, influencing the relationship between ICT usage and work-to-life conflict, as well as the link with job satisfaction.*

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## Introduction

“Once a new technology rolls over you, if you are not part of the steam-roller, you are part of the road.” – Stewart Brand

In the contemporary landscape of dynamic technological advancement, the integration of Information and Communication Technology (ICT) within professional domains has ushered in a host of opportunities and challenges (Gonzales et al., 2019). The omnipresence of ICT tools, be it smartphones, tablets, internet, and emails (Ollier-Malaterre et al., 2019) has created an environment where the demarcation between work and non-work life has become increasingly indistinct (Derks et al., 2016; Ohly & Latour, 2014), wherein it has become common practice to check office emails at home or social media message from partner while dealing with client at office (Saternus et al., 2019). While the pressure to stay connected, be it with work or personal life, is perceived differently by different



people and is circumstantial to occupation, culture, workplace and home rule inclinations (Hellemans et al., 2019; Ollier-Malaterre et al., 2019), the stress created to remain constantly connected nevertheless heightens the potential for work-life conflict in all (Cho et al., 2020; Wang et al., 2019; Colbert et al., 2016). Usage of ICT tools, be it for work or non-work purposes, has significantly contributed towards blurred boundaries between work and non-work domains, though researchers remain divided in their role as a beneficiary or intrusive tool (Ollier-Malaterre et al., 2019; Saternus et al., 2019). In this context, it is also essential to understand how individuals navigate the demands of the multiple roles in a technology-saturated culture (Ollier-Malaterre et al., 2019).

In modern-day society, work-life conflict represents a pressing concern and is characterized by the difficulties individuals face in effectively segregating their professional responsibilities from their personal lives (Tennakoon, 2018). Research consistently shows that work-life conflict significantly impacts individuals' life satisfaction (Zhao et al., 2020; Yucel, 2017), and job satisfaction (Talukder, 2019). This challenge is exacerbated by the continuous accessibility and connectivity facilitated by ICT (Li & Lin, 2019), leading to diminished well-being and reduced job satisfaction and life contentment, including anxiety, heightened stress and burnout (Li & Lin, 2019). Recent research (meta-analysis by Baumeister et al., 2021) has explored the indirect effect of ICT usage on well-being through psychological ICT-related

demands and resources. In fact, Baumeister and colleagues (2021) have noted that a 'two-sided view' is warranted to decode the relationship between ICT device usage and its role on well-being (engagement, satisfaction, burnout) and that a merely direct exploration of the causal relationship may not be exhaustive enough.

Following the above, we have attempted to take a more comprehensive approach and identify the presence of a significant variable that might attenuate the impact of ICT-induced work-life conflict on overall satisfaction. In this context, we focus on psychological detachment as one such moderator. Psychological detachment is "an individual's sense of being away from the work situation" (Etzion et al., 1998: 579). Operating as a boundary management mechanism at the cognitive level, it is posited as a pivotal coping strategy capable of lessening the adverse effects of work-life conflict (Hamilton et al., 2021; Dettmers, 2017; Sonnentag & Fritz, 2015). It is conjectured that individuals proficient in the art of psychological detachment during leisure hours may experience a reduction in work-life conflict, thereby potentially enhancing their overall life satisfaction (Sonnentag et al., 2010). The fundamental inquiry of this research centers on the extent to which psychological detachment moderates the association between ICT usage, work-life conflict and overall satisfaction (life, job).

This study is juxtapositioned to examine in more depth how advancements in ICT impact multiple domains of adult

human beings, be it work and/ or non-work, in line with the works of Ollier-Malaterre and colleagues (2019), Hellemans and colleagues (2019), Roeding and colleagues (2019) and Tennakoon (2018), especially in the Indian context. Empirical evidence from non-western nations (India) can help researchers understand the cross-cultural differences in practices in technology-driven workplaces. This study aims to understand how using a lot of technology for work purposes affects how happy people are with their lives and jobs. It also looks into how taking breaks from work-related thoughts (psychological detachment) helps people deal with the challenges of using technology all the time. In a world characterized by the omnipresent influence of technology, it is imperative to unravel the intricate web of influences governing the relationship between ICT usage, work-life conflict, and individual satisfaction. It serves as a vital foundation for the development of strategies and can help design interventions aimed at enhancing the quality of life and job satisfaction within an increasingly technology-driven environment. Thus, this research seeks to advance our comprehension of these multifaceted relationships, which, in turn, can apprise the scheme of interventions and strategies conducive to mitigating the harmful consequences of ICT-induced work-life conflict while fostering overall satisfaction.

### Theoretical Background

Drawing upon the Conservation of Resources (COR) theory (Hobfoll, 1989), the Transactional Model of Stress

and Coping (TMSC) (Lazarus & Folkman, 1987), and the Boundary theory (Ashforth et al., 2000), this study unveils the intricate linkages between ICT usage, work-to-life conflict (WLC), psychological detachment (PD), and employee's life satisfaction (LS) and job satisfaction (JS). In the context of COR theory (Hobfoll, 1989, 2002), ICT resources are viewed as both consumed and threatened in the digitally connected workplace. The constant utilization of technology, often consuming time and energy, can lead to resource depletion. According to the boundary theory, this draining of resources often leads to role confusion, stress, negative affect, and inter-role conflict (Ashforth et al., 2000). Work-to-life conflict, exacerbated by excessive ICT usage, serves as a resource-depleting mechanism, draining personal resources such as time, energy, and psychological well-being. This depletion aligns with COR theory's (Hobfoll, 1989, 2002) perspective that resource loss or the threat of resource loss is a source of strain and stress. Psychological detachment, conversely, plays the role of a resource preservation mechanism. Allowing individuals to disengage from work-related stressors during non-working hours provides a safeguard against resource loss, acting as a buffer to prevent the erosion of personal resources.

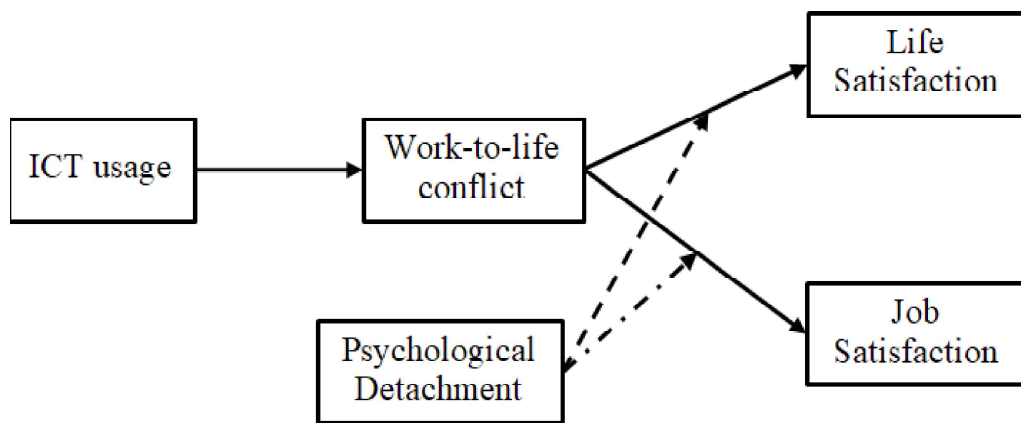
**Resource loss or the threat of resource loss is a source of strain and stress.**

The TMSC (Lazarus & Folkman, 1987) offers insights into the cognitive

appraisal and coping processes in response to these stressors. In our study, excessive ICT usage is considered a stressor, as individuals perceive the constant accessibility and work demands as intrusions on their personal lives and well-being. This perceived stressor results in the appraisal of work-to-life conflict as a challenge that threatens well-being. In response, psychological detachment emerges as a coping resource, allowing individuals to disengage from stressors arising out of addressing work-related concerns, at non-working hours. This resource serves as a mechanism through which individuals cope with the stress of

work-to-life conflict, mitigating perceived stress and its negative effects. The COR theory (Hobfoll, 1989; 2002) highlights the resource-related aspects of the link between ICT usage, work-to-life conflict, and psychological detachment, while the TMSC (Lazarus & Folkman, 1987) focuses on the cognitive appraisal and coping processes employed by individuals when faced with these stressors. Together, we took the help of these theoretical frameworks to provide a comprehensive understanding of how these factors interact to influence employee satisfaction. Fig. 1 illustrates the theoretical model.

**Fig. 1 Theoretical Model**



### Proposed Hypotheses

**ICT Usage & WLC:** While increased ICT usage is proven to enhance flexibility, it also acts as an architect for blurring work-life boundaries (Kossek et al., 2006), which has adverse effects on well-being. It also leads to internet addiction (Hansen, 2002), implying a loss of behavioral control (Kim & Byrne, 2011). Due to changes in lifestyle, ac-

cessibility to ICT leads to its frequent usage, and workplaces also add to it as they provide easy access to the internet (Li & Lin, 2019) for fulfilling our work requirements. It is expected of the employees to carry over their pending assignments to home, creating anxiety, stress and even burnout owing to conflicting role demands (Li & Lin, 2019; Salanova et al., 2013). An individual has to shift mental gear from being a parent

to being an employee when they have to cater to office work (e.g., replying to an urgent email or phone call from a client in the midst of preparing dinner), which may lead to inter-role strain, thus creating work-to-life conflict (Cho et al., 2020; Tennakoon, 2018; McCloskey, 2018). Thus, catering to work demands through ICT usage creates a resource drain due to the blurring of boundaries, thus creating work-to-life conflict. Hence, drawing support from boundary theory (Ashforth et al., 2000) and the COR theory (Hobfoll 1989, 2002), we expect that continuous higher levels of ICT usage at home would be linked with greater heights of work-to-life conflict. Hence, it is hypothesized that:

H<sub>1</sub>: ICT usage at home during non-work-hours increases WLC.

**WLC & LS:** Researchers have steadily recognized the adverse effect of work-life conflict on an individual's life satisfaction (Bai et al., 2021; Zhao et al., 2020; Cazan et al., 2019; Yucel, 2017; meta-analysis of Allen et al., 2020). Further, the negative influence of work-life conflict on life satisfaction is frequently enhanced when the conflict is persistent and chronic rather than occasional or transient (Yucel & Fan, 2019). The COR theory (Hobfoll, 1989; 2002) also highlights how work-life conflict influences life satisfaction. Work-life conflict disrupts the balance of crucial resources, like time and energy, leading to diminished life satisfaction. Constantly juggling work and personal responsibilities leaves individuals drained, making it challenging to invest in satisfaction-promoting resources

in other areas. This resource depletion contributes to an overall sense of dissatisfaction. The constant dissonance created due to the inability to fulfill the demands of work and life further increases the stress levels, which further contributes to diminishing life satisfaction. Hence, it is hypothesized that:

H<sub>2</sub>: WLC decreases LS.

**WLC & JS:** Work-life conflict is observed to be negatively related to job satisfaction (Adriano & Callaghan, 2020; Roeters & Craig, 2014; Rathi & Barath, 2013; meta-analysis of Allen et al., 2020). WLC refers to the adverse spillover effects where stressors from the work domain adversely impact their non-work (life) domain. The drain of resources and intensified stress destabilize an individual's job satisfaction (Talukder, 2019), in line with the COR theory (Hobfoll, 1989, 2002). Hence, it is hypothesized that:

H<sub>3</sub>: WLC decreases JS.

**The Mediating Role of WLC:** As individuals increasingly engage with ICT, it leads to a heightened sense of work-to-life conflict. The constant connectivity and demands imposed by ICT may spill over into personal time, depleting resources and creating a challenging boundary between work and non-work domains. It is in line with the COR theory (Hobfoll, 1989; 2002). This persistent conflict is theorized to act as a mediating factor, amplifying the negative impact of ICT usage on both job satisfaction (Wright et al., 2014; Qu & Zhao, 2012) and life satisfaction (Qu &

Zhao, 2012). Hence, it is hypothesized that:

H<sub>4</sub>: WLC mediates between ICT usage and LS.

H<sub>5</sub>: WLC mediates between ICT usage and JS.

**Moderating Role of PD:** Psychological detachment is an important recovery process. It operates as a boundary management mechanism at the cognitive level and serves as a pivotal coping strategy capable of reducing the harmful effects of work-life conflict (Sonnentag et al., 2010; Sonnentag and Fritz, 2015). Individuals proficient in the art of detaching psychologically during leisure hours may experience a reduction in work-life conflict, as they can maintain the boundaries between role boundaries, thereby potentially enhancing their overall life satisfaction (Sonnentag et al., 2010). As per the COR theory (Hobfoll, 1989, 2002), psychological detachment can be considered a strategy, a coping resource, through which individuals try to conserve resources that are spent doing intense and extended work. Additionally, within the framework of the TMSC (Lazarus Folkman, 1987), it serves as a mechanism through which individuals can effectively cope with the stress induced by work-to-life conflict. For individuals who

**Psychological detachment can be considered a strategy, a coping resource, through which individuals try to conserve resources that are spent doing intense and extended work.**

are able to detach from their work role psychologically, work-to-life conflict experiences due to ICT usage will be less intense, as it acts as a buffer in managing stress. Additionally, when individuals are able to disconnect from work-related stressors mentally, they are expected to experience less disruption occurring due to work-life conflict on their overall satisfaction with life and job (Park & Fritz, 2015; Hobfoll, 2002). Hence, it is expected that:

H<sub>6</sub>: Psychological detachment acts as a moderator, such that it –

H<sub>6a</sub>: decreases the strength of the relationship between ICT usage and WLC.

H<sub>6b</sub>: weakens the negative effect of WLC on LS.

H<sub>6c</sub>: weakens the negative effect of LWC on JS.

## Samples & Procedures

We studied the indirect impact of ICT usage on life satisfaction and job satisfaction through WLC. We also explored psychological detachment as a moderator, through multi-phased data collection. We maintained a time gap of 30 days between the measurement occurrences. Full-time employees working at several ITES firms in India participated in our study. We reached out to the participants (around 40 in number) who had come for a short-term course in an institute, and through them, other responses were obtained. We specifically chose the sector for multiple reasons. Firstly, it helped as there was relative uniformity of roles (we

felt it was essential to avoid in-built biases arising out of different domain/role specialties). Secondly, we aimed to obtain data from a sector wherein ICT usage is quite exhaustive, and ITES suited our construct requirements. Thirdly, the ITES sector offers a diverse workforce and a high employee base, which enabled us to obtain enough responses without overlap while at the same time maintaining the homogeneity of work roles. An online form created through Google Form was floated and distributed among the participants, and they were, in turn, requested to share the survey with their colleagues. To avoid multi-collinearity issues, we ensured that no respondents had any direct reporting relationship with another. We especially targeted respondents from those employees belonging to entry-/ low- and mid-managerial ranks.

The data collection process was spread evenly over three months. At the onset, the respondents were requested for their inclination to participate, assuring them of complete anonymity. In total, 201 completed responses were received, in line with the minimum requirement of 200 responses / 10 per item (Kline, 2011). There were minimal drop-outs (<3%). We also conducted selectivity analyses, and the results confirmed that there were no significant differences with respect to socio-demographic variables. As all data were self-reported, we checked for common method bias through Harman's single-factor test (Podsakoff et al., 2003). The resulting variance was 28.32%, which lies within the desired limits of being less than 50%, ruling out common method bias. The

majority were female (88.6%), aged around 43.7 years (SD 10.33), residing in a nuclear family (72.6%), and having at least one child at home staying with them.

## Measures

We used items from pre-existing, well-established scales, validated across cultures. The entire survey was conducted in English. We used a five-point Likert scale to capture the responses (1 = strongly disagree, to 5 = strongly agree), except for those mentioned below.

- ICT usage. Two items from Bosswell and Olson-Buchanan's study (2007). The first one was "How often do you use a smartphone and PC/ laptop for work-related goals outside work hours?". The second was "How many minutes per day do you spend on average on work-related ICT use outside normal working hours?" (Measured as 1 being 0-minute, till, 5 being > 60 minutes) (Cronbach alpha ( $\alpha$ ) = 0.738). (Schreier, Margrit. (2012)
- Psychological detachment. Four items from Sonnentag and Fritz's (2015) Recovery Experience Questionnaire. One of the questions used was, "I forget about my work when I am home" (Cronbach alpha ( $\alpha$ ) = 0.794).
- Work-to-life conflict. Five items from Fisher et al.'s (2009) Work-Nonwork Enrichment and Conflict Scale. One of the questions used was, "My job

makes it difficult to maintain the kind of personal life I would like” (Cronbach alpha ( $\alpha$ ) = 0.871).

- Life satisfaction. Five items from Diener et al.’s (1985) Satisfaction with Life Scale. One of the questions used was “The conditions of my life are excellent” (Cronbach  $\alpha$  = 0.854).
- Job satisfaction. Four items from Thompson & Phua’s (2012) Brief Index of Job Satisfaction Measure. One of the questions used was, “I feel fairly well satisfied with my job” (Cronbach alpha ( $\alpha$ ) = 0.860).

*Control variables:* Demographics play an important role in studies exploring work and life interface (Lapierre et al., 2018). Hence, following their recommendation, we controlled for age, gender, family type, and number of child/children at home.

*Analytic Strategies:* We tested the hypotheses by conducting path analysis (SEM). The tools used were SPSS (v.26) and AMOS (v.23). We adopted the SEM approach as it permits concurrent approximation of multiple indirect paths and runs model fit indices (James et al., 2006). Following Anderson and Gerbing (1988), we tested the measurement model and then did a comparison of the model fits with alternative models. Next, we calculated the estimates for each path of our hypothesized model.

Table I presents the means, standard deviations, reliability coefficients and correlations.

**Table 1 Means, Standard Deviations, and Correlation Coefficients**

| S.No. | Variables      | Mean   | SD     | 1     | 2     | 3      | 4     | 5       | 6      | 7      | 8     | 9              |
|-------|----------------|--------|--------|-------|-------|--------|-------|---------|--------|--------|-------|----------------|
| 1     | Gender         | 1.890  | 0.319  |       |       |        |       |         |        |        |       |                |
| 2     | Age            | 43.730 | 10.328 | .062  |       |        |       |         |        |        |       |                |
| 3     | Family type    | 1.270  | 0.447  | -.060 | .012  |        |       |         |        |        |       |                |
| 4     | No of children | 1.090  | 0.310  | -.092 | .145* | .101   |       |         |        |        |       |                |
| 5     | ICT            | 3.540  | 0.983  | .062  | .144* | -.167* | .086  |         |        |        |       |                |
| 6     | WLC            | 3.323  | 0.922  | .097  | -.101 | -.095  | .015  | .028    |        |        |       |                |
| 7     | PD             | 3.296  | 0.917  | .159* | -.099 | -.097  | .037  | -.017   | .605** |        |       |                |
| 8     | JS             | 2.940  | 0.992  | -.069 | .018  | .398** | -.038 | -.513** | -.171* | .205** |       |                |
| 9     | LS             | 3.666  | 0.800  | .174* | -.089 | .045   | -.017 | -.043   | .147*  | .291** | -.040 |                |
|       |                |        |        |       |       |        |       |         |        |        |       | <b>(0.854)</b> |
|       |                |        |        |       |       |        |       |         |        |        |       | <b>(0.860)</b> |
|       |                |        |        |       |       |        |       |         |        |        |       | <b>(0.794)</b> |
|       |                |        |        |       |       |        |       |         |        |        |       | <b>(0.871)</b> |
|       |                |        |        |       |       |        |       |         |        |        |       | <b>(0.860)</b> |

Note. N = 201, \*\*p<0.01 (2-tailed), \*p<0.05 level (2-tailed)

Values (in bracket) on the diagonal bold italics show Cronbach alphas ( $\alpha$ ) of each scale

### Confirmatory Factor Analysis

We evaluated the measurement model with five latent variables: ICT usage at home during non-work hours (ICT), work-to-life conflict (WLC), life satisfaction (LS), job satisfaction (JS), and psychological detachment (PD). The results established reliability, construct validity and discriminant validity.

We also checked the values of heterotrait-monotrait ratio of correlations (HTMT) (Henseler et al., 2015). The HTMT values for all were less than 0.90 (0.53 being the utmost); hence discriminant validity was established.

### Hypotheses Testing

To check the model fit, Chi-square, degrees of freedom, root mean square error estimate, standardized root mean squared residual, normed fit index, comparative fit index and Tucker-Lewis index values were examined. All of them were found to be significant, within the prescribed limits of  $\chi^2/df < 3$ , RMSEA  $< 0.08$ , SRMR  $< 0.08$  and NFI, CFI, TLI  $> 0.90$  (Awang, 2012). Table 2 given above lists the fit indices for both models. The five-factor model depicts the best fit, as envisaged.

**Table 2 Model Fit Indices for Measurement Model and Structural Models**

| Models                      | $\chi^2$ | df  | RMSEA | NFI   | CFI   | TLI   | $\chi^2/df$ |
|-----------------------------|----------|-----|-------|-------|-------|-------|-------------|
| Measurement Model           | 203.101  | 142 | 0.046 | 0.894 | 0.965 | 0.958 | 1.430       |
| Structural Model (5-factor) | 371.131  | 236 | 0.054 | 0.883 | 0.953 | 0.940 | 1.570       |
| SM (4-factor)               | 472.909  | 147 | 0.105 | 0.754 | 0.814 | 0.783 | 3.217       |
| SM (3-factor)               | 881.535  | 150 | 0.156 | 0.541 | 0.582 | 0.524 | 5.877       |
| SM (2-factor)               | 1006.993 | 152 | 0.168 | 0.476 | 0.512 | 0.451 | 6.625       |

Source: Author's findings

Overall, empirical data supported the hypothesized model. Fig. 2 represents the observed model. The direct pathways were all supported (hypotheses 1, 2 and 3).  $H_1$  proposed that ICT usage positively influences WLC ( $\beta = 0.226$ ,  $se = 0.056$ ,  $p < .001$ ).  $H_2$  proposed that WLC negatively influences LS ( $\beta = -0.100$ ,  $se = 0.058$ ,  $p = .008$ ).  $H_3$  proposed that WLC negatively influences JS ( $\beta = -0.676$ ,  $se = 0.083$ ,  $p < .001$ ).

To check for the mediation effect of WLC ( $H_4$  &  $H_5$ ), the bootstrapping method (sample size 5000, bias confi-

dence interval 95) was used.  $H_3$  proposed that WLC mediates between ICT and LS, but this was not supported ( $\beta = 0.023$ , LCI = -0.064, UCI = 0.001,  $p = .061$ ).  $H_5$  proposed that WLC mediates between ICT and JS ( $\beta = -0.152$ , LCI = -0.261, UCI = -0.054,  $p = .002$ ); this was supported.

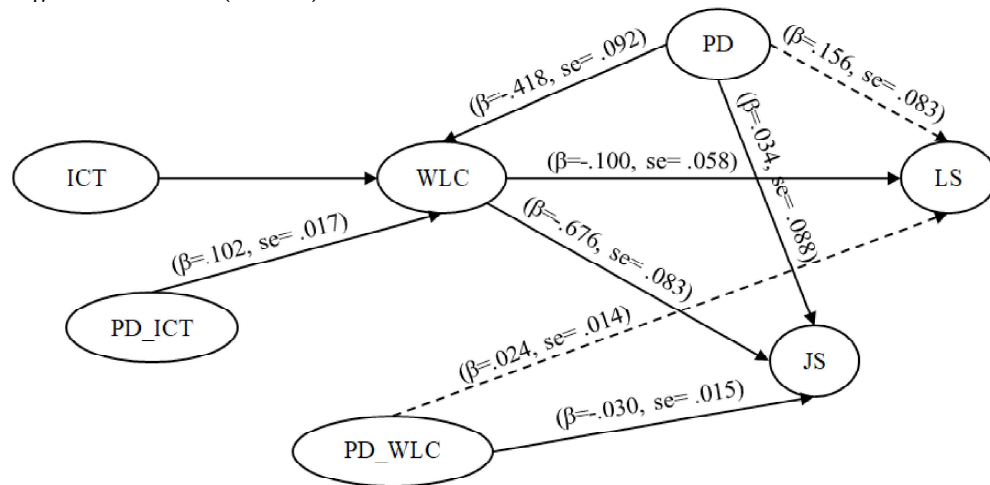
In  $H_6$ , we checked for the moderation effect of psychological detachment (PD).  $H_{6a}$  proposed that PD moderated between ICT and WLC; this was sustained, as both the direct pathway (PD-WLC:  $\beta = -0.418$ ,  $se = 0.092$ ,  $p < .001$ ) and



indirect pathway (PDICT-WLC:  $\beta = 0.102$ ,  $se = 0.017$ ,  $p < .001$ ) were observed to be significant.  $H_{6b}$  proposed that PD moderated between WLC and LS, this was not supported ((PD-LS:  $\hat{a} = 0.156$ ,  $se = 0.083$ ,  $p = 0.062$ ; PDWLC-LS:  $\beta = 0.024$ ,  $se = 0.014$ ,  $p = 0.088$ ).  $H_{6c}$  pro-

posed that PD moderates between WLC and JS; this was sustained, as both the direct pathway (PD-JS:  $\beta = 0.034$ ,  $se = 0.088$ ,  $p = 0.007$ ) and indirect pathway (PDWLC-JS:  $\hat{a} = -0.030$ ,  $se = 0.015$ ,  $p = 0.040$ ) were observed to be significant. Fig. 2 portrays the SEM results.

**Fig. 2 SEM Results ( $n = 201$ )**



Source: Author's findings

Fig. 3 depicts the moderation results. It was observed that PD indeed weakened the relationship between (a) ICT usage and WLC, and (b) WLC and JS. To elaborate, for respondents with high psychological detachment, the impact of low vs. high ICT usage on work-to-life conflict is less pronounced than that for respondents with low psychological detachment. Additionally, for respondents with high psychological detachment, the impact of work-to-life conflict on job satisfaction is less pronounced than that for respondents with low psychological detachment.

With respect to the control variables, respondents who lived in joint family re-

**Respondents who lived in joint family reported more work-to-life conflict ( $p = 0.002$ ), as well as higher job satisfaction ( $p < .001$ ).**

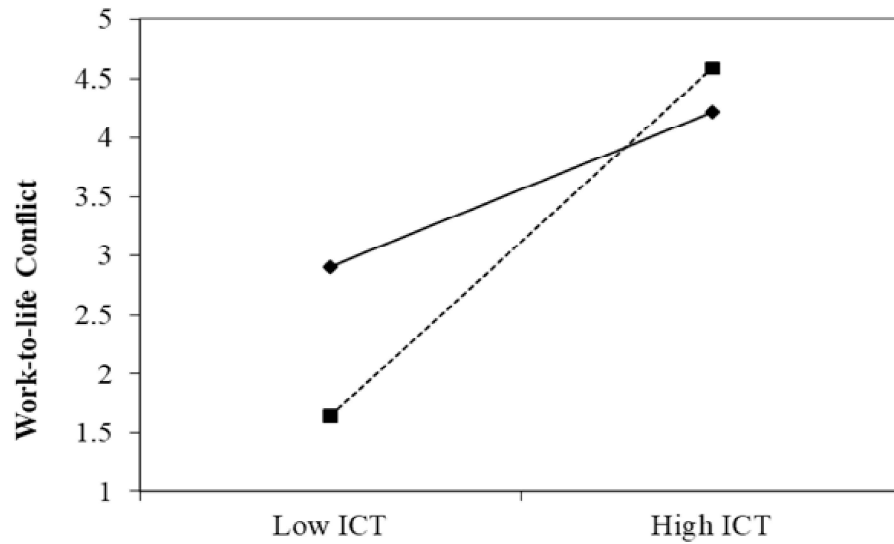
ported more work-to-life conflict ( $p = 0.002$ ), as well as higher job satisfaction ( $p < .001$ ). Neither age, gender, nor the number of children were observed to be of any statistical significance to any of the constructs on the hypothesized model.

### Theoretical Implications

The results of our study carry noteworthy academic implications for the fields of occupational psychology, stress

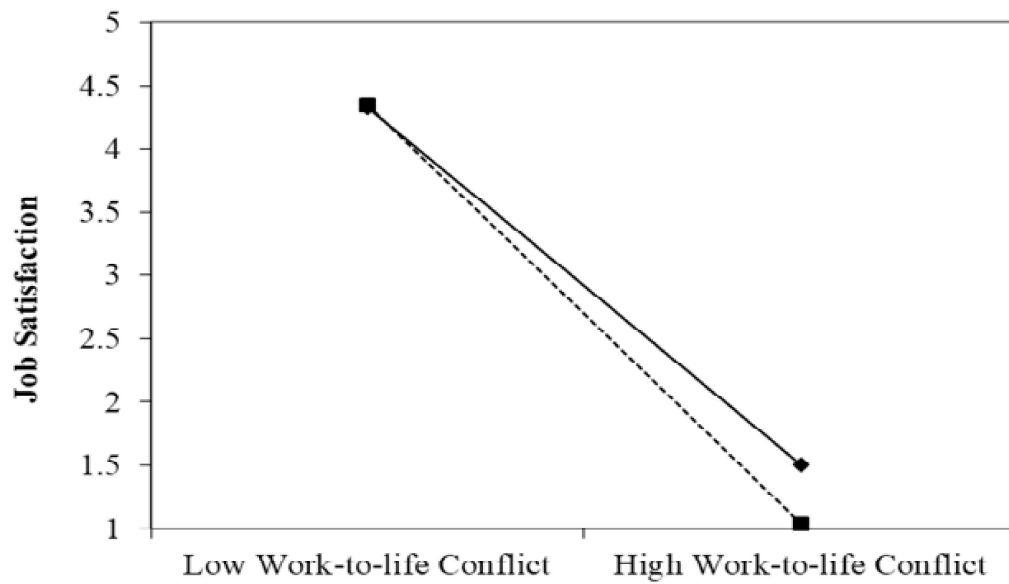
**Fig. 3 Moderation Results**

- ICT usage to Work-to-life Conflict (WLC) moderated by Psychological Detachment (PD)



Source: Author's findings

- Work-to-life Conflict (WLC) to Job Satisfaction (JS) moderated by Psychological Detachment (PD)



Source: Author's findings

research, and organizational behavior. First and foremost, this research enriches the COR theory by highlighting the dynamic role of psychological detachment in managing ICT-induced work-to-life conflict. It underscores the importance of psychological detachment as a crucial mechanism for resource preservation, buffering against resource depletion resulting from extensive ICT usage. This contribution deepens our understanding of how individuals actively manage and conserve their personal resources in the digital age, providing a nuanced perspective on the interplay between technology, resource dynamics, and employee well-being.

Furthermore, the application of the TMSC in the context of ICT-related work-to-life conflict is a noteworthy theoretical development. This research accentuates how individuals appraise the stressors introduced by the constant presence of technology in their lives and identifies psychological detachment as a coping resource employed to mitigate the perceived stress linked with work-to-life conflict. This application extends the model's relevance to contemporary workplace challenges, emphasizing the significance of cognitive appraisal and coping strategies in navigating the digital work environment.

The study also underscores the theoretical link between stress resulting from excessive ICT usage and work-to-life conflict and its impact on employee well-being. This finding aligns with the central principles of the COR theory and underscores the pivotal role of resource

preservation in enhancing employee well-being. It accentuates the significance of resource management and suggests that interventions aimed at preserving personal resources can potentially ameliorate the negative consequences of technology-induced work-to-life conflict on employee well-being.

**Interventions aimed at preserving personal resources can potentially ameliorate the negative consequences of technology-induced work-to-life conflict on employee well-being.**

Moreover, this research unravels the intricate interplay between ICT usage, work-to-life conflict, psychological detachment, and employee well-being. It emphasizes that while technology usage can erode well-being through increased work-to-life conflict, psychological detachment can act as a protective factor by mitigating these negative effects. This complexity underscores the need for a comprehensive approach to understanding the implications of technology in the workplace, acknowledging the significance of both stressors and coping mechanisms in research.

Finally, the implications of this study extend to the development of interventions and support mechanisms in organizations. The findings underscore the potential benefits of promoting psychological detachment as a coping strategy to mitigate the adverse consequences of ICT-induced work-to-life conflict. These interventions can perform a crucial role

in augmenting employee well-being and job satisfaction in the digital workplace. In sum, our research provides a valuable framework for future investigations and develop interventions aimed at improving the well-being of individuals in a technology-driven work environment.

### Practical Implications

The study findings have significant managerial consequences for organizations aiming to effectively address the trials and prospects of integrating Information and Communication Technology (ICT) into the workplace. These implications can guide the development of strategies and policies that prioritize employee well-being, satisfaction, and productivity. Firstly, managers can be crucial in fostering psychological detachment among their teams. This can be achieved by cultivating a workplace culture that values boundaries and discourages after-hours work-related communication. Promoting leisure activities and time away from digital screens can also enhance psychological detachment. Secondly, organizations should consider implementing clear policies and guidelines regarding ICT use outside of working hours. Setting explicit expectations and boundaries for after-hours communication can effectively mitigate work-to-life conflict. Leading by example, managers can demonstrate responsible ICT use during non-working hours and respect employees' time off. Thirdly, it is imperative for managers to be aware of the potential resource depletion that arises from excessive ICT usage and work-to-life conflict. Providing resources and support for employees, such as training in time

**Equipping employees with coping strategies to address work-to-life conflict is vital.**

management and stress management, can be instrumental. Furthermore, flexible work arrangements and telecommuting opportunities can help employees effectively balance their professional and personal lives. Fourthly, equipping employees with coping strategies to address work-to-life conflict is vital. Managers can facilitate training and provide resources on stress management, time management, and the importance of taking breaks. An open-door policy for addressing work-life balance issues can create a supportive and inclusive workplace. Finally, providing training on efficient technology use is recommended. Training can encompass using productivity tools, setting boundaries for notifications, and managing email overload to enhance employees' ability to manage their workload effectively.

### Limitations & Scope for Future Research

The primary limitation of the study stems from its design. To remove the limitations of a cross-sectional study, we conducted a time-lagged (multi-phased) study design. However, future research should consider adopting true longitudinal designs to provide a more robust understanding of the causal relationships among ICT usage, work-to-life conflict, and psychological detachment. Another limitation concerns the reliance on self-report data. Although we conducted checks to prove that biases do not exist

in our dataset, incorporating more objective measures of ICT use, such as screen time tracking or physiological indicators, can enhance the reliability and validity of the results. Future studies should employ multiple data sources, such as supervisor assessments and organizational records, to provide a more comprehensive perspective. The current study's sample is specific to certain demographics, industries, and organizational contexts. The majority of the respondents from whom we gathered data were females (89%), and we believe it may have been quite possible that the results reflect this gendered skewness. Consequently, the generality of the findings to broader populations and diverse settings may be limited. Future studies should aim to diversify the sample to improve the external validity of the results and consider various work environments and demographics. Additionally, future studies ought also try to emulate more balanced respondent profiles (gender) and do a comparative analysis to highlight gender differences, if any.

The development and assessment of interventions to ease the adverse effects of excessive ICT use on work-life balance are crucial. Research can focus on the design and evaluation of such interventions, which may include training programs, digital well-being tools, or organizational policies aimed at fostering psychological detachment. Cultural factors also play a significant role in modeling attitudes and norms related to technology use and work-life balance. Hence, future studies should inspect the impact of culture on these relationships, contributing to a better under-

standing of cross-cultural variations. Organizational policies and practices also warrant attention. Research can assess the role of these policies in influencing the relationships between ICT use, work-to-life conflict, and psychological detachment, offering insights into how organizations can create supportive work environments. The proliferation of technology calls for research into technology-based solutions that facilitate psychological detachment, such as mobile applications or digital tools. Investigating the efficacy of these solutions can provide practical insights for employees and organizations. Sector-specific research, focusing on the particular demands and challenges of specific industries, can yield valuable insights. Some sectors may be more susceptible to ICT-related work-to-life conflict, necessitating sector-specific interventions. Finally, comparative studies across countries or regions can illuminate cultural and contextual variations in the relationships explored in this study. Such research can inform global best practices for managing ICT-induced work-to-life conflict.

### **Acknowledgment**

A preliminary version of this research was presented at the 9th INDAM 2024 Conference, organized by the Goa Institute of Management, Goa, India, and this paper builds upon the insights gained from that discussion

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# From Digital Distraction to Leadership Excellence: The Moderating Role of Emotional Intelligence on Phubbing & Transformational Leadership

**Mubashir Majid Baba, Chitra Krishnan & Mushtaq Ahmad Siddiqi**

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*This study investigates the moderating function of emotional intelligence (EI) in the link between transformational leadership (TL) and leader phubbing (LP). The study was carried out to determine if emotional intelligence mitigates the detrimental effects of leader phubbing on transformational leadership, using a sample of 471 workers from a variety of sectors. The results demonstrate that frequent digital distractions impair a leader's capacity to motivate and inspire followers, confirming the negative correlation between LP and TL. But this association is strongly moderated by emotional intelligence, which lessens the negative consequences of leader phubbing on transformational leadership.*

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## Introduction

Technology is essential for improving productivity and easing communication in today's hyperconnected environment. Phubbing, a name formed from the words "phone" and "snubbing," is one of the unexpected repercussions of an over-reliance on digital gadgets. It is the practice of neglecting someone in favor of a mobile device (Chotpitayasunondh & Douglas, 2018). Although phubbing in interpersonal relationships has been the subject of much studies so far, less is known about its effects in professional contexts, particularly with regard to leadership effectiveness. According to Roberts

and David (2016), executives who indulge in phubbing run the danger of destroying relationships at work, decreasing employee engagement, and eventually eroding their credibility as leaders.

Transformational leadership is one kind of leadership that has drawn a lot of interest in organizational behavior studies. By cultivating a vision, encouraging intellectual stimulation, and showing individual attention, transformational leaders inspire and excite their workforce (Bass & Riggio, 2006). Phubbing behaviors, on the other hand, might run counter to important transformational leadership tenets like effective communication, emotional connection, and active involvement. Leader phubbing can make workers feel underappreciated, which lowers trust and job happiness.

The capacity to identify, comprehend, and control one's own emotions as well as those of others is known as emotional intelligence (EI), and it may be a mitigating element in this equation (Goleman, 1995). According to Mayer et al. (2008), leaders who possess high emotional intelligence are more self-aware, sympathetic, and able to create meaningful connections at work. By helping leaders understand the consequences of their actions and modify their communication tactics appropriately, emotional intelligence (EI) may operate as a moderating variable to mitigate the harmful impacts of phubbing. High EI leaders could actively try to keep team members engaged in spite of digital distractions and be more aware of how their digital behaviors impact team dynamics.

The purpose of this study is to investigate how emotional intelligence influences the link between phubbing and the efficacy of transformational leadership. In particular, it looks for evidence that leaders with greater EI are better able to lessen the detrimental consequences of phubbing on leadership results. The study adds to the body of knowledge on digital distractions in the workplace by examining this confluence and provides useful advice for developing leaders in the digital era.

### Research Objectives

1. To investigate the impact of leader phubbing on transformational leadership effectiveness.
2. To examine the moderating role of emotional intelligence in the relationship between phubbing and transformational leadership.
3. To provide insights into how leaders can manage digital distractions while maintaining effective leadership practices.

### Significance of the Study

This research holds significant theoretical and practical implications. Theoretically, it expands the transformational leadership framework by integrating digital distractions as a potential barrier to effective leadership. Practically, it provides organizations with strategies to enhance leadership effectiveness in an era of increased digital dependency. By understanding the role of EI in mitigating the negative effects of phubbing, or-

ganizations can design leadership training programs that emphasize digital mindfulness and emotional intelligence development.

### **Understanding Phubbing in Workplace Settings**

Phubbing, which combines the words “phone” and “snubbing,” is the practice of prioritizing a mobile device over a person. The phenomenon, which was first examined in interpersonal interactions, has drawn interest in organizational behavior because of its effects on leadership effectiveness and workplace communication (Chotpitayasunondh & Douglas, 2018). Phubbing is especially harmful in work environments because it conveys a lack of interest and focus, which can damage relationships between leaders and followers and diminish morale among staff members.

According to Roberts and David (2017), workplace phubbing has been linked to decreased levels of team cohesiveness, job satisfaction, and employee trust. According to Yam et al. (2018), leaders that engage in phubbing may unintentionally foster an atmosphere where workers feel underappreciated, which lowers organizational commitment and deters drive. Since human contacts play a major role in leadership effectiveness, digital distractions can seriously undermine leadership credibility and erode relationships at work (Helms, 2012).

### **Transformational Leadership & Role of Presence**

Inspiration, intellectual stimulation, personalised attention, and idealised influence are characteristics of transformational leadership (Bass & Riggio, 2006). According to Banks et al. (2016), transformational leaders are supposed to cultivate close relationships with their followers in order to create a motivated, engaged, and productive workforce. But by diverting focus from workers, leader phubbing breaks this bond and goes against the tenets of transformative leadership.

**Leader phubbing breaks this bond and goes against the tenets of transformative leadership.**

According to research, transformational leaders that are very involved and present with their teams foster a feeling of psychological safety and belonging, which improves performance and work satisfaction (Kirkpatrick & Locke, 1996). Employees, on the other hand, believe that bosses who phubb are less approachable and less dedicated to their professional growth (Roberts & David, 2016). The trust required for transformative leadership to be successful might be seriously damaged by this impression.

### **Emotional Intelligence as a Moderator in Leadership**

The capacity to recognise, comprehend, and control one’s own and other people’s emotions is known as

emotional intelligence (EI) (Goleman, 1995). According to Mayer et al. (2008), leaders with high EI are better equipped to handle workplace dynamics and create lasting connections because they exhibit higher levels of empathy, self-awareness, and social skills.

According to studies, emotional intelligence (EI) plays a crucial role in improving leadership effectiveness, especially when it comes to reducing the detrimental impacts of workplace obstacles like digital distractions (Boyatzis & Sala, 2004). High EI leaders are more likely to understand how their activities affect their staff and take appropriate measures to keep them engaged (Ashkanasy & Daus, 2005). This shows that by assisting leaders in controlling their digital behaviors while preserving solid interpersonal ties, emotional intelligence (EI) may mitigate the detrimental consequences of phubbing on transformative leadership (Yukl et al., 2013).

### **Theoretical Framework**

Through the perspective of Leader-Member Exchange (LMX) Theory, which highlights the significance of positive connections between leaders and workers, the relationship between phubbing, emotional intelligence, and transformational leadership may be comprehended (Graen & Uhl-Bien, 1995). Leaders that consistently communicate with their followers in a high-quality manner strengthen their bonds and improve team performance, according to LMX

theory (Erdogan & Bauer, 2015). Phubbing, on the other hand, shatters these relationships, which results in worse leader-member communication and less staff engagement (Xie et al., 2021).

In this concept, emotional intelligence (EI) plays a crucial moderating role, allowing leaders to choose meaningful in-person connections over digital behaviors (Goleman, 1998). High EI leaders are more likely to intentionally cut back on their phone use, acknowledge the detrimental effects of phubbing, and concentrate on boosting staff motivation and engagement (Côté, 2014). This is in line with the ideas of transformational leadership, which prioritise emotional connection, active listening, and motivating staff members towards common company objectives (Bass, 1999).

### **Empirical Research on Leadership and Digital Distractions**

Numerous empirical studies have looked at how digital distractions affect relationships at work and the efficacy of leaders. According to Xie et al. (2021), leader phubbing has a negative correlation with employee work engagement, which lowers job satisfaction and trust. Similarly, workplace phubbing reduces employees' perceptions of transformative leadership efficacy and erodes leader trust, according to Yam et al. (2018). On the other hand, Mishra and Singh (2024) research emphasises the protective function of emotional intelligence in reducing the negative consequences of digital dis-

**In spite of digital distractions, leaders who demonstrated greater degrees of self-awareness and emotional control were able to sustain involvement.**

tractions. Their research showed that by preserving solid interpersonal ties and efficient communication techniques, leaders with high EI were able to offset the detrimental effects of phubbing. Haigh (2015) looked at the psychological consequences of leader phubbing on staff members and discovered that frequent digital distractions exacerbated sentiments of disengagement and social alienation. Nonetheless, in spite of digital distractions, leaders who demonstrated greater degrees of self-awareness and emotional control were able to sustain involvement.

### **Gaps in Literature & Research Implications**

There are little empirical studies examining phubbing's direct implications on transformational leadership effectiveness, despite the fact that previous research offers insightful information about how it affects relationships at work. Furthermore, not much research has looked at emotional intelligence as a mitigating factor in this connection. Examining how leaders may control digital distractions while upholding successful leadership behaviors is crucial given the growing dependence on digital technology in work environments.

By examining the moderating function of emotional intelligence in the con-

nection between phubbing and transformative leadership, this study seeks to close these gaps. In doing so, it adds to the expanding corpus of research on leadership in the digital age and provides helpful suggestions for boosting leadership efficacy in a time of electronic distractions.

Based on the review of literature, the following hypotheses are formulated to examine the relationships between phubbing, transformational leadership, and emotional intelligence:

- H1: Leader phubbing is negatively associated with transformational leadership effectiveness.
- H2: Emotional intelligence is positively associated with transformational leadership effectiveness.
- H3: Emotional intelligence moderates the negative relationship between phubbing and transformational leadership, such that the negative effect is weaker for leaders with high emotional intelligence.

### **Methodology**

This study examines the connections between transformational leadership, emotional intelligence, and leader phubbing in the corporate sector using a quantitative, cross-sectional research approach. Employee opinions of their leaders' conduct, emotional intelligence, and effectiveness as leaders are evaluated through survey-based data collection. This research is especially pertinent to businesses where communication,

engagement, and interaction between leaders and employees are essential for success, given the growing integration of digital technologies in the workplace.

Employees in the business sector, particularly those employed in the manufacturing, banking, and information technology sectors, are the subject of the research. These industries were chosen because of how heavily they rely on technology and how well their CEOs manage teams. The survey included 471 people in all, representing a varied workforce with a range of job functions and organisational levels. To guarantee objective data gathering, a random sampling approach was used to choose the sample.

A systematic online survey was used to gather data, and it was disseminated by email and business mailing lists and professional networking sites like LinkedIn. To promote truthful and objective replies, the survey was anonymous. Before beginning the questionnaire, participants received an informed consent form and information about the study's objectives.

The study measured the important variables using commonly used, standardised measures to guarantee validity and reliability. The Generic Scale of Phubbing (GSP), created by Chotpitayasunondh and Douglas (2018), was used to quantify leader phubbing, which evaluates mobile phone dependence, distraction, and disengagement in professional encounters. Avolio and Bass's (1995) Multifactor Leadership Questionnaire (MLQ-5X), which measures idealised

influence, inspiring motivation, intellectual stimulation, and individualised concern, was used to evaluate transformational leadership. Schutte et al. (1998) used the Emotional Intelligence Scale (EIS) to measure emotional intelligence. This scale assesses social skills, empathy, self-awareness, and emotion management in leadership situations. To guarantee uniformity in data collection, each scale was scored on a five-point Likert scale.

### **Descriptive Statistics**

To gain an understanding of the dataset, descriptive statistics were computed for the key variables: Leader Phubbing, Transformational Leadership, and Emotional Intelligence. The summary of mean, standard deviation, and minimum-maximum values for the 471 respondents is presented in Table 1.

With a mean score of 3.21, Leader Phubbing demonstrated a moderate degree of phubbing behavior. There may be some variation in the replies, as indicated by the standard deviation of 0.88. The comparatively higher mean of 3.95 for transformational leadership indicated that workers thought their leaders were transformative in general. With a low minimum score of 2.10 and a high maximum value of 5.00, emotional intelligence had the highest mean (4.12) of the three variables, suggesting that leaders were viewed as emotionally intelligent.

### **Demographic Analysis**

To understand the composition of the sample, demographic characteristics

**Table 1 Descriptive Statistics of Key Variables**

| Variable                    | N   | Mean | SD   | Min  | Max  |
|-----------------------------|-----|------|------|------|------|
| Leader Phubbing             | 471 | 3.21 | 0.88 | 1.00 | 5.00 |
| Transformational Leadership | 471 | 3.95 | 0.72 | 2.00 | 5.00 |
| Emotional Intelligence      | 471 | 4.12 | 0.69 | 2.10 | 5.00 |

**Table 2 Demographic Profile of Respondents**

| Demographic Variable | Category           | Frequency (N = 471) | Percentage (%) |
|----------------------|--------------------|---------------------|----------------|
| Gender               | Male               | 278                 | 59.0           |
|                      | Female             | 193                 | 41.0           |
| Age Group (Years)    | 20-30              | 182                 | 38.7           |
|                      | 31-40              | 197                 | 41.8           |
|                      | 41-50              | 67                  | 14.2           |
|                      | 51 and above       | 25                  | 5.3            |
| Industry Sector      | IT                 | 176                 | 37.4           |
|                      | Banking            | 152                 | 32.3           |
|                      | Manufacturing      | 143                 | 30.3           |
| Work Experience      | 1-5 years          | 209                 | 44.4           |
|                      | 6-10 years         | 167                 | 35.5           |
|                      | 11-15 years        | 66                  | 14.0           |
|                      | More than 15 years | 29                  | 6.1            |
| Education Level      | Undergraduate      | 122                 | 25.9           |
|                      | Postgraduate       | 271                 | 57.5           |
|                      | Doctorate          | 78                  | 16.6           |

such as gender, age, industry sector, work experience, and education level were analyzed. The demographic profile of the 471 respondents is presented in the Table 2.

Professionals from various backgrounds are represented in a balanced and diversified manner by the demographic profile of the 471 respondents. With 41% of respondents being females and 59% of respondents being males, the sample's gender distribution shows a fairly equal range of viewpoints on workplace behavior and leadership. A substantial percentage of the respondents appears to be in their early to mid-career phases, as seen by the age distribu-

tion, which reveals that the bulk of participants (41.8%) are in the 31–40 age group, closely followed by the 20–30 age group (38.7%). The dataset is biased towards younger workers, who could be more affected by digital contacts and workplace phubbing, since just 5.3% of respondents are 51 years of age or older.

According to industry statistics, the largest percentage of respondents—37.4%—are employed in the IT sector, which is followed by manufacturing (30.3%) and banking (32.3%). This distribution illustrates the study's applicability because banking and IT workers are regularly subjected to digital distractions, which might compromise their ability to

lead effectively. This is further supported by the work experience data, which shows that professionals in the early to mid stages of their careers are the study's primary source of insights, with 44.4% of respondents having 1–5 years of experience and 35.5% having 6–10 years. Senior leaders are under-represented, since just 6.1% of respondents have more than 15 years of experience.

In terms of educational background, 16.6% of the participants have a doctorate, and 57.5% have postgraduate degrees. This implies that the workforce polled has a high level of education,

which increases the likelihood that they would reflect on leadership behaviors and emotional intelligence.

### Hypotheses Testing

Leader phubbing is negatively associated with transformational leadership effectiveness. This is the hypothesis.

The Pearson correlation coefficient ( $r$ ) was computed to examine the relationship between leader phubbing and transformational leadership. The results are presented in Table 3.

**Table 3 Correlation Matrix**

| Variable                       | Mean | SD   | 1        | 2        |
|--------------------------------|------|------|----------|----------|
| 1. Leader Phubbing             | 3.21 | 0.88 | 1        | -0.452** |
| 2. Transformational Leadership | 3.95 | 0.72 | -0.452** | 1        |

Note: \*\* $p < 0.01$  (two-tailed).

**Correlation study shows a statistically significant negative relationship between transformational leadership effectiveness and leader phubbing.**

The results of the correlation study show a statistically significant negative relationship between transformational leadership effectiveness and leader phubbing ( $r = -0.452$ ,  $p < 0.01$ ). This supports the idea that digital distractions have a detrimental influence on leadership behaviors by indicating that transformational leadership effectiveness declines as leader phubbing rises.

A linear regression analysis was conducted with transformational leadership as the dependent variable and leader phubbing as the independent variable in order to further investigate the relationship between the two. Table 4 displays the findings.

The negative correlation is confirmed by the regression analysis, which reveals that transformational leadership effectiveness is strongly predicted by leader phubbing ( $b = -0.452$ ,  $p < 0.01$ ). Transformational leadership efficacy falls by 0.392 units for every unit rise in leader phubbing, according to the negative beta coefficient ( $-0.392$ ). A considerable amount of the drop in transformational



**Table 4 Regression Analysis of Leader Phubbing on Transformational Leadership**

| Predictor Variable  | B      | SE   | $\beta$ | t     | p-value |
|---------------------|--------|------|---------|-------|---------|
| (Constant)          | 4.82   | 0.17 | —       | 28.35 | 0.000** |
| Leader Phubbing     | -0.392 | 0.04 | -0.452  | -9.71 | 0.000** |
| $R^2 = 0.204$       |        |      |         |       |         |
| $F(1, 469) = 94.34$ |        |      |         |       | 0.000** |

Note: \*\* $p < 0.01$  (significant at 99% confidence level).

leadership behaviors may be attributed to leader phubbing, as the model explains 20.4% of the variation ( $R^2 = 0.204$ ) in transformational leadership effectiveness. The overall model significance is supported by the F-statistic (94.34,  $p < 0.01$ ), which shows that leader phubbing

is a significant predictor of transformational leadership.

Emotional Intelligence is positively associated with Transformational Leadership Effectiveness.

**Table 5 Correlation Matrix**

| Variable                       | Mean | SD   | 1       | 2       |
|--------------------------------|------|------|---------|---------|
| 1. Emotional Intelligence      | 4.12 | 0.69 | 1       | 0.586** |
| 2. Transformational Leadership | 3.95 | 0.72 | 0.586** | 1       |

Note: \*\* $p < 0.01$  (two-tailed).

**There is a statistically significant positive link between transformational leadership effectiveness and emotional intelligence**

According to the correlation study, there is a statistically significant positive link between transformational leadership effectiveness and emotional intelligence ( $r = 0.586$ ,  $p < 0.01$ ). This supports the idea that emotionally intelligent leaders

are better at inspiring, motivating, and involving their people. It also implies that transformational leadership behaviours improve as emotional intelligence rises.

A linear regression analysis was performed using Transformational Leadership as the dependent variable and Emotional Intelligence as the independent variable in order to further investigate the relationship between the two. Table 6 displays the findings.

**Table 6: Regression Analysis of Emotional Intelligence on Transformational Leadership**

| Predictor Variable     | B     | SE   | $\beta$ | T     | p-value |
|------------------------|-------|------|---------|-------|---------|
| (Constant)             | 2.81  | 0.21 | —       | 13.38 | 0.000** |
| Emotional Intelligence | 0.725 | 0.05 | 0.586   | 15.02 | 0.000** |
| $R^2 = 0.344$          |       |      |         |       |         |
| $F(1, 469) = 225.60$   |       |      |         |       | 0.000** |

Note: \*\* $p < 0.01$  (significant at 99% confidence level).

There is a high positive correlation between Transformational Leadership Effectiveness and Emotional Intelligence, as confirmed by the regression analysis ( $\beta = 0.586$ ,  $p < 0.01$ ). According to the positive beta coefficient (0.725), Transformational Leadership Effectiveness rises by 0.725 units for every unit increase in Emotional Intelligence. The model demonstrates that emotional intelligence is a significant determinant of leadership success by explaining 34.4% of the variation ( $R^2 = 0.344$ ) in transformational leadership effectiveness. The total model significance is confirmed by the F-statistic (225.60,  $p < 0.01$ ), which further supports the idea that transformational leadership is significantly predicted by emotional intelligence.

### Moderation Analysis & Interpretation

A moderation analysis was carried out using Hayes' PROCESS Model 1 in

order to test H3, which claims that Emotional Intelligence (EI) moderates the negative relationship between Leader Phubbing (LP) and Transformational Leadership (TL), making the negative effect less pronounced for leaders with high EI.

### Model Specification

- Independent Variable (X): Leader Phubbing (LP)
- Moderator (W): Emotional Intelligence (EI)
- Dependent Variable (Y): Transformational Leadership (TL)
- Covariates: Age, Gender, Industry, Experience

The regression analysis assesses whether the interaction term ( $LP \times EI$ ) significantly influences Transformational Leadership.

**Table 7 Moderation Analysis Results Using Hayes' PROCESS Model 1**

| Predictor Variables          | B     | SE   | t     | p-value  | 95% CI (LL, UL) |
|------------------------------|-------|------|-------|----------|-----------------|
| (Constant)                   | 4.10  | 0.22 | 18.64 | 0.000*** | (3.66, 4.54)    |
| Leader Phubbing (LP)         | -0.43 | 0.08 | -5.38 | 0.000*** | (-0.58, -0.28)  |
| Emotional Intelligence (EI)  | 0.61  | 0.07 | 8.71  | 0.000*** | (0.47, 0.75)    |
| $LP \times EI$ (Interaction) | 0.19  | 0.05 | 3.78  | 0.000*** | (0.10, 0.28)    |

Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$  (two-tailed).

Transformational Leadership (TL) is significantly impacted negatively by Leader Phubbing (LP) ( $B = -0.43$ ,  $p < 0.001$ ), indicating that leaders that engage in more phubbing are less effective at transformational leadership. Transformational leadership is significantly positively impacted by emotional intelligence (EI)

( $B = 0.61$ ,  $p < 0.001$ ), indicating that emotionally intelligent leaders exhibit more robust transformational leadership behaviors. The negative impact of Leader Phubbing on Transformational Leadership is moderated by Emotional Intelligence, as seen by the significant interaction term ( $LP \times EI$ ) ( $B = 0.19$ ,  $p < 0.001$ ). The

model's significant predictive performance is demonstrated by the R<sup>2</sup> value of 0.362, which shows that it accounts for 36.2% of the variation in transformational leadership.

**These results demonstrate the value of developing emotional intelligence in leadership development programs.**

The findings show that the negative correlation between Transformational Leadership and Leader Phubbing is moderated by Emotional Intelligence. In particular, phubbing has a less detrimental influence on the efficacy of leaders with higher emotional intelligence than it does on those with lower emotional intelligence, who see a greater decline in transformational leadership behaviors. These results demonstrate the value of developing emotional intelligence in leadership development programs, which aids in leaders' ability to control digital distractions and sustain high levels of performance.

## **Discussion**

The study's conclusions shed important light on the intricate interactions of transformational leadership, emotional intelligence, and leader phubbing. Leaders who regularly participate in phubbing behaviors are less successful in inspiring, motivating, and developing their subordinates, according to the data, which also show that phubbing has a detrimental impact on transformational leadership. According to earlier studies, digital dis-

tractions impair meaningful communication, undermine leader-subordinate trust, and diminish leadership efficacy. The detrimental effect of phubbing on transformational leadership is considerably lessened by emotional intelligence, which moderates this unfavorable link. Stronger self-control, interpersonal awareness, and communication abilities are traits of leaders with higher emotional intelligence, which enables them to lessen the negative impacts of phubbing and preserve their effectiveness as leaders. These results highlight how crucial it is for leaders to receive emotional intelligence training, especially in digital environments where distractions are frequent. Organisations must also put initiatives in place to lessen digital disruptions in leadership interactions. These tactics include cultivating emotionally intelligent leadership cultures, encouraging mindful technology usage, and establishing clear limits for digital communication.

## **Conclusion**

The detrimental impacts of Leader Phubbing on Transformational Leadership are mitigated by Emotional Intelligence, as this study demonstrates. Although leader phubbing dramatically reduces the efficacy of transformational leadership, leaders with greater levels of emotional intelligence are able to counteract this effect and continue to have an impact in spite of digital distractions. These results support the necessity of developing emotionally aware leaders in organisations and have important theoretical and practical ramifications. To improve leaders' capacity to handle digi-

tal distractions while retaining their transformative leadership efficacy, organisations and institutions should include emotional intelligence training into leadership development programs. Future studies could examine cross-industry variances to offer additional industry-specific insights and longitudinal studies to evaluate the long-term effects of digital distractions on leadership effectiveness. Overall, by highlighting the pressing need for emotionally aware leadership in the digital age, this study adds to the expanding body of research on digital distractions in leadership.

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## Communication

# Shifting Priorities: Budgetary Changes in Healthcare System in India

**Vaishali S & Abhishek A**

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### Introduction

A strong healthcare system is vital for a country's development, as it ensures a healthy, productive population capable of contributing actively to economic growth. Accessible and equitable care not only reduces poverty and inequality but also enhances social stability and fosters longer healthier lives. India, a large and diverse country, is marked by socio-economic and cultural disparities (Dhingra & Dutta, 2011). However, the availability, accessibility, and affordability of healthcare facilities in rural areas are far from satisfactory, placing its health indicators critical levels. India has a mixed healthcare system comprising public and private service providers. There is a pressing need for increased public health expenditure to strengthen the health infrastructure, reduce financial hardship and progress towards universal

health coverage (UHC). In India, states are responsible for public health and sanitation including infrastructure, while the Central Government, specifically the Ministry of Health and Family Welfare (MoHFW), focuses on funding major initiatives like the National Health Mission (NHM).

For decades, health policies in India have been shaped by the recommendations of various expert committees, most of which have advocated for increasing the demand-side indicators, such as maintaining an adequate skill mix of health workers, strengthening physical infrastructure at the community level, and reducing maternal and child mortality rates through several healthcare initiatives. Following these recommendations, the government included this in the National Health Policy (NHP) 2017, aiming to increase public health spending as a share of GDP by 2-3% by 2025 (Press Information Bureau, Government of India, 2018). Despite these efforts, the country continues to struggle with shortages and uneven distribution of the health workforce.

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To provide the much-needed boost to the inadequate public health services, one of the largest flagship schemes, the National Rural Health Mission (NRHM) was launched on April 12, 2005. The goal of the NRHM was to strengthen the supply-side factors of the healthcare system, ensuring universal access to equitable, affordable & quality healthcare services that are accountable and responsive to people's needs (Government of India, 2014). Additionally, the mission aims to address a wide range of health determinants such as water, sanitation, education, nutrition, social and gender equality and reduction of out-of-pocket expenditure (OOPE). The mission operates under six broad categories: RCH flexi-pool, Mission-flexi pool, Communicable Diseases, Non-Communicable diseases and National Urban Health mission (NUHM). In order to address the health concerns of the urban populations, the ministry proposed to launch a NUHM on 1<sup>st</sup> May 2013, the aim being to address the health concerns of the urban poor by facilitating equitable access to available health facilities by rationalizing and strengthening of the existing capacity of health delivery for improving the health status of urban poor by establishing and improving the existing urban health infrastructure, urban PHCs/ UHCs. Later the two have been combined and named as National Health Mission (MoHFW, 2013).

Significant achievements under the NHM include reducing the Maternal Mortality Ratio (MMR) from 212 per 100,000 live births in 2007-09 to 97 per 100,000 live births in 2018-20, decreasing the Infant Mortality Rate (IMR) from

58 to 33 per 1,000 live births over the same period, and lowering the Total Fertility Rate (TFR) from 2.9 to 2.0 during 2005 and 2009 (National Health Mission, 2018). Parallely, the Government of India also launched the early health insurance schemes to provide financial assistance for health care.

This article attempts to analyze the trends in government health budget allocations following the implementation of the NHM. It will explore how the financial commitments and priorities have shifted and expanded in response to the goals set by the NHM, with a particular focus on assessing the allocation efficiency and the impact on various health outcomes across India.

### **Evolution of Health Policies in India**

In India, the government has parallely been operating health insurance schemes alongside the NHM to protect lower-income households from financial risks. These schemes have experienced significant expansion since the 2000s. While the modern health insurance schemes have expanded significantly in recent years, the foundation for such programs was laid much earlier. The first health insurance scheme post-independence was introduced in 1954, named the Central Government Health Scheme (CGHS), exclusively for Central Government employees and their respective families. This was later followed by the Maternity Benefit Act of 1961. However, these initial health insurance policies were designed solely for formally registered

government employees with the primary goal of protecting these employees. In 1997, the Parliamentary Committee on Human Resource Development, in their 31<sup>st</sup> report concerning the functioning of Central Government Hospitals under the MoHFW, raised concerns over the inadequate facilities available to treat major life-threatening diseases for economically disadvantaged patients and emphasized the role of public-funded health insurance schemes as a means to protect families from out-of-pocket spending.

Another significant development in this period was the introduction of government-sponsored health insurance programs, which protected households from the high cost associated with inpatient care. The primary objective of these programs has been to provide access to affordable health care to lower-income households. For example, in 2003, the Government of India introduced the Universal Health Insurance Scheme, designed to offer financial protection to lower-income and Below Poverty Line (BPL) households.

In an effort to safeguard the marginalized sections of the population who faced financial risk due to hospitalization and their daily expenses, the Government of India launched the Rashtriya Swasthya Bima Yojana (RSBY). Initiated by the Ministry of Labor, this program aimed to provide affordable and accessible healthcare services, along with insurance coverage for secondary care (Malhi et al., 2020). It also involved the financial assistance of Rs. 30,000 per member up to five members through the

RSBY card. The most notable achievement of the RSBY scheme was its enrolment of around 34 million families, significantly expanding coverage for secondary hospital care. Prior to RSBY, only 5 percent of India's population had health insurance; following the program's implementation, this number doubled to 10 percent (110 million) people, marking a substantial achievement for India (Fan, 2013).

However, RSBY faced several limitations, such as challenges in accessing government subsidies by people from BPL categories due to lack of awareness, missing identification documents, slow processing of applications, and caps on beneficiaries (Kamath & Kamath, 2020; Rao, 2022; Taneja & Taneja, 2016). Owing to these limitations in providing financial protection to the impoverished, several states introduced their own health insurance schemes. This included schemes like Tamil Nadu's Chief Minister's Comprehensive Health Insurance Scheme, Kerala's Karunya Aarogya Suraksha, Maharashtra's Mahatma Jyoti Rao Phule Arogya Yojana, West Bengal's Swasthya Saathi and Gujarat's Mukhyamantri Amrutam Yojana etc., however there were other states who were relying only on the Centre funded health insurance schemes.

### **PM-JAY**

To address the shortcomings of RSBY, the Central Government launched the Ayushman Bharat- Pradhan Mantri Jan Arogya Yojana (PM-JAY) in 2018. This national publicly funded health in-



insurance scheme subsumed the ongoing RSBY and the Senior Citizen health insurance schemes (SCHIS) on 23<sup>rd</sup> September 2018. Ayushman Bharat introduces a comprehensive approach to healthcare, launching two interrelated components: (i) Health and Wellness Centers (HWCs) and (ii) Pradhan Mantri Jan Arogya Yojana (PMJAY). The primary goal of Ayushman Bharat is to ensure health and continuity of care, where PMJAY provides secondary and territorial hospital care, and HWCs are focused on delivering comprehensive primary care for upgrading sub-centers and primary health centers.

The implementation of PM-JAY in India marks a critical step taken towards achieving UHC in India. States are required to establish State Health Agencies (SHAs) and are given the autonomy to choose whether to operate the scheme as an insurance model, a trust model, or a mixed model. PM-JAY, a centrally sponsored scheme is fully funded by the Government with financial contributions divided between Central and state governments as per the guidelines of the Ministry of Finance. The scheme offers health coverage of up to Rs. 5 lakhs per family per year for secondary and territorial hospitalization. It features no restrictions on family size, ensuring that all members, especially girl children and senior citizens, are covered. As an entitlement-based scheme, PM-JAY targets poor and vulnerable families identified through the Socio-Economic Caste Census (SECC) based on deprivation and occupational criteria. The primary objective of the PM-JAY scheme is to reduce

the catastrophic expenditure of poor and vulnerable sections of society as well as to improve access to quality health care by providing financial protection for different secondary and tertiary care hospitalizations for nearly 120 million impoverished families (Joseph et al., 2021).

Over the past five years, PM-JAY has achieved several milestones. As of 2024, more than 35.4 crore Ayushman cards have been issued. Additionally, about 14.6 crore cards have been issued to women, with 49% of the treatments under the scheme utilized by women, and 3.61 crore hospital admissions have been utilized by women, highlighting the scheme's focus on gender equity (PIB, 2024). Budgetary allocations specific to the PM-JAY within the total health budget of Ayushman Bharat are shown in Table 1 (Union Budget, 2024).

### **Shifts in Budgetary Allocations**

However, it has been observed that since the introduction of the PM-JAY scheme, there has been a noticeable shift in the health budgetary allocations toward public-funded health insurance schemes such as PM-JAY, Rashtriya Arogya Nidhi (RAN), Central Government Health Insurance Schemes (CGHIS), Medical Treatment of CGHS Pensioners (PORB) and other formal sector-based insurance schemes. Concurrently, there has been a reduction in the budgetary allocation to schemes like the NHM, which primarily focuses on strengthening public health infrastructure (Fig. 1).

**Table 1: India's Health Budgetary Allocation Towards PM-JAY Scheme**

| Year    | Budget Estimate<br>(crore) | Revised Estimate<br>(crore) | Funds released as<br>part of central share (crore) |
|---------|----------------------------|-----------------------------|----------------------------------------------------|
| 2018-19 | 2400                       | 2160                        | 1849.55                                            |
| 2019-20 | 6400                       | 3200                        | 2992.94                                            |
| 2020-21 | 6400                       | 3100                        | 2544.12                                            |
| 2021-22 | 6400                       | 3199                        | 2940.65                                            |
| 2022-23 | 6412                       | 6412                        | 6048.63                                            |
| 2023-24 | 7200                       | 7200                        | 4553.41                                            |

Source - Unstarred Question No. 7, Ministry of Health and Family Welfare, Lok Sabha, February 2, 2024; PRS.

The recent PRS (2024) report analyzing the 2024-25 health budget of MoHFW showed a significant shift in the budgetary allocations of government from supply side to demand side indicators. In 2024-25, department of health and family welfare was allocated Rs.90,659 crore, which constituted a 13% rise over the revised estimate of 2023-24. The allocation towards NHM constituted 40% of the department's budget in 2024-25. The allocation towards NHM is 14% (Rs.36,000 crore) higher than the revised estimates in 2023-24 (Union Budget, 2024).

However, a careful analysis reveals that despite the importance of NHM for the supply side of health system, central releases towards NHM have been stagnant and decreasing from 2016-17. There was a significant decline in the health budget of NHM from 57% to 38% for the year 2016-17 to 2017-18. Since then, the Central Government's fund allocations have remained stagnant or falling, accounting for less than 40% of total healthcare budget allocation up to 2023-24.

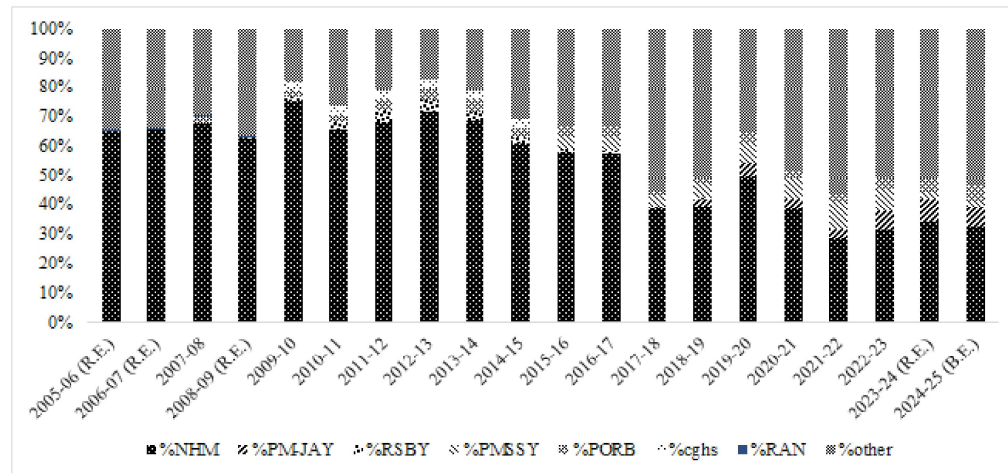
Furthermore, the allocation of funds towards RSBY declined by 325% (a reduction of Rs. 2000 crore) over the re-

vised estimate of 2017-18. In contrast, there has been a noticeable increase in budgetary allocation for Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) at Rs. 3,825 crore marking a 20% increase. Additionally, there was a 5% increase in the health budgetary allocation for formal insurance schemes like CGHS for the year 2017-18. Another significant component which registered a remarkable increase in its funds is the PM-JAY. The allocation for this publicly funded health insurance scheme saw a dramatic rise from its initial budget of Rs. 1997.42 crore in 2018-19 to Rs. 7300 crore in 2023-24, an increase of 265%. Moreover, its share of the overall health budget increased from 2% to 7% from 2018-19 to 2023-24.

### Impact Assessment

The reduction in budget allocation to the NHM raises significant concerns, especially in light of the burden on health infrastructure witnessed during the COVID-19 pandemic. The NHM's goal is to ensure universal access to quality healthcare by enhancing health infrastructure. With a budget cut from Rs 37,165 crore in 2022-2023 to Rs 36,785

Fig. 1: Union health budgetary allocation towards different components of health schemes



Source: <https://www.indiabudget.gov.in>

crore this year, one must question how effectively we can prepare our healthcare system against similar future crises. Current data highlights that, even before the pandemic, there was a substantial burden on health services, with approximately 9,702 individuals per government allopathic doctor and 1,666 people per government hospital bed in India, which is way lesser than what is actually needed.

Additionally, the Reproductive and Child Health (RCH) Flexi pool, which supports maternal and child health, family planning, and the Janani Suraksha Yojana(JSY)—and now also funds immunization and iodine deficiency programs—has experienced funding decreases. This reduction in budget could negatively impact essential health metrics like the MMR and IMR, as these programs are critical in improving these indicators. These financial reductions threaten not only the structural capacity

of healthcare facilities but also the broader goal of improving public health outcomes across the country. Researchers have also raised concerns that the recent budget's reallocation of funds away from NHM towards other areas, such as the establishment of new nursing colleges and a sickle cell anaemia eradication program, while commendable, does not compensate for the overall decrease in funds dedicated to critical public health services. This shift indicates a potentially troubling trend away from strengthening public health systems towards more segmented health initiatives (Gaur, 2023).

### The Way Forward

The assessment reveals that overall, spending on the NHM by the MoHFW has been decreasing over the years while there has been an observed increase in the allocation for Publicly Funded Health Insurance Schemes (PFHIs), primarily

PM-JAY and PMSSY. The current government places greater emphasis on Ayushman Bharat-PM-JAY which is evident in its spending patterns. Since the introduction of PM-JAY up to the fiscal year 2024-25, real-term spending has nearly doubled, growing at an average rate of 18% per annum. It is noteworthy that even though the Centre draws a lot of mileage from these schemes, a higher proportion of the budgetary allocation is still borne by the states, predominantly for healthcare services (The Hindu, 2024).

However, the real question arises: Are these Publicly Funded Health Insurance Schemes (PFHIs) capable of reducing inter-state variations in health indicators and addressing shortages of human resources and medicines? Is the government promoting privatization in hospitalization at the expense of improving its inadequate public health infrastructure or reducing its government health provisions? The potential negative implications associated with government-funded health insurance schemes cannot be ignored.

Several plausible explanations exist for these challenges. First, these PFHIs may not be sufficient to provide complete protection from financial risks to poor households. For example, several studies have indicated that half of the eligible households were unaware of the RSBY scheme, including how and where to enroll (Sinha, 2013). Furthermore, other reviews have reported that despite being enrolled under health insurance schemes, beneficiaries still spend a major propor-

tion of their Out of Pocket Expenditure (OOPE) on medicines and outpatient care (Malhi et al., 2020).

Secondly, studies across several states have found that PFHIs involving empaneled private hospitals often lead to additional financial burdens on patients. These hospitals have been reported to extort money from patients, compel them to purchase medications externally, and incur additional costs for diagnostic and other tests not covered by the insurance (Maurya et al., 2020; Taneja & Taneja, 2016). Concurrently, there is evidence that households have experienced an increase in non-medical health spending. This suggests that while households may have benefited from access to care, the financial relief expected from lower OOPE has not materialized; one way or another, they end up incurring OOPE. A fundamental issue with these health insurance schemes is that policymakers have not adequately explored their practical efficacy at the ground level. There is a disconnect between the intended policy outcomes and the actual experiences of the insured, highlighting a critical gap in the implementation and monitoring of these schemes.

To conclude, PFHI schemes (demand-side indicators) are powerful tools for providing protection from financial risk to poor households. However, supply-side indicators, such as public hospitals, human resources, and equipment—primarily financed through schemes like the NHM—are crucial for our country. The limited coverage of BPL individuals under insurance schemes suggests a fail-

ure of PFHIs to some extent. Although these schemes have reduced out-of-pocket spending, disparities in health equity have become more pronounced. To address this, there is a need for increased government spending on health infrastructure. The government needs to find a way to balance supply and demand-side indicators, as focusing solely on one parameter can exacerbate health inequities. If policymakers aim to engage people as co-creators of value, they must listen to what the populace values and be willing to adjust their approach when it becomes apparent that what people actually value differs from initial expectations (Ecks & Kulkarni, 2023).

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