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War affected youth as consumers of microcredit: An application and extension of the Theory of Planned Behaviour



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ABSTRACT

Youth in war-ravaged countries are particularly vulnerable, and one of their main challenges is finding employment. The majority of youth in such countries encounter limited access to capital supplied by traditional banking institutions. Thus, the purpose of this research is to identify war affected youth's Purchase Intentions of microcredit. The findings of this study will contribute towards encouraging youth in obtaining microcredit and fostering their entrepreneurial activities. The Theory of Planned Behaviour has been generally applied to predict Purchase Intentions, nevertheless we have used a modified version of this theory to design the conceptual model. 1603 responses were obtained from youth in war-affected areas of Sri Lanka. The findings revealed that Positive Affect and Self-Identity were predictors of Purchase Intentions; whereas Perceived Deterrents negatively influenced Purchase Intentions. Additionally, Entrepreneurial Desire seemed to enhance the association between Self-Identity and Purchase Intentions. Entrepreneurial Desire also directly influenced Purchase Intentions. Based on these findings, we have suggested implications to theory and practice so as to effectively market microcredit to youth in war-affected regions.

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1. Introduction

In recent times, marketing scholars have debated that there are gaps between marketing theories and their practice (Brownlie et al., 2007; Baron et al., 2011). The main reason contributing to this gap is that marketing theories are applied across all settings alike despite inconsistencies across contexts (Skålén and Hackley, 2011). Hence it is suggested that research is necessary to evaluate marketing activities in differing contexts, some of which relate customer segments, environments and cultures (Skålén and Hackley, 2011; Baker, 2010). Such research can give a better understanding of disparate customer segments (Baron et al., 2011).

One such customer segment that has gained attention of researchers and practitioners is customers living in humanitarian conditions, such as those in war affected regions (Mansfeld, 1999; Brück, 2004; Prandi, 2011). A large portion of the world's population reside in war affected countries and regions and several economic activities such as production and distribution are carried out there (International Alert, 2005a). Ault and Spicer (2008) highlight that around 730 million people across the globe live in war affected countries. Also, leading multinational companies operate in such environments where they are involved in

marketing activities and also practicing corporate social responsibility initiatives (International Alert, 2005b; Jamali and Mirshak, 2010). Additionally, demand for products and services are ever increasing in war affected regions (Mansfeld, 1999; Beirman, 2003). The above discussion suggests that marketing practices are very relevant in war affected regions. However, scant research has been conducted to investigate issues customers face in such regions.

Thus, the main aim of this study is to investigate Purchase Intentions of microcredit amongst war affected youth, a segment of people who are more vulnerable as compared to other groups of people in war affected regions. The generic marketing theories and models may not be capable of addressing customers' purchasing practices in war affected settings (Mansfeld, 1999; Beirman, 2003; Schippa, 2011). Hence a unique conceptual model is proposed and empirically tested to evaluate youth's Purchase Intentions of microcredit in war affected regions. The proposed model and its findings can possibly be applied to youth and customer segments in war affected areas globally.

2. Literature review

2.1. Rehabilitating war affected youth: a debate from marketing perspective

It is widely argued that youth are tomorrow's leaders and the future prosperity of the world depends on them. However the

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progress of youth tends to vary across different environmental settings (Barber, 2009a, 2009b). More so in humanitarian contexts, such as those affected by war and natural disasters, opportunities available for youth's progress would likely be limited. One such scenario where youth increasingly become vulnerable to limited opportunities is war ravaged regions (Barber, 2009b). In particular, war would have a negative impact on youth's opportunities with respect to their education, vocational training, entry into the labour market and relationships with loved ones. The governments and policy makers have taken numerous initiatives to assist these youth. These include for example provision of higher education and vocational training, setting-up community facilities and increasing care and social support (Peters, 2011; Paulson and Rappleye, 2007). Nevertheless, these initiatives cannot create sustainable and adequate income generation sources for these youth. This then has contributed to youth's anti-social behaviours, the likes of stealing, smuggling, homicide and abduction (Achio and Specht, 2003). Thus, unemployment is a major challenge experienced by youth in war affected countries during and after war.

Encouraging entrepreneurship among these youth during post-war era can be a viable alternative to address their unemployment. Also, youth's entrepreneurship activities during the post-war era can contribute to reconstructing economies affected by war, thus benefiting society at large. However, war-affected youth often encounter limited access to capital, which seems to be a major hindrance to their entrepreneurial activities (Lemmon, 2012; Nagarajan, 1997, 2005). This means that conventional banking institutions tend to have fewer concerns about lending to these youth (Lemmon, 2012; Nagarajan, 2005). It is likely that organisations might perceive disadvantaged people, the likes of war affected youth, as being a curse and burden for business activities. Nevertheless, from a marketing perspective they can be considered as being prospective customers (Schippa, 2011; Prahalad, 2012). This is owing to the fact that they also have needs for products and services as do customers at the top of the market (Schippa, 2011). Hence marketers need to recognise war affected youth as a potential customer segment, design and develop products and services aimed at this segment.

2.2. Relevance of marketing to bottom of pyramid, war affected youth and microcredit

Two-thirds of the world's population survive with an annual per capita income of less than \$1,500, the minimum required to lead a decent life, and this broad segment is identified as the "Bottom of the Pyramid Market" (BOP) (Prahalad, 2010). Providing products to these people would enable them to participate in consumption practices, which in turn could reduce their poverty and improve their standard of living (Wood et al., 2008; Santos and Laczniak, 2009). Serving the BOP markets have contributed to companies' profits and to rebuilding vulnerable people, thus benefiting both business and society. The BOP markets are embodied with poor infrastructure, limited income levels, loose legal framework and insufficient property rights (Anderson et al., 2010), the type of features which are likely to be found in war affected societies. Hence it is possible to assume that majority of war affected youth can be considered as belonging to the bottom of pyramid market. These youth have needs for products, the likes of food, financial products and agricultural equipment (Annan et al., 2013; Maconachie et al., 2012), hence serving these youth might contribute to both business's profits and to youth's well-being. There are organisations including private, government and non-governmental organisations that offer products and services to these youth (International Alert, 2005c). Also, organisations can fulfil their social objectives and corporate social responsibility

initiatives by serving these youth (Prandi, 2011). Additionally, unmet needs of these youth such as lack of capital might contribute to an escalation of youth's antisocial behaviours during the post-war era, which in turn influence business activities including those of multinational companies in war affected regions. Hence some financial products need to be offered to these youth to meet their capital requirements.

It seems that disadvantaged sections of community such as rural communities, marginal farmers and slum dwellers, increasingly meet their capital requirements by availing of microcredit facilities (Kumar, 2012). Ault and Spicer (2008, p. 5) define microcredit as "a model of lending that gives small loans to the poor who lack access to formal financial institutions". It is argued that microcredit institutions need to become more market oriented and to incorporate marketing thoughts including service quality, new product development and customer loyalty (Megicks et al., 2005; Khavul et al., 2013). In response, microcredit institutions have adopted market segmentation approach and developed tailor made microcredit products to identified segments like local farmers and rural women (Meyer, 2013). It is suggested that microcredit needs to be offered to vulnerable youth, like sex workers (Abed and Matin, 2007). Hence microcredit institutions serve sex workers in several countries including Kenya (Odek et al., 2009) and Bangladesh (Abed and Matin, 2007). This market segment has been profitable and also contributed to rehabilitating young sex workers (Odek et al., 2009). In a similar vein, microcredit can be promoted among war affected youth so as to provide them with an alternative source of capital to engage in entrepreneurial activities (Nagarajan, 2005; Harrelson et al., 2008). Nevertheless, such microcredit needs to be offered taking into account the expectations and demands of the youth (Nagarajan, 2005).

Prior to promoting a product or service to particular customer segments, their purchase behaviour and Purchase Intentions of the product and factors influencing Purchase Intentions need investigation (Dibb and Simkin, 2009; Halim and Hamed, 2005). Nevertheless, the generic marketing models and findings would most likely be incapable of evaluating purchase behaviour of customers in deprived contexts the likes of war affected youth (Pitta et al., 2008; Prahalad, 2010; Prandi, 2011). Thus, there appears to be a need to develop a comprehensive theoretical model that can better predict youth's Purchase Intentions of microcredit in war affected contexts. Hence the findings of this study will contribute to the marketing theory and practice in war affected regions.

2.3. Underpinning theories

The Theory of Reasoned Action (TRA) and the Theory of Planned Behaviour (TPB) have been prominently applied to predict Purchase Intentions (Smith et al., 2008; Schmidt, 2010; Mannetti et al., 2002). The Theory of Reasoned Action (TRA) postulates that individuals' intentions would be predictors of their behaviour (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975). It further posits that attitudes towards behaviour and Subjective Norms are antecedents of behavioural intention. Nevertheless, Ajzen (1991) argues that predictive power of the TRA can be reduced, as volitional control over given behaviour is limited. Hence he expanded the TRA by including Perceived Behavioural Control (PBC), such that it can better predict behavioural intentions. He named the revised version as the Theory of Planned Behaviour (TPB). Also, Ajzen (1991) suggests that the TPB is open to further improvement by including additional constructs, if such modification can enhance behavioural intentions. Thus, researchers have modified the TPB to explore Purchase Intentions in response to different products or customer segments (Smith et al., 2008; Verbeke and

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