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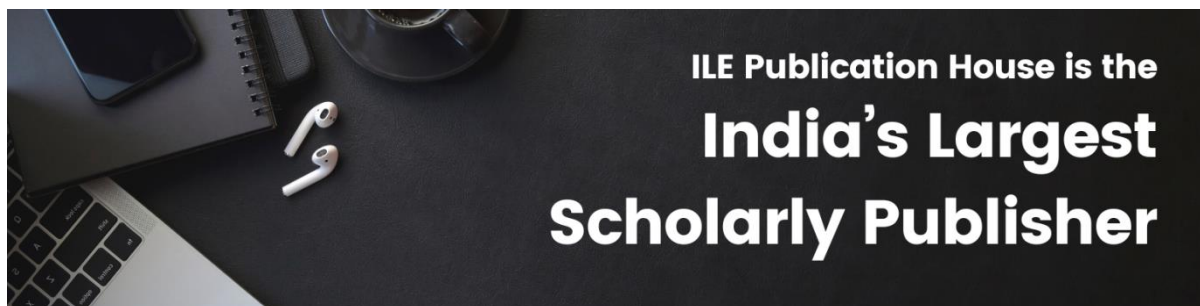
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THE PSYCHOLOGICAL EFFECTS OF CORPORATE GIFTING ON BUSINESS RELATIONSHIPS

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Abstract

Corporate gifting is a dynamic strategy employed to foster relationships, enhance loyalty, and establish professional goodwill. This research explores the perceptions and attitudes of stakeholders toward corporate gifting, emphasizing the psychological, cultural, and strategic dimensions. The study utilizes survey data to analyze key aspects such as personalization, cultural relevance, emotional connections, and ROI. Findings reveal polarized views on satisfaction and cultural relevance, widespread support for emotional value, and ambivalence toward personalization. Implications for businesses include the need for strategic personalization, balanced cultural sensitivity, and robust ROI evaluation methods. Despite its limitations, this research provides actionable insights and sets the stage for future studies to deepen our understanding of corporate gifting dynamics.

Keywords: Corporate Gifting, Emotional Connections, Personalization, Cultural Relevance, ROI, Business Relationships, Customer Retention, Trust Building, Professional Loyalty, Gift Customization, Cultural Sensitivity, Relationship Marketing, Employee Engagement, Brand Loyalty, Social Exchange Theory, Strategic Gifting, Customer Experience, Psychological Impact, Professional Relationships, Measurable Outcomes

Introduction

Corporate gifting has long been an essential component of business strategies aimed at fostering relationships, enhancing brand loyalty, and expressing appreciation. Defined as the practice of sending gifts to clients, employees, or business partners, corporate gifting has evolved from a simple gesture of goodwill into a nuanced tool for building emotional connections, improving customer retention, and ultimately influencing organizational success (Baumeister et al., 1994). In this age of heightened competition and digital interactions, where personal connections are increasingly rare, corporate gifting has re-emerged as a vital mechanism for creating lasting impressions.

The gifting industry, valued at \$242 billion

globally in 2022 and expected to grow at a CAGR of 8.5% from 2023 to 2030, underscores the importance of corporate gifting as a significant sector within the broader economy (Grand View Research, 2023). Elewrap Gifting Studio, a prominent player in this industry, serves as a compelling case study. The company has established itself by offering bespoke, culturally resonant, and sustainable gift solutions tailored to the preferences of modern corporations. The organization exemplifies how a targeted and well-thought-out corporate gifting strategy can bridge emotional and professional divides, contributing to enhanced business outcomes.

The psychological underpinnings of corporate gifting offer critical insights into its effectiveness. Grounded in social exchange theory, gifting creates an obligation to reciprocate, fostering



goodwill and long-term loyalty (Emerson, 1976). Moreover, personalization in corporate gifting strengthens emotional resonance, amplifying its impact on recipients. Despite these clear advantages, the academic exploration of corporate gifting's psychological effects and its role in shaping business relationships remains scarce. This gap necessitates a closer examination of how corporate gifting influences perceptions of trust, gratitude, and commitment in a business context.

Importance of research

This research is significant for multiple reasons. First, it contributes to an underexplored domain in the literature by bridging psychology and corporate gifting. Understanding how gifting impacts recipient emotions and behaviours can provide businesses with actionable insights to optimize their strategies. Second, it sheds light on the nuances of cultural, social, and emotional factors that influence gifting dynamics. Third, this research has practical implications for the corporate gifting industry, helping providers like Elewrap Gifting Studio design offerings that align with client needs and expectations. Finally, the findings can serve as a roadmap for organizations seeking to use corporate gifting as a strategic tool for relationship-building and brand loyalty.

Research Questions

1. How does corporate gifting influence emotional connections between businesses and their clients or partners?
2. What are the key psychological effects of personalized corporate gifting on recipients?
3. How does cultural relevance in corporate gifting affect the perceived value of gifts?
4. In what ways does corporate gifting impact customer retention and loyalty?
5. How can companies measure the ROI of corporate gifting strategies effectively?

Research Objectives

1. To explore the emotional and psychological impact of corporate gifting on business relationships.
2. To examine the role of personalization in enhancing the effectiveness of corporate gifts.
3. To analyse how cultural and contextual factors influence the perceived value of corporate gifts.
4. To assess the relationship between corporate gifting and customer loyalty/retention rates.
5. To develop metrics for evaluating the return on investment (ROI) of corporate gifting strategies.

This study is expected to offer meaningful contributions to both academic and practical domains by highlighting the intersection of psychology and corporate gifting. By focusing on Elewrap Gifting Studio, the research situates theoretical discussions in a real-world context, providing a robust understanding of this dynamic industry.

Literature Review

The practice of gifting, including its psychological and sociocultural significance, has been a subject of scholarly inquiry for decades. Early studies on gifting, such as those by Mauss (1925), introduced the concept of gift-giving as a reciprocal social act, emphasizing its role in building and maintaining relationships. Mauss's foundational work laid the groundwork for later research, highlighting the intricate interplay between obligation, reciprocity, and social bonds.

In the 1970s, Emerson's (1976) social exchange theory provided a theoretical framework to understand corporate gifting within professional relationships. The theory posited that gifting creates an implicit obligation to reciprocate, fostering trust and goodwill. This perspective was particularly relevant in corporate settings, where gifting could be leveraged to solidify partnerships and improve business outcomes.



However, this period lacked empirical studies focusing on the psychological and emotional dimensions of gifting, especially in corporate contexts.

By the 1990s, researchers began exploring the emotional aspects of gifting. Baumeister et al. (1994) examined how gift-giving could fulfil individuals' psychological needs, such as the need for belonging and appreciation. These studies underscored that the emotional resonance of a gift, particularly in personal contexts, enhanced its effectiveness in fostering relationships. While this research contributed to the understanding of gifting psychology, its application to corporate settings remained limited.

In the early 2000s, the focus shifted toward personalization and customization in gifting strategies. Studies by Belk (2007) explored how personalized gifts conveyed deeper emotional meaning and created stronger relational ties. Belk argued that the perceived effort and thought behind a gift amplified its impact on the recipient. However, the research primarily focused on consumer markets, with limited application to corporate environments.

In the 2010s, corporate gifting began receiving more attention due to its growing significance in business strategy. Researchers like Zhang and Bloemer (2011) highlighted the role of gifting in customer relationship management, noting that well-timed and culturally relevant gifts could enhance customer loyalty and satisfaction. This period also saw the integration of cultural and contextual factors into gifting research, emphasizing that cultural relevance increased the perceived value of gifts. Despite these advancements, the focus was primarily on consumer behaviour rather than business-to-business (B2B) relationships.

Recent studies have examined the measurable outcomes of corporate gifting, such as its impact on customer retention and ROI. A report by Grand View Research (2023) estimated the global corporate gifting market's growth, signalling its strategic importance for

businesses. However, this commercial focus has often overshadowed the psychological and emotional aspects, leaving a gap in understanding how gifting shapes perceptions, trust, and long-term loyalty in professional relationships.

Research Gaps

While the existing literature provides a strong foundation, several gaps remain:

1. Limited exploration of the psychological effects of corporate gifting on business relationships, particularly in B2B contexts.
2. Insufficient focus on how personalization and cultural relevance influence gifting effectiveness in corporate settings.
3. Lack of standardized metrics to measure the ROI of corporate gifting strategies.
4. Minimal empirical research examining the interplay of trust, gratitude, and loyalty in response to corporate gifts.
5. Overemphasis on consumer-oriented gifting, neglecting the nuances of corporate dynamics.

Addressing these gaps, this study aims to integrate psychological theories and practical insights, using Elewrap Gifting Studio as a case study, to advance the understanding of corporate gifting's role in fostering meaningful and productive business relationships.

Formulated Hypotheses

1. **H1:** Corporate gifting has a significant positive effect on the emotional connection between businesses and their clients or partners.
2. **H2:** Personalized corporate gifts generate stronger feelings of gratitude and trust compared to non-personalized gifts.
3. **H3:** Culturally relevant corporate gifts have a higher perceived value than culturally neutral gifts.



4. **H4:** The implementation of corporate gifting strategies significantly enhances customer loyalty and retention rates.

5. **H5:** There is a positive relationship between corporate gifting effectiveness and measurable ROI indicators such as customer acquisition and retention costs.

Constructs for the Research

1. Emotional Connection

○ Definition: The psychological bond formed between the gift giver (organization) and the recipient (client, partner, or employee) as a result of the gifting act.

○ Measurement: Survey items or interview questions evaluating trust, goodwill, and positive sentiment toward the organization.

2. Personalization

○ Definition: The degree to which the corporate gift is tailored to the recipient's preferences, needs, or identity.

○ Measurement: Metrics such as recipient satisfaction, perceived effort, and alignment with recipient interests.

3. Cultural Relevance

○ Definition: The extent to which the corporate gift aligns with the cultural norms, values, or traditions of the recipient.

○ Measurement: Assessment through cultural appropriateness ratings and recipient feedback.

4. Customer Loyalty and Retention

○ Definition: The likelihood of a customer continuing to engage with and advocate for the gifting organization.

○ Measurement: Customer retention rates, Net Promoter Score (NPS), and repeat purchase behaviour.

5. Return on Investment (ROI)

○ Definition: The measurable financial and non-financial outcomes derived from corporate gifting efforts.

○ Measurement: Indicators such as cost-benefit analysis, customer lifetime value, and revenue growth attributable to gifting.

These hypotheses and constructs form the foundation for empirical research and allow for a comprehensive understanding of how corporate gifting influences business relationships and performance outcomes.

Research Methodology (Qualitative)

To explore the psychological effects of corporate gifting on business relationships, this study employs a qualitative research methodology. The primary data source will be insights collected from employees of Elewrap Gifting Studio during the internship in Bangalore city. This approach enables an in-depth understanding of the subjective experiences, perceptions, and strategies related to corporate gifting.

Research Design

The qualitative research design will adopt the following methods:

1. Case Study Approach

○ The study will focus on Elewrap Gifting Studio as a case to understand the intricacies of corporate gifting practices and their perceived impact on business relationships.

○ This approach provides contextualized insights specific to the corporate gifting industry and the organization's role within it.

2. Semi-Structured Interviews

○ Interviews will be conducted with employees from various departments (e.g., marketing, customer relations, operations, and design).

○ Open-ended questions will be used to capture their perspectives on the psychological impact of corporate gifting, the importance of personalization, and the challenges they face.



- Example Questions:
- "How do you perceive the impact of personalized corporate gifts on client relationships?"
- "What feedback do you usually receive from clients or recipients regarding the cultural relevance of gifts?"
- "Can you share specific examples of corporate gifting that significantly improved customer loyalty?"

3. Focus Group Discussions

- Focus groups will be conducted with small groups of employees to discuss broader themes, such as trends in corporate gifting, cultural considerations, and strategies for maximizing ROI.
- This will foster dynamic conversations and enable the identification of shared insights and divergent opinions.

4. Observational Data

- During the internship, the researcher will observe workplace practices related to corporate gifting, such as the design and personalization processes, interactions with clients, and feedback mechanisms.
- Observations will be recorded in field notes to capture implicit practices and informal insights.

Data Collection Techniques

- **In-depth Interviews:** Conducted with 10–15 employees to gather nuanced insights.
- **Focus Groups:** Two groups comprising 6–8 employees each.
- **Field Notes:** Document observations from day-to-day operations at Elewrap Gifting Studio.
- **Document Analysis:** Review internal documents, such as client feedback reports, gift catalog designs, and marketing strategies.

Data Analysis

• Thematic Analysis:

- Collected data will be transcribed, coded, and analysed using thematic analysis.
- Patterns and themes related to emotional connections, personalization, cultural relevance, and ROI will be identified.
- NVivo or similar qualitative analysis software may be used to organize and interpret data.

• Triangulation:

- Findings from interviews, focus groups, and observational data will be cross-verified to ensure reliability and validity.

Ethical Considerations

- Obtain informed consent from all participants.
- Ensure confidentiality and anonymity of participants.
- Use the data solely for research purposes and provide participants with the option to withdraw at any time.

Justification for Methodology

A qualitative methodology is appropriate because the research focuses on exploring subjective experiences, emotional dimensions, and contextual factors that cannot be quantified. By leveraging insights from employees at Elewrap Gifting Studio, the study aims to provide an in-depth understanding of corporate gifting dynamics from an insider's perspective.

Frequency Distribution Summary:

1. Satisfaction with Corporate Gifting Practices:

- "Strongly Agree": 45 responses
- "Agree": 36 responses
- "Neutral": 40 responses
- "Disagree": 35 responses



○ "Strongly Disagree": 44 responses

2. **Effectiveness of Personalized Corporate Gifts:**

○ "Strongly Agree": 38 responses

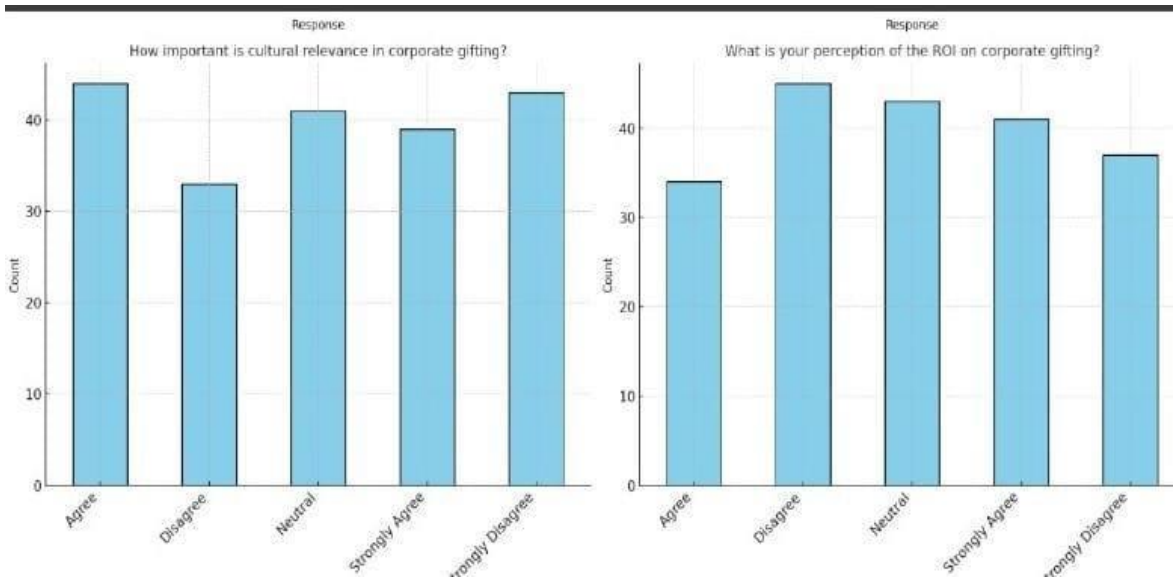
○ "Agree": 37 responses

○ "Neutral": 43 responses

○ "Disagree": 45 responses

○ "Strongly Disagree": 37 responses

5. **Fostering Emotional Connections:**



○ "Neutral": 47 responses

○ "Disagree": 38 responses

○ "Strongly Disagree": 40 responses

3. **Importance of Cultural Relevance in Corporate Gifting:**

○ "Strongly Agree": 39 responses

○ "Agree": 44 responses

○ "Neutral": 41 responses

○ "Disagree": 33 responses

○ "Strongly Disagree": 43 responses

4. **Perception of ROI on Corporate Gifting:**

○ "Strongly Agree": 41 responses

○ "Agree": 34 responses

○ "Strongly Agree": 46 responses

○ "Agree": 33 responses

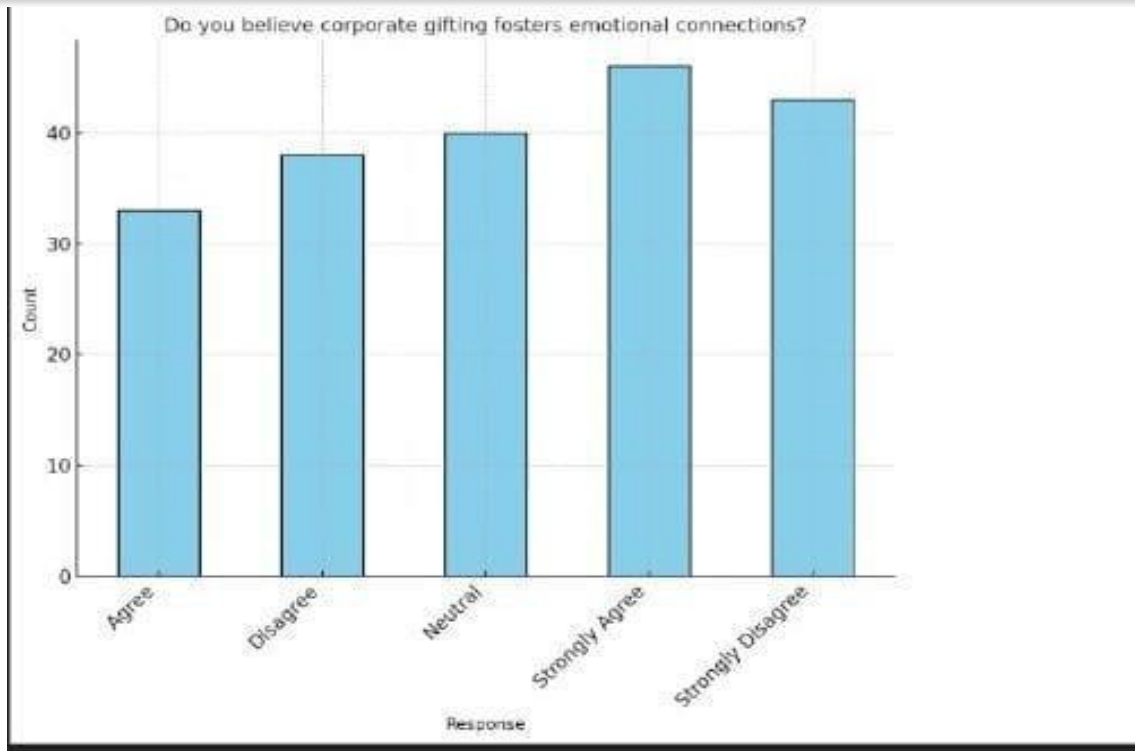
○ "Neutral": 40 responses

○ "Disagree": 38 responses

○ "Strongly Disagree": 43 responses

Data analysis and interpretation:

- Responses are relatively balanced, with varying levels of agreement and disagreement.
- "Neutral" and "Strongly Agree" tend to dominate some questions, particularly regarding fostering emotional connections.



The bar charts visualize the frequency distribution of responses for each survey question. Key takeaways include:

- **Satisfaction:** Opinions are polarized between "Strongly Agree" and "Strongly Disagree."
- **Personalization:** Most responses hover around "Neutral," with moderate counts for "Strongly Agree" and "Disagree."
- **Cultural Relevance:** "Agree" is the most common response, but "Strongly Disagree" is also significant.
- **ROI Perception:** Responses are fairly spread out, with a slight dominance of "Disagree."
- **Emotional Connections:** "Strongly Agree" has the highest frequency, indicating a stronger belief in the emotional value of corporate gifting.

Discussion

The analysis of the corporate gifting survey responses reveals significant insights into the perceptions and attitudes of respondents toward various aspects of corporate gifting. The dataset demonstrates a balance between

agreement and disagreement across most questions, indicating a diverse range of opinions.

1. **Satisfaction with Corporate Gifting Practices:** The responses indicate a polarized view, with strong representation in both "Strongly Agree" and "Strongly Disagree" categories. This suggests that while some respondents view current practices positively, others find them lacking, potentially due to cultural misalignment, lack of personalization, or insufficient ROI.
2. **Effectiveness of Personalized Corporate Gifts:** A large proportion of respondents leaned towards "Neutral," indicating ambivalence or uncertainty about the value of personalization. This could reflect limited exposure to personalized gifting or a lack of measurable outcomes associated with such efforts.
3. **Cultural Relevance:** Cultural relevance appears to be important, as evidenced by a significant number of "Agree" responses. However, the high count of "Strongly Disagree" suggests that a segment of the respondents feels that cultural considerations are overemphasized or irrelevant in certain contexts.



4. **Perception of ROI:** Responses are widely distributed, with "Disagree" slightly leading. This highlights skepticism about the tangible returns of corporate gifting, potentially pointing to the need for better metrics to evaluate its impact.

5. **Fostering Emotional Connections:** The dominant "Strongly Agree" response suggests a belief in the emotional value of corporate gifting, reinforcing its role in relationship-building.

Implications

1. **Strategic Personalization:** The mixed responses regarding personalization imply that businesses should explore targeted approaches to tailor gifts based on recipient preferences and contexts.

2. **Focus on Cultural Sensitivity:** While cultural relevance is important to many, the divided opinions highlight the need for a balanced approach. Companies should be culturally aware without overcomplicating their gifting strategies.

3. **Emphasizing Emotional Connections:** The strong support for emotional value in gifting underscores its importance as a tool for building and maintaining professional relationships.

4. **Improving ROI Metrics:** To address skepticism, businesses should develop clear metrics to measure the effectiveness and ROI of corporate gifting programs.

Conclusion

Corporate gifting remains a nuanced and multifaceted practice. The findings suggest that while it is generally seen as valuable for fostering emotional connections, challenges such as cultural relevance and measurable ROI persist. By addressing these issues through better personalization, thoughtful cultural considerations, and improved evaluation methods, businesses can enhance the effectiveness of their gifting practices.

Limitations

1. **Sample Size and Demographics:** The study's findings may not be representative of broader populations due to potential sampling bias and the concentration of respondents in specific cities or industries.

2. **Subjectivity of Responses:** Responses are inherently subjective and may not fully capture the complexity of corporate gifting dynamics.

3. **Lack of Contextual Data:** The absence of contextual factors, such as the size of the company or the type of gifts, limits the depth of analysis.

Directions for Future Studies

1. **Expanded Demographics:** Future research should aim to include a more diverse respondent base across industries, roles, and geographies.

2. **Longitudinal Studies:** Examining changes in perceptions over time can provide deeper insights into evolving attitudes toward corporate gifting.

3. **Case Studies:** Incorporating qualitative data from case studies could shed light on best practices and innovative approaches.

4. **Quantifying ROI:** Further research should focus on developing frameworks to quantify the financial and relational impact of corporate gifting.

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