PALGRAVE STUDIES IN CROSS-DISCIPLINARY BUSINESS RESEARCH, IN ASSOCIATION WITH EUROMED ACADEMY OF BUSINESS

The Synergy of Business Theory and Practice

Advancing the Practical Application of Scholarly Research

Edited by Alkis Thrassou · Demetris Vrontis
Yaakov Weber · S. M. Riad Shams · Evangelos Tsoukatos

palgrave
macmillan

Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business

Series Editors
Demetris Vrontis
Department of Marketing
University of Nicosia
Nicosia, Cyprus

Yaakov Weber
School of Business Administration
College of Management
Rishon Lezion, Israel

Alkis Thrassou
Department of Marketing
University of Nicosia
Nicosia, Cyprus

S. M. Riad Shams
Newcastle Business School
Northumbria University
Newcastle Upon Tyne, UK

Evangelos Tsoukatos
Department of Accounting and Finance
Hellenic Mediterranean University
Heraklion, Crete, Greece

Reflecting the growing appetite for cross-disciplinary business research, this series aims to explore the prospects of bringing different business disciplines together in order to guide the exploitation of commercial opportunities and the minimization of business risks. Each book in the series will examine a current and pressing theme and consist of a range of perspectives such as HRM, entrepreneurship, strategy and marketing in order to enhance and move our thinking forward on a particular topic.

Contextually the series reflects the increasing need for businesses to move past silo thinking and implement cross-functional and cross-disciplinary strategies. It acts to highlight the emergence of cross-disciplinary business knowledge and its strategic implications.

Published in conjunction with the EuroMed Academy of Business, books will be published annually and based on the best papers from their conferences. Over the last decade EuroMed have developed a cross-disciplinary academic community which comprises more than 30,000 students and scholars from all over the world.

More information about this series at
http://www.palgrave.com/gp/series/15956

Alkis Thrassou
Demetris Vrontis
Yaakov Weber • S. M. Riad Shams
Evangelos Tsoukatos
Editors

The Synergy of Business Theory and Practice

Advancing the Practical Application of Scholarly Research

palgrave
macmillan

Editors
Alkis Thrassou
Department of Marketing
University of Nicosia
Nicosia, Cyprus

Demetris Vrontis
Department of Marketing
University of Nicosia
Nicosia, Cyprus

Yaakov Weber
School of Business Administration
College of Management
Rishon Lezion, Israel

S. M. Riad Shams
Newcastle Business School
Northumbria University
Newcastle Upon Tyne, UK

Evangelos Tsoukatos
Department of Accounting and Finance
Hellenic Mediterranean University
Heraklion, Crete, Greece

ISSN 2523-8167 ISSN 2523-8175 (electronic)
Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business
ISBN 978-3-030-17522-1 ISBN 978-3-030-17523-8 (eBook)
https://doi.org/10.1007/978-3-030-17523-8

This Palgrave Macmillan imprint is published by the registered company Springer Nature Switzerland AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Contents

Notes on Contributors

Stefan Bantscheff is a research assistant in the master's programme Management Control, Finance and Accounting at Pforzheim University, Germany. He is a lecturer in Management Control at Duale Hochschule Baden-Württemberg (DHBW) Stuttgart, Germany. He holds a bachelor's degree and a master's degree in Management Control, Finance and Accounting from Pforzheim University, Germany.

Dolores Sanchez Bengoa serves, since 2016, as the vice-president at the University of Applied Management Studies in Mannheim, Germany. She holds a PhD from Leeds Beckett University, England, and is Professor of International Business and Intercultural Studies. She has undertaken significant research in the fields of intercultural management, intercultural competences, knowledge transfer and management; her over 40 works have appeared in numerous international scientific journals and books, and she has presented papers at various conferences. She also has over 25 years of international experience working as a consultant and living in seven European countries.

Bernd Britzelmaier is Professor of Management Control, Finance and Accounting at Pforzheim University, Germany. He has written and edited 20 books for publishing houses such as Pearson and Springer, and has written a number of papers in the fields of business in China, finance, accounting and management control. He is Associate Editor of the *World Review of Entrepreneurship, Management and Sustainable Development* and serves as a member of several editorial boards.

Michael Christofi holds a PhD in Business Administration from the University of Gloucestershire Business School, Cheltenham, UK. He is Senior Research Fellow in Marketing Strategy and Innovation at the University of Nicosia in Cyprus, having previously served from various R&D, sales and marketing positions within large organisations. His research spans across the fields of corporate social responsibility, cause-related marketing, strategic marketing, product innovation, strategic agility and organisational ambidexterity. His work has appeared in the *Journal of Business Research*, *International Marketing Review, Journal of Services Marketing*, and *Marketing Intelligence & Planning*, among others.

Tandy Christoforou holds a degree in Business Administration with specialisation in Management, and a master's degree with distinction in Business Administration specialised in Marketing and Real Estate. Both degrees were attained from the University of Nicosia, Cyprus, EU. She focuses on research in retail management and specifically omni-channel retailing.

Michael Czinkota teaches international business and trade at the University of Kent and at Georgetown University. He is also the chaired professor emeritus of International Marketing at the University of Birmingham, UK. He has held professorial appointments in Asia, Australia, Europe and the Americas, and served in important positions in the U.S. government during the Reagan and Bush administrations. Having significant industry experience, he is a prominent academic. Among numerous of his publications, he has also authored three leading college texts, and serves on the Global Advisory Board of the American Marketing Association, the Global Council of the American Management Association, and on the Board of Governors of the Academy of Marketing Science (among others). For his work in international business and trade policy, he has been awarded honorary degrees from the Universidad del Pacifico in Peru and the Universidad Pontificia Madre y Maestra in the Dominican Republic, and was named a Distinguished Fellow of the

Academy of Marketing Science, and a Fellow of the Royal Society of Arts in the United Kingdom. He also serves on several major corporate boards, has worked with prominent international corporations and has acted as advisor to the US government, the United Nations and the World Trade Organization.

Klio Dengleri holds a bachelor's degree in Business Management and Economics from the University of Macedonia, in 2009. She also holds an MBA degree from the University of Nicosia, graduating with distinction in 2017. She has seven years of work experience in human resources, marketing and business administration with specific expertise in recruitment, employee training and coaching.

Mariantonietta Fiore is Aggregate Professor in Agricultural Economics at the University of Foggia, Italy. She has held the positions of Expert/Reviewer in Agricultural Economics (Italian Ministry of Agriculture Policies-Ministry of University), Junior Residential Expert (Italian Ministry of Environment, Land and Sea) and Associate Fellow of the EMRBI. She took part in many international conferences, authored over 80 scientific publications and acted as guest editor and member of editorial boards of eminent journals and academic juries. She is vice-scientific coordinator of the SKIN project (H2020) and the scientific manager of national and EU projects. She has gained several scientific awards and professional honours.

Daniel J. Flint is the Regal Professor of Marketing in the Department of Marketing, Haslam College of Business, the University of Tennessee, Knoxville, USA. He has over 20 years of experience publishing extensively in premier journals, numerous other journals, conference proceedings and books. He has deep industry and scholarly experience and is internationally known for his work on business-to-business relationships, customer value, marketing and branding strategy, sustainability as it relates to marketing, corporate identity, supply chain relationships, and innovation. He presents, researches and consults internationally often, including conducting work with innovation entrepreneurs in developing markets.

Irene Gozzo holds an MBA in Marketing and Communication from the University of Verona (2018). She collaborated for one year with the Fondazione Studi Universitari di Vicenza as junior research assistant, and she worked as research scholar at the Polo Scientifico Didattico Studi sull'Impresa, University of Verona, Vicenza campus in Italy. Her main research areas and publications are in the areas of sustainable customer experience and sustainability and digital marketing analysis.

Hans Rüdiger Kaufmann completed his PhD in 1997 after extensive experience in German Bank Management. He has since held many positions for various academic institutions. He became a full professor in 2013 at the University of Nicosia, and since 2016, he is also affiliated with the University of Applied Management Studies Mannheim as Professor and Head of Studies of the BA Management and Leadership. He further served as the president of the international research network on consumer behaviour, CIRCLE, research supervisor at the University of Gloucester Business School and a fellow of Leeds Metropolitan University. He is a member of various esteemed journal editorial boards, a vice-president and research co-ordinator of the EuroMed Research Business Institute (EMRBI) and was a member of the Board of the AMA Global Marketing SIG as Vice Chair Communications. He specialises in consumer behaviour and marketing and is the author/editor of 14 books, 6 electronic books, and many journal papers. In addition, he is an associate editor of the *World Review of Entrepreneurship, Management and Sustainable Development* and a visiting professor at a number of prominent universities internationally.

Petros Lois is a Professor and holds an MSc degree in Accounting from De Montfort University (UK), and a PhD degree from Liverpool John Moores University (UK). He is a Certified Management Accountant (CMA), he holds the Chair of PwC in Business Research at the University of Nicosia, and he is Co-Founder of the Euromed Journal of Business. He is currently the Head of the Department of Accounting. He has also served as the Dean of the School of Business, Director of Academic Affairs Department at the University of Nicosia (Cyprus), and the coordinator of the two professional qualifications namely CIA (Certified Internal Auditors, USA) and CFA (Chartered Financial Analysts, USA). He is a member of the Institute of Certified Management Accountants of Australia (ICMA), the Institute of Marine Engineers, Science and Technology (IMarEST, UK), and the National Book-keepers Association (NBA, USA). He is a member of the Board of Directors of the Cyprus Ports Authority (CPA). His research interests include accounting, working capital management, finance, and shipping (maritime). His research work has been published in international conference proceedings, books and journals.

Musa Manneh holds a BSc and an MSc in Management from the University of the Gambia and Ural Federal University, Russian Federation, respectively. Manneh also acquired an expertise in energy business management and he is a licensed management trainer by the National Accreditation and Quality Assurance Authority of The Gambia. He is the General Manager of Better Future Production, a multimedia firm in Gambia, West Africa. He also doubles as the Managing Director of Knowledge City Gambia Ltd., a subsidiary of the Knowledge City Vienna, Austria. He is also an adjunct lecturer at the School of Business and Public Administration of the University of the Gambia, acting also as a consultant to businesses.

Yioula Melanthiou is an associate professor at the University of Nicosia and holds a PhD in Marketing from the University of Manchester, UK. She is the Head of the Department of Marketing and the Coordinator of Doctoral Programs in Business Administration. She has taught several marketing courses at an undergraduate and postgraduate level and has supervised students at all levels including PhD and DBA. Her primary research interests are in the areas of social media marketing and consumer behaviour. She has published extensively on related topics. She is a chartered marketer and a certified trainer of the Human Resource Development Authority, Cyprus, as well as an expert evaluator for the European Commission. Prior to joining academia, she has worked in the industry as a research executive, research account manager, and marketing consultant.

Tyler Milfeld is a PhD student at the University of Tennessee. Prior to joining the programme, Milfeld's marketing and sales career spanned four leading consumer goods companies—The Hershey Company, Colgate-Palmolive, PepsiCo and Johnson & Johnson. His marketing experience includes roles in brand management, shopper activation, global innovation, global brand equity and customer partnerships. Milfeld holds a dual MBA from the University of Texas and Pontificia Universidad Católica de Chile, and a BA from Northwestern University with a double major in Psychology and Political Science. His research interests include branding, emotion and sustainability.

Debu Mukerji holds PhD in Strategy, Program and Project Management (SKEMA University, France, 2012): MSc (Management, GPA over 3.8 in 4 point scale); Degree in Metallurgy; Post-grad diploma Education; Diploma in Electrical & Mechanical Engineering, 4 years' program. He is Fellow, Engineers Australia, CPEng, in National Engineers Register: Leadership and Management; Professional Fellow Institute of Managers & Leaders (Australia); and Academic Member, Academy of Management USA. He has extensive academic experience at the University of New South Wales, Sydney and other tertiary institutions; draws on his senior executive/professional industry experience at MNEs in manufacturing environment. He has five years Chair roles experience at the Management, Spirituality and Religion entity at the Academy of Management, USA. He is an independent holistic management and leadership capacity development researcher and has ongoing research and publications on sustainability and resilience in complex project management in changing environment. He has growing list of publications of over 70 papers, book chapters and industry reports.

Bridget Satinover Nichols is Associate Professor of Marketing and Sports Business at Northern Kentucky University, USA. Here, she has taught several classes including marketing principles, marketing management, consumer behaviour, sports marketing and research, sports public relations, and sports promotions. Previously she studied at the University of Tampa, USA, and her primary research areas of interests are consumer emotions and behaviour, cause-marketing in sports and food-/health-related marketing.

Maria Paraschaki is a PhD student at the University of Nicosia, Cyprus. She holds an MSc in International Business Management from the University of Surrey, UK, and a BA in Business Administration from the

University of Piraeus, Greece. Her research interests and her professional activities are broadly related to corporate diplomacy, sustainability, globalisation, international business and international organisations management.

Jurgita Paužuolienė is a lecturer at Klaipeda State University of Applied Sciences and Klaipeda University. She holds a PhD in joint doctoral council from five universities: Klaipeda University, Vytautas Magnus University, Mykolas Romeris University, Šiauliai University and Aleksandras Stulginskis University. She has academic, professional and practical experience, and did significant research in the fields of sustainable development, management and organisational culture. She is an expert of competency evaluation and became qualified through various international trainings. She has participated in national and international projects and her over 40 works have appeared in nationally and internationally esteemed scientific journals.

Spyridon Repousis holds a BA degree in Economics from Athens University of Economics and Business, an MSc degree in Banking and Finance from the University of Stirling, Scotland, an MBA degree from the University of Nicosia, Cyprus and a PhD in Economics from the University of Peloponnese. He has taught at the Technological Educational Institute of Patras and is working in a private bank. He has written books about banking and finance in the Greek language and has contributed to books in the English language. Many of his scientific articles have appeared in journals in English, in areas such as banking, finance, fraud and money laundering.

S. M. Riad Shams is Lecturer in marketing at Northumbria University, UK. He has completed his doctoral research from Central Queensland University, Australia. His MBA and BBA (honours in marketing) have been awarded by the University of Dhaka, Bangladesh. He is a research fellow at the EuroMed Academy of Business, EU, and his key research areas are stakeholder relationship management, international marketing, business sustainability, social business and brand management. He has contributed articles to and guest edited for various reputed journals, namely *Journal of International Management*, *Journal of Business Research*, *International Marketing Review* and *Management International*

Review. He is the lead-editor of the Annals of Business Research and has been serving as the track-chair in leading international academic conferences.

Paola Signori is Associate Professor of Marketing in the Department of Business Administration of the University of Verona, Italy. Her research focus is on supply chain sustainability, relationship marketing, corporate identity congruence and digital marketing analysis. Her numerous research projects and publications have a common scope to understand and measure business-to business (B2B) relational dynamics in different global network structures under different contexts and scenarios. She aims to contribute to theory and practice highlighting strategic and operational constraints, limits or barriers, trying to help practitioners to be more resilient and sustainable in their decisions.

Ligita Šimanskienė is a professor at the Management Department of Klaipeda University, Lithuania. She has over 25 years of experience in management: teaching, consulting organisations and doing research. Her research fields are corporate social responsibility, organisational culture, teamwork, cultural differences, and sustainable regional and leadership development. She has long publishing experience with her works having appeared in five different monographs and various methodical guidelines for students. Her articles have appeared in more than 100 publications. She is a scientific editor of a journal and member of scientific boarders of ten different scientific journals in Lithuania and abroad. She is a member of joint Doctoral Council in management and participates in PhD defences as an official reviewer in Lithuania and Latvia.

Suhail Sultan is a lecturer and Director of MBA and EMBA programmes at the Faculty of Business and Economics, Birzeit University, Palestine. He holds a PhD in Business Administration from Maastricht University, the Netherlands. Sultan has extensive consultancy experience with many international organisations in Palestine and the region. He has undertaken significant research in the fields of strategic management, innovation, entrepreneurship and small businesses. Many of his articles have appeared in numerous internationally esteemed scientific journals and books, and he retains strong ties with the industry to help in building their competitiveness.

Loucas Theodorou is a senior Human Resource officer in a banking institution, with more than 17 years of progressive experience in the financial services industry. He holds an MBA from the University of Leicester, UK, and is also a fellow member of the Association of Chartered Certified Accountants, a member of the Institute of Certified Public Accountants of Cyprus, a member of the Chartered Management Institute and a member of the American Bankers Association. Also, he is a professional trainer specialised in delivering training programmes in the areas of compliance, corporate lending, management of non-performing loans, sales culture, customer service, time management, communication, team building and organisational culture.

Alkis Thrassou is a professor at the School of Business, University of Nicosia, Cyprus, EU. He holds a PhD in Strategic Marketing Management from the University of Leeds, UK, and is also a chartered marketer and fellow (FCIM), a chartered construction manager and fellow (FCIOB), a chartered management consultancy surveyor (MRICS) and a senior research fellow of the EuroMed Academy of Business (SFEMAB/EMRBI). He has extensive academic and professional/industry experience, and has undertaken significant research in the fields of strategic marketing, management and customer behaviour. He has published over 120 works in numerous internationally esteemed scientific journals and books, and he retains strong ties with the industry, acting also as a consultant.

Evangelos Tsoukatos teaches management at the Hellenic Mediterranean University, Greece, and is an adjunct faculty at the University of Nicosia, Cyprus, and Hellenic Open University. He holds a BSc in Mathematics from the Aristotle University of Thessaloniki, Greece, a postgraduate diploma and an MSc in Operational Research and a PhD in Management Science from Lancaster University Management School (LUMS), UK. He has authored and edited books and journal special issues, published in scholarly journals, and presented in academic conferences. He is Associate Editor of the *EuroMed Journal of Business* (*EMJB*) and an editorial board member in a number of international scholarly journals.

Demetris Vrontis is a professor and an executive dean at the University of Nicosia, Cyprus, EU. Vrontis is the editor-in-chief of the *EuroMed Journal of Business* (*EMJB*), and the president of the EuroMed Research Business Institute (EMRBI). He has authored about 200 refereed articles and 30 books, and has given numerous presentations in conferences around the globe. Vrontis is a fellow member and certified chartered marketer of the Chartered Institute of Marketing and a chartered business and chartered marketing consultant. He also serves as a consultant and member of Board of Directors to a number of international companies.

Yaakov Weber is a professor and Director of the Research Unit, School of Business Research Center, College of Management, Israel. His publications received more than 5000 citations, and were declared the "second most cited in last five years", "most read" and "most downloaded", during 2017. He got the Outstanding Author Award, and one of his papers was included in the lists of the most important works published in International Bibliography of Sociology. He has served in various editorial positions in leading journals such as *California Management Review*, *Journal of World Business*, *Human Resource Management*, and *British Journal of Management*. He is the founder and president of the EuroMed Research Business Institute and EuroMed Academy of Business. He consults to world large companies, start-ups, industrial associations and more. The international newspaper *Financial Times* invited him to publish his recent book *A Comprehensive Guide for Mergers and Acquisitions* with them; this book was published in 2014.

Erika Župerkienė holds a PhD in Social Sciences and is an associate professor at the Management Department of Klaipeda University. She obtained her PhD in 2008 on the topic, "Improving of the Development of Managers' Personal Qualities and Professional Skills". She has 18 years of experience in teaching and more than 20 years of practical experience in business, as an entrepreneur. She has authored one monograph and three other types of books, with over 30 of her works published in various scientific journals. Her research mainly addresses HR management, leadership and entrepreneurship. She provides training for the staff of Lithuanian private and public sector organizations.

List of Figures

List of Tables

1

Editorial Introduction: The Requisite Bridge from Theory to Practice

Alkis Thrassou, Demetris Vrontis, Yaakov Weber, S. M. Riad Shams, and Evangelos Tsoukatos

A. Thrassou (✉) • D. Vrontis
Department of Marketing, University of Nicosia, Nicosia, Cyprus
e-mail: thrassou.a@unic.ac.cy; Vrontis.d@unic.ac.cy

Y. Weber
School of Business Administration, College of Management,
Rishon Lezion, Israel
e-mail: yweber@bezeqint.net

S. M. R. Shams
Newcastle Business School, Northumbria University,
Newcastle Upon Tyne, UK

E. Tsoukatos
Department of Accounting and Finance, Hellenic Mediterranean University,
Heraklion, Crete, Greece
e-mail: tsoukat@staff.teicrete.gr

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_1

1.1 Book Context and Theoretical Foundations

1.1.1 The Imperative of Practicable Theory: A Strategic Perspective

Amidst an ever-changing, shape-shifting and incessantly value-transforming global business context, organisations are becoming painfully aware that mainstream, time-honoured strategies are becoming increasingly irrelevant and incapable of dealing with new realities (Chebbi et al. 2013; Leonidou et al. 2018). Inescapably and irrevocably, businesses and scholars alike have turned to alternative, innovative, pioneering and exploratory organisational notions, concepts and philosophies, whose practical implementation might present the requisite strategies, tactics, systems and processes to survive and grow in this positively transmuting 'new world'. Organisational ambidexterity (Campanella et al. 2016), strategic reflexivity (Vrontis et al. 2012), the knowledge organisation (Vrontis et al. 2017) and many other notions have been conceived, theoretically developed and practically applied, aiming to align businesses with the direction of rising new forms of markets (Thrassou 2007), with varying degrees of success.

And while scholars and practitioners appear fully aware of these changes and are decisively geared towards successfully, albeit erratically (Thrassou et al. 2012; Bresciani et al. 2013), adapting to these, they also appear to have missed a critical factor of success underlying this process: namely, the rate of change of the business world measured against the rate of interrelationship between theory and practice. More specifically, the lack of congruence and the temporal relation of theory and practice in business have always been a matter of discussion, and an inherent weakness of the field. However, this natural flaw, pertaining to the very nature of science within a social/business/human context, is quietly and elusively becoming the Achilles' heel of contemporary scholarly business research and, by extension, of business in general. To put it more simply, the very incessant change of the business environments globally that theory is trying to scientifically comprehend and master is also the very reason it makes the effort ineffective, since the 'cycle' of realising a phenomenon, researching it and publishing it is far too long for it to be timely utilised in the managerial context. The subsequent sub-section presents some background to this question to end with its contemporary state and issues.

1.1.2 Theoretical Foundations

The relationship between theory and practice has been the subject of rich and complex reflections, and scholars have diachronically blended theory and practice in quite different ways. These relationships have been described as correspondent (Lewin 1943), coordinate (Dutton and Starbuck 1963), complementary (Roethlisberger 1977), parallel (Thomas and Tymon Jr 1982), incommensurable (Sandelands 1990), reciprocal (Craig 1996), conceptually equivalent (Argyris 2000) and methodologically equivalent (Kilduff and Mehra 1997). Society expects that scholarly research will deliver knowledge that can be used in practice. However, over the years, the problem of irrelevance of findings of academic research that are published in scholarly journals has been hotly debated (Brennan 2004; Katsikeas et al. 2004; McKenzie et al. 2002; Varadarajan 2003). Brannick and Coghlan (2006, p. 4) have claimed that '*It appears that the business world is generally ignoring the research and consequent knowledge produced by business schools or academia, since it feels it is irrelevant to its purposes*'.

Contrary, however, to the view that theory is not relevant, summarising, testing, associating, re-evaluating and seeking to describe and understand things—which is what theories do—are absolutely critical for every aspect of our lives. Despite the widespread debate about the practical application of theory, theory is important to the advancement of knowledge and the practical application of ideas. Theory provides the principles that underpin practice, by providing direction for action and rationale for decision-making and help in knowledge building, including the development of concepts and their relationships, the testing of predictions and the uses of research results to modify, support or not support theoretical explanations. The reciprocal relationship between theory and practice is evident, since one continuously tests one's hypotheses and infers new meanings from experience. Theory guides practice, practice tests theory. Theory can inform practice and practice can inform theory. Kumar (2017), thus, agrees that both theory and practice play an important role in furthering knowledge generation.

Theories in the context of business rely upon observation and experiment in order to create a model for business activities. Businesses have much to learn from theory, provided that it is based on data that are repeatedly supported by experiment (Glaser et al. 1968). Due to the unique nature of business-related research that integrates information, theories, concepts and techniques from a range of different disciplines including sociology, economics and psychology, business research tends to examine practical topics rather than be structured around theoretical paradigms. Moreover, academics who are focused on business research establish partnerships involving consultants and other professional service providers in the multi-stakeholder problem-oriented research process. Engaging with these intermediaries bestows important knowledge to the research process, because their business practices often involve connections to organisational practice and deep expertise in bringing external knowledge to organisations and creating accessible knowledge products.

In today's dynamic world, the generation of knowledge is supposed to be happening through a sustainable marriage between theory and practice. This marriage has the potential to provide more than just useful techniques to businesses but rather has the potential to transform organisations for the sustainable benefit of entire societies. Examples include the research funded by Advanced Institute of Management initiative (AIM) in the United Kingdom to be more relevant to policy, competitiveness and practitioner needs. The same applies to the National Science Foundation (NSF) and the National Institutes of Health (NIH) in the United States which funded universities for similar purposes.

And yet, and though still not universally alarming, an increasingly visible widening of the gap between theory and practice is observed throughout the spectrum. Technological, for example, especially internet-based business developments, appear in scientific literature not later than when they always used to. But at the current rate of businesses transformational change, the same delay renders the literature 'old at birth' at best, and 'irrelevant' at worst. And though, as in most cases, the 'disease', its symptoms and its effects are easier to identify than its cure, some propositions can be logically derived at. One of these is the imperative of theoretical research to be—apart from as contemporary as possible—bridging theory and practice in a temporally 'synchronous' (research) fashion, as opposed to the more 'cyclical' (research) diachronically adopted.

Consequently, therefore, this second volume of the series titled 'Palgrave Studies in Cross-Disciplinary Business Research, in Association with EuroMed Academy of Business' focuses on '*The Synergy of Business Theory and Practice: Advancing the practical application of scholarly researc*h'.

1.2 Book Content and Structure

In the spirit of the above, this book comprises a (further) 12 works/chapters that aim at bringing together scholarly thinking and scientific analysis with managerial rationale and practical applications. The works purposefully cover an array of theoretical, industry and geographic contexts; and individually and collectively aim to bridge theory and practice to deliver insights from and towards both ends.

The following chapter (Chap. 2, 'Theoretical Concepts and Practical Applications of Accounting-Related Shared Service Centres in Medium-Sized Firms' by Stefan Bantscheff and Bernd Britzelmaier) focuses on the practice of shared services and its contemporary application to medium-sized companies, which steadily start to implement shared service centres (SSCs). Because there is not much empirical evidence on the topic, the chapter aims to shed light on the design, the implementation and the controlling instruments of an SSC in accounting departments of small- and medium-sized enterprises (SMEs). The work highlights the means and ends of practical application of prevailing theories on the subject, with its nucleus derived from qualitative data. The chapter particularly emphasises the practical application of scholarly research in different business aspects, including organisational concepts, generic processes and economic feasibility studies.

Subsequently, Chap. 3 ('From Theory to Practice of Formal and Informal Palestinian Small Businesses' by Suhail Sultan and Evangelos

Tsoukatos) addresses the characteristics, strengths and weaknesses of Palestinian formal and informal small businesses, thus linking the theoretical to the practical perspective of these business categories in addition to prescribing the needed policies to foster these businesses. It combines a literature review with a mixed-methods study of small businesses from government, private sector, banks and microfinance institutions. The results describe a mixed profile of theoretical and ad-hoc practical behaviours, both in terms of strengths and weaknesses and in relation to aspects such as employment, income generation, labour skills, technology affordability, gender, information, market and finance accessibility, expertise and infrastructure.

Chapter 4 ('A Practicable Implementation of Training and Development in Professional Services: The Case of Accountants in Cyprus' by Loucas Theodorou, Demetris Vrontis and Michael Christofi) aims to identify whether the investment of organisations in training and development (T&D) practices affects the retention of professional accountants in Cyprus, EU. The results show that the congruence between employee interests and training programmes and the level of investment in T&D are the two major elements of T&D that have a significant positive impact on employee retention, with congruence between employee interests and training programmes in comparison with the level of investment in T&D affecting employee retention more. Both elements, however, are found to be significantly important, and the chapter further provides practitioners with guidelines to develop and implement HR and T&D strategies that will assist them to achieve sustainable competitive advantage.

The subsequent chapter (Chap. 5, 'The Role of Organizational Identity in Post-Merger Integration' by Yaakov Weber) investigates the role of people identity in mergers and acquisitions (M&A) performance, through an interdisciplinary and multilevel approach. Identity and the relationships among human resource variables, such as the behaviour of top managers and employees from both companies in M&A, are explored to explain the inconsistencies of findings about M&A performance. The work proposes that identity has direct, and moderate, effects on both sides, especially on acquired managers' attitudes and behaviours, thereby influencing post-merger integration success. It also presents a theoretical framework and related propositions that help to foster future research directions and advance practical implications of this scholarly research for practitioners.

Geographically shifting to the paradigm of an African country, Chap. 6 ('Energy Business in Gambia: An Industry Review for Theoretical and Practical Implications', by Musa Manneh and S. M. Riad Shams) attains a stronger industry perspective and analysis. The chapter undertakes a case study approach to precise the structural foundation of the Gambian energy sector, so as to understand how the sector has become a key contributor of the Gambian economy. The sector's challenges and the government's revitalisation policies to counteract them are presented; following the recent trade and service liberalisation policy, the energy sector is found to be now moving positively forward with continuous investment opportunities. Private sector investment and further energy market developments were also found to positively impact on the growth of the sector and helping reduce the challenges of insecurity and unemployment in Gambia. The chapter, finally, and reversely, moves from the industry analysis to derive theoretical implications for scholarly research.

Chapter 7 ('Sustainable Customer Experience: Bridging Theory and Practice' by Paola Signori, Irene Gozzo, Daniel J. Flint, Tyler Milfeld and Bridget Satinover Nichols) finds sustainability and customer experience to have been extensively developed independently in many countries by many researchers, and also identifies a new emerging link between the two, which lacks a theoretical foundation. The chapter thus aims to highlight connections and gaps on which to build the new definition and framework of Sustainable Customer Experience (SCE). On the managerial side, this research finds that there are many initiatives applied by sustainable enterprises with the scope of stimulating a SCE. However, it advises that practitioners should understand that there are many other touch points to improve their sustainable actions. The work has methodologically adopted a three-step research design of a structured literature review, an analysis of 20 case studies and a customer-focused experiment.

Continuing, the bridging of theory and practice continues in the context of economic crisis conditions and the pharmaceutical industries in Chap. 8 ('Industry Application of Assessment and Forecasting Theories Through Comparative Financial Analysis: The Case of Greek

Pharmaceutical Industries Under Crisis Conditions', by Klio Dengleri, Petros Lois, Alkis Thrassou and Spyridon Repousis). The purpose of this research is to examine the synergy of business theory and practice by a comparative financial analysis of six leading Greek companies in the pharmaceutical industry, during 2000–2016. An analysis of financial ratios is conducted aiming to present the historical evolution of the recent financial indices, to forecast the indicators' values, and, finally, to forecast the bankruptcy possibility. Findings show the negative impact of the prolonged and widespread economic crisis in several ratios, such as liquidity, performance, profitability and valuation. Forecasts of ratios values seem to be closely related to their historical values. Ultimately, the sustainability study and the bankruptcy assessment showed that the examined companies were classified, in the intermediate grey zone, which is located between the healthy and the bankrupt zone.

Chapter 9 ('Industry and Managerial Applications of Internet Marketing Research' by S. M. Riad Shams) follows the inductive constructivist method, to conduct an industry review that analyses the contemporary trends in internet marketing, and develops insights on future research and management direction on the topic. These conceptual insights assist professionals to better align their different value-proposition perspectives and propositions, based on the diverse cross-functional management areas; while academics can use these as a basis for future research. The chapter is also unique in simultaneously offering insights on the future direction of online marketing as a field of industry-based professional practice, and an area of pedagogical management and academic knowledge stream, both for teaching and research.

Adding to the practicable societal aspect of business management, Chap. 10 ('CSR Reporting Practices of Lithuanian and Italian Academic Institutions' by Ligita Šimanskienė, Jurgita Paužuolienė, Erika Župerkienė and Mariantonietta Fiore) refers to the UN Global Compact (UNGC), a global voluntary initiative that aims at supporting sustainable development by creating a system of companies and stakeholders for knowledge and experience transfer. The chapter studies the corporate social responsibility (CSR) reports of Lithuanian and Italian academic institutions, which participate in UNGC, and conducts content analysis, statistical analysis and qualitative research to investigate 14 social responsibility reports of academic institutions submitted in the UNGC, from Lithuania and Italy. The findings highlight how the implementation of the social responsibility protocol can bridge theory and practice, and can provide valuable insights into partnerships, thanks to synergies among public and private sectors as well as the community.

From societal business, Chap. 11 ('The Practicable Aspect of the Omni-Channel Retailing Strategy and Its Impact on Customer Loyalty' by Tandy Christoforou and Yioula Melanthiou) takes us to the more technological aspect of marketing to explore the challenges of an integrated Omni-channel retailing strategy in the 'bricks and clicks' retail cosmetics industry of Cyprus, EU, and the impact of this strategy on the attitudinal perspective of customers' loyalty. Through a qualitative exploratory approach, and specifically a single embedded case study it was found that when a 'brick and click' retailer correctly establishes the Omni-channel retailing strategy, customers' loyalty is positively influenced. Combining theory with empirical findings, the chapter additionally develops an Omni-channel retailing framework that demonstrates the challenges and current capabilities of such a strategy, which are working in a synchronised and integrated manner, and resulting in the unification of the internal operating systems/departments, the integration of all retailing channels and the communication of a consistent brand image.

Chapter 12 ('International Curative Marketing, Corporate and Business Diplomacy: A Triple Application for Migration', by Hans Rüdiger Kaufmann, Maria Paraschaki, Evangelos Tsoukatos, Dolores Sanchez Bengoa and Michael Czinkota) conceptualises the nexus between sustainable corporate policy and globalisation phenomena challenges exemplified by migration. The work develops as a synthesis of extant concepts and through a case study of migration based on document analysis. Through a review of a still scattered and ambiguous body of knowledge in the research stream of corporate and/or business diplomacy, the work suggests a synthesis of the two concepts with International Curative Marketing for practicable sustainable corporate policy. The chapter further suggests a distinction between business and corporate diplomacy complemented by multidisciplinary concepts derived from the curative international marketing paradigm and a distinction between legitimacy and reputation orientated corporate mind set.

Finally, and shifting to the more industry-application end of the bridge between theory and practice, Chap. 13 ('Sustainability in Project Management: Advancing the Synergy of Practice and Theory' by Debu Mukerji) centres on Engineering and Construction (E&C) infrastructure project management to highlight their unique, complex and with historical trends of cost-time overruns and lapses nature. The chapter specifically focuses on people issues in the topic and contributes a strategic project management leadership (SPML) framework with learning/experiencing facilities for leadership capacity development and integration across project management (PM) levels for transformational change. The chapter expects that, with organisational support and over time, the SPML is expected to advance the innovative leadership capacities of the individuals, reduce cost-time overruns, and help cope with the challenges of and opportunities for sustainability.

In conclusion, the above assortment of internally and externally balanced works, in terms of theory and practice, offers a valuable collection of insights of a proposed more apt approach to scholarly works aiming at explicit executive adoption. The book does not claim to offer any final solution to the contemporary congruence issue of theory versus *practice, nor a definitive model of theoretical works towards managerial implementation. It does, however, suggest a composed and equalised approach to theorisation of practice and, reversely, a practicability of theory that signifies a potential new approach to scientific works.*

References

Argyris, C. (2000). The Relevance of Actionable Knowledge for Breaking the Code. In M. Beer & N. Nohria (Eds.), *Breaking the Code of Change*. Boston: Harvard Business School Press.

Brannick, T., & Coghlan, D. (2006). To Know and to Do: Academics' and practitioners' Approaches to Management Research. *Irish Journal of Management, 26*(2), 1.

Brennan, R. (2004). Should We Worry About an Academic-Practitioner Divide in Marketing? *Marketing Intelligence & Planning, 22*(5).

Bresciani, S., Thrassou, A., & Vrontis, D. (2013). Change Through Innovation in Family Businesses: Evidence from an Italian Sample. *World Review of*

Entrepreneurship, Management and Sustainable Development, 9(2), 195–215. (ISSN: 1746-0573 Inderscience).
Campanella, F., Del Giudice, M., Thrassou, A., & Vrontis, D. (2016). Ambidextrous Organizations in the Banking Sector: An Empirical Verification on Banks' Performance and Conceptual Development. *International Journal of Human Resource Management*. https://doi.org/10.1080/09585192.2016.1239122
Chebbi, H., Yahiaoui, D., Thrassou, A., & Vrontis, D. (2013). The Exploration Activity's Added Value into the Innovation Process. *Global Business and Economics Review, 15*(2/3), 265–278. (ISSN: 1097-4954, Inderscience). https://doi.org/10.1504/GBER.2013.053073
Craig, R. T. (1996). Practical Theory: A Reply to Sandelands. *Journal for the Theory of Social Behaviour, 26*(1), 65–79.
Dutton, J. M., & Starbuck, W. H. (1963). On Managers and Theories. *Management International, 6*, 1–11.
Glaser, B. G., Strauss, A. L., & Strutzel, E. (1968). The Discovery of Grounded Theory; Strategies for Qualitative Research. *Nursing Research, 17*(4), 364.
Katsikeas, C. S., Matthew, M. J., & Hulbert, J. M. (2004). In Search of Relevance and Rigour for Research in Marketing. *Marketing Intelligence & Planning, 22*(5), 568–578.
Kilduff, M., & Mehra, A. (1997). Postmodernism and Organizational Research. *Academy of Management Review, 22*(2), 453–481.
Kumar, V. (2017). Integrating Theory and Practice in Marketing. *Journal of Marketing, 81*(2), 1–7.
Leonidou, E., Christofi, M., Vrontis, D., & Thrassou, A. (2018). An Integrative Framework of Stakeholder Engagement for Innovation Management and Entrepreneurship Development. *Journal of Business Research*. https://doi.org/10.1016/j.jbusres.2018.11.054
Lewin, K. (1943). Psychology and the Process of Group Living. *The Journal of Social Psychology, 17*(1), 113–131.
McKenzie, C. J., Wright, S., Ball, D. F., & Baron, P. J. (2002). The Publications of Marketing Faculty–Who Are we Really Talking to? *European Journal of Marketing, 36*(11/12), 1196–1208.
Roethlisberger, F. J. (1977). *The Elusive Phenomena*. Cambridge, MA: Harvard University Press.
Sandelands, L. E. (1990). What Is So Practical About Theory? Lewin Revisited. *Journal for the Theory of Social Behaviour, 20*, 235–362.

Thomas, K. W., & Tymon, W. G., Jr. (1982). Necessary Properties of Relevant Research: Lessons from Recent Criticisms of the Organizational Sciences. *Academy of Management Review, 7*(3), 345–352.

Thrassou, A. (2007). Doing Business in the Industrialised Countries, Chapter 13. In M. Katsioloudes & S. Hadjidakis (Eds.), *International Business – A Global Perspective* (pp. 439–483). Oxford: Butterworth-Heinemann. isbn:978-0-7506-7983-1.

Thrassou, A., Vrontis, D., Chebbi, H., & Yahiaoui, D. (2012). A Preliminary Strategic Marketing Framework for New Product Development. *Journal of Transnational Management, 17*(1), 21–44. (ISSN: 1547-5778 – Routledge, Taylor and Francis).

Varadarajan, P. R. (2003). Musings on Relevance and Rigor of Scholarly Research in Marketing. *Journal of the Academy of Marketing Science, 31*(4), 368–376.

Vrontis, D., Thrassou, A., Chebbi, H., & Yahiaoui, D. (2012). Transcending Innovativeness Towards Strategic Reflexivity. *Qualitative Market Research: An International Journal, 15*(4), 420–437. https://doi.org/10.1108/13522751211257097

Vrontis, D., Thrassou, A., Santoro, G., & Papa, A. (2017). Ambidexterity, External Knowledge and Performance in Knowledge-Intensive Firms. *Journal of Technology Transfer, 42*(2), 374–388. https://doi.org/10.1007/s10961-016-9502-7

2

Theoretical Concepts and Practical Applications of Accounting-Related Shared Service Centres in Medium-Sized Firms

Stefan Bantscheff and Bernd Britzelmaier

2.1 Introduction

The basic idea of shared service centres (SSCs) is to bundle corporate group functions like accounting, information technology (IT) or human resources (HR) in order to achieve mainly efficiency and quality improvement goals. The need to remain competitive forces companies to constantly search for cost reductions, more efficiency and effectiveness, which lead to a significant amount of scholarly research (Gospel and Sako 2010; Richter and Brühl 2017; Maatman and Meijerink 2017). A vast number of large companies worldwide have benefited from using shared service centres during the last few decades. According to the study of Reimann and Möller (2013), 74% of the 102 companies with the highest turnover in Germany, Austria and Switzerland run a shared service centre.

Due to its success, this approach has been also gaining increasing attention from medium-sized companies, which started to implement

S. Bantscheff • B. Britzelmaier (✉)
Pforzheim University, Pforzheim, Germany
e-mail: s.bantscheff@gmx.de; Bernd.britzelmaier@hs-pforzheim.de

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_2

shared service centres too (Suska et al. 2014). As the study of Reimann and Wolff (2014) shows, 53% of 121 respondent medium-sized companies in Germany already run an SSC. Another 7% of this sample plans to introduce one in the future. Despite increasing awareness in medium-sized companies, there is only one study that investigated SSC for medium-sized companies (Reimann and Wolff 2014). The central question of this study was the degree of SSC implementation in Germany. Up until now, there is no study that describes how the companies in the medium-sized sector actually design their SSCs and to what extent they apply concepts introduced by scholars. In order to bridge this gap, the purpose of our study is to explore the design, implementation and control instruments of an accounting-related SSC in medium-sized companies of Baden-Württemberg.

2.2 Literature Review

2.2.1 Characteristics of Small and Medium-Sized Enterprises (SMEs)

There is no uniform definition of SMEs in literature. In general, the existing concepts try to describe SMEs by using quantitative and qualitative characteristics. Table 2.1 shows the most popular quantitative definitions to distinguish SMEs from other companies.

Table 2.1 Quantitative definitions for SMEs in Germany and the EU

Definition	Turnover in Euro	Number of employees	Balance sheet total in Euro
Institut für Mittelstandsforschung (IfM) Bonn	<50 m[a]	<500[a]	–
German commercial code	0.7–32.12 m	10–250	0.35–16.06 m
European commission	2–<50 m	10–249	2–<43 m
Europäisches Kompetenzzentrum für angewandte Mittelstandsforschung (EKAM)	≤600 m	≤3.000	–

[a]Need to be fulfilled at the same time

Besides quantitative criteria, qualitative ones are used to describe and define SMEs. Among them, important ones are (Welter et al. 2015; Britzelmaier 2013):

- Strong impact of the entrepreneur on the company
  - Directly by unity of ownership and management
  - Indirectly by holding large portions of the company shares (often family business)
- Absence of capital market orientation
  - But: SMEs increasingly strengthen their equity base by going public without losing their SME-specific characteristics
- Organisational structure
  - Flat hierarchies
  - Limited standardised processes

The enormous importance of SMEs is expressed through the following figures: in 2016 there were 3.46 million SMEs in Germany, which accounted 99.5% of all German companies. Almost 60% of all employees in Germany work for an SME (IfM 2016). In order to generate cost advantages, usually high transaction volumes are required. Hence, shared service centres are particularly relevant for companies that have an appropriate size. For that reason, to define SMEs, we used a definition similar to that of Reimann and Wolff (2014), who used just quantitative criteria, namely a turnover between 200 million and 7000 million Euro and at least 1000 employees. To exclude large companies and to set the turnover hurdle closer to the abovementioned definitions, our thresholds are a turnover between 200 million and 4000 million Euro and at least 1000 employees.

2.2.2 Shared Service Centre

Shared services or shared service centres (SSCs) represent a particular type of organisation unit that bundles corporate group functions like accounting or HR to achieve efficiency and quality improvement goals and provide specific pre-defined services to other operational units (Joha and Janssen 2014; Bergeron 2003; Borman 2008). Even though a lot of publications focusing on SSC exist, there is no consistent understanding of it in science and practice (Schulz and Brenner 2010; Sterzenbach 2010). In general, there is a widespread consensus that an SSC is an organisational unit that provides supporting processes for internal and also possibly for external customers (Fritze 2013; Kagelmann 2001; Brühl et al. 2017). Out of a literature review, Schulz and Brenner (2010) analysed several definitions of SSC and summarised the main characteristics associated with SSC:

Consolidation of Processes

In decentralised organisations, each unit has to carry out its own support services. The aim of a consolidation of processes is to prevent redundant work and to achieve synergy (Martín-Pérez and Berger 2004; Wang and Wang 2007).

Exclusively Engaged in Support Services

SSCs are focused on support services which are non-core activities/processes (Minaar and Vosselman 2013). Support services can be divided into transaction-oriented processes and complex, knowledge-based processes (Weber and Gschmack 2012; Goold et al. 2001). Depending on the type of process, the SSC can be distinguished into Centre of Scale (CoS) and Centre of Expertise (CoE) (Su et al. 2009; Mergy and Records 2001; Harritz 2018). Transaction-oriented processes are characterised by their repetitive, simple and quantity-intensive character. Furthermore, they have a low process combination and a high degree of standardisation that shows a high potential for automation (Brühl et al. 2017; Quinn et al. 2000). Knowledge- or expertise-based processes require a specific or technical knowledge and are exercised by qualified employees. The volume of these kinds of processes is lower than that of transaction-based processes. The basic idea is to bundle expensive expertise and to generate specialisation advantages (Quinn et al. 2000; Becker et al. 2009; Maatman and Meijerink 2017).

Reduction of Costs

According to the studies of Kagelmann (2001), Suska et al. (2014), Deloitte (2017) and Schulz and Brenner (2010), the main goal of most of the companies is to reduce their costs based on synergy effects, optimising, standardising and automating processes, and an increase of cost awareness. In literature, average savings of 25–30% are not unusual (Becker et al. 2009; Fischer et al. 2017). In practice, multinational firms like Siemens, Reuters, DHL and ZTE have announced cost savings from 20% to 50% (Jereb, et al. 2009; Kleinfeld et al. 2005; Lacity and Fox 2008; Li 2016).

Service-Oriented Focus on Internal Clients and Alignment to External Competitors

SSCs are focused on internal customers and strive to improve their services continuously. The aim is to provide at least the same quality as provided by external competitors at market-based prices. For that reason, the SSCs should align themselves to external competitors (Michel and Kirchberg 2008; Deimel 2008).

Independent Organisation and Operate Like a Normal Business

Many of the definitions analysed describe the SSC as a single and sole entity, which should be clearly separated from other areas, with its own responsibilities and management but still be a wholly owned subsidiary of the group. Therefore, the term "partially autonomous" has often been used in many definitions (Bergeron 2003; Harritz 2016). The objectives of an SSC are usually based on the individual business situation and the general conditions within the company (Bader 2008). Basically, four potential implementation target dimensions can be distinguished (Kagelmann 2001; Weber et al. 2012): financial, process related, employee related and customer related. As the studies of Reimann and Möller

(2013), Suska et al. (2014) and Deloitte (2017) show, for most of the larger companies, cost reduction is the main motivation to implement an SSC. According to the study of Reimann and Wolff (2014), the focus of SMEs lies on improving and stabilising their processes as well as their immediate in- and output factors. In particular, improving the process quality is a main argument for many SMEs to implement an SSC. Furthermore, focusing on core competencies and reducing process throughput are important process-related goals. The employee-related target dimension is intended to ensure long-term growth as well as continuous improvement. In particular, the focus of this goal is on the increasing motivation of employees as well as improved knowledge management (Sterzenbach 2010; Kagelmann 2001). The most important customer-related objectives are the creation of an internal customer-supplier relationship and an enhancement of service orientation (Kagelmann 2001).

2.2.3 Findings of Previous Studies

The first empirically based study on the topic was published by Kagelmann in 2001. As part of his dissertation, he researched "shared services as an alternative form of organisation – using the example of the finance function in a multinational corporation." Thereby, he focused on the conceptual design of shared service centres as well as on a comparison with other forms of organisation. In their study, "Controlling of Shared Service Centres – Results of an Empirical Study in German Companies" of 2006, Fischer and Sterzenbach primarily focused on the identification of suitable locations and processes as well as on the control of SSCs. The main focus of the study "Shared Service Centre – the 2nd Generation" by Suska et al. (PwC) (2011) was the performance measurement of the already existing SSC. In addition, the study tried to identify which further improvement potentials are already "in the pipeline" in existing SSCs and how an efficient implementation of new SSCs can be designed in the future.

In 2013, the study "Shared Services for Controlling Processes – Result of an Empirical Survey on Status Quo and Perspectives" by Reimann (KPMG) and Möller (University of St Gallen) was published. The study focuses on the question of the current state of implementation of SSC in the DACH region (DACH stands for Deutschland, Austria and Confoederatio Helvetica, thus Germany, Austria and Switzerland, usually not mentioning but also including Liechtenstein), as well as its distribution, design features and objectives. In addition, the questions were to clarify which controlling processes are suitable for an SSC and which relevant design factors and design features these processes should have. The thesis of Sterzenbach entitled "Shared Service Centre Controlling – Theoretical Design and Empirical Findings in German Companies" of 2010 refers to the study conducted by Fischer and Sterzenbach in 2006. The focus of this work is on the theoretical foundation of the SSC concept as well as the development of controlling instruments for this organisational form. In Table 2.2, the analysed empirical studies are shown.

Table 2.2 Overview empirical studies about shared service centre

Year	Author	Title	Sample size
2001	Kagelmann, Uwe	Shared services as alternative forms of organisation	33 companies worldwide. Focus on companies with more than 10 billion DM sales.
2006	Fischer, Thomas; Sterzenbach, Sven	Controlling of shared service centers—results of an empirical study in German companies	58 companies in Germany that count to the top 500 highest turnover companies.
2008	Borman, Mark	The design and success of shared services centre	Qualitative study with 11 executives of shared services in Australia
2010	Schulz, Veit; Brenner, Walter	Characteristics of shared service centers	Scanned a database containing leading journals and periodicals, for the terms "shared service center(re)", "shared service organiz(s)ation" and "shared services" in citations and abstracts, with a focus on papers published in scientific journals or at scientific conferences, yielding 185 results

(*continued*)

Table 2.2 (continued)

Year	Author	Title	Sample size
2011	Suska, Michael: Zitzen, Christian; Enders, Wolfgang (PwC)	Shared service centers—"the second generation"	127 companies worldwide that have already at least implemented one SSC. Blue-chip-companies have been prioritised.
2013	Reinmann, Andreas; Möller, Klaus (KPMG)	Shared services for controlling processes: Results of an empirical survey on status quo and perspectives	102 companies from Germany, Switzerland and Austria, that rank to the 1000 highest turnover companies in the DACH-region
2014	Reimann, Andreas: Wolff, Michael (KPMG)	Shared service center in medium-sized companies: Results of an empirical study on implementation status and challenges	121 medium-sized companies with a turover between 200 mio. And 7000 mio. Euro and at least 1000 employees
2014	Suska, Michael: Mänz, Christiane; Zitzen, Christian (PwC)	Shared services—The edge over	100 companies worldwide. The majority of the participating companies (80 percent) generated a billion in sales in 2013. Of these companies, 34 percent belonged to the fortune global 500.
2015	Fried, Andreas; Noldus, Simon (Rheinische Fachhochschule Köln)	Shared Services 2020—Development trends in the bundling of administrative activities and services for companies based in Germany	Qualitative exploratory study with 10 executives of shared services from major German companies and leading consultancies
2017	Deloitte	2017 global shared services survey executive summary	330 companies from 37 countries.
2017	Richter, Philipp Clemens; Brühl. Rolf	Shared service center research: A review of the past, present, and future	Literature review: 137 works in the initial search and 83 works in a refined screen

In summary, it can be stated that most of the studies, books and papers analysed relate to the dissemination of the SSC concept, the level of implementation, the preferred locations and the success factors of the implementation. Almost all studies focus on large companies, but only the one from Reimann and Wolff (2014) refers to SMEs. The research questions in this study are about the implementation status of SSCs in SMEs and the goals of and the functions transferred to an SSC. In addition, they addressed the challenges of the implementation. One hundred and twenty-one SMEs participated in this study (participation rate 61%), which used an online questionnaire. The difficulty associated with this kind of research is that the researcher has, based on the standardised form, no or very limited possibilities to respond on new findings or interesting topics. Finally, the Reimann and Wolff study is a general, not very detailed, study. In addition, the analysis of the identified studies shows that only two studies (Kagelmann 2001; Reimann and Möller 2013) are area specific. A study that addresses only SSCs in accounting could not be found.

2.3 Research Design

The literature review shows that there is further need to investigate the topic. In order to bridge the gap derived from literature reviews, the purpose of this study is to explore the design, the implementation and the control instruments of an accounting-related SSC in medium-sized companies of Baden-Württemberg. Hence, the main research questions of this study are as follows:

- "Which conceptual considerations have to be taken into account during the planning period of a shared service centre?"
- "How can a shared service centre be implemented and what needs to be considered here?"
- "Which controlling instruments are suitable for shared service centres?"

Since there is still a lack of a general theory, an explorative qualitative research design fits best here. Based on literature and existing studies, we used semi-structured interviews, which were conducted with eight experts from different companies and two business consultants in the period between June and August 2017. In order to find out if the questions are clearly formulated and comprehensive and the duration of one hour for the interview is sufficient, a pre-test with the head of an SSC from a large German company was conducted. Twenty-two companies, which fulfil the criteria of SMEs according to the definition in this chapter, and four consultants were contacted. Eight company experts and two consultants agreed to be interviewed. This represents a response rate of 36% (companies) and 50% (consultants). The advantage of an interview is that the interviewer can lead the interview flexible and has the possibility to ask in-depth questions, if necessary (Döring and Bortz 2016). This is needed to get a deeper understanding of the complex topic and to gain new knowledge. The interview was followed by an interview protocol transcript to ensure not to overlook unique aspects (Firestone and Herriott 1983). The interview transcript consists of three major parts: conception, implementation and controlling. The generated data were processed following the qualitative content analysis of Gläser and Laudel (2010). The generated data were classified into three main categories: conception, implementation and controlling. Also, the main categories conception and implementation were divided into further sub-categories.

2.4 Findings: Conception of Shared Service Centres

The conception of an SSC is fundamental for its later implementation. Key issues in the study concerning the conception area were definitions, objectives, the appraisal of the business case and the design as well as the infrastructure.

2.4.1 Definition and Objectives

Results of the study show that the company-specific understanding and the defined objectives build the frame of the conception. Only by clearly defining the objectives of the SSC, it is possible to choose the appropriate migrating processes, locations or the employees and to put them into operation successfully. If the focus of the SSC is cost reduction, it is recommendable to transfer simple, repetitive processes to the SSC (CoS) and search for a location with low labour cost. In case of complex tasks that are related to a corresponding expertise and that need to be processed in the SSC, the qualification of employees plays a crucial role.

Among the interviewees, a relatively generic comprehension of SSC is widespread. Business experts use the term SSC to describe an organisational unit in which processes and services are bundled, that used to be decentralised before. Legal structures seem to be less important. Therefore, departments within the accounting function are often labelled as shared service centre. Characteristics such as the competitiveness of the SSC or the (partial) independence of the SSC from the mother company were not mentioned by any of the business experts (Deimel 2008; Michel and Kirchberg 2008; Schulz and Brenner 2010).

The most commonly mentioned objectives of the SSC are efficiency and effectiveness increase as well as the enhancement of process quality. By bundling processes into a centralised unit, it is possible to standardise, automatise and continuously optimise the related processes more easily, which will ultimately lead to cost saving. Furthermore, it is possible to increase process stability by introducing an SSC. Sick leaves, holiday-related absence and increases in workload can also be intercepted easier within the SSC. One of the consultants summed up that an SSC could generate an important competitive advantage.

2.4.2 Implementation Process

For the introduction of the SSCs, in each company a corresponding project team was put together. The staffing of these teams varied from company to company. However in every case the responsible employee within the SSC as well as employee of the receiving unit should be part of the team. This should ensure an improved communication and, at the same time, serve as a confidence-building measure. Furthermore, it was recommended to include members of the concerned companies and employees of IT and human resources units in the implementation team. This should also ensure the correct recognition and proper optimisation of processes in the Enterprise-Resource-Planning (ERP) system. New employees also must be hired corresponding to their defined qualifications and skills and new employment contracts should be put in place. If the introduction of the SSC leads to termination of employees, the expertise of the human resources unit in the field of employment law will be in demand.

Besides the operative project team, three of the eight companies established a Steering Committee for the implementation of the SSC including executive employees of the companies. The Steering Committee monitors the progress of the implementation process and assists the operative project team in case of potentially occurring critical questions. Overall, the implementation process at the respondent companies took between six and eighteen months. Influential factors for the implementation duration were especially the complexity and the size of the unit to be migrated.

2.4.3 Economic Efficiency Calculation

Since the implementation of the SSC is a risky project that combines not only monetary but also human resources, it is important to assess ex ante whether this effort really pays off. All companies participating in the study have prepared a profitability calculation. However, these differ in method and level of detail. Six out of these eight company experts say that they have carried out a cost comparison calculation. In doing so, the original actual costs were compared with the savings potential (synergies) generated by the SSC and the associated introductory costs (investments in infrastructure, training of employees, etc.). A remarkable cost driver is employee compensations, which can affect the amortisation period substantially. Only two companies used the net present value method to appraise the business case.

2.4.4 Design of the Shared Service Centre

There are several aspects to consider when designing the shared service centre. The experts were asked about the following points:

- Selection of the processes to be migrated
- Composition, structure and third-party business

- Service level agreements (SLAs)
- Infrastructure

Selection of the Processes to Be Migrated

According to one of the consultants, 60–100% of the accounting functions could be centralised in an SSC. The selection of the suitable processes to be migrated depends on the maturity of the SSC. Most experts agree that, in the early days, simple, transactional and repetitive processes that have a high standardisation and automation potential should be transferred to the SSC. Examples are invoice verification, incoming payment processing or dunning. With increasing professionalism, the CoS can evolve into a CoE and take over more complex tasks such as the preparation of financial statements or general ledger accounting. Furthermore, before the transformation of the processes, the digital possibilities to automate and optimise the identified processes should be checked and evaluated.

Structure and Reporting Structure

The size and structure of the SSC typically depend on the number and size of service-receiving units and the number of processes to be adopted. Overall, the survey shows a very heterogeneous picture regarding the size and structure of the SSC in accounting. Four of the surveyed companies are relatively small SSCs, with fewer than ten employees. The largest SSC has 100 employees, while the other two companies have between 20 and 30 employees. Especially at the small SSC, the tasks range from the receipt of the invoice to the preparation of the financial statements. This shows that the concepts of CoS and CoE in business practice are often not clearly distinguishable from each other. It also shows that smaller SSCs often use mixed forms of the two concepts. Depending on the size of the SSC, different substructures result. While larger SSCs often have responsibilities regulated by division, country or region, there is typically no such division in smaller SSCs. Consequently, in these cases, there is a flat hierarchy in which the person in charge of the SSC reports to the accounting officer or directly to the head of finance.

The legal and economic structure also depends on the maturity of the SSC and the services provided there. Basically, the legal structure of the SSC offers various possibilities. Thus, the SSC can be affiliated to a department such as accounting, implemented as a separate department or founded as a legally independent company. As the experience of the two consultants shows, medium-sized companies usually start to set up their SSCs as an own cost centre. If the scope of the processes to be provided increases over time or if additional processes from areas such as IT or HR are bundled in the SSC, it may be worthwhile for small and medium-sized enterprises to build up their own legal entities. All three options were identified within our study. The smaller SSCs were largely integrated into the accounting department. Two of the eight companies have set up a separate company, which in addition to their accounting activities includes other areas such as IT, HR, central purchasing and project management. For the remaining companies, the SSC is managed as a separate cost centre within the group. Besides the legal form, the centre structure plays an important role as it forms the basis for the financial management of the provision of services in the SSC. Basically, SSCs can be set up as cost centres, expense centres, revenue centres, profit centres or investment centres. According to the studies by Fischer and Sterzenbach (2007) and Suska et al. (2011), especially the cost and profit centres have significant relevance in business practice (Fischer and Sterzenbach 2007; Suska et al. 2011). This is also confirmed by this study. All companies run their SSCs as cost centres. A profit centre is recommended in the literature if the SSC has sufficient power to offer and sell its services freely on the market (Weber et al. 2012; Coenenberg et al. 2016; Sterzenbach 2010).

Service Level Agreements (SLAs)

To avoid discussions about responsibilities and quality of service, it is recommended to define SLAs. Taxation issues can be difficult if services are provided cross-national. Half of the companies claimed to use SLAs. Three other companies prefer to use service contracts. Service contracts only name the services of the SSC, the associated prices and the notice periods of the contract, but no key figures or different performance characteristics. Compared to service contracts, the SLAs are more detailed and extensive. For example, the contents of the SLAs can include the following parameters: definition of quality level, time-dependent parameters, specifications for processing time, types of service, scope of services, interface definition, escalation agreements and prices of services. Two companies operate without legal contract. In one of the two companies using SLA, including Key Performance Indicator (KPI) for measuring efficiency will be defined in the future.

Only two companies have a kind of process documentation with clearly defined interfaces and areas of responsibility. Although the interfaces are defined in the remaining companies, these are basically verbal agreements that were materialised either before or after a meeting of the units or employees or have automatically resulted from the use of the ERP system. Responsibilities and duties have to be defined, which means, for example, that the employee in the customer service department cannot account invoices or change credit lines. The transfer price is another core element of the SLAs. Particularly in the early days, the consultants recommend to use a pragmatic pricing concept that complies with tax regulations. These are particularly relevant when services are transferred from one country to another. To rule out the allegation of profit shifting, the company experts recommend the transfer prices in cooperation with tax consultants and auditors. As the study shows, it makes sense to start with simple cost-oriented prices, especially at the beginning.

2.4.5 Infrastructure

An SSC can be established close to the mother company or geographically distant (domestic or foreign). One company runs SSCs in Denmark and China. In selecting a location, the focus was primarily on regional coverage. Another company decided to choose the Czech Republic as its SSC location. In this case, low labour costs were the main argument for the location. In both cases, the SSCs were added to an existing plant to avoid additional infrastructure costs. The other companies have opted for locations in Germany. Two-thirds of them have chosen their location in the immediate vicinity of the headquarters of the parent company. A business consultant justifies this decision with shorter communication channels and the resulting better controllability, which may be beneficial to the process quality. However, higher labour costs must be accepted. Besides the regional coverage and the labour and infrastructure costs, the following criteria must be considered when choosing a location:

- availability of qualified employees,
- accessibility of the location,
- attractiveness of the location for the employees,
- other service organisations in the same location as well as
- subsidies.

When selecting a location where other service organisation can be found, the issue of fluctuation often becomes relevant. Since tasks in a CoS are often very homogenous and monotonous, the organisation should consider how to deal with them. At this, a distinction can be made between three viable options:

- *Job rotation*
  The employees change their jobs after a certain period of time. The disadvantage of this approach is that specialisation benefits could get lost.
- *Employee development programmes*
  Here, the employees are promoted and given the opportunity to take on a more responsible role within the SSC in the future. However, managerial positions are limited and not every employee can move up.
- *Working with fluctuation*
  If a member of staff is in the company for a long time, he regularly receives wage increases, which inevitably leads to an increase in labour costs. In order not to lose the wage cost advantages, the consultants consider an annual fluctuation of up to 20% as acceptable.

In addition to the choice of location, the study also highlighted the importance of the ERP infrastructure. Furthermore, the homogeneity of the ERP system is of considerable importance and a prerequisite to realising the benefits of the SSC. Without exception, all the companies stated that they have already proceeded in spreading a homogeneous system. At the same time, this also plays an important role in the choice of locations to be migrated.

2.5 Findings: Implementation of Shared Service Centres

One focus of the study is on the implementation of shared service centres, particularly with regard to the migration strategy, change management and occurring challenges.

2.5.1 Migration Strategies

First, the migration sequence (processes, location, etc.) has to be determined to implement an SSC. The available possibilities need to be examined for each company individually. Thereby relevant criteria are in particular size and complexity, region as well as the personal relationship between the players. Another approach can be to start with a preferably complex company to benefit from gained experiences and to smoothen the future migration process. Additionally, the homogeneity of the ERP systems can also be an argument for migration. Companies that are being integrated into another ERP system, with which the employees do not work on a daily basis, can lead to a reduction in the scaling of professional activities and, under certain circumstances, influence the process performance negatively. Besides the already mentioned approaches, there are other approaches in business practice. There, the small companies are selected at the beginning of the implementation process to gain first experiences and to identify and correct early defects. After that, the complexity and transaction volume is increased gradually.

Another approach focuses on the efficiency of the locations. Thereby the efficiency is measured by indicators, such as document lines, which are applied by the employees and compared to other locations. A location will be migrated, if the inefficiency is too high or the quality of work is too poor. Another indicator for migrating the location is that there is no confidence that the on-site employees will be able to better themselves in the future. For two companies, high volume, low complexity and the language were of crucial importance. Both companies therefore started to migrate the mother company and consequently realised increasing returns to scale fast. Furthermore, the advantage resulting from a successful migration and the achievement of strategic objectives, such as the improvement of process quality or the achievement of cost savings, is an increase in the acceptance of the migration project within the company. To conclude, cost savings can also influence the migration order in the respective country. In doing so, locations with local cost advantages can possibly be included earlier in the migration process.

2.5.2 Change Management

Experts are convinced that change management plays a dominant role in the implementation of an SSC. An erroneous or inadequate change management can lead to an extension of the total implementation process and in the worst case, to a project failure. An open and honest communication with the employees is therefore of particular importance. For this purpose, it is important to explain the reasons for the migration project with a focus on allaying fears and pointing out future perspectives of the employees. To convince the employees, periodic meetings and workshops can make an important contribution. A company expert emphasises that management communication answering employees question should be consistent. Therefore, a document including all the questions concerning the subject and all related answers has been prepared at the beginning of the project. This document shall ensure that every employee receives the same answer for the same question. Otherwise, inconsistent answers could lead to mistrust within the workforce or, in the worst case, to a failure of the project. Another company has introduced a newsletter which employees receive at regular intervals.

A further important aspect for the implementation of SSCs which should not be neglected is that long-term employees, even if they are leaving the company, are of particular importance at the beginning of the implementation process because of their knowledge. Fifty per cent of the companies point out that there has been an exchange of knowledge between new and long-term employees. Therefore, new employees should be accompanied in the processes in the decentralised units. Because of the high importance of knowledge exchange, it is a particular concern for companies that leaving employees stay within the company until the end of the contract. To ensure that these employees do not make intentional mistakes or have other interfering influences on the implementation process, it is essential to proceed sensitively in these cases. Therefore, an appropriate solution could be a bonus for keeping up.

2.5.3 Further Important Key Components for the Implementation

On the one hand, two companies describe the support of external consultants as a key component in the implementation process. On the other hand, contact and direct communication with other SSC can be characterised as key components. These components can ensure that sources of errors are avoided. Furthermore, two experts emphasise the importance of taking enough time to plan and to design the SSC, because this will lead to a benefit in the structuring of the projects as well as the implementation. In addition, reaching a consensus among management's decisions is also stated as a key component by the experts. The management has to stand united behind the decisions and should not depart from agreements in case of minor throwbacks. Otherwise, it will become difficult to achieve success with the project. The last three recommendations pointed out by the experts are to keep it "simple," "flexible" and "pragmatic", in cases that events occur which were not planned, as well as an exact definition of roles and responsibilities.

2.5.4 Implementation Challenges

In company practice, it becomes obvious that especially language and culture barriers are major challenges. Misunderstandings can easily occur when employees work together in countries, in which problems are only communicated indirectly.

Furthermore, it is important to pay attention that employees are not overstrained with the SSC. If a potential overload is not identified at an early stage, this can lead to a decline in quality.

To conclude, it is also of importance to take care of trivial things such as the registration in the Commercial Register, website performance, printing of business cards and so on. Although these aspects are not identified as problems, in sum they are relatively time consuming.

2.6 Findings: Controlling of Shared Service Centres

There are various controlling instruments, as well as key indicators, for controlling an SSC. Both business consultants recommend a benchmark-based control. Thereby, the performance of the SSC is compared to that of other SSCs in the same area of business or in comparable locations. Costs per process or total costs of the SSC can serve as common comparative indicators. With these comparative indicators, those responsible for the SSC shall get an idea of the SSC's performance. In company practice, this approach has been applied only by one company up until now. If performance deficits are determined against the benchmark, those responsible for the SSC are obligated to take measures. As a consequence, there is a constant incentive to optimise and design SSC processes efficiently. This approach is particularly suitable for companies with the primary objective to achieve cost savings.

A more widely spread control method is the internal measurement of customer satisfaction. Each company confirms that customer satisfaction and smooth processes are essential elements for the measurement of an SSC's performance. Therefore, performance measurement is defined individually. One company performs "client calls" once a month. Clients of the SSC are called by the responsible employees and a vote is taken about what is good or rather needs improvement. Another company has founded a customer advisory team. In this advisory team, the SSC and the clients meet and discuss periodically how cooperation works and what can be improved. In both cases, direct and active communication leads to an early identification of a decline in quality or satisfaction.

Therefore, measures can be taken timely. Another advantage resulting from both variants is that performance can be tailored precisely to the requirements and needs of the customer because of the open communication policy of the SSC.

The business consultant recommendation to use a balanced KPI system with quality and efficiency indicators for measuring performance is applied only in three of eight companies. In all three cases, the performance is measured primarily by means of quantitative indicators, such as processed invoices per employee, retention time of the payment document at each employee or the number of warnings.

Qualitative indicators, such as the number of subsequent adjustments or the number of correction entries, have not been pointed out by the company experts. A combination of quantitative and qualitative indicators allows to measure the efficiency of the SSC, as well as the quality. However, the company practices show that determining useful qualitative indicators can be quite difficult.

2.7 Conclusion and Industry Implications

The focus of this study was on the conception, implementation and control of accounting-related shared service centres in SMEs. Semi-structured interviews based on scholarly ideas and concepts were conducted with two consultants and eight experts from different companies.

The conception of each SSC is strongly related to the perception and the goals of the company. This influences the selection of processes to be transferred in the SSC, the location and the know-how needed by the employees. The primary goals for SMEs in setting up SSCs are to generate more efficiency and to increase and stabilise the quality of the processes. To realise these goals, most of the SSCs are located close to their parent companies. This allows for better control of the processes. Almost all SSCs are designed as a cost centre and serve internal customers only. Hence, they use cost-oriented transfer prices without or just a small margin.

The migration sequence of the decentralised units varies strongly and depends on the priorities of each company. The findings show that there is no generic process to migrate a decentralised unit. Very important for a successful implementation is an open and transparent communication with the employees. The employees must be convinced and need to understand the reasons for the restructuring. Otherwise, the success of implementation could be endangered. Furthermore, the homogeneity of the ERP system strongly influences the success of the implementation. For most of the SMEs, the main challenges are cultural challenges, work overload of employees and organisational effort. Although the business consultants recommend benchmarking to provide information on competitiveness, the most used controlling method is the internal measurement of customer satisfaction. KPIs are occasionally used, but the deduction of useful qualitative indicators is seen as difficult.

There is consensus among the experts that SSCs will continue to be of importance in the future. However, the tasks within the SSCs are changing due to advancing standardisation, automation and digitisation. Simple, transactional activities will be replaced by digital solutions in the future. This development leads to an increased demand for centres of excellence, in which subject-specific knowledge is bundled and more complex tasks are processed.

In order to derive a robust theory from the results obtained in this study, further research with a larger number of companies is needed. An analysis of the relevance and requirement of CoEs in medium-sized companies could also be made. The increasing digitisation could lead to the following developments for the SSCs, whose scientific investigation would be of interest:

- The substitution of human beings by robots (robotics process automation) will increase. On the one hand, foreign locations can become obsolete because the labour cost advantage no longer applies. On the other hand, the number of domestic employees is likely to continue to decline, especially in the area of simple, repetitive processes.
- The increasing interconnectedness and standardisation of processes and ERP systems will make it easier for SSCs to offer services to third parties. This can lead to extended insourcing in existing SSCs, but also to the establishment of service companies.

References

Bader, R. (2008). *Erfolgsfaktoren von Shared Services – Strategische und Operative Aspekte im Visier des Managements*. Saarbrücken: VDM Verlag Dr. Müller Aktiengesellschaft & Co. KG.

Becker, W., Kunz, C., & Mayer, B. (2009). *Shared Service Center – Konzeption und Implementierung in internationalen Konzernen*. Stuttgart: W. Kohlhammer GmbH.

Bergeron, B. (2003). *Essentials of Shared Services*. Hoboken: John Wiley.

Borman, M. (2008). The Design and Success of Shared Services Centres. University of Sydney. *European Conference on Information Systems (ECIS) Proceedings 77.*

Britzelmaier, B. (2013). Wertorientierte Unternehmensführung 2. Auflage. Herne: NWB Verlag GmbH & Co. KG.

Brühl, R., Kajüter, P., Fischer, T., Hirsch, S., Dornbusch, D., Hoffmann, J., & Vollmer, M. (2017). Shared Services - Relevanz, Ziele und Entwicklungsstand. In T. Fischer, & M. Vollmer (Eds.), ZfbF-Sonderheft 70/17 Erfolgreiche Führung von Shared Services (S. 3-23). Wiesbaden: Arbeitskreis, Shared Services" der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. / Springer Fachmedien.

Coenenberg, A. G., Fischer, T. M., & Günther, T. (2016). *Kostenrechnung und Kostenanalyse* (9th ed.). Stuttgart: Schäffer-Poeschel Verlag für Wirtschaft – Steuern – Recht GmbH.

Deimel, K. (2008). Möglichkeiten und Grenzen des Wertmanagements durch Shared-Service-Center. In F. Keuper & C. Oecking (Eds.), *Corporate Shared Services – Bereitstellung von Dienstleistungen im Konzern* (2nd ed., pp. 192–219). Wiesbaden: Betriebswirtschaftlicher Verlag Dr. Th. Gabler | GWV Fachverlage GmbH.

Deloitte. (2017). *Global Shared Services – 2017 Survey Report.* Deloitte.

Döring, N., & Bortz, J. (2016). *Forschungsmethoden und Evaluation in den Sozial- und Humanwissenschaften 5. Auflage*. Berlin/Heidelberg: Springer-Verlag.

Firestone, W., & Herriott, R. (1983). The Formalization of Qualitative Research: An Adaption of "Soft" Science to the Policy World. *Evaluation Review, 7*(4), 437–466.

Fischer, T. M., & Sterzenbach, S. (2007). Shared Service Center-Controlling – Ergebnisse einer empirischen Studie in deutschen Unternehmen. *Controlling-Special, 19*(8/9), 463–472.

Fischer, T., Hirsch, S., Dornbusch, D., Ollmann, S., Schründer, C. P., & Vollmer, M. (2017). Performance Management in SSO. In T. Fischer &

M. Vollmer (Eds.), *Erfolgreiche Führung von Shared Services – ZfbF Sonderheft 70/17* (pp. 118–148). Wiesbaden: Arbeitskreis "Shared Services" der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V./Springer Fachmedien.

Fritze, A.-K. (2013). Shared Service Center. *Controlling – Zeitschrift für erfolgsorientierte Unternehmenssteuerung, 25*(3), 159–162.

Gläser, J., & Laudel, G. (2010). *Experteninterviews Und Qualitative Inhaltsanalyse* (4th ed.). Wiesbaden: Springer Fachmedien.

Goold, M., Pettifer, D., & Young, D. (2001). Redesigning the Corporate Centre. *European Management Journal, 19*(1), 83–91.

Gospel, H., & Sako, M. (2010). The Unbundling of Corporate Functions: The Evolution of Shared Services and Outsourcing in Human Resource Management. *Industrial and Corporate Chance, 19*(5), 1367–1396.

Harritz, D. (2016). Role of Management Devices in Enacting Strategy – Case Study of Shared Service Centre. *Journal of Accounting & Organizational Change, 12*(4), 504–521.

Harritz, D. (2018). Forming and Transforming Shared Services: The Performativity of Management Devices. *Journal of Accounting & Organizational Change, 14*(2), 216–233.

IfM Bonn (URL). (2016). https://www.ifm-bonn.org/statistiken/mittelstand-im-ueberblick/#accordion=0&tab=0. Accessed 7 May 2019

Jereb, C., Kuchem, R., & Sohn, W. (2009). Shed Light on the Black Box: How Deutsche Post DHL Achieved Global Transparency over Payroll Process. *Strategic HR Review, 8*(5), 23–31.

Joha, A., & Janssen, M. (2014). Factors Influencing the Shaping of Shared Services Business Models: Balancing Customization and Standardization. *Strategic Outsourcing: An International Journal, 7*(1), 47–65.

Kagelmann, U. (2001). *Shared Services als Alternative Organisationsform – Am Beispiel der Finanzfunktion im multinationalen Konzern*. Wiesbaden: Deutscher Universitäts-Verlag/GWV Fachverlage GmbH.

Kleinfeld, K., Kronau, D., & Holtje, J. (2005). Shared Services – Theory and Case Study: Siemens USA. In M. Eßig (Ed.), *Perspektiven des Supply Management* (pp. 329–346). Berlin: Springer.

Lacity, M. C., & Fox, J. (2008). Creating Global Shared Services: Lessons from Reuters. *MIS Quarterly Executive, 7*(1), 17–32.

Li, Y. (2016). Study on Optimization of Financial Sharing Service Center. *Modern Economy, 7*, 1290–1302.

Maatman, M., & Meijerink, J. (2017). Why Sharing Is Synergy: The Role of Decentralized Control Mechanisms and Centralized HR Capabilities in Creating HR Shared Service Value. *Personnel Review, 46*(7), 1297–1317.

Martín-Pérez, N.-J., & Berger, M. (2004). *Organisation und Steuerung von internen Dienstleistungseinheiten in multinationalen Unternehmen*. Von www.econbiz.de: https://www.econbiz.de/archiv/s/uhoh/internationales_management/organisation_steuerung_dienstleistungseinheiten.pdf. Accessed 11 Jan 2019.

Mergy, L., & Records, P. (2001). Unlocking Shareholder Value from Shared Services. *Strategy & Leadership, 29*(3), 19–22.

Michel, U., & Kirchberg, A. (2008). Shared Service Center als Element des Dienstleistungscontrollings. *Controlling – Zeitschrift für erfolgsorientierte Unternehmensbesteuerung, 20*(8/9), 449–458.

Minaar, R., & Vosselman, E. (2013). Shared Service Centres and Management Control Structure Change – Exploring the Scope and Limitations of a Transaction Cost Economics Approach. *Journal of Accounting & Organizational Change, 9*(1), 74–98.

Quinn, B., Cooke, R., & Kris, A. (2000). *Shared Services: Mining for Corporate Gold*. London: Prentice-Hall.

Reimann, A., & Möller, K. (2013). *Shared Services für Controlling-Prozesse – Ergebnis einer empirischen Erhebung zu Status quo und Perspektiven*. Düsseldorf/St. Gallen: KPMG AG/Universität St. Gallen.

Reimann, A., & Wolff, M. (2014). *Shared Service Center im Mittelstand – Ergebnis einer empirischen Untersuchung zu Umsetzungsstatus und -herausforderungen*. Düsseldorf/Göttingen: KPMG AG / Georg-August-Universität Göttingen.

Richter, P., & Brühl, R. (2017). Shared Service Center Research: A Review of the Past, Present and Future. *European Management Journal, 35*(1), 26–38.

Schulz, V., & Brenner, W. (2010). Characteristics of Shared Service Centers. *Transforming Government – People, Process and Policy, 4*(3), 210–219.

Sterzenbach, S. (2010). *Shared Service Center-Controlling – Theoretische Ausgestaltung und empirische Befunde in deutschen Unternehmen*. Frankfurt am Main: Internationaler Verlag der Wissenschaften.

Su, N., Akkiraju, R., Nayak, N., & Goodwin, R. (2009). Shared Services Transformation: Conceptualization and Valuation from the Perspective of Real Options. *Decision Sciences, 40*(3), 382–402.

Suska, M., Zitzen, C., & Enders, W. (2011). *Shared Service Centres – "The 2nd Generation"*. Stuttgart and Frankfurt am Main: PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC).

Suska, M., Mänz, C., & Zitzen, C. (2014). *Shared Services – The Edge Over*. Stuttgart and Düsseldorf: PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC).

Wang, S., & Wang, H. (2007). Shared Services Beyond Sourcing the Back Offices: Organizational Design. *Human Systems Management, 26*(4), 281–290.
Weber, J., & Gschmack, S. (2012). Zentralisierung von Unterstützungsprozessen: Shared Service Center für finanznahe Funktionen. *Zeitschrift für Controlling und Management, 56*(3), 63–68.
Weber, J., Truijens, T., & Neumann-Giesen, A. (2012). *Organisationsform Shared-Service-Center – Herausforderungen an das Controlling*. Weinheim: Wiley-VCH Verlag & Co. KGaA.
Welter, F., May-Strobl, E., Holz, M., Pahnke, A., Schlepphorst, S., & Wolter, H.-J. (2015). *Mittelstand zwischen Fakten und Gefühl*, *IfM-Materialien Nr* (Vol. 234). Bonn: Institut für Mittelstandsforschung (IfM) Bonn.

3

From Theory to Practice of Formal and Informal Palestinian Small Businesses

Suhail Sultan and Evangelos Tsoukatos

3.1 Introduction

In the Occupied Territories (West Bank and the Gaza Strip), political instability and restrictions on movement and access to markets remain the binding constraints in the investment climate resulting in uncertainty, risk, increased costs for businesses and investors, and the fragmentation of economy (Albotmeh and Irsheid 2013). As a result, private investment in the Occupied Territories remains far from sufficient to fuel adequate rates of economic growth, create enough jobs, and reduce unemployment.

Informal and formal small businesses are often perceived as being the same, while in reality there are significant differences in the characteristics

S. Sultan (✉)
Birzeit University, Ramallah, Palestine
e-mail: ssultan@birzeit.edu

E. Tsoukatos
Department of Accounting and Finance, Hellenic Mediterranean University, Heraklion, Crete, Greece
e-mail: tsoukat@staff.teicrete.gr

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_3

and challenges they are facing. Growing employment opportunities in informal business is relevant to formal businesses due to the high unemployment rate in the Occupied Territories. In spite of this, informal business has remained ignored or on the margins of economic analysis and policy consciousness. A major reason for this is that Palestinian policymakers and economists view informal business participants as being without aspirations or entrepreneurial skills, with no meaningful role to play in generating employment or reducing poverty. This is often related to the narrow view of the informal business as comprising mostly street traders and home-based businesses. As a result, policymakers overlook the potential of informal enterprises, the challenges they face, their particular vulnerability, and the policy support that could make them more viable and self-standing.

This chapter shows clearly that the informal sector is an important source of employment. The chapter aims at identifying the characteristics of formal and informal businesses in the Palestinian Territories in terms of size, ownership, sector, gender, employment, and location. It aims, as well, at shedding light on the main challenges that formal and informal businesses face. The informal sector is diverse and it comprises all industries, not just trade. A proper inclusive growth strategy needs to get the poor and needy to actively participate, via employment, in promoting economic processes, producing output, and earning a decent income. Thus, policymakers should not be cavalier about losing or destroying informal sector jobs.

The other sections present the context, related theories of informal and formal small businesses, the methodology used, and the results that identify the main characteristics, challenges, and obstacles facing formal and informal small businesses. Then, policy recommendations are presented to foster these businesses.

3.2 Context

The lack of progress toward peace and reconciliation creates an unsustainable economic situation. Donor support has recently declined as the peace talks between Palestinians and Israelis keep failing. The Palestinian internal community remains divided between Gaza and the West Bank with grave uncertainty about the reconciliation process. Palestinian living standards continued to decline in 2018, with aid flows no longer providing an impetus to growth. The unemployment rate was 32.4% in the second quarter of 2018, the highest rate in two decades, while the 2017 poverty rate was 29.2%. A recent liquidity squeeze in Gaza has led to a rapid collapse in humanitarian conditions, including access to medical treatment, electricity, and clean water. In Gaza, 54% of the labor force is unemployed, including 70% among the youth (World Bank 2018a).

After the establishment of the Palestinian Authority in 1994, the new Palestinian institutions had limited capacity to cope with the restrictions and the conditions placed upon them by the Israeli policies. During the period of relatively limited self-rule, the Palestinian Authority was not able to articulate a comprehensive national agenda of reconstruction and development. This was due, in part, to the Palestinian Authority's structural weaknesses and lack of coherent vision. Furthermore, the vision, agenda, and conditionality of the donor community overburdened the already weakened Palestinian institutional and economic capacity, therefore limiting the scope for development of a national development strategy and policy (Khalidi and Samour 2011).

The Palestinian Authority has kept importing sensitive items such as cement, iron, and petroleum products, which has led to higher production costs. The absence of a clear development-driven objective and wide-ranging donor demands and conditions have led to a curious mix of Palestinian Authority policies, which often lack sustainability and coherence. In addition, donors' involvement in the institution-building process together with their aid conditionality have resulted in a shrinking Palestinian policy space; Palestinian Authority policies on the one hand are made within a framework offered and approved by donors, and on the other hand are mere responses to the numerous and sometimes contradictory donor aid conditionality. These limitations have not only reduced the capacity of the Palestinian institutions to respond to the needs of the Palestinian economy, but have also created fragmentations within Palestinian institutions and ministries (Khalidi and Samour 2011).

The West Bank and Gaza were ranked 114th out of 190 economies in the 2018—Doing Business report—26 spots better from the 2017 ranking (140th). Private investment levels in the Palestinian economy have been low at about 15% of GDP in recent years, far below that in most middle-income economies (World Bank 2018b). Moreover, the investment is concentrated in the less productive non-tradable sectors including internal trade activities and residential constructions. Foreign direct investment inflows have been only about 1% of GDP on average over the last decade.

One of the greatest constraints in expanding or upgrading the Palestinian private sector is the small sizes and traditional characters of businesses. Even after huge support for developing the private sector over the past few years by different donors, this sector has remained—despite certain improvements—fundamentally unchanged since 1967. The available data show that the Palestinian business sector is small in size and organizational structure, engaged largely in services employing an average of 2.5 people and capitalized for no more than $10,000 (Khalidi and Samour 2011). This particular fact—apart from the many difficulties currently plaguing the business environment—represents a formidable obstacle to the development of the private sector. Because of these and other inherent limitations, only 23% of private sector earnings came from exports in 1999; this is another indication of the sector's weakness (Roy 1998).

Palestinian firms were already in a weaker competitive position vis-à-vis their Israeli counterparts. Indeed, Palestinian businesses, seeking to export or import through Israeli ports, faced transaction costs that are on average 35% higher than that for an Israeli firm in the same industry. Because of increased overall costs, many suppliers have raised their prices, further undermining their market competitiveness (Khalidi and Samour 2011).

There is an ongoing debate on the significance of the informal sector in the Palestinian Territories (Fallah 2014). Many authors do highlight its economic role in stimulating the growth of the market economy, promoting a flexible labor market, promoting productive activities, and absorbing retrenched labor from the formal sector. Others claim that informal labor has become a convenient means of pursuing the global agenda of liberalization. As both sectors (formal and informal) significantly contribute to the Palestinian economy, understanding their characteristics and challenges will be vital to designing the appropriate policies to foster these businesses.

Fallah's (2014) study shows that the majority (about two-thirds) of informal Palestinian entrepreneurs believe that there is no benefit in joining the formal sector. Moreover, the majority of informal entrepreneurs stated that they are not willing to join the formal sector. These findings clearly indicate that, from the point of view of informal entrepreneurs, the benefits of joining the formal sector do not outweigh the entry cost (registration cost) and other costs such as direct and indirect taxes or employees' benefits and minimum wage (Fallah 2014). Thus, staying in the informal sector could be a profit-maximizing decision.

In the Palestinian Territories, formal entrepreneurs are more educated. About 27% of them have at least 13 years of education compared to 12% for informal entrepreneurs (Stevenson et al. 2010). In terms of type of economic activity, most notably, the construction sector is disproportionately informal, constituting around 12% of the informal sector but only about 4% of the formal sector. As for the manufacturing sector, the majority of informal manufacturers operate in the apparel and stone-cutting industries. Formal manufacturers, on the other hand, produce mainly metal products and furniture.

According to the Palestinian Central Bureau of Statistics (2014), women in the Palestinian Territories form half of the society, which consists of around five million in the Gaza Strip, and the West Bank, albeit the female participation rate of the labor force is 19.4%. Nevertheless, women entrepreneurs increasingly run their own enterprises; however, their socio-economic contributions and entrepreneurial potential remain largely unrecognized. They are concentrated in informal, micro-sized, low-productivity, and low-return activities. One reason behind the fact that women's contribution is not adequately recognized in the Palestinian Territories would be that—in the majority of cases—women businesses are family run and in the informal sector with many women involved as unpaid family workers (Farr 2011).

Although policies are developed to solve practical problems in formal and informal small businesses, there is a lot of criticism for not having an impact on practice. In interventionist research, the shaping of an intervention to solve a practical problem is an important step. The purpose of this chapter is to explore how the findings of formal and informal small business research can be reviewed to make them practically applicable in shaping an intervention.

3.3 Formal and Informal Businesses

The informal sector could be defined as the unregulated, non-formal portion of the economy that produces goods and services for sale or accepts other forms of remuneration. In effect, the term 'informal economy' or 'gray economy', as it is often used to symbolize the informal sector, refers to all economic activities by workers and economic units that are not covered or are insufficiently covered by formal measures (Becker 2004; Feige 2016). The informal economy is largely characterized by (1) low entry requirements in terms of capital and professional qualifications; (2) small scale of operations; (3) skills often acquired outside of formal education; and (4) labor-intensive methods of production and adapted technology (De Soto 2000; Bruhn and McKenzie 2014).

The size of gray economy (i.e. informal economy) varies widely across countries. A study in the MENA (Middle East and North Africa) region reveals that informal businesses produce about 27% of its GDP and employ 67% of its labor force informally (Angel and Tanabe 2012), meaning that more than two-thirds of all workers may not have access to health insurance and/or are not contributing to a pension system that would provide income security after retirement. In the Palestinian Territories, there is a lack of available data on the contribution of the informal sector to GDP and employment (Fallah 2014).

For the purpose of this study, informal small business is defined as an economic activity that works from home, on the street, or in premises that is not officially registered at any of the governmental or semi-governmental institutions. As explained below, a large informal sector tends to impede the rate of economic growth via other effects. These include lower productivity due to lack of economies of scale, and distorting policies conducive to growth due to extensive tax evasion and weak linkages with financial markets. In the same vein, the government's ability to increase tax revenue, for instance, by modifying tax rates, might be ineffective in economies with poor tax compliance such as the one in the Palestinian Territories.

Castells and Portes (1989) and Portes (1994) have highlighted non-compliance with government regulations as the main identifier of the informal sector. In this regard, informal firms generally include all employers and self-employed workers who fail to comply with state regulations, including firm registration, tax rules, and labor law (Pratap and Quintin 2006). Therefore, the informal sector usually includes all economic activities that contribute to the GDP but are not officially reported (Schneider 1994; Feige 1997; Williams and Lansky 2013; Kus 2014; La Porta and Shleifer 2014).

A large informal sector usually reflects substantial government revenue losses because of tax avoidance. This would likely lead to a lower level and quality of public services (Schneider and Enste 2000). Poor public services in addition to an excessive tax burden might therefore aggravate formal businesses and decrease their trust in public institutions, as they see little benefit in paying taxes. The outcome of this consequence decreases the incentive to join the formal sector, leading to a vicious circle of expanding the informal sector and low provision of public services (Schneider and Torgler 2007; McCaig and Pavcnik 2015, 2018).

Some researchers link informality to firm characteristics such as low productivity, small firm size, and hiring of unpaid family members (Perry et al. 2007). Others have focused on the social protection dimension with special emphasis on employment. The concept of informal employment in the literature, however, is not limited to employment in informal firms but includes regulations requiring firms to pay social security contributions, give paid vacations, and give severance pay upon termination of employment (McCaig and Pavcnik 2015; McKenzie and Woodruff 2013).

Loayza (1999) highlights the negative impact of a growing informal sector on productivity via the lack of economies of scale. When operating informally, firms are likely to maintain small-scale operations in order to decrease the probability of government detection (Pratap and Quintin 2006). In addition, lack of access to credit, usually due to insufficient collateral, tends to preclude expanding informal business operations (Straub 2005). In addition to lowering productivity, a larger informal sector might impede growth by distorting economic policies.

Specifically, a large informal sector might render monetary policy less effective as informal firms enjoy lower connection to the financial system. This is also true regarding the fiscal side. Decreasing the tax rate might have a less stimulatory effect on economic growth, while increasing the tax rate might have a less restraining effect on growth or inflation due to excessive tax evasion (Eilat and Zinnes 2002; Martin et al. 2017). In many developing countries, informal workers often operate in a poor environment such as low safety and health standards with lower pay and inadequate workers' rights and social protection. Therefore, a large informal sector tends to impose social costs.

3.4 Methodology

Palestinians have no control over sea, air, or borders (Abuznaid 2014). West Bank is divided, according to the Oslo Agreement, into three different administrative areas (Abuznaid 2014). Area 'A' comes under the Palestinian administrative and security control. This area includes civil gatherings in major cities. Area 'B' comes under the Palestinian and Israeli security control. This area includes the communities around cities and towns. Area 'C' comes under the full Israeli control. This area is a state land outside the inhabited areas. Area 'C' comprises 61% of the Palestinian land under which the Palestinian Authority has no control.

Although it is difficult to verify the estimates of the size of the informal sector in the Palestinian Territories, there are 152,262 informal workers, representing 36.3% of total employment in the private sector as listed in the Palestinian Central Bureau of Statistics (2014). Given that the vast majority of informal firms are extremely small (one to two workers), there are about 100,000 informal firms constituting 49.7% of the total number of companies. Regionally, 45.3% of firms in the West Bank are informal compared to 65.7% of enterprises in the Gaza Strip. The majority of informal and small formal firms report that their market is limited to their locality. Informal firms, however, are un-burdened by regulations and taxation, but have more restricted access to finance, export markets, and government contracts (Fallah 2014).

The research team used both quantitative and qualitative methods. A questionnaire, as a quantitative tool, consists of four parts. Part one covers the profile of the business (formal/informal and location). Part two discusses the characteristics of the business in terms of location, ownership, bookkeeping, type of premises, and number of employees. Part three enquiries about the main challenges that the formal/informal small business is facing in terms of movement, supplies, competition, and so on. Finally, part four questions about the policies needed to foster these businesses such as access to market and access to finance.

The research team developed a sampling frame for formal businesses with the assistance of the Federation of Palestinian Chambers of Commerce, Industry, and Agriculture (FPCCIA) in West Bank and the Gaza Strip. A convenient sample of 150 businesses (100 businesses in West Bank and 50 businesses in the Gaza Strip) were selected and approached. The database of the FPCCIA shows that there are 60,000 members, while only 15,000 (two-thirds are located in West Bank and one-third are operating in the Gaza Strip) of these firms are effectively small firms (i.e. employing between 4 and 25 staff and paying the fees during the last three years). Based on this fact, the research team aimed to approach 1% of the effective members as a minimum convenient sample size, that is, 150 formal firms. The same number were chosen for informal businesses (i.e. there is no clear sampling frame for informal businesses).

The research team developed open-ended questions to understand the context of the small formal and informal businesses working in the Palestinian Territories. The deputy minister of National Economy, the deputy head of the VAT department at the Ministry of Finance, representatives from chambers of commerce and industry, representatives from business associations, and representatives from microfinance institutions were interviewed.

The research team was keen to receive 300 clean questionnaires. The collected questionnaires were coded and entered into the SPSS software. Means and percentages were used to identify the characteristics, challenges, and needed policies, while t-test and one-way ANOVA were used to assess any significant differences in the main challenges and needed policies between the formal and informal businesses.

3.5 Results and Analysis

This section presents the results of the survey and semi-structured interviews. The results present the characteristics and challenges facing formal and informal small businesses.

3.5.1 Characteristics of Formal and Informal Small Businesses

Results of the survey show that 78 firms (26% of the respondents) work in the industry sector; 94 firms (31.3%) in the trade sector; 88 firms (29.3%) in the service sector; 26 firms (0.9%) are in the handcraft sector; and only 14 firms (0.5%) work in other sectors. The national statistics in 2014 show that industry contributes 13.9% to GDP, trade contributes 19.2%, service 30.6%, construction 8.3%, and other sectors contribute 28.0%. Almost 5% of the respondents use their homes to do business activities, 76.3% are using business premises (i.e. own or rent), 4.3% are based on farms, 5% use streets, and 12.7% do not have any fixed address.

Results show that 226 firms (78.6% of the respondents) are located in cities; 42 firms (14%) are located in villages while 22 firms (7.4%) are located in refugee camps. There is a phenomenon of moving businesses to cities, as the economic situation there is better than that in villages and refugee camps. As well, results show that 240 firms (80% of the respondents) are located in area 'A', 16 firms (5%) in area 'B', and 44 firms (15%) in area 'C'. Palestinians, in general, prefer to work under the Palestinian control because getting licenses in areas 'A' and 'B' is much easier than that in area 'C', which needs special approvals from the Israeli authorities. Most of the businesses, based in villages and refugee camps, work informally and sell mainly groceries and bakeries.

Almost three-fourths (77%) of the respondents were male and 23% were female. The gender situation in the Palestinian Territories is based on the traditional and socially accepted concept developed from both tribal cultural values of the Arab region and Islamic values. While the increasing number of women taking up the role of worker as a coping strategy required for the family survival is increasing, it neither changes their traditional role of caretaker at home nor lessens the burden of that role. They are simply to assume the double burden as some women, especially those with less education, find it disempowering that they have to work outside home out of necessity.

Results show that 31% have written contracts without fixed durations; almost a third have verbal agreements with the employers while another third have no contract at all. Half of the respondents are paying salaries to their employees on a monthly basis, and a third of the respondents are paid on a daily basis or per hour; 17% are paid per job or per task. Unfortunately, informal firms do not pay social security contributions nor give paid vacations, or severance pay upon termination of employment.

Respondents were asked about their bank accounts. Results show that 56% of the respondents have bank accounts in the name of their business, while 44% do have bank accounts in their personal names. Due to non-registration, informal businesses do not benefit from banks' loans or other financial schemes. Respondents were also asked if they have a bookkeeping or not, and what type of bookkeeping they have. Almost 30% of the respondents do not have any written bookkeeping documents while 20% have informal records. Of the respondents, 41% use simplified accounting, and only 9% have detailed formats. Informal small businesses do not distinguish between business and personal expenses.

The majority of informal small businesses do sell their products/services in the same location as the majority of them work in handcraft, service, and trade of consumable products. In perceiving the lack of resources and information as a key constraint at various stages of internationalization, this theory proposes a phased approach especially for small businesses with a limited knowledge of foreign markets (Festa et al. 2017).

Palestinian purchases from Israel account for about two-thirds of total Palestinian imports, and Palestinian sales to Israel account for about two-thirds of total Palestinian exports as well. Formal businesses do benefit from the trade exchange with Israel, as official invoices are needed for that.

Both formal and informal small businesses share the same reason for choosing their businesses. Almost one-third of the respondents mention family tradition as the main reason for choosing their business activities; the other respondents mention the profession they know. While 13% chose their business activities in which they can receive better income, almost 17% chose their businesses in which they can receive stable returns.

Both formal and informal small businesses share the same source of financing. For almost 83% of the respondents, the main source of financing is the family; nearly 5% get their finance from neighbors or friends, and 10% get finance from banks or microfinance institutions. Reasons to borrow money from families and friends are due to the strong family and social ties on the one hand and the high interest rates and high collaterals asked by banks and microfinance institutions on the other hand.

3.5.2 Challenges Facing Informal and Formal Small Businesses

As shown in Table 3.1, there are significant differences in the challenges facing formal and informal small businesses except in the lack of space, and organization and management difficulties. Results indicate that informal small businesses are facing higher challenges than formal small businesses in the supply of raw materials, finding customers, competition, access to finance, access to machines, revenues, movement, and business environment.

These challenges extend from internal, as stated by Loayza (1999) and Perry et al. (2007), and external pressures, as stated by Castells and Portes

Table 3.1 Main challenges

Challenges	Business	Mean Differences	Sig.
Supply of raw materials	Informal vs formal	0.68879	0.000*
Lack of customers	Informal vs formal	0.82717	0.000*
Too much competition	Informal vs formal	0.78667	0.000*
Financial difficulties	Informal vs formal	1.02919	0.000*
Lack of space	Informal vs formal	0.27778	0.278
Lack of machines	Informal vs formal	0.45222	0.001*
Management difficulty	Informal vs formal	−0.00899	0.927
Too little revenue	Informal vs formal	1.03859	0.000*
Movement	Informal vs formal	0.65040	0.000*
Laws and regulations	Informal vs formal	0.68879	0.000*

(1989) and Portes (1994), to legal and survival issues, as stated by Schneider (1994), Feige (1997), Williams and Lansky (2013), Kus (2014), and La Porta and Shleifer (2014). Results show that informal small businesses have lower revenues and higher financial difficulties than formal small businesses in the Palestinian Territories. Informal small businesses also seem to be struggling with business financing as many respondents indicate the limited access to finance or loans, as stated by Fallah (2014).

On the contrary, formal small businesses are having an edge over informal small businesses in raw material supply, customer reach, lower competition, better movement, and benefiting from the incentives raised up by the national laws and regulations.

In addition to the above list of challenges, the results of semi-structured interviews show other challenges facing Palestinian small businesses such as high competition between businesses themselves and from imported products, especially from China. As well, the Palestinian businesses are suffering from outdated laws and regulations, as mentioned by Abuznaid (2014). Therefore, these enterprises are working in a weak legal environment and have poor financing sources for starting new ventures. The difficulty in accessing new markets and newly developed technologies is also considered a main barrier facing Palestinian businesses.

Other challenges are the inability of banks to access information on businesses from government authorities with regard to enterprise registration and authorized signers, and the inability of banks to enquire about deferred checks drawn on customer accounts and presented for collection by other banks. Poor level of financial documentation reporting by businesses and poor understanding by the owners of the significance of preparing economic feasibility studies and business plans.

3.5.3 Policy Recommendations

This section discusses the policies needed to foster the formal and informal small businesses. Table 3.2 indicates that there are significant differences in the policies needed to foster small businesses recommended as perceived by the formal and informal small businesses. This indicates that

Table 3.2 Recommended policies

Needed Policy	Business	Mean Differences	Sig.
Technical training	Informal vs formal	0.81000	0.000*
Managerial training	Informal vs formal	0.55000	0.000*
Supplies	Informal vs formal	1.27000	0.000*
Access to machines	Informal vs formal	1.01000	0.000*
Access to loans	Informal vs formal	1.12000	0.000*
Access to information	Informal vs formal	0.32000	0.017*
Access to large businesses	Informal vs formal	0.38000	0.011*
Problems with government	Informal vs formal	0.43000	0.004*
Litigations with competitors	Informal vs formal	0.82687	0.000*
Security and movement	Informal vs formal	0.81000	0.000*
Interaction with employees	Informal vs formal	0.55000	0.000*

there are significant differences in the policies needed to foster formal and informal small businesses.

As shown in Table 3.2, there are significant differences between the policies needed as perceived by the informal small businesses and formal small businesses. Informal businesses ask for policies to foster supplies, access to machines, and access to finance, while formal small businesses ask for policies to foster training, access to information and access to large businesses, as well as policies to ease the movements and interactions with employees.

Irrespective of the degree of formality, the Palestinian government, in liaison with the local authorities and private sector institutions, shall record the informal businesses so that their operations can be regulated and monitored especially on compliance issues. As well, the government shall put in place mechanisms and systems to ensure the fundamental labor rights to all workers and provide better infrastructure and working environment. The government shall put in place policies that allow informal firms to access soft loans. In case stringent measures like 'collateral security' are removed or harmonized, that will enhance the informal sector to recapitalize its businesses. This should culminate in business expansion and growth.

All these policies are mutually interacted, since they work together; if some are omitted, the remaining policy changes may not succeed in fostering the Palestinian informal and formal small businesses. For example, if the government manages to simplify the registration procedures while banks do not respond to the needs of businesses or these businesses do not build their internal systems, then the results will not have a solid impact.

3.6 Practical Implications

In an exceptional context and an economy in transition such as that of Palestine, both informal and formal small businesses have potential to grow into the more sustainable way and help improve Palestine's precarious unemployment levels, which in turn would improve welfare of its citizens including standards of living. Thus, closing the gap between theory and practice, both formal and informal businesses are important to an economy in transition such as that of Palestine.

Political risk is an external pressure and is considered a major risk facing Palestinian businesses whether they are formal or informal. Other challenges include low income and high competition because of market size limitations and low variety of products (i.e. low differentiation), in addition to the outdated laws and regulations. The size, non-regulation, low cost, and low capital requirements make the informal sector a more favored choice for those who are out of formal employment, or who—after completing some form of training or equipping himself or herself with some skill—fail to be absorbed into the formal sector. Some people are self-employed in the informal sector because they want to avoid registration and taxation. However, many people work in the informal sector through necessity not choice. The informal sector seems to embrace all facets of economic activity though with a high tendency for a high level of non-compliance with the business best practices.

Today, there are two features of the informal sector that are well recognized. Firstly, much of the informal economy contributes greatly to the formal economy. Secondly, women constitute the majority of precarious, under-paid, informal workers. Thus, closing the gap between theory and practice, the performance of businesses run by women who work from home shall not be assessed based on purely economic measurements while ignoring the socio-cultural dimensions.

To date, it is not known how many businesses currently conduct some or all of their activities informally. Such a research is desperately needed.

Until this is known, it will be difficult to be certain whether policy initiatives are targeting the major sectors where this work prevails and the principal types of informal work and worker. A larger sample size is needed to cover other neglected sectors such as home-based businesses or large-scale businesses, which were not included in the study. Also, is it worth inspiring Palestinian informal businesses to move to formal ones?

3.7 Conclusion

The chapter identifies the significant differences in the characteristics of Palestinian formal and informal small businesses in terms of location, access to finance, sales, and import. The chapter also outlines the challenges that need to be taken seriously before recommending policy instruments. Finally, the chapter recommends a list of policy instruments to foster informal and formal small businesses in the Palestinian Territories such as training, access to new markets, access to finance, access to information on markets, suppliers, and registration processes, and changing laws and regulations.

Obtaining a true picture of the size and dynamics of the informal economy has proven to be a daunting task. There is a lack of studies in the Palestinian Territories on dealing with how violent conflict impacts firms working formally or informally at the micro level. This chapter addresses this lacuna. There is a wonder whether the informal businesses might prosper in the long term in the Palestinian Territories or whether it should be curbed as a hindrance to development. Paradoxically perhaps, the sector contains both entrepreneurial potential and the struggle for subsistence. From one perspective, informal businesses have an unfair advantage in avoiding taxation. On the other hand, these businesses lack legal rights, and are unable to access public services or formal sources of credit. So, what is an appropriate policy response?

Identifiable obstacles and constraints lead to the failure of informal enterprises and loss of jobs. These include a lack of suitabile and secure premises in good locations, limited or no bookkeeping skills, a lack of finance, credit, and insurance, and being the target of crime – as well as annoyance by local government. Several constraints are structural and fundamental to the concentrated nature of the economy. These hinder informal enterprise owners' efforts to reach beyond local markets, graduate to upper tiers of the sector, or step up to higher-value markets and formal sector value chains.

The solution is neither to encourage nor to suppress informal economic activity but rather to reduce barriers for all businesses (formal and informal). Opening routes to formality creates new job opportunities for the poor to realize their potential and raise national competitiveness. Acquiring the formal status allows women entrepreneurs to access formal markets, invest with security, obtain new sources of credit, and defend their rights. An effective route to formality, however, requires more than registration and enforcement. It requires the tearing down of barriers at the origin of informality to improve the business climate for all entrepreneurs. Lowering barriers increases business opportunities while facilitating compliance.

So, what is the way forward for the Palestinian policymakers? The informal sector needs to be supported by a development-oriented policy approach in which enterprises are enabled to become self-standing institutions that are organizationally and financially separate from the household. A good place to start is by teaching enterprise owner-operators basic bookkeeping skills and providing them with suitable sites for their businesses; these are factors associated with employment growth. Such policies—instead of enforced formalization, which is often limited to tax registration and business licensing—could make a significant difference to the job opportunities, earnings, and working conditions of the poor.

References

Abuznaid, S. A. (2014). Managing a Family Business in a Complex Environment: The Case of Palestine. *International Journal of Business and Social Science, 5*(10), 187–196.

Albotmeh, S., & Irsheid, S. (2013). *Barriers to Female Labour Market Participation and Entrepreneurship in the Occupied Palestinian Territory*. Birzeit: The Center for Development Studies-Birzeit University.

Angel-Urdinola, D. F., & Tanabe, K. (2012). *Micro-Determinants of Informal Employment in the Middle East and North Africa Region*. Washington, DC: World Bank.

Becker, K. F. (2004). *The Informal Economy: A Fact-Finding Study Prepared for the Swedish International Development Agency*. Stockholm: SIDA.

Bruhn, M., & McKenzie, D. (2014). Entry Regulation and the Formalization of Microenterprises in Developing Countries. *The World Bank Research Observer, 29*(2), 186–201.

Castells, M., & Portes, A. (1989). World Underneath: The Origins, Dynamics, and Effects of the Informal Economy. In A. Portes, M. Castells, & L. A. Benton (Eds.), *The Informal Economy: Studies in Advanced and Less Developed Countries* (p. 12). Baltimore: Johns Hopkins University Press.

De Soto, H. (2000). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Perseus.

Eilat, Y., & Zinnes, C. (2002). The Shadow Economy in Transition Countries: Friend or Foe? A Policy Perspective. *World Development, 30*(7), 1233–1254.

Fallah, B. (2014). The Pros and Cons of Formalizing Informal MSES in the Palestinian Economy. In *Economic Research Forum Working Papers* (No. 893).

Farr, V. (2011). UNSCR 1325 and Women's Peace Activism in the Occupied Palestinian Territory. *International Feminist Journal of Politics, 13*(4), 539–556.

Feige, E. L. (1997). *Revised Estimates of the Underground Economy: Implications of US Currency Held Abroad*. Madison: The University of Wisconsin-Madison.

Feige, E. L. (2016). Reflections on the Meaning and Measurement of Unobserved Economies: What Do We Really Know About the 'Shadow Economy'. *Journal of Tax Administration, 2*, 1–50

Festa, G., Ciasullo, M. V., Vrontis, D., & Thrassou, A. (2017). Cooperating for Competing-a Small Italian wineries' Internationalisation Strategy Case Study. *Global Business and Economics Review, 19*(5), 648–670.

Khalidi, R., & Samour, S. (2011). Neoliberalism as Liberation: The Statehood Program and the Remaking of the Palestinian National Movement. *Journal of Palestine Studies, 40*(2), 6–25.

Kus, B. (2014). The Informal Road to Markets: Neoliberal Reforms, Private Entrepreneurship and the Informal Economy in Turkey. *International Journal of Social Economics, 41*(4), 278–293.

La Porta, R., & Shleifer, A. (2014). Informality and Development. *Journal of Economic Perspectives, 28*(3), 109–126.

Loayza, N. (1999). *The Economics of the Informal Sector: A Simple Model and Some Empirical Evidence from Latin America*. Washington, DC: World Bank.

Martin, L. A., Nataraj, S., & Harrison, A. E. (2017). In with the Big, Out with the Small: Removing Small-Scale Reservations in India. *American Economic Review, 107*(2), 354–386.

McCaig, B., & Pavcnik, N. (2015). Informal Employment in a Growing and Globalizing Low-Income Country. *American Economic Review, 105*(5), 545–550.

McCaig, B., & Pavcnik, N. (2018). Export Markets and Labor Allocation in a Low-Income Country. *American Economic Review, 108*(7), 1899–1941.

McKenzie, D., & Woodruff, C. (2013). What Are we Learning from Business Training and Entrepreneurship Evaluations around the Developing World? *The World Bank Research Observer, 29*(1), 48–82.

Palestinian Central Bureau of Statistics. (2014). Population, Housing and Establishment Census. Census Final Result in the West Bank—Summary (Population and Housing).

Perry, G. E., Arias, O., Fajnzylber, P., Maloney, W. F., Mason, A., & Saavedra-Chanduvi, J. (2007). *Informality: Exit and Exclusion*. Washington, DC: The World Bank.

Portes, A. (1994). The Informal Economy and its Paradoxes. In N. J. Smelser & R. Swedberg (Eds.), *The Handbook of Economic Sociology*. Princeton: Princeton University Press.

Pratap, S., & Quintin, E. (2006). *The Informal Sector in Developing Countries: Output, Assets and Employment* (No. 2006/130). Research Paper, UNU-WIDER, United Nations University (UNU).

Roy, S. M. (1998). *The Palestinian Economy and the Oslo Process: Decline and Fragmentation* (No. 24). Abu Dhabi: Emirates Center for Strategic Studies and Research.

Schneider, F. (1994). Measuring the Size and Development of the Shadow Economy. Can the Causes Be Found and the Obstacles Be Overcome? In *Essays on Economic Psychology* (pp. 193–212). Berlin: Springer.

Schneider, F., & Enste, D. H. (2000). Shadow Economies: Size, causes, and Consequences. *Journal of Economic Literature, 38*(1), 77–114.

Schneider, F., & Torgler, B. (2007). *Shadow Economy, Tax Morale, Governance and Institutional Quality: A Panel Analysis* (No. 0701). Working Paper, Department of Economics, Johannes Kepler University of Linz.

Stevenson, L., Daoud, Y., Sadeq, T., & Tartir, A. (2010). Global Entrepreneurship Monitor: GEM-MENA Regional Report 2009 (Middle East and North Africa).

Straub, S. (2005). Informal Sector: The Credit Market Channel. *Journal of Development Economics, 78*(2), 299–321.

Williams, C. C., & Lansky, M. A. (2013). Informal Employment in Developed and Developing Economies: Perspectives and Policy Responses. *International Labour Review, 152*(3–4), 355–380.

World Bank. (2018a). *Economic Monitoring Report to the Ad Hoc Liaison Committee*. Working Paper. 19 March. Washington, DC.

World Bank. (2018b). *Doing Business Report*. Washington, DC. https://doi.org/10.1596/978-1-4648-1326-9. Retrieved on December 21, 2018.

4

A Practicable Implementation of Training and Development in Professional Services: The Case of Accountants in Cyprus

Loucas Theodorou, Demetris Vrontis, and Michael Christofi

4.1 Introduction

Organisations, nowadays, are facing a number of challenges due to the very demanding and continuously changing environment in which they operate. In order to survive, remain competitive and achieve their objectives, they have to be able to identify innovative ways of thinking and acting (Beardwell and Thompson 2014; Bresciani et al. 2012). Adding to

L. Theodorou
University of Leicester, Leicester, UK

D. Vrontis
Department of Marketing, University of Nicosia, Nicosia, Cyprus
e-mail: vrontis.d@unic.ac.cy

M. Christofi (✉)
University of Nicosia, Nicosia, Cyprus
e-mail: christofi.mi@unic.ac.cy

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_4

this, success for an organisation lies in its human resource management (HRM) practices (Rowland et al. 2017), its ability to retain its top-performing employees (Papasolomou et al. 2017), generally known as the "talented employees", who demonstrate the skills and knowledge necessary to assist them in achieving the desired sustainable competitive advantage (Beardwell and Thompson 2014). Considering the above, an organisation's success lies in its training and development (T&D) strategy, through which employees may gain the appropriate means, knowledge, skills and attributes that will enable them to achieve the organisation's mission and vision (Taamneh et al. 2018; Martin et al. 1999). Thus, the connection between T&D and employee retention has become very important in academia, as there are different views about the consequences of the above relationship (Al-Sada et al. 2017; Becker 1962). Extant literature focuses on several factors that influence employee turnover, such as managers' personality characteristics (Vassakis et al. 2018), labour market conditions (Day 2005), gender and age (Lynch 1991), and HRM practices (Guthrie 2001). However, existing research is inconclusive regarding the relationship between T&D on the one hand and employee turnover on the other hand (Sieben 2007).

Towards this direction, there are several recent calls for additional research on factors that contribute to employee retention (Hausknecht et al. 2009; Maertz and Campion 1998; Steel et al. 2002). Furthermore, existing literature focuses mainly on Western organisations, thus, leaving aside the importance of the relationship between T&D and employee retention elsewhere. This has been documented in China by Cheng and Waldenberger (2013).

Based on this, a gap also exists in Cyprus, and particularly in the tertiary sector in which professional accountants are employed, as the relationship between T&D investment and employee retention has not yet been examined. Thus, the aim of this study is to bridge the gap between theory and practice by investigating whether the investment of organisations in T&D practices affects the retention of professional accountants in Cyprus by their current employers.

To the authors' knowledge, this is the first study to empirically identify the T&D factors that significantly affect the decision of professional accountants who work in Cyprus to stay or leave their current employer. This is significant because Cyprus is characterised as a country that is a full member of the European Union and many international and multinational businesses are registered here. Adding to this, the results are very significant for Cyprus because the Cypriot economy is heavily based on the financial and services sectors, as it is an international centre for professional services, with the accounting profession upholding the highest international standards and serving numerous international and local firms (Accountancy 2012; IndexMundi 2015). The results of the particular research project are not only significant in theory and academia but also very important for their practical implications at the workplace. First, the statistical identification of the elements of T&D practices and their effect on employees' retention as professional accountants in Cyprus implies that the employers, whether they are in the financial, service, public or manufacturing sector, should emphasise on the congruence between employee interests and training programmes and on the level of investment in T&D. These two elements are important for employers in order to be able to maintain long-term relationships with their employees, by increasing in this way their intention to stay.

The structure of the study is as follows. The next section provides a brief literature review that illustrates the developed research hypotheses and presents the initial conceptual framework by following the conceptual framework methodology applied by Christofi et al. (2018), Christofi et al. (2014) and Christofi et al. (2013). Then, the methodology applied in this research is discussed. Next, the results of the study are analysed in detail, followed by a discussion on the findings. The study concludes with the presentation of the final framework, and a discussion of the theoretical and practical contributions.

4.2 Literature Review and Theory

We followed state-of-the-art reviews (i.e. Leonidou et al. 2018; Christofi et al. 2017; Christofi et al. 2015a, b) so as to provide a comprehensive literature review.

4.2.1 Training and Development

According to Honey (1998: 28–29), learning "is the central issue for the twenty-first century". His words reflect the reality of the new era. The huge challenges that organisations and individuals are currently facing, which are created by the changes and demands of the global, highly competitive environment within which they are operating demand huge investment in T&D activities. Although training and development are two words that are used together frequently, their meanings and definitions are different.

Training is defined as a process which has as a main result the acquisition of knowledge, skills, competencies and attributes (Merriam-Webster Online 2005; Ribeaux and Poppleton 1978). Through learning, a "personal transformation" can be achieved (Mezirow 1977).

On the other hand, development is something different from learning; however, it cannot be achieved in the absence of learning (Beardwell and Thompson 2014). It is defined as the process through which growth, enhancement and differentiation can be achieved. It can be translated as an inside revolution of human beings (Merriam-Webster Online 2005). Based on that, development can be seen as an outcome of a continuous process in which an individual decides to participate and it acts as one of the key motivating factors for employees (Beardwell and Thompson 2014). Emphasis must be laid on the process of continuous employee development, which is based on employees' individual needs, expectations and dynamics. Therefore, individuals' continuous development can be seen as a cyclical process in which employees can be inspired to and enforced to organise and implement it in such a way that future benefits in relation to their employability can be achieved (Garofano and Salas 2005).

The strategic importance of investing in T&D can be seen through the outcomes of the process which has benefits not only for employees but also for their employers (Beardwell and Thompson 2014). Based on that, organisations nowadays identify the significance of T&D of their employees because they understand that through such practices, employees' behaviour is directly affected (Craig et al. 2002; Grawitch et al. 2007).

Through these practices, organisations are gaining not only the new skills that employees are using to perform their daily tasks at work but also their appreciation (Foong-ming 2008).

Also, in order to achieve the desired sustainable competitive advantage, organisations have to develop their most valuable resource, their human resource. According to Beattie (2002: 2–3) "people are our only source of differentiation and sustainable competitive advantage. Essential to that is learning". Through T&D activities, employee retention can be achieved. By retaining skilled employees, organisations can be positively affected (Balzer and Sulsky 1990). According to Beardwell and Thompson (2014: 220–221) "increased knowledge and improved skills enlarge the individual's capacities to adapt to the environment and to change that environment, thus allowing new possibilities to emerge".

The emphasis on T&D strategies and practices in an organisation confirms that T&D is part of its organisational culture (Jerez Gómez et al. 2004; Noe et al. 2010) and that it is a learning organisation. Also, by generously offering knowledge to employees through their participation in internal and external training programmes, the organisations increase their willingness to advance their capabilities and engage in various self-learning activities and to become more learning oriented (Chen and Huang 2009; Shipton et al. 2006). Furthermore, through the participation of employees in various projects and learning activities, in-depth knowledge can be achieved, thus enabling organisations to become more creative and innovative (Sung and Choi 2012).

4.2.2 Employee Retention

According to ALDamoe et al. (2012) and James and Mathew (2012), employee retention can be defined as all the measures, practices and strategies that an organisation can adopt in order to create such an environment within the organisation that will motivate and encourage employees to stay and work for a number of years. The huge changes that are currently taking place, especially due to globalisation, affect in various ways the employment relationship. Strategies for motivating and retaining high-calibre employees have now become mandatory (Campanella et al. 2016; Vrontis et al. 2010; Bresciani et al. 2012; Horwitz et al. 2003; Roehling et al. 2000; Turnley and Feldman 2000). The organisations that want to remain competitive must retain employees who have the skills and knowledge that will assist them in achieving their objectives (Horwitz et al. 2003; Mitchell et al. 2001; Roehling et al. 2000; Steel et al. 2002). However, it is not easy to retain high-calibre employees because they not only are very demanding but also place more emphasis on their career path and targets instead of organisational loyalty. This is one of the main reasons why talented employee turnover is high (Cappelli 2001).

Considering the above, employee retention is currently very important for HRM (Horwitz et al. 2003; Steel et al. 2002). HR managers must develop and introduce such practices that will enable them to reduce talented employee turnover (e.g. Cappelli 2001; Mitchell et al. 2001; Steel et al. 2002; Kim 2012). These practices and policies are well known under the term "retention management", which is defined as the ability to retain those employees you want to keep within the organisation, for a longer period than your competitors (Johnson 2000).

The costs that are linked with employee turnover, especially those who have the skills and knowledge, are significant for any organisation and this is the main reason why employee retention became so popular in the literature and academia. Replacement cost and other organisation costs associated with this are extremely high for organisations (Huang et al. 2006). Chhabra and Mishra (2008: 50) maintain that "the corresponding costs to the firm with regard to employees' quitting the organisation and the subsequent hiring or replacement of employees can be quite significant in terms of personal, work-unit and organisational readjustments". Also, according to them (2008: 50) "investing in staff is far less expensive than replacing them, which is estimated to cost about one-and-a-half years of a departing staffer's annual salary". However, the issue of employee retention became more essential when high-calibre employees such as managers from all levels, supervisors and talented employees decide to leave an organisation. Such decisions create not only extra costs to organisations, but most importantly they create such a disorganisation and disruption that may result in a number of negative issues for an organisation, which may even affect its survival (Allen et al. 2010).

Based on the above, the crucial question is how can organisations retain these employees who have the abilities to assist them in achieving their strategic objectives? (Horwitz et al. 2003; Steel et al. 2002). In order to answer the above question, a number of studies have been performed during the last few decades. Based on these studies, emotional and behaviour factors such as routinisation, family considerations and the relative tendencies of high and low performers (Bluedorn 1982; Steel 2002), as well as various HR strategies, such as T&D and work-life balance (Horwitz et al. 2003; Hsu et al. 2003), have been evaluated as the basis for the introduction of employee retention models and strategies (De Vos and Meganck 2008). Generally, the factors that affect employee retention consist of financial benefits, career and professional development, T&D opportunities, a work environment where cooperation, communication and teamwork dominate, and working conditions where work-life balance can be achieved (Allen et al. 2003; Cappelli 2001; Horwitz et al. 2003; Hsu et al. 2003; Mitchell et al. 2001; Roehling et al. 2000). All these factors must be taken into consideration by HR managers when they develop their retention-management policy.

Moreover, in retention management, another important issue that has to be taken into consideration are the factors that stem from the employees' perspective. These are the "motivational forces" that affect their own decision-making process, which are, according to Maertz and Griffeth (2004), excluded in most research. These motivational forces consist of "events, recalled memories and other cognitions that trigger conscious deliberations about organisational membership" (Maertz and Griffeth 2004: 669) and affect the decision of an employee to stay with or leave his or her employer.

4.2.3 Theories That Seek to Explain the Effect of T&D on Employee Retention

In order to develop the hypotheses, the authors emphasised the relevant literature through which four theories were identified and used.

Social Exchange Theory

The results of a number of studies on the particular subject indicate that employee commitment negatively affects employee turnover (Cheng and Stockdale 2003). Also, according to these studies the investment in employees' T&D practices not only affects the way they behave (Birdi et al. 1997; Galunic and Anderson 2000; Bartlett 2001; Tansky and Cohen 2001) but also positively affects their loyalty (Tannenbaum et al. 1991; Noe et al. 1997).

The model which includes the above ideas is known as the social exchange model (Erkutlu and Chafra 2017). This model explains that the offering of T&D opportunities to employees is perceived by them as a benefit equal to other benefits such as salary package (Nordhaug 1989) and their attitude to their organisation will be only positive (e.g. Noe et al. 1997). Based on the social exchange point of view, continuous investment and emphasis on employees' T&D practices enhance employees' emotional commitment (Tsui et al. 1997). As a result, the extra care that employees feel connects them emotionally to their employer and increases their intentions to stay with the firm (Rhoades et al. 2001). Thus, offering extra care to employees, such as T&D opportunities, results in an enhanced level of loyalty towards their organisation (Meyer and Smith 2000; Blau et al. 2001; Tansky and Cohen 2001; Cheng and Stockdale 2003; Bellou and Andronikidis 2017).

The positive relationship between T&D practices and the attitude of employees to remain loyal to their organisations was the result of a number of studies in the past. For instance, Bartlett (2001) provides an evidence of this relationship in the medical care industry, by showing that the participation of nurses in T&D events affected positively their affective commitment towards the organization. Similarly, according to a research carried out by Birdi et al. (1997), the time invested in training activities positively increases the commitment of employees to their organisation. As a result, the particular research finds that the investment in employees' T&D activities by using various methods of training is seen by the employees as a serious benefit offered by the employer, with the effects on organisational commitment being positive.

According to studies that have been performed in the past, if an employer offers important benefits to its employees, the likelihood of losing these employees is minimised (Shaw et al. 1998; Mitchell et al. 2001). In his research, Cappelli (2004) identified that the offering of T&D opportunities to employees has a negative effect on employee turnover.

Another important finding of studies focusing on social exchange theory is that the relationship between the employee and the employer is mainly based on trust (Eisenberger et al. 2001). Based on that, employees lay emphasis on emotions related to belonging, which stem from the support that they receive from their employer. This works as a key motivating factor for increasing their performance (ibid.). Studies focusing on this theory emphasise mainly on perceived organisational support (POS) (Eisenberger et al. 2001; Harris et al. 2007; Muse and Stamper 2007). POS is defined as "the extent to which employees perceive that their contributions are valued by their organisation and that their firm cares about their well-being" (Eisenberger et al. 1986: 501). This concept includes all the actions that are taken by an organisation to improve employees' employability through intensive investment in employees' T&D activities (Lee and Bruvold 2003). According to Tsui et al. (1997) and Lee and Bruvold (2003), emphasis is laid on employees' perceptions which are related to the support that they are receiving in relation to their personal enhancement. These perceptions are known as "perceived support in employee development" (PSED). PSED refers to employees' perceptions that their skills and attributes development are fully supported by their employer.

The general skill trainings offered by an employer reveal their intention to enhance employees' knowledge, skills and competencies. This intention makes the organisation more attractive to talented employees. On the other hand, employees that have these training opportunities by their employers feel that they are important and that they are a significant resource for their organisation (Tannenbaum et al. 1991; Lee and Bruvold 2003; Sieben 2007). Several studies focusing on the particular subject provide evidence that there is a negative relationship between employee intention to quit and investment in employees' T&D activities (Arthur 1994; Whitener 2001; Hung and Wong 2007); the investment in employee T&D that will enable them to acquire new knowledge and skills is considered as PSED. The support that employees feel from their employers in relation to their individual development increases their intention to stay (Koster et al. 2011). Therefore, the offering of general training to employees is an indication that their organisation adopts an individualistic approach to each of its staff members (Galunic and Anderson 2000).

Congruence Theory

Congruence in psychology means that there is a good fit, or correspondence, between one's needs, wishes and preferences on the one hand and situation, rewards and gratification on the other hand. Similarly, Tinsley (2000) defined congruence as the relation between desires and supplies.

According to Holland (1997), congruence theory is defined as the matching of the similarities between an individual and the environment in which he or she operates or to the job that has been assigned to his or her specific requirements.

Based on the above, employee retention is affected by their individual interests and the level by which the organisation gives emphasis on those interests. According to this theory, when employees' interests align with the work environment, they feel more satisfied within that environment, they are more willing to participate as active members in the particular environment and the law of attraction applies. Therefore, they want to stay for a number of years in that environment in contrast with others who want to exit from an environment in which they are not feeling that their interest match with the particular environment.

Person-Environment Fit Theory

Holland's (1973, 1997) congruence theory was actually the reason behind the introduction in the literature of a new theory which also emphasises on the alignment between the person and the environment in which he or she is operating. The new theory is called person-environment (PE) fit theory and is defined as the correlation between the job environment and the employees (Edwards 2008). As per that theory, employees' behaviour is directly affected by the workplace environment.

This theory anticipates that employees' satisfaction, performance at work and organisational commitment are directly affected from the level of the attachment and correlation between the employees on the one hand and the workplace on the other hand. Considering this, attitudes from employees in the work environment, such as high absenteeism, low morale and loyalty, and real intentions to leave their current employers, are directly affected by the level of match described previously (person-environment fit).

The PE theory emphasises the relationship between employees' needs and how the work environment will satisfy or serve those needs (Dawis and Lofquist 1984; Edwards and Shipp 2007). Through the satisfaction of these needs, positivity in the employees' minds towards their employer is achieved, which, in turn, minimises employee turnover and increases employee retention.

Attraction-Selection-Attrition (ASA) Theory

According to Schneider (1987: 450), the attraction-selection-attrition theory states that "positive job attitudes for workers in an organization can be expected when the natural inclinations of the persons there are allowed to be reflected in their behaviours by the kinds of processes and structures that have evolved there". This particular theory assumes that the work environment created by social forces has a direct effect on employee behaviour, attitude and interests (Schneider et al. 1998).

According to this theory, the attraction of an employer to an employee who is seeking a job, during the recruitment process, is based on whether the employee feels that his or her personality, competencies and interests are aligned with the particular job and the employer.

On the other hand, during the selection process, the employer will select an employee based on whether the values, beliefs and objectives of the particular individual align with those of the organisation. At the end, during the employment relationship if employees' interests are satisfied, they stay at their current employer for a number of years. Otherwise, it is easier for the employee to ask for a new employer when his or her interests differ from the job that he or she has to perform and the environment in which that job is performed. Similar to the previous discussion, when the interests of employees match the T&D opportunities offered by the organisation, these employees will be identified with the work environment, and thus, it is expected that their intentions to stay with that organisation will be enhanced.

4.2.4 Hypotheses Development and Initial Conceptual Framework

The first hypothesis is based on identifying whether T&D practices affect the level of employees' loyalty (Banks et al. 2004) in terms of intentions to stay at their organisation. Based on the previous analysis of the social exchange model, the investment in employees' T&D practices reduces their intention to look for a new employer and enhances their intention to stay in their organisation. As a result, the following hypothesis is developed:

Hypothesis 1 (H1): Participation in T&D practices is positively related to employee retention.

The discussion in relation to the social exchange theory and the emphasis of the studies that have been performed in the past in relation to perceived organisational support and perceived support in employee development identify a close relationship between T&D and employee retention. Based on this, organisations offer T&D opportunities to their employees in order to increase retention and minimise turnover by building the loyalty of employees. As a result and according to the social exchange theory, employees perceive the support of their employer as extra care and they repay it back through their intention to stay (Koster et al. 2011). Based on the above, the following hypothesis emerges:

Hypothesis 2 (H2): PSED via employee T&D is positively related to employee retention.

Also, congruence theory, person-environment fit theory and attraction-selection-attrition (ASA) theory, explain the close relationship between employee turnover and training programmes that employees are interested to participate in. On the contrary, employees whose interests do not match their work environments feel dissatisfied and they want to leave as soon as possible. Considering the above and the previous discussion on the particular theories, the following hypothesis emerges:

Hypothesis 3 (H3): Congruence between employees' interests and T&D programmes is positively related to employee retention.

According to several studies (i.e. Hom and Kinicki 2001), employee turnover intention is also affected by the extensive participation of employees in various trainings offered by an employer. In other words, the more intensive the training programmes offered to employees are, the higher the possibility of retaining them within their organisation for a longer period of time. This is based on the fact that employees compare the T&D opportunities that they presently have in their current employment with the opportunities that they could have under other employers (ibid.). Similarly, according to Bartlett (2001), employees' participation in training activities has a significant relationship with the perceptions of the level and frequency of T&D offered by organisations. Based on the above, hypothesis 4 proposes the following relationship:

Hypothesis 4 (H4): There is a positive relationship between the level of investment in T&D and employee retention.

The hypotheses are summarised in Fig. 4.1. The independent variables are (a) participation in T&D, (b) perceived support in employee development, (c) congruence between employee interests and training programmes, and (d) level of investment in T&D; the dependent variable is employee retention.

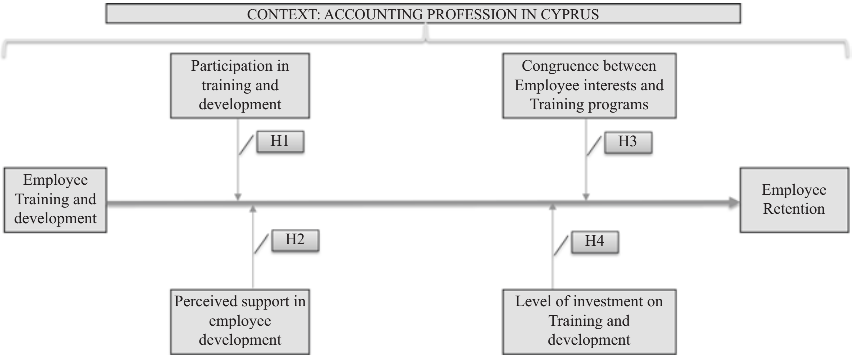

Fig. 4.1 Initial conceptual framework

4.3 Methodology

The research study was carried out in the accounting industry (professional services) of Cyprus. The study had targeted all professional accountants' members of the ICPAC, which stood at 3668 full members at the end of 2015 (ICPAC 2016) and another 4003 professional accountants who are affiliate members of ICPAC. Since questionnaires have been mainly used to examine and explain relationships between variables (Camilleri 2012; De Vaus 2002; Salant and Dillman 1994), the authors chose to use this data collection method. Moreover, an online questionnaire provides a time-efficient and economical way of collecting responses from a relatively large sample (Lefever et al. 2007). Thus, an online self-completion questionnaire using email addresses was the most practical instrument to gather the data. Each variable in the framework was measured using multiple questions. Also, the current study used a similar scale format for all the questions relating to the constructs of the framework. In particular, for all the construct measurement items, participants were asked to indicate their level of agreement on a 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree), as this type of scale provides greater discrimination as the scope for a range of answers is greater (Dawes 2012).

Finally, pre-testing is important to the successful delivery and communication of intended messages to the target subjects for enhancing the quality of the gathered data as well as the response rate (Summers 2001). Thus, in order to get feedback on the appropriate way to administer the online questionnaire, as well as to identify the questions that participants have difficulty comprehending or interpret in a different way from the authors' original intention (Dillman 2000), a pilot test was conducted with five professionals from the authors' network who work within the service sector of Cyprus. Next, the survey questionnaire was uploaded electronically to SurveyMonkey (https://www.surveymonkey.com), an online survey software tool, and was distributed by email, via a link button, to the participants. The email addresses of the target sample were identified via the membership of one of the authors in ICPAC. Within the email, the participants were informed about the aim and objectives of this study. A participant information sheet was included, and the participants were given instructions on how to complete the questionnaire. Participants were asked to complete the survey within seven days. In order to ensure a high response rate, a reminder email was sent at the fifth day after sending the first emails. Initially, a total of 178 accounting professionals completed the questionnaire but the missing data had reduced the number of valid questionnaires to 162 participants, thus implying a 91% usable response rate.

4.4 Data Analysis and Results

4.4.1 Demographic Statistics

Of the 162 professional accountants who responded to the online survey, 90 were males, representing 55.5% of the sample. Besides, 60% of the participants in the survey were in the 25–34-year age group and 23% in the 35–44-year group. This percentage was close to the authors' expectations because newly qualified accountants in the age group of 25–34 years are more interested in T&D opportunities at the workplace. The second-highest percentage of 23% was in the 35–44 age group because the need for continuous T&D is usually constant for all professionals. Responses from professional accountants who held managerial positions accounted for the highest percentage of 45%, while those who are currently associates or held a senior position in their firms contributed to 39%.

4.4.2 The Descriptive Statistics for Variables in the Proposed Framework

There are a total of 21 statements that make up the five variables under consideration. The scores for the five variables were taken as the arithmetic mean (average) of the responses to the corresponding statements. Initially, the reliability of all 21 statements was found to be high as the Cronbach's alpha coefficient is 0.945. Additionally, the internal consistency of each of the measurements was found to be high as well as within alpha coefficients 0.658, 0.873, 0.815, 0.814 and 0.924 for participation in T&D, perceived support in employee development, congruence between employee interests and training programmes, level of investment in T&D and employee retention, respectively.

In particular, the first variable focused on the participation in T&D and included the following three measurement items: (a) this organisation spends a lot of money on employee training, (b) my participation in T&D programmes will make me a better worker, and (c) T&D prepares employees for future jobs and career development. Based on the results, the mean score across all items ranged from 5.1 to 5.8 (Likert scale 1–7). Respondents in items b and c had higher values of mean score, 5.8 and 5.7, respectively, which correspond to "Strongly Agree" on the original Likert scale. This demonstrates that participation in T&D was perceived as reasonably important. On the other hand, item a got a mean value of 5.1, which corresponds to "Agree" on the original Likert scale. Based on that, we can assume that participants tend to agree with the statement; nevertheless, they believe that there is room for improvement in relation to the investment in employees' training.

The second variable refers to the perceived support in employee development and entailed the following six measurement items: (a) my organisation encourages me to transfer the learnt material to the work floor, (b) my peers encourage me to transfer the learnt material to the work floor, (c) I receive sufficient support from my organisation in terms of T&D, (d) there is a strong atmosphere of support among participants during the training programme, (e) trainees are aware of top management support for the training that they are currently receiving, and (f) this organisation provides employees with a variety of T&D programmes. The mean score ranged from 5 to 5.4, across the items, which demonstrates that respondents, on average, tend to have a similar level of agreement on all the items. The mean score of 5.1–5.4 corresponds to "Agree" on the Likert scale, so we can conclude that all respondents perceive support in employee development.

The third variable related to the congruence between employee interests and training programmes and included the following four measurement items: (a) I am satisfied with the type of T&D I have received, (b) I find that my interests in T&D topics and the T&D I received from my organisation are very similar, (c) the reason I prefer this organisation to others is because of the type of T&D opportunities it offers, and (d) if the T&D opportunities offered by my organisation were different, I would not be as attached to this organisation. Based on the results, the mean score across all items ranged from 4.1 to 5 (Likert scale 1–7). Respondents in items a, b and c had higher values of the mean score, 5, 4.9 and 4.4, respectively, which correspond to "Agree" on the original Likert scale. This demonstrates that congruence between employees' interests and training programmes exists. On the other hand, item d gets a mean value of 4.1, which corresponds to "Neutral" on the original Likert scale. Based on that, we can assume that, on average, participants do not have a strong belief that their attachment to their organisations is not affected by their T&D opportunities.

The fourth variable focused on the level of investment in T&D and included the following three measurement items: (a) my organisation invests extensively in improving the levels of competency among the employees, (b) it is important for my organisation that its employees have received the necessary T&D, and (c) the organisation frequently provides training programmes for employee development. Based on the results, the mean score ranged from 4.9 to 5.5, across the items, which demonstrates that respondents, on average, tend to have a similar level of agreement on all the items. The mean score of 4.9–5.5 corresponds to "Agree" on the Likert scale, so we can conclude that the respondents tend to agree that investment in T&D exists.

Finally, the fifth variable relates to employee retention and included the following five statements: (a) I am extremely glad I chose this organisation to work for over others I was considering at the time I joined, (b) I am extremely glad to have chosen this organisation to work for over other organisations, (c) for me this is the best of all organisations for which to work, (d) I plan to work at my present job for as long as possible, and (e) I have a strong sense of belonging in my organisation. Based on the findings, the mean score ranged from 4.9 to 5.5, across the items, which demonstrates that respondents, on average, tend to have a similar level of agreement on all the items. The mean score of 4.6–5.2 corresponds to "Agree" on the Likert scale, so we can conclude that the respondents have a positive feeling of belonging in their organisation.

4.4.3 Correlation Analysis

The direction and strength of the association is measured via a correlation coefficient -r. The correlation coefficient ranges from −1 to 1, where a value closer to +1 means there is a positive linear association between the variables, a value closer to −1 means there is a negative linear association between the variables and a value closer to 0 means there is no linear association. A value of $r < 0.1$ means there is no correlation between the variables, $0.1 < r < 0.3$ means there is a low correlation, $0.3 < r < 0.5$ means a moderate correlation and $r > 0.5$ means there is a strong correlation between the variables.

Correlation between two variables means that the fluctuation of one variable is associated with the fluctuation of another variable. However, this does not mean that the change in one variable causes a change in the other. Hair et al. (2010) state that correlation does not imply causation. There may be, for example, an unknown variable (either observed or unobserved in the current study) that influences both variables similarly.

Since our variables of interest are measured on an interval/ration scale (i.e. numeric) and the distribution of the values does not deviate significantly from the normal distribution, the Pearson correlation coefficient will be used (Hair et al. 2010). The results of the analysis show that all five variables are positively and statistically significantly related to one another as shown in Table 4.1. This means that higher values in a variable are associated with higher values in the other variables.

Specifically, employee retention has a positive and moderate correlation with participation in T&D ($r = 0.43$, $p < 0.01$) and perceived support in employee development ($r = 0.587$, $p < 0.01$). Moreover, it has a positive and strong correlation with congruence between employee inter-

Table 4.1 Pearson correlation coefficients for the bivariate associations among the five variables of interest

	Participation in T&D	Perceived support in employee development	Congruence between employee interests and training programs	Level of investment on T&D
Perceived support in employee development	0.684**			
Congruence between employee interests and training programs	0.566**	0.748**		
Level of investment on T&D	0.565**	0.775**	0.691**	
Employee retention	0.430**	0.587**	0.647**	0.640**

* $p < 0.05$, ** $p < 0.01$

ests and training programmes ($r = 0.647$, $p < 0.01$) and with the level of investment in T&D ($r = 0.64$, $p < 0.01$). This means that higher scores in employee retention are associated with higher values of the four dependent variables. Additionally, it is observed that the four independent variables are also positively related with one another.

4.4.4 Linear Regression

The superiority of the regression modelling is due to the fact that it quantifies the effect of a single independent variable while keeping all other independent variables constant. This way the confounding effect of the rest of the variables is "neutralised" and the true effect of each independent variable on the dependent variable is measured. The unstandardised beta (b) coefficients of the model depict the effect in the dependent variable when the independent is increased by one unit.

The dependent variable in the current linear regression model is set to be employee retention and the independent variables are participation in

T&D, perceived support in employee development, congruence between employee interests and training programmes, and the level of investment in T&D. To account (i.e. neutralise) for the differences in the participants' demographics, the model incorporates these as additional covariates in the model. The demographic characteristics are entered the model in the form of dummy variables. The dummy variables are variables with values 1 and 0, and represent the presence or non-presence of a category of the characteristic (e.g. age 25–34, age 35–44). Each dummy variable is contrasted with a reference category.

The model can explain 50.9% of the variation in employee retention and it is statistically significant at the 0.001 level (Adjusted $R^2 = 0.509$, SE = 0.8347, F (20,139) = 9.232, $p < 0.001$).

Participation in training ($b = -0.045$, $p = 0.694$) and perceived support in employee development ($b = 0.088$, $p = 0.59$) do not have a statistically significant association with employee retention.

However, congruence between employee interests and training programmes can statistically significantly predict employee retention ($b = 0.49$, $p < 0.001$). Specifically, an increase of one unit (in the scale 1–7) in congruence is associated with an average increase of 0.49 (in the scale 1–7) in employee retention.

Additionally, the level of investment in T&D can statistically significantly predict employee retention ($b = 0.347$, $p = 0.005$). Specifically, an increase of one unit (in the scale 1–7) in congruence is associated with an average increase of 0.35 (in the scale 1–7) in employee retention.

With regard to demographics, we observe that the category chief accountants/financial officers has a statistically significantly higher retention rate by an average of 1.06 in the scale of 1–7 ($b = 1.06$, $p = 0.015$) than the associate/senior category (reference category).

It is important to note that despite the correlation of employee retention with participation and perceived support, the regression analysis showed no statistically significant association. This is because the regression model considers the joint effect of the four independent variables on the dependent variable (employee retention) and not the one-on-one relationships (see Table 4.2).

Table 4.2 Results of the linear regression model of the employee retention on the four independent variables and the demographic characteristics of the participants

	Unstand. Coefficients B	Std. Error	Standard. Coefficients Beta	*t*	*p* value
(Constant)	1213	0641		1893	006
Main independent variables					
Participation in T&D	−0.045	0.115	−0.032	−0.395	0.694
Perceived support in employee development	0.088	0.163	0.064	0.54	0.59
Congruence between employee interests and training programs	0.49	0.113	0.404	4.355	**<0.001**
Level of investment on T&D	0.347	0.122	0.293	2.847	**0.005**
Age					
25–34	−0.037	0.267	−0.015	−0.137	0.891
35–44	−0.222	0.316	−0.079	−0.702	0.484
45 and over	−0.356	0.412	−0.076	−0.864	0.389
Work location					
Limassol	−0.103	0.164	−0.037	−0.626	0.533
Larnaca	−0.344	0.289	−0.07	−1.191	0.236
Paphos/Famagusta	−0.196	0.414	−0.029	−0.473	0.637
Position					
Supervisor/Manager	−0.037	0.177	−0.015	−0.209	0.835
Principal/Director/ Partner	0.181	0.298	0.052	0.607	0.545
Chief Accountant/ Financial Officer	1.06	0.431	0.155	2.461	**0.015**
Years of experience					
1–3	−0.402	0.208	−0.141	−1.935	0.055
3–5	0.044	0.249	0.012	0.175	0.861
5–10	−0.352	0.204	−0.121	−1.725	0.087
Sector of occupation					
Financial	−0.609	0.338	−0.236	−1.799	0.074
Manufacturer/Other	−0.974	0.633	−0.111	−1.539	0.126
Services	−0.243	0.327	−0.099	−0.744	0.458

Note: Reference values: Age 20–25 years old, Work location Nicosia, Position Associate/Senior, Years of experience 10+, Sector Public. Statistically significant effects (*p* values) highlighted in bold. *Model Fit*: Adjusted $R^2 = 0.509$, SE = 0.8347, $F(20,139) = 9.232$, $p < 0.001$

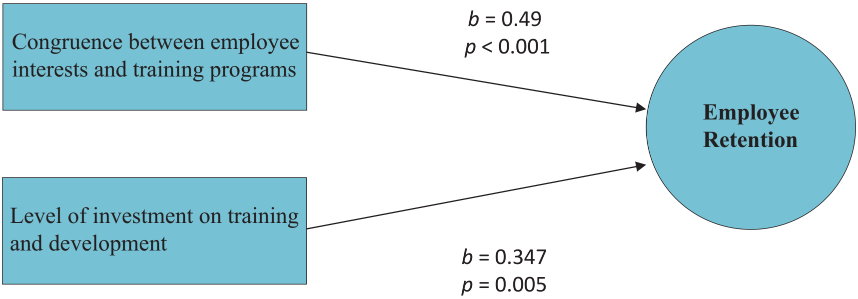

Fig. 4.2 Adjusted theoretical framework

4.4.5 Adjusted Conceptual Model

In conclusion, Fig. 4.2 illustrates the two variables of T&D that can have a statistically significant effect on employee retention in the accounting profession in Cyprus. The first one is the congruence between employee interests and training programmes ($b = 0.49$, $p < 0.001$) and the second one the level of investment in T&D ($b = 0.347$, $p = 0.005$).

4.5 Discussion and Conclusions

In conclusion, congruence between employee interests and training programmes and the level of investment in T&D were the elements of T&D which, after the empirical study, found to have a positive correlation with the retention of the professional accountants by their current employers in Cyprus.

4.5.1 Theoretical Contributions

First, this study provides a comprehensive review of existing literature on the effects of T&D on employee retention, which can be used as a knowledge basis for future scholars to draw information and further develop on. Second, through the provision of empirical evidences, the results and findings of the research project add value to the existing literature, which examines the relationship between T&D and employee retention, as it further supports the results of several studies which found that T&D practices and strategies positively affect employee retention. Finally, to the authors' knowledge, this is the first study to empirically identify the T&D factors that significantly affect the decision of professional accountants who work in Cyprus to stay with or leave their current employer, thus, filling the gap in existing literature which focuses on organisations based in other countries and not Cyprus.

4.5.2 Bridging Theory and Practice

The results of this particular research project are not only significant in theory and academia but also very important for their practical implications at the workplace. First, the statistical identification of the elements of T&D practices and their effect on employees' retention as professional accountants in Cyprus implies that the employers, whether they are in the financial, service, public or manufacturing sector, should emphasise the congruence between employee interests and training programmes and on the level of investment in T&D. These two elements are important for employers in order to be able to maintain long-term relationship with their employees, by increasing their intention to stay.

Second, although the research found that the congruence between employee interests and training programmes is of importance for the retention of professional accountants in Cyprus, managers must also pay attention to the level of investment in T&D practices. The participation of the employees in T&D programmes that will enable them to enhance their skills, competencies and knowledge that are relevant to their daily tasks enhances their intention to stay with the organisation.

Third, the importance of investing in T&D practices for professional accountants is justified through this study. Based on the findings, the importance of T&D as one of the major factors that will enable an organisation to achieve the desired sustainable competitive advantage through the retention of its talented employees has been validated. Specifically, this study demonstrates the significant role of the congruence between employee interests and training programme in employee retention. Based on this, managers should be in a position to anticipate the interests of the employees in order to develop and implement the T&D strategy in such a way that aligns with the interests of their employees in order to increase employee retention.

4.5.3 Conclusion

The challenges and demands that have been created during the past decade due to globalisation, introduction of high-tech technology and high competitiveness have altered the working environment worldwide. More than ever before, organisations are becoming demanding and focussed in order to achieve the desired sustainable competitive advantage. The only way to achieve this is through investment in their most valuable resource, their human capital. HR practices have become more important for any organisation and nowadays consist of a significant part of their overall business strategy. The empirical results of this particular project further enhance the view of academics and practitioners in the area of HRM that T&D has a significant effect on employee retention. The research contributes to an important area of the Cypriot economy. During the last two decades, the reputation of the accounting profession has increased significantly with an enviable contribution to the country's gross domestic product. Finally, existing research on the particular subject is very limited, thus, we hope that the results of this study will guide both academia and practice.

Acknowledgements The authors are grateful to Professor Warren Smith, dissertation supervisor, for his helpful comments during the development of this study.

References

Accountancy Cyprus. (2012). *The Journal of the Institute of Certified Public Accountants of Cyprus. Accountancy Cyprus (108).* Nicosia. ICPAC. Available at: https://www.icpac.org.cy/selk/en/common/PreviewDocument.ashx?item

Id=1147&refItemId=T470DOCUMENTS&refTableId=470&language=EN. Accessed 5 Jan 2017.

ALDamoe, F., Yazam, M., & Ahmid, K. (2012). The Mediating Effect of HRM Outcomes (Employee Retention) on the Relationship Between HRM Practices and Organizational Performance. *International Journal of Human Resource Studies, 2*(1), 75–88.

Allen, D., Shore, L., & Griffeth, R. (2003). The Role of Perceived Organizational Support and Supportive Human Resource Practices in the Turnover Process. *Journal of Management, 29*(1), 99–118.

Allen, D., Bryant, P., & Vardaman, J. (2010). Retaining Talent: Replacing Misconceptions with Evidence-Based Strategies. *Academy of Management Perspectives, 24*(2), 48–64.

Al-Sada, M., Al-Esmael, B., & Faisal, M. N. (2017). Influence of Organizational Culture and Leadership Style on Employee Satisfaction, Commitment and Motivation in the Educational Sector in Qatar. *EuroMed Journal of Business, 12*(2), 163–188.

Arthur, J. (1994). Effects of Human Resource Systems on Manufacturing Performance and Turnover. *Academy of Management Journal, 37*(3), 670–687.

Balzer, W. K., & Sulsky, L. M. (1990). Performance Appraisal Effectiveness. In K. Murphy & F. Saal (Eds.), *Psychology in Organizations: Integrating Science and Practice* (pp. 133–156). Hillsdale: Lawrence Erlbaum.

Banks, T. D., Yeo, G. B., & Neal, A. (2004). *Turnover and Training: The Influence of Perceived Organisational Support*. Paper presented at 4th UQ Symposium on Organisational Psychology, University of Queensland, Brisbane.

Bartlett, K. (2001). The Relationship Between Training and Organizational Commitment: A Study in the Health Care Field. *Human Resource Development Quarterly, 12*(4), 335.

Beardwell, J., & Thompson, A. (2014). *Human Resource Management: A Contemporary Approach* (7th ed.). Harlow: Pearson Education Limited.

Beattie, D. (2002). *President's Message, Annual Report 2002*. London: CIPD.

Becker, G. S. (1962). Investment in Human Capital: A Theoretical Analysis. *The Journal of Political Economy, 70*(5), 9–49.

Bellou, V., & Andronikidis, A. (2017). Organizational Service Orientation and Job Satisfaction: A Multidisciplinary Investigation of a Reciprocal Relationship. *EuroMed Journal of Business, 12*(1), 73–86.

Birdi, K., Allan, C., & Warr, P. (1997). Correlates and Perceived Outcomes of 4 Types of Employee Development Activity. *Journal of Applied Psychology, 82*(6), 845–857.

Blau, G., Merriman, K., Tatum, D., & Rudmann, S. (2001). Antecedents and Consequences of Basic Versus Career Enrichment Benefit Satisfaction. *Journal of Organizational Behavior, 22*(6), 669–688.

Bluedorn, A. (1982). A Unified Model of Turnover from Organizations. *Human Relations, 35*(2), 135–153.

Bresciani, S., Thrassou, A., & Vrontis, D. (2012). Human Resource Management–Practices, Performance and Strategy in the Italian Hotel Industry. *World Review of Entrepreneurship, Management and Sustainable Development, 8*(4), 405–423.

Camilleri, M. A. (2012). *Creating Shared Value Through Strategic CSR in Tourism*. Unpublished PhD dissertation, University of Edinburgh.

Campanella, F., Del Giudice, M., Thrassou, A., & Vrontis, D. (2016). Ambidextrous Organizations in the Banking Sector: An Empirical Verification on Banks' Performance and Conceptual Development. *International Journal of Human Resource Management*. https://doi.org/10.1080/09585192.2016.1239122

Cappelli, P. (2001). A Market-Driven Approach to Retaining Talent. In *Finding and Keeping the Best People*, *Harvard Business Review* (pp. 27–50). Boston: Harvard Business School Press.

Cappelli, P. (2004). Why Do Employers Pay for College? *Journal of Econometrics, 121*(1-2), 213–241.

Chen, C., & Huang, J. (2009). Strategic Human Resource Practices and Innovation Performance – The Mediating Role of Knowledge Management Capacity. *Journal of Business Research, 62*(1), 104–114.

Cheng, Y., & Stockdale, M. (2003). The Validity of the Three-Component Model of Organizational Commitment in a Chinese Context. *Journal of Vocational Behavior, 62*(3), 465–489.

Cheng, Y., & Waldenberger, F. (2013). Does Training Affect Employee Turnover Intention? Evidence from China. *Academy of Management Proceedings, 2013*(1), 11271–11271.

Chhabra, N. L., & Mishra, A. (2008). Talent Management and Employer Branding: Retention Battle Strategies. *ICFAI Journal of Management Research, 7*(11), 50–61.

Christofi, M., Kaufmann, H. R., Vrontis, D., & Leonidou, E. (2013). Cause-related Marketing and Strategic Agility: An Integrated Framework for Gaining the Competitive Advantage. *World Review of Entrepreneurship, Management and Sustainable Development, 9*(4), 518–542.

Christofi, M., Vrontis, D., & Leonidou, E. (2014). Product Innovation and Cause-Related Marketing Success: A Conceptual Framework and a Research Agenda. *Marketing Intelligence & Planning, 32*(2), 174–189.

Christofi, M., Leonidou, E., Vrontis, D., Kitchen, P., & Papasolomou, I. (2015a). Innovation and Cause-Related Marketing Success: A Conceptual Framework and Propositions. *Journal of Services Marketing, 29*(5), 354–366.

Christofi, M., Leonidou, E., & Vrontis, D. (2015b). Cause-Related Marketing, Product Innovation and Extraordinary Sustainable Leadership: The Root Towards Sustainability. *Global Business and Economics Review, 17*(1), 93–111.

Christofi, M., Leonidou, E., & Vrontis, D. (2017). Marketing Research on Mergers and Acquisitions: A Systematic Review and Future Directions. *International Marketing Review, 34*(5), 629–651.

Christofi, M., Vrontis, D., Leonidou, E., & Thrassou, A. (2018). Customer Engagement Through Choice in Cause-Related Marketing: A Potential for Global Competitiveness. *International Marketing Review*. https://doi.org/10.1108/IMR-04-2018-0133

Craig, E., Kimberly, J., & Bouchikhi, H. (2002). Can Loyalty Be Leased? *Harvard Business Review, 78*, 103–111.

Dawes, J. G. (2012). Do Data Characteristics Change According to the Number of Scale Points Used? An Experiment Using 5 Point, 7 Point and 10 Point Scales. *International Journal of Market Research, 50*(1), 62–77.

Dawis, R. V., & Lofquist, L. H. (1984). *A Psychological Theory of Work Adjustment: An Individual-Differences Model and Its Applications*. Minneapolis: University of Minnesota Press.

Day, R. (2005). *An Empirical Investigation of the Predictors of Self- and Other-Reported Marketability: Looking Beyond Human Capital*. Unpublished PhD dissertation, University of South Florida.

De Vaus, D. (2002). *Research Design in Social Research*. London: SAGE.

De Vos, A., & Meganck, A. (2008). What HR Managers Do Versus What Employees Value. *Personnel Review, 38*(1), 45–60.

Dillman, D. A. (2000). *Mail and Internet Surveys*. New York: Wiley.

Edwards, J. (2008). Person–Environment Fit in Organizations: An Assessment of Theoretical Progress. *The Academy of Management Annals, 2*(1), 167–230.

Edwards, J. R., & Shipp, A. J. (2007). The Relationship Between Person–Environment Fit and Outcomes: An Integrative Theoretical Framework. In C. Ostroff & T. A. Judge (Eds.), *Perspectives on Organizational Fit* (pp. 209–258). San Francisco: Jossey-Bass.

Eisenberger, R., Huntington, R., Hutchinson, S., & Sowa, D. (1986). Perceived Organizational Support. *Journal of Applied Psychology, 71*, 500–507.

Eisenberger, R., Armeli, S., Rexwinkel, B., Lynch, P., & Rhoades, L. (2001). Reciprocation of Perceived Organizational Support. *Journal of Applied Psychology, 86*(1), 42–51.

Erkutlu, H. V., & Chafra, J. (2017). Leader Narcissism and Subordinate Embeddedness: The Moderating Roles of Moral Attentiveness and Behavioral Integrity. *EuroMed Journal of Business, 12*(2), 146–162.

Foong-ming, T. (2008). Linking Career Development Practices to Turnover Intention: The Mediator of Perceived Organizational Support. *Journal of Business and Public Affairs, 2*(1), 1–20.

Galunic, D., & Anderson, E. (2000). From Security to Mobility: Generalized Investments in Human Capital and Agent Commitment. *Organization Science, 11*(1), 1–20.

Garofano, C., & Salas, E. (2005). What Influences Continuous Employee Development Decisions? *Human Resource Management Review, 15*(4), 281–304.

Grawitch, M., Trares, S., & Kohler, J. (2007). Healthy Workplace Practices and Employee Outcomes. *International Journal of Stress Management, 14*(3), 275–293.

Guthrie, J. P. (2001). High-Involvement Work Practices, Turnover, and Productivity: Evidence from New Zealand. *Academy of Management Journal, 44*, 180–190.

Hair, N., Clark, M., & Shapiro, M. (2010). Toward a Classification System of Relational Activity in Consumer Electronic Communities: The Moderators' Tale. *Journal of Relationship Marketing, 9*(1), 54–65.

Harris, R., Harris, K., & Harvey, P. (2007). A Test of Competing Models of the Relationships Among Perceptions of Organizational Politics, Perceived Organizational Support, and Individual Outcomes. *The Journal of Social Psychology, 147*(6), 631–656.

Hausknecht, J., Rodda, J., & Howard, M. (2009). Targeted Employee Retention: Performance-Based and Job-Related Differences in Reported Reasons for Staying. *Human Resource Management, 48*(2), 269–288.

Holland, J. L. (1973). *Making Vocational Choices: A Theory of Careers*. Englewood Cliffs: Prentice-Hall.

Holland, J. L. (1997). *Making Vocational Choices: A Theory of Vocational Personalities and Work Environments* (3rd ed.). Odessa: Psychological Assessment Resources.

Hom, P. W., & Kinicki, A. J. (2001). Toward a Greater Understanding of How Dissatisfaction Drives Employee Turnover. *Academy of Management Journal, 44*(5), 975–987.

Honey, P. (1998). The Debate Starts Here. *People Management, 1*(October), 28–29.

Horwitz, F., Heng, C., & Quazi, H. (2003). Finders, Keepers? Attracting, Motivating and Retaining Knowledge Workers. *Human Resource Management Journal, 13*(4), 23–44.

Hsu, M., Jiang, J., Klein, G., & Tang, Z. (2003). Perceived Career Incentives and Intent to Leave. *Information & Management, 40*(5), 361–369.

Huang, I., Lin, H., & Chuang, C. (2006). Constructing Factors Related to Worker Retention. *International Journal of Manpower, 27*(5), 491–508.

Hung, H., & Wong, Y. (2007). The Relationship Between Employer Endorsement of Continuing Education and Training and Work and Study Performance: A Hong Kong Case Study. *International Journal of T&D, 11*(4), 295–313.

ICPAC. (2016). *Annual Report 2015*. Nicosia: ICPAC. Available at: http://www.icpac.org.cy/selk/annualreports.aspx. Accessed 2 Dec 2016.

IndexMundi. (2015). *Cyprus Economy Profile 2014*. CIA World Factbook. Available at: http://www.indexmundi.com/cyprus/economy_profile.html. Accessed 5 Jan 2017.

James, L., & Mathew, L. (2012). Employee Retention Strategies: IT Industry. *SCMS Journal of Indian Management, 19*(3), 79–87.

Jerez Gómez, P., Céspedes Lorente, J., & Valle Cabrera, R. (2004). Training Practices and Organisational Learning Capability. *Journal of European Industrial Training, 28*(2/3/4), 234–256.

Johnson, M. (2000). *Winning the People War: Talent and the Battle for Human Capital*. London: Financial Times.

Kim, S. (2012). The Impact of Human Resource Management on State Government IT Employee Turnover Intentions. *Public Personnel Management, 41*(2), 257–279.

Koster, F., de Grip, A., & Fouarge, D. (2011). Does Perceived Support in Employee Development Affect Personnel Turnover? *The International Journal of Human Resource Management, 22*(11), 2403–2418.

Lee, C., & Bruvold, N. (2003). Creating Value for Employees: Investment in Employee Development. *The International Journal of Human Resource Management, 14*(6), 981–1000.

Lefever, S., Dal, M., & Matthíasdóttir, Á. (2007). Online Data Collection in Academic Research: Advantages and Limitations. *British Journal of Educational Technology, 38*(4), 574–582.

Leonidou, E., Christofi, M., Vrontis, D., & Thrassou, A. (2018). An Integrative Framework of Stakeholder Engagement for Innovation Management and Entrepreneurship Development. *Journal of Business Research*. https://doi.org/10.1016/j.jbusres.2018.11.054

Lynch, L. M. (1991). The Role of Off-the-Job vs On-the-Job Training for the Mobility of Women Workers. *The American Economic Review, 81*(2), 151–156.

Maertz, C. P., & Campion, M. A. (1998). 25 Years of Voluntary Turnover Research: A Review and Critique. *International Review of Industrial and Organizational Psychology, 13*, 49–82.

Maertz, C., & Griffeth, R. (2004). Eight Motivational Forces and Voluntary Turnover: A Theoretical Synthesis with Implications for Research. *Journal of Management, 30*(5), 667–683.

Martin, G., Pate, J., & McGoldrick, J. (1999). Do HRD Investment Strategies Pay? Exploring the Relationship Between Lifelong Learning and Psychological Contracts. *International Journal of T&D, 3*(3), 200–214.

Merriam-Webster Online. (2005). http://www.merriam-webster.com

Meyer, J., & Smith, C. (2000). HRM Practices and Organizational Commitment: Test of a Mediation Model. *Canadian Journal of Administrative Sciences, 17*(4), 319–331.

Mezirow, J. (1977). Personal Transformation. *Studies in Adult Education, 9*(2), 153–164.

Mitchell, T., Holtom, B., & Lee, T. (2001). How to Keep Your Best Employees: Developing an Effective Retention Policy. *Academy of Management Executive, 15*(4), 96–108.

Muse, L. A., & Stamper, C. L. (2007). Perceived Organizational Support: Evidence for a Mediated Association with Work Performance. *Journal of Managerial Issues, 19*(4), 517–535.

Noe, R., Wilk, S., Mullen, E., & Wanek, J. (1997). Employee Development: Issues in Construct Definition and Investigation of Antecedents. In J. Ford (Ed.), *Improving Training Effectiveness in Work Organizations* (pp. 153–189). Mahwah: Lawrence Erlbaum.

Noe, R., Tews, M., & McConnell Dachner, A. (2010). Learner Engagement: A New Perspective for Enhancing Our Understanding of Learner Motivation and Workplace Learning. *The Academy of Management Annals, 4*(1), 279–315.

Nordhaug, O. (1989). Reward Functions of Personnel Training. *Human Relations, 42*(5), 373–388.

Papasolomou, I., Kitchen, P. J., & Christofi, M. (2017). Internal Marketing Under Disguise: Misplaced Application. *Journal of Customer Behaviour, 16*(1), 5–18.

Rhoades, L., Eisenberger, R., & Armeli, S. (2001). Affective Commitment to the Organization: The Contribution of Perceived Organizational Support. *Journal of Applied Psychology, 86*(5), 825–836.

Ribeaux, P., & Poppleton, S. E. (1978). *Psychology and Work: An Introduction*. London: Macmillan.

Roehling, M., Cavanaugh, M., Moynihan, L., & Boswell, W. (2000). The Nature of the New Employment Relationship: A Content Analysis of the Practitioner and Academic Literatures. *Human Resource Management, 39*(4), 305–320.

Rowland, C. A., Hall, R. D., & Altarawneh, I. (2017). Training and Development: Challenges of Strategy and Managing Performance in Jordanian Banking. *EuroMed Journal of Business, 12*(1), 36–51.

Salant, P., & Dillman, D. A. (1994). *How to Conduct Your Own Survey*. New York: Wiley.

Schneider, B. (1987). The People Make the Place. *Personnel Psychology, 40*(3), 437–453.

Schneider, B., Smith, D., Taylor, S., & Fleenor, J. (1998). Personality and Organizations: A Test of the Homogeneity of Personality Hypothesis. *Journal of Applied Psychology, 83*(3), 462–470.

Shaw, J., Delery, J., Jenkins, G., & Gupta, N. (1998). An Organization-Level Analysis of Voluntary and Involuntary Turnover. *Academy of Management Journal, 41*(5), 511–525.

Shipton, H., West, M., Dawson, J., Birdi, K., & Patterson, M. (2006). HRM as a Predictor of Innovation. *Human Resource Management Journal, 16*(1), 3–27.

Sieben, I. (2007). Does Training Trigger Turnover – or Not? The Impact of Formal Training on Graduates' Job Search Behaviour. *Work, Employment and Society, 21*(3), 397–416.

Steel, R. (2002). Turnover Theory at the Empirical Interface: Problems of Fit and Function. *Academy of Management Review, 27*(3), 346–360.

Steel, R., Griffeth, R., & Hom, P. (2002). Practical Retention Policy for the Practical Manager. *Academy of Management Executive, 16*(2), 149–162.

Summers, J. O. (2001). Guidelines for Conducting Research and Publishing in Marketing: From Conceptualization Through the Review Process. *Journal of the Academy of Marketing Science, 29*(4), 405–415.

Sung, S., & Choi, J. (2012). Effects of Team Knowledge Management on the Creativity and Financial Performance of Organizational Teams. *Organizational Behavior and Human Decision Processes, 118*(1), 4–13.

Taamneh, A., Alsaad, A. K., & Elrehail, H. (2018). HRM Practices and the Multifaceted Nature of Organization Performance: The Mediation Effect of Organizational Citizenship Behavior. *EuroMed Journal of Business, 13*(3), 315–334.

Tannenbaum, S. I., Mathieu, J. E., Salas, E., & Cannon-Bowers, J. A. (1991). Meeting Trainees Expectations: The Influence of Training Fulfillment on the Development of Commitment, Self-Efficacy, and Motivation. *Journal of Applied Psychology, 76*, 759–769.

Tansky, J., & Cohen, D. (2001). The Relationship Between Organizational Support, Employee Development, and Organizational Commitment: An Empirical Study. *Human Resource Development Quarterly, 12*(3), 285.

Tinsley, H. (2000). The Congruence Myth: An Analysis of the Efficacy of the Person–Environment Fit Model. *Journal of Vocational Behavior, 56*(2), 147–179.

Tsui, A., Pearce, J., Porter, L., & Tripoli, A. (1997). Alternative Approaches to the Employee-Organization Relationship: Does Investment in Employees Pay Off? *Academy of Management Journal, 40*(5), 1089–1121.

Turnley, W., & Feldman, D. (2000). Re-examining the Effects of Psychological Contract Violations: Unmet Expectations and Job Dissatisfaction as Mediators. *Journal of Organizational Behavior, 21*(1), 25–42.

Vassakis, K., Sakka, G., & Lemonakis, C. (2018). Demystification of the Glass Ceiling Phenomenon: Gender Stereotyping and Successful Managers' Personality Traits in Greece. *EuroMed Journal of Business, 13*(1), 2–19.

Vrontis, D., Thrassou, A., & Razali, M. Z. (2010). Internal Marketing as an Agent of Change – Implementing a New Human Resource Information System for Malaysian Airlines. *Journal of General Management, 36*(1), 21–41. (ISSN: 0306-3070- Braybrooke Press).

Whitener, E. (2001). Do "High Commitment" Human Resource Practices Affect Employee Commitment? A Cross-Level Analysis Using Hierarchical Linear Modeling. *Journal of Management, 27*(5), 515–535.

5

The Role of Organizational Identity in Post-Merger Integration

Yaakov Weber

5.1 Introduction

One of the paradoxes during the last five decades in management literature has been the propensity of top executives to engage in mergers and acquisitions (M&As) despite consistent evidence that M&A performance is disappointing (Weber et al. 2014). For example, KPMG's survey, reported in its 2016 report, found that 91% of top executives indicate that they "intend to initiate one or more acquisitions in the next 12 months," and "81% anticipate executing two or more mergers." Yet, in another survey of KPMG, it was found that 83% of M&As have not achieved their intended goals, and many of those were detrimental to their corporate financial per-

Y. Weber (✉)
School of Business Administration, College of Management,
Rishon Lezion, Israel
e-mail: yweber@bezeqint.net

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_5

formance. It seems that top executives may perceive M&A as a good step for corporate growth at the pre-merger stage, but poorly implemented during the post-merger process. Indeed, researches have mostly focused on the financial, strategic, and organizational aspects of M&A, but so far, findings are contradictory and inconsistent (e.g., Gomes et al. 2011; Weber et al. 2014). It is not surprising that some suggested focus on variables other than finance to explain M&A performance (King et al. 2004).

The relevance of organizational identity to M&A success and processes has been recently indicated by several scholars (e.g., Weber et al. 2014). However, how the identity of managers and employees may contribute to, or damage, M&A performance remains unclear. The aim of this research is to explore the role of identity in M&A processes and the specific mechanisms by which it influences post-merger integration process. Such mechanisms will bridge the gap between business theory and practice in the context of M&As.

5.2 Literature Review

Why do experienced top executives fail again and again in M&As around the world? For example, the Daimler and Chrysler merger, a case that was widely covered in world newspapers, had to separate after losses of billions of dollars. The literature review describes the reasons for conflicts and human factor challenges based on review of theory and empirical findings in recent years.

5.2.1 Main M&A Motive: Exploitation of Synergy

One of the major motives for M&As is the attempt to exploit synergy from the merger where the value of the sum of both firms is greater than the values of combined firms. Weber and colleagues (e.g., Weber et al. 2014; Weber 1996) described several options for seizing synergy in M&As. All rely on the human factor, such as cooperation and commitment of people involved to the success of the merger. The following sections will elaborate on the human factor.

Synergy can be realized by achieving lower cost (and thereby higher profits) through sharing resources from both companies. Through cooperation, a merger can achieve economies of scale through rationalization of various units and functions of the new organization, such as the production process, leading to reductions in cost per unit as output increases and one or both companies cut costs. Furthermore, synergy can be achieved via economies of scale by cutting fixed costs, such as headquarter costs and infrastructure, over increasing production amounts combined from the two companies.

Other synergies may be achieved by economies of scope. The concept of scope economies refers to shared costs and investments across different parts of the value chains, such as costs of joint development of new products, or using marketing as well as same distribution channels for various different products of both companies. Thus, synergy can also be exploited by increasing revenues without increasing, or even reducing, the costs of the two firms in M&A, for instance, by cross-selling different products through complementary products by using one, or both, of the other firm's distribution channels.

5.2.2 M&A Integration and Conflicts: Mixed Findings

Integration of processes, activities, and operations of the two firms is the basis for creation of value by seizing synergy potential. M&A integration is a dynamic and gradual process in which managers and employees from the two organizations involved in M&A must learn to effectively work together. "Creating an atmosphere that can support it [the integration] is the real challenge" (Haspeslagh and Jemison 1991: 107). To achieve effective integration and realize synergy during the post-merger process, the managers of the buying firm typically intervene in the decision-making process of the executives of the target company and impose rules, standards, and expectations on them.

Such interventions usually have a negative effect on the acquired top management's commitment to, and cooperation with, the acquiring team (Chatterjee et al. 1992; Weber 1996; Weber and Schweiger 1992; Weber et al. 1996; Lubatkin et al. 1999). Furthermore, it results in a loss of autonomy that, in turn, elicits stress, negative attitudes toward the merger, and often explicit and implicit conflicts. However, other findings show that integration is positively associated with performance in domestic M&As (Chatterjee et al. 1992; Weber 1996), while in a study of cross-border M&As, it was found that performance was negatively related to integration (Calori et al. 1994). All these studies, and others, have not investigated the role of identity with the new organization that follows the M&A and its possible effects on M&A performance.

5.2.3 Culture and M&A Performance

The management literature in recent years emphasizes first and foremost the importance of the fit between the two management cultures involved in the merger to the success of the post-merger integration process (Chatterjee et al. 1992; Weber et al. 2012; Weber and Drori 2011; Schweiger and Weber 1989; Slangen 2006; Stahl et al. 2005; Stahl and Voigt 2008).

If great differences exist between the cultures, a conflict arises between the organizations and it becomes difficult to bring about the successful integration of the two firms.

However, there are inconsistent findings about the role of cultural difference in the success of international M&As. Research on domestic M&As consistently shows that corporate culture clash is detrimental to post-merger integration (e.g., Chatterjee et al. 1992; Lubatkin et al. 1999) and to merger effectiveness (Datta 1991; Weber 1996). Yet, while some studies point out the negative effect of national culture on the success of international M&As (Datta and Puia 1995), other findings show that the level of culture conflict varies in different international combinations (Very et al. 1997), and greater differences in national culture may be positively related to performance (Morosini et al. 1998). Also here, the role of identity with the new organization that follows the M&A and its possible effects on M&A performance was not explored.

5.2.4 The Relationship Between Cultural Differences and Integration

The contact, through integration, between the two firms results in a culture clash because it exposes the values and belief systems of the two cultures to each other and makes the differences salient (Weber and Schweiger 1992). Thus, the acquiring managers impose many of the features of their culture on the acquired management team, which elicits further conflict because it underscores the cultural differences. Such interactions affect the identity of people in M&A by reproducing and transforming each individual's self-identity. Conflicts may reduce the identity of employees and their motivation for the success of the M&A. Thus, the culture clash, level of integration, and the ensuing human resource problems may adversely affect the realization of value creation from an acquisition (Chatterjee et al. 1992; Weber et al. 1996). Higher level of contact imposes more of the culture features on the acquired management team, and thus, increases friction and conflict. Such situations cause threats to self-identity.

5.2.5 The Relationship Between National Cultural Difference and Post-Merger Integration

It is not clear how national culture interacts with organizational culture and what may be the effect of this interaction on M&A performance. About the difference dimensions of national culture, it was found that a greater acceptance of power distance and a greater need for uncertainty avoidance were associated with a higher level of integration and greater acceptance of power distance. Similarly, others reported that national cultural difference was positively related to the level of integration (Morosini et al. 1998). However, the relationship between the level of integration and cooperation of the acquired managers with the acquiring managers was negative in international mergers (Weber et al. 1996).

Finally, Child, Faulkner, and Pitkethly (2000) found that national culture differences were related to the degree of integration. For example, American managers preferred to implement a high degree of integration of subsidiaries, whereas Japanese and German firms tend to implement low degrees of integration. French managers are inclined to implement an average degree of integration. Other studies did not find a relationship between cultural differences and the level of integration (Datta 1991; Larsson and Finkelstein 1999).

These findings show that national cultural differences show different relationships with degree of integration and with M&A performance. Findings are not consistent; sometimes they are contradictory, indicating that the relationship between variables and M&A performance is more complex than expected, and call for using additional variables and a better theoretical framework. The review also raises some important issues and questions.

In sum, the degree of cultural difference and degree of integration are not sufficient to explain M&A performance. The following sections suggest identity as an additional factor that plays an important role during the post-merger integration process and, in turn, influences M&A performance.

5.3 Propositions for Using the Identity Factor in M&A

5.3.1 Identity Before and After M&A

Identity is defined in many ways by different scholars. For most, identity is the way individuals feel about belonging to a social group with values and emotions that are significant for them (e.g., Tajfel 1981). The membership of a social group (here, in one organization that enters into a merger) contributes to the self-definition of employees and managers. In addition to the way people define themselves on the basis of their individual characteristics, they also define themselves in terms of the group characteristics to which they belong.

For an individual who defines oneself as a member of a group, or any intergroup in organizations, this membership becomes a basis of his/her attitudes and behavior in the group or organization. This social identity is part of the person's self-concept that is derived from the group or organizational membership. Such organizational identification defines and evaluates managers and employees and they think and behave in the way that corresponds to their intergroups or organizations. Meta-analyses have shown that organizational identification is positively associated with job satisfaction and extra-role behaviors, and negatively with turnover intentions (Riketta 2005; Riketta and van Dick 2005).

In many cases, being part of such groups defines one's self-esteem. Thus, one is concerned with how others evaluate him/her. People who do not achieve self-esteem from being part of a group may try to change the group or detach from such groups.

A merger of two organizations creates changes in various areas of both organizations, such as new different procedures, changes in many departments, different communication patterns, different organizational structures, and cultural changes due to cultural differences (Weber et al. 2014). Change may be difficult for managers and employees in any organization. Such changes, in many cases, pose a threat to individuals. Threats in many situations may cause individuals to "experience identity fusion that involves the blurring of organizational and social identities" (Leigh and Melwani 2019). Yet, change does not seem to be the only issue, because people in organizations aware of the need to change and the way organizations work may not remain unchanged forever. They can also understand that some members of their group, and organization, may leave while some other people may join the group.

However, the new situation in a new M&A brings many changes that are difficult to accept and influence the identity of individuals and groups. First, empirical findings show that employees feel less strongly attached to their organization as a whole compared with smaller subunits (Riketta and van Dick 2005; van Knippenberg and van Schie 2000). It is expected that following M&As, organizational identification will be lower compared to pre-merger identification (Amiot et al. 2007; Boen et al. 2005; van Knippenberg et al. 2002).

Second, the pre-merger organization and the post-merger integration period and processes shift managers' and employees' social identity from their respective pre-M&A organization to the post-merger organization. Moreover, the merged group of one organization incorporates another group from the other partner, and this implies a major change in group membership. Furthermore, as usually happened, at least the people from the acquired company feel that they, and their group, are required to adapt to the other group's practices and values (Chatterjee et al. 1992; Lubatkin et al. 1999; Weber and Schweiger 1992; Weber et al. 1996; Weber and Tarba 2010; Weber et al. 2014), and, most importantly, to the identity of the acquirer's groups or organization. This poses a threat to the group's way of life and may be a detrimental to their identity. Thus, "organizational identity in an M&A is closely associated with the ongoing plight of each of the merged organizations as they construct coherent meanings and the degree of connectivity and extensiveness to the integrated new entity" (Weber and Drori 2011).

5.3.2 The Interrelationship of Identity and Organizational and International Cultures

In studying M&As, organizational culture and organizational identity are interesting because an M&A is likely to change the way in which employees relate to both after the merger takes place. Specifically, the contact between people from both organizations reflects the dynamics of interaction among the companies being merged. In the context of M&As, there is usually high uncertainty, for instance, due to cultural differences embedded in each M&A (Chatterjee et al. 1992; Weber et al. 1996). Corporate as well as international cultural differences create a breeding ground for mistrust because of high uncertainty and communication problems (Weber et al. 2014). This generates:

1. High anxiety and stress
2. Negative attitudes toward the other organization
3. Negative attitudes toward cooperation with the members of the other organization

as well as other problems (Weber and Schweiger 1992; Weber 1996; Weber et al. 1996; Weber et al. 2014). This situation may create lower commitment and cooperation among the acquired top management team as well as higher turnover of top managers of the acquired company (Weber 1996; Weber et al. 1996; Lubatkin et al. 1999).

In these dynamics, the inequality feelings of the subordinate organization may force its people to abandon their pre-merger identity, leading to feelings of threat, resistance, alienation, and intergroup hostility or apathy toward the managers and employees of the other organization (e.g., Vaara 2002). Yet, M&A research highlights various mechanisms that may smooth negative outcomes during post-merger integration, including achieving congruence in terms of acculturation between the merged firms (Nahavandi and Malekzadeh 1993), preserving pre-merger identities (Larsson and Lubatkin 2001), and promoting synergy (Weber et al. 2014). Accordingly, we suggest the following propositions:

P1: Organizational identity following a merger will influence the level of employees' anxiety during the post-merger integration process.
P2: Organizational identity following a merger will influence the level of employees' negative attitudes toward the other organization during the post-merger integration process.
P3: Organizational identity following a merger will influence the level of employees' negative attitudes toward cooperation with the other organization's members during the post-merger integration process.
P4: Organizational identity following a merger will influence the level of employees' cooperation with the other organization's members during the post-merger integration process.
P5: Organizational identity following a merger will influence the level of employees' commitment to the post-merger integration process.
P6: Organizational identity following a merger will influence the level of employees' turnover during the post-merger integration process.
P7: Organizational identity following a merger will influence M&A performance.

5.4 Discussion and Conclusions

The high failure rate of mergers suggests that neither practitioners nor scholars have a full understanding of the important variables that influence the success of the post-merger integration process. This study has provided a conceptual framework that draws attention to the importance of organizational identity and its relationships to other behavioral factors that are essential for the success of M&As. This framework highlights the importance of understanding group behavior in contexts of intergroup inequality and during the social change process.

In doing so, it responds to long overdue calls for improving the focus on various variables in M&A literature (e.g., Weber et al. 1996; Weber and Fried 2011a, b). First, it is crucial to study both pre- and post-merger stages to better understand the M&A processes. The performance of M&A depends not only on the synergy potential estimated at the pre-merger stage but also on whether the synergy can actually be realized at the post-merger stage. Second, both macro- *and* micro levels must be studied and addressed in M&A research. Strategic, financial, and behavioral decisions made by top executives need to be considered simultaneously by focusing on the role of the individuals in the implementation process in order to achieve good M&A performance.

In this article, we have also drawn attention to the effects of changes in organizational identity among the acquired members during and after a merger. The concept of organizational identity suggests that many of the behavioral problems associated with the post-merger integration of two groups of people can be avoided or at least managed if identification with the merger is analyzed, learned, and coordinated. In other words, organizational identity is crucial in understanding the mechanisms that influence such human factors as stress, negative attitudes, commitment, and cooperation in M&As. Specifically, it highlights why members of the pre-merged organizations are willing, or prefer not, to collaborate and cooperate during the post-merger integration process and under what conditions the decisions to do so are likely to enhance the effectiveness of the integration process.

The conceptual framework and the various relationships among the key variables presented in this article provide a new approach that increases understanding of the underlying factors that affect the success of the integration process during M&As. As such, our framework better explains the human problems associated with the post-merger process than previous studies. Therefore, the following sections provide guidelines for future research. Also, some important practical implications for top managers involved in the post-merger integration process are provided.

5.5 Future Research

The theoretical framework presented here provides ample opportunities for systematic research on the relationships between cultural differences, organizational identification, their relationships, and their variable impacts on conflict in both domestic and international M&As. For example, the implications of different integration approaches (e.g., Weber et al. 2011) on conflict situations, combined with the role of organizational identity effect on other behavioral factors during post-merger integration, are all fruitful avenues for future study. Similarly, the effects on the turnover of top executives following a merger are all fruitful avenues for future study.

Research studies should also be directed at investigating the effectiveness of different human resource practices that are related to organizational identity. For example, what are the effects of various practices such as selection, appraisal, reward, training, and communication on dealing with conflict situations in domestic and international M&As. For example, specific selection and training methods of the managers who will be in contact with the members of a foreign acquisition team may reduce the potential for conflict. In this vein, a strong organizational identity with the merged organization may help in dealing with potential conflicts. The top management of the merged organization may attach importance to the middle management's perceptions, status, and their self-esteem. When top management creates a positive image of the pre-merged management teams and sees their role as "integration champions," this should strengthen the organizational identity with the merged organization. Cultural sensitivity, and negotiation skills and conflict resolution abilities may all help in this regard. Well-trained managers can improve communication between the two management groups, build trust, and minimize stress and uncertainty and, thus, alleviate behavioral problems such as negative attitudes, low commitment, poor cooperation, and high turnover.

Differences along national cultural dimensions may be important for managerial preferences in post-merger integration approaches that are based on cultural differences and cultural dimensions. We believe that an M&A that approximates its ideal type of integration approach and level of integration will be more effective than one that does not. In other words, we propose that the closer an acquirer comes to its ideal type, that is, the right level of integration for the chosen integration approach—one that fits its specific synergy potential, cultural differences, and cultural dimensions—the higher the performance of the merger.

The empirical pursuit of these various issues, however, may create certain methodological difficulties. Ideally, cultural differences should be investigated before a merger takes place and then compared with the data collected after the merger. However, it is not only difficult to gain access to large samples of such data during the negotiation period but also expensive because many negotiations do not result in M&As. This problem is compounded by another difficulty associated with the measure of national and corporate cultures. Many elements of organizational culture are unclear to its members because they are so much a part of people's lives that people take them for granted. Dramatic events, however, such as M&As and the subsequent contact with other cultures make differences salient, especially in conflict situations (Sales and Mirvis 1984). Retrospective data can thus be useful in studying the relationships between cultural differences and the attitudes and behavior of managers and employees.

Further, by anchoring the sample (i.e., the acquired companies) in one country, research into cultural differences in international M&As can avoid the methodological problems associated with international survey research, including functional, conceptual, and metric equivalence, which, for instance, may be found in "safari" adaptation and decentralized-collective research efforts that are administered in several countries. For example, samples of companies acquired by international and domestic firms may be identified in one country. This would allow the comparison of the effects of corporate cultural differences in domestic M&As with the effects of national and corporate cultural differences in international M&As. In both cases, data may be collected by questionnaires and interviews from respondents working in the acquired companies, all of which belong to the same national culture (see, for example, Weber et al. 1996). But although such samples eliminate the aforementioned methodological problems, their results are limited, and generalization should be based on samples anchored in different countries.

5.6 Bridging Theory and Practice

The conceptual framework presented in this article has important implications for executive and HR practices in the management of M&As. It suggests that executives of the buying firm should pay as much attention to cultural and behavioral issues during both the pre-merger search process and the post-merger integration as they do to financial and strategic factors. Furthermore, executives often tend to focus on task integration activities immediately after the deal is consummated to quickly create value for their firm, while "people issues" receive far less attention. This article suggests that executives may want to approach these tasks in the reverse order.

The concepts of organizational identity and organizational identification allow managers to focus on people issues not only from the top down, as a strategic component of the integration, but also from the bottom up—understanding and considering the point of view of the acquired firm's members. This may have implications for post-merger integration with regard to critical issues that must be addressed in M&As, such as clear communication and dissemination of information, display of fairness toward the weaker organization, manifestation of the intentions of the acquiring management toward the acquired members and their needs, and influencing and monitoring employee attitudes and expectations. Indeed, one of the most basic and straightforward ways in which to implement interventions available to acquirers in dealing with the people issues is communication. Schweiger and DeNisi (1991) observed that communicating the organization's intentions reduces uncertainty and increases employee perceptions that the company is trustworthy, honest, and caring. Such communication can also reduce the negative attitudes and behaviors of employees. Moreover, our model suggests that acquirers should measure the effectiveness of their communication not only by its effects on reducing stress, negative attitudes, and turnover, and on increasing commitment and cooperation, but also by the creation of a new, merged organizational identity.

Finally, acquiring firms may use several interventions to learn and bridge cultural differences, such as workshops to familiarize people with each other and visits of operational managers to the target firms and vice versa. The model suggests that such interventions should also focus on organizational identity.

The conceptual framework presented here should help top executives plan and screen M&As to avoid the critical problems that can be created by national and corporate cultural differences as well as by behavioral issues and organizational identity before the deal is completed. If behavioral issues and organizational identity threaten to be too much of a problem, the merger or acquisition may be avoided and other strategic alternatives explored.

Acknowledgments This study was supported by the research unit at the school of business administration, The College of Management Academic Studies, Rishon Lezion, Israel.

References

Amiot, C. E., de la Sablonnière, R., Terry, D. J., & Smith, J. R. (2007). Integration of Social Identities in the self: Toward a Cognitive-Developmental Model. *Personality and Social Psychology Review, 11*, 364–388.

Boen, F., Vanbeselaere, N., Hollants, K., & Feys, J. (2005). Predictors of Pupils' and Teachers' Identification with a Merged School. *Journal of Applied Social Psychology, 35*, 2577–2605.

Calori, R., Lubatkin, M., & Very, P. (1994). Control Mechanisms in Cross-Border Acquisitions: An International Comparison. *Organization Studies, 15*, 361–379.

Chatterjee, S., Lubatkin, M. H., Schweiger, D. M., & Weber, Y. (1992). Cultural Differences and Shareholder Value: Explaining the Variability in the Performance of Related Mergers. *Strategic Management Journal, 13*(5), 319–335.

Child, J., Faulkner, D., & Pitkethly, R. (2000). Foreign Direct Investment in the UK 1985–1994: The Impact on Domestic Management Practice. *Journal of Management Studies, 37*(1), 141–166.

Datta, D. (1991). Organizational Fit and Acquisition Performance: Effects of Post-Acquisition Integration. *Strategic Management Journal, 12*, 281–297.

Datta, D. K., & Puia, G. (1995). Cross-Border Acquisitions: An Examination of the Influence of Relatedness and Cultural Fit on Shareholder Value

Creation in U.S. Acquiring Firms. *Management International Review, 35*, 337–359.

Gomes, E., Weber, Y., Brown, C., & Tarba, S. (2011). *Managing Mergers, Acquisitions and Strategic Alliances: Understanding the Process*. Hampshire: Palgrave Macmillan.

Haspeslagh, P. C., & Jemison, D. B. (1991). The Challenge of Renewal through Acquisitions. *Planning Review, 19*(2), 27–32.

King, D. R., Dalton, D. R., Daily, C. M., & Covin, J. G. (2004). Meta-analyses of post-acquisition performance: Indications of unidentified moderators. *Strategic Management Journal, 25*, 187–200.

Larsson, R., & Finkelstein, S. (1999). Integrating Strategic, Organizational, and Human Resource Perspectives on Mergers and Acquisitions: A Case Survey of Synergy Realization. *Organization Science, 10*(1), 1–26.

Larsson, R., & Lubatkin, M. (2001). Achieving Acculturation in Mergers and Acquisitions: An International Case Survey. *Human Relations, 54*(12), 1573–1607.

Leigh, A., & Melwani, S. (2019). Black Employees Matter: Mega-Threats, Identity Fusion, and Enacting Positive Deviance in Organizations. *Academy of Management Review*. forthcoming.

Lubatkin, M., Schweiger, D., & Weber, Y. (1999). Top Management Turnover in Related M&As: An Additional Test of the Theory of Relative Standing. *Journal of Management, 25*(1), 55–74.

Morosini, P., Shane, S., & Singh, H. (1998). National Cultural Distance and Cross-Border Acquisition Performance. *Journal of International Business Studies, 29*, 137–158.

Nahavandi, A., & Malekzadeh, A. R. (1993). *Organisational Culture in the Management of Mergers*. Westport: Quorum Books.

Riketta, M. (2005). Organizational Identification: A Meta-Analysis. *Journal of Vocational Behavior, 66*, 358–384.

Riketta, M., & van Dick, R. (2005). Foci of Attachment in Organizations: A Meta-Analytic Comparison of the Strength and Correlates of Workgroup Versus Organizational Identification and Commitment. *Journal of Vocational Behavior, 67*, 490–510.

Sales, M. S., & Mirvis, P. H. (1984). When Cultures Collide: Issues in Acquisition. In J. R. Kimberly & R. Quinn (Eds.), *Managing Organizational Transitions* (pp. 107–133). Homewood, IL: Irwin.

Schweiger, D. M., & DeNisi, A. S. (1991). Communication with Employees Following a Merger: A Longitudinal Field Experiment. *Academy of Management Journal, 34*, 110–135.

Schweiger, D. M., & Weber, Y. (1989). Strategies for Managing Human Resources during Mergers and Acquisitions: An Empirical Investigation. *Human Resource Planning, 12*(2), 69–86.

Slangen, A. H. L. (2006). National Cultural Distance and Initial Foreign Acquisition Performance: The Moderating Effect of Integration. *Journal of World Business, 41*, 161–170.

Stahl, G. K., & Voigt, A. (2008). Do Cultural Differences Matter in Mergers and Acquisitions? A Tentative Model and Examination. *Organization Science, 19*, 160–176.

Stahl, G. K., Mendenhall, M. E., & Weber, Y. (2005). Research on Sociocultural Integration in Mergers and Acquisitions: Points of Agreement, Paradoxes, and Avenues for Future Research. In G. K. Stahl & M. E. Mendenhall (Eds.), *Mergers and Acquisitions: Managing Culture and Human Resources*. Stanford: Stanford Business Books.

Tajfel, H. (1981). *Human Groups and Social Categories*. Cambridge: Cambridge University Press.

Vaara, E. (2002). On the Discursive Construction of Success/Failure in Narratives of Post-Merger Integration. *Organization Studies, 23*(2), 211–248.

van Knippenberg, D., & van Schie, E. C. M. (2000). Foci and Correlates of Organizational Identification. *Journal of Occupational and Organizational Psychology, 73*, 137–147.

van Knippenberg, D., van Knippenberg, B., Monden, L., & de Lima, F. (2002). Organizational Identification after a Merger: A Social Identity Perspective. *British Journal of Social Psychology, 41*(2), 233.

Very, P., Lubatkin, M., Calori, R., & Veiga, J. (1997). Relative Standing and the Performance of Recently Acquired European Firms. *Strategic Management Journal, 18*, 593–614.

Weber, Y. (1996). Corporate Culture Fit and Performance in Mergers and Acquisitions. *Human Relations, 49*, 1181–1202.

Weber, Y., & Drori, I. (2011). Integration of Organizational and Human Behavior Perspectives on Mergers and Acquisitions: Looking Inside the Black Box. *International Studies of Management and Organization, 41*(3), 76–95.

Weber, Y., & Fried, Y. (2011a). The Role of HR Practices in Managing Culture Clash During the Post Merger Integration Process. *Human Resource Management, 50*(5), 565–570.

Weber, Y., & Fried, Y. (2011b). The Dynamic of Employees' Reactions During Post Merger Integration Process. *Human Resource Management, 50*(6), 777–781.

Weber, Y., & Schweiger, D. (1992). Top Management Culture in Mergers and Acquisitions: A Lesson in Anthropology. *The International Journal of Conflict Management, 3*, 285–302.

Weber, Y., & Tarba, S. Y. (2010). Human Resource Practices and Performance of Mergers and Acquisitions in Israel. *Human Resource Management Review, 20*(3), 203–211.

Weber, Y., Shenkar, O., & Raveh, A. (1996). National vs. Corporate Cultural Fit in Mergers and Acquisitions: An Exploratory Study. *Management Science, 42*, 1215–1227.

Weber, Y., Tarba, S., & Reichal, A. (2011). A Model of the Influence of Culture on Integration Approaches and International Mergers and Acquisitions Performance. *International Studies of Management and Organizations, 41*(3), 9–24.

Weber, Y., Rachman-Moore, D., & Tarba, S. Y. (2012). Human Resource Practices During Post-Merger Conflict and Merger Performance. *International Journal of Cross-Cultural Management, 12*(1), 73–99.

Weber, Y., Tarba, S., & Oberg, C. (2014). *A Comprehensive Guide to Mergers and Acquisitions Management: Integration and Implementation*. New York: Financial Times Press.

6

Energy Business in Gambia: An Industry Review for Theoretical and Practical Implications

Musa Manneh and S. M. Riad Shams

6.1 Introduction

6.1.1 Research Background

The Gambia is one of the smallest countries in mainland West Africa, surrounded by the Republic of Senegal on three sides. The country stretches approximately 400 km eastwards, and its width varies between 80 km at the Atlantic and about 28 km in the inland east. The country is divided horizontally by the River Gambia and the total land area is 11,295 square km, 50% of which is arable land. Most of the population (57%) is concentrated in urban and semi-urban centers (UNDP 2016). The small Gambian economy relies primarily on tourism, agriculture and remit-

M. Manneh
Department of Energy and Industrial Management Systems, Ural Federal University, Ekaterinburg, Russia

S. M. R. Shams (✉)
Newcastle Business School, Northumbria University, Newcastle Upon Tyne, UK
e-mail: Riad.Shams@urfu.ru

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_6

tance inflows. The macro framework continues to be characterized by high debt, crowding out public and private investment. Gambia has moderate external public debt (59% of gross domestic product (GDP) in 2015), which is primarily in long-dated maturities at concessional rates, but it has substantial, high-cost, short-term domestic debt, currently estimated at 46% of its GDP. This indebtedness is also undermining the stability of the domestic financial sector. Total debt exceeded 100% of GDP in 2014 and 2015, up from 84% in 2013. The key long-term development challenges facing Gambia are related to its undiversified economy, small internal market, limited access to resources, lack of skills necessary to build effective institutions, rapid population growth, lack of private sector job creation, and a high rate of outmigration (World Bank 2016).

Despite these economic challenges, the private sector continues to strive as it is said to be the engine of economic growth in Gambia. The commercial service sector in Gambia consists of oil and petroleum, technology, financial, and marketing and consumer services (Cuts International 2008). In spite of these existing phenomena, the energy sector encountered its triple challenges of low energy access, insecurity and low efficiency, which had an impact on all Gambians.

6.1.2 Significance of Industry Review for Theoretical Development

"Energy is an essential factor in development movement since it stimulates and supports the economic growth and the development" (Elfaki et al. 2018, p. 35). However, in many African countries, inadequate management of energy appears as a critical threat to the countries' socio-economic development (Hamid and Blanchard 2018). Besides the lack of proper governmental and managerial control, there is a significant lack of scientific studies in the African energy sector, in order to fully capitalize with the potentials of this sector in Africa. For example, "network infrastructures (in the African energy sector) are still underdeveloped and there is a general lack of detailed data on their deployment and, in addition, the expansion plans" (Sakiliba et al. 2015, p. 9). "Although the long-term consequences of this process (in oil and gas management) are yet to be assessed, existing evidence points to both positive and negative effects" (Tsvetkova and Partridge 2017, p. 423). In fact, "there is a lack of understanding of what energy utility business models currently exist in the energy sector" (Bryant et al. 2018, p. 1035). Consequently, this lack of understanding on "detailed business model vision from utilities has coincided with a time during which profitability from energy markets is proving increasingly difficult using the traditional energy utility approach" (Castaneda et al. 2017; Laws et al. 2017; Muaafa et al. 2017; as cited in Bryant et al. 2018, pp. 1032–1033). In this context, "the (extant) literature also calls for further research on how BMs (business models) change to ensure network adaptability (in the energy sector)" (Rossignoli and Lionzo 2018, p. 694).

"However, several barriers may hinder the diffusion of distributed energy solutions" (Horváth and Szabó 2018, p. 623); researchers and policymakers have recently paid additional attention to the energy sector, in order to meet the inevitable developmental need (Elfaki et al. 2018). More specifically, "reduction of barriers would justify the wider diffusion (in the energy sector), but these solutions have not yet been adopted in many countries. It may therefore be worth examining the reasons for this on a national basis" (Horváth and Szabó 2018, p. 633). Following this urgent need of more research on the energy sector from a national perspective and the success of the recent revitalization policy of the Gambian energy sector, this study focuses on developing insights from Gambia, in order to contribute to the extant literature on the energy sector. Such an industry-based theorization strategy (Tolbert and Zucker 1996), based on the inductive constructive approach (Vassakis et al. 2018) and focusing on the case study method, is instrumental for conceptualizing information from industry case reviews to contribute to the extant literature (Strang and Meyer 1993).

6.2 Energy Sector in Gambia: The Background of the Case Study

The Gambian government has reformed its national energy policy, national energy strategy, electricity act, oil petroleum regulation act, as well as national renewable energy law and feed-in tariff that is geared toward driving the renewables and other forms of energy sectors to enhance private sector investment through service sector liberalization policy (The Public Utility and Utility Regulatory Authority Act 2001; The Electricity Act 2005). The major sources of energy are fuelwood and its derivatives, which are extracted from the country's forest resources, petroleum products, electricity and renewable energy. The total energy consumed in the country in recent years is 506,000 tons of oil equivalent (TOE), of which fuelwood accounted for about 79%. Electricity services accounted for about 2% and are available mostly in the urban areas and provincial centers of the rural areas with a coverage of less than 25%. Petroleum products accounted for 16% and renewable energy (other than fuelwood) less than 0.01% (Energy Data 2018).

More than 90% of the population depends on fuelwood as their domestic fuel for cooking. Petroleum products, including the liquefied petroleum gas (LPG) used as cooking fuel substitutes and diesel for generating electricity, are the second most important source of energy in the country. Gambia annually imports around 128,000 metric tons of petroleum products and such imports have been rising since 1995 (Energy Data 2018). The time-series data (Energy Data 2018) demonstrates that electricity power supply was grossly inadequate, erratic and extremely unreliable, negatively impacting on the economy and the environment. Electricity generation, however, has increased tremendously after the commissioning of the 25 megawatt (MW) power plant in Brikama with an independent power producer (IPP); this new installation adds up to the existing installed capacity at the main power station at Kotu, which is about 28 MW, to provide 50 MW in the greater Banjul Area. The transmission and distribution networks continue to have some major bottlenecks due to aged and overloaded systems resulting in high losses. Transmission offloading capacity stands at 40 MW, while distribution capacity is only 32 MW against an estimated peak power demand of about 80 MW. A rural electrification project has been implemented by the National Water and Electricity Company, serving 46 towns and villages. The project was funded by Asian Development Bank (ADB), Arab Bank for Economic Development in Africa (BADEA) and Islamic Development Bank (IDB) at a cost of US$22.3 million (Energy Data 2018).

6.3 The Importance and Policy of the Gambian Energy Sector

6.3.1 Why Energy Is a Key Sector for Gambia?

In general, proactivity and identification of opportunities play a crucial role in the development of a sector (Shams 2016a, 2017; Christofi et al. 2018; Thrassou et al. 2018; Shams and Thrassou 2018). In this context, the Gambian government tries to drive the country's energy sector. Energy is commonly described as the engine that drives the economy. In Gambia, this description is not in any way less true and the authorities have since realized the importance of energy in national development with the transfer of the energy portfolio into the Office of the President in 2002 and the creation of a Department of State (or Ministry) for Energy in September 2007. The economy is primarily agrarian, with agriculture employing about 70% of the labor force and accounting for about 22% of GDP in 2007. In the same year, the energy sector accounted for about 0.8% of GDP attributed to electricity, gas and water supply. The other sub-sectors of fuelwood and petroleum products are accounted under the forest produce and trades sub-sectors. The entire sector accounts for less than 2% of the formal workforce (Energy Data 2018).

The provision of energy services in Gambia can be viewed from different perspectives: diversifying the supply option, energy efficiency measures on both the supply and demand sides, and regional cooperation. Gambia is participating actively in the energy project that involves the construction of two hydroelectric power generating stations at Sambangalou in Senegal and Kaléta in Guinea with an installed capacity of 368 MW. In addition, the project would also construct a transmission interconnection network between the electrical networks of the four countries, such as Gambia, Senegal, Guinea Bissau and Guinea Conakry. The OMVG Energy Project is part of the greater West African project of interconnecting the transmission networks of the ECOWAS (Economic Community of the West African States) member states within the West African region. The use of fuelwood, petroleum products and electricity generation using diesel and heavy fuel oil (HFO) contributes to the emission of greenhouse gases (GHGs). Therefore, the wider use of renewable energy and implementation of energy efficiency programs will serve as a mitigant to reduce GHG emission (Energy Data 2018).

In addition to the effect of utilizing fossil fuels and fuelwood, the import of petroleum products has an impact on the country's balance of payment. While the utilization of fossil fuels is a drain on the economy, with little participation of the population in its trade and hence no social benefits, renewable energy, on the other hand, can contribute to employment creation, rural cash income and poverty alleviation. The cost of initial investment for solar systems has become the main barrier to widespread implementation. According to the Report on the Second National Communication in the Gambian energy sector, the energy sector contributed 1593.39 Giga grams (Gg) of CO_2 in 2006 compared to 885.7 Gg in 1995, an increase of 707.69 Gg or 80% increase in CO_2 over the period. By segregated data, the residential sector accounts for 78%, transport sector 11% and electricity generation 8%. According to the Second National Communication, the energy sector has contributed the greatest amount of GHG emission since 2006. Consequently, the energy sector could contribute significantly in mitigating national GHG emissions with the adoption of mitigation options.

6.3.2 The Energy Policy

The Gambian energy policy sets out the objectives for the government, which also aims for the renewable energy sub-sector. The main aims of the electricity sub-sector are to (Public Utility and Utility Regulatory Authority, n.d.):

- ensure that there is an adequate, efficient and affordable electricity supply to support sustainable socio-economic development;
- improve the reliability and security of power supply to enhance power sector efficiency;
- promote long-term sustainability of the power sector operations by encouraging more private sector participation.

The specific development objectives with respect to electricity are to:

- improve and expand production, transmission and distribution capacity to improve reliability and quality of the electricity services;
- reduce the cost of electricity;
- encourage private investment in rural power supply;
- encourage the use of alternative and efficient technologies for electricity.

The aim for the renewable energy sub-sector is to ensure the promotion and utilization of renewable energy in support of sustainable development in the country. The specific objectives are to (Public Utility and Utility Regulatory Authority, n.d.):

- promote the utilization of renewable forms of energy such as solar, wind and biomass;
- promote the domestic production capacity for renewable energy;
- ensure a sustainable supply of renewable energy fuels/device/technologies at competitive prices through private sector participation.

6.4 Electricity, Renewable Energy and Petroleum Sub-Sectors

6.4.1 Electricity Sub-Sector

The main objective that the Gambian government strives to achieve for this sector is the provision of efficient, reliable and affordable energy that is sustainable and environmentally sound. The National Water and Electricity Company Limited (NAWEC) is a government-incorporated limited-liability company responsible for the production, transmission and distribution of water, electricity and sewerage services in Gambia. The electricity supply system in Gambia comprises an integrated transmission and distribution system in the greater Banjul area and six standalone grids in the rural areas. The NAWEC is committed to expanding its coverage and aims at increasing the installed capacity to at least 180 megawatts by 2020. Currently, there is an independent power producer (IPP) that has an installed capacity of 25 megawatts and is significantly contributing to the NAWEC's generation capacity. Most recently, another license was granted to the rural areas to generate wind energy (National Water and Electricity Company, nd). This project marks a milestone in the history of this country and demonstrates that alternative sources of energy can be a reality. The new wind turbine has a capacity of 150 kilowatt (KW) that will help increase the NAWEC's overall production capacity (National Water and Electricity Company, nd).

6.4.2 Renewable Energy Sub-Sector

The government has established the Gambian Renewable Energy Center (GREC) to seek collaboration for research and development especially from the private sector. The government is encouraging the use of other energy sources and, at the moment, the utilization of solar equipment is increasing in the country for industrial, commercial and domestic uses (the country receives 2500 hours of sunshine yearly). Use of biomass is also increasing, though it tends to be restricted to agricultural waste such as saw dust, groundnut shells and straw. Use of windmills for powering water pumps is also encouraged and is increasing throughout the country (Gambia Renewal Energy Center, n.d.).

Biomass (other than fuelwood) consumption in Gambia is quite low and is limited to agricultural waste (saw dust or groundnut shell in the form of briquette). Biofuels such as biodiesel and bioethanol are gaining recognition. There are however limited activities in the area of biofuels; a number of projects have been initiated by the Gambian government in the recent past.

6.4.3 Oil and Petroleum Sub-Sector

Oil and petroleum products are distributed throughout Gambia by the petrol station service outlets of the different petrol station companies. The imported oil and petroleum products in Gambia include diesel/gas oil, kerosene and lubricant. Since there is no crude oil production and processing in the country, consumption of oil and petroleum products in Gambia stood at 140,068 metric tons in 2005 and recently such consumption has increased significantly due to increase in car ownerships and the production of electricity, while the price has also doubled in the past ten years (World Bank 2011).

The new Energy Policy of 2005 sets out the objectives for the government for the energy sector and ensures a sustainable supply of renewable energy fuels/device/technologies at competitive prices through private sector participation (Ministry of Energy 2005). The main products in Gambia include petrol, diesel, oils, and kerosene highlighted under this act. The major petrol station companies are Galp Energia (formerly Shell Marketing), Castle, Gambia National Petroleum Company (GNPC), Atlas (formerly Elton Oil) and Jah Oil (Cuts International 2008). The result has been an acute shortage of electricity supply, and low investment and productivity, impacting the overall economy, just to name a few. The transportation, construction and electricity sectors are the major consumers of fuel products in Gambia (Renewables Readiness Assessment 2013). The various petrol station companies resell the imported fuel to both organizations and individual customers.

6.5 Liberalization and Competition and Regulation in the Gambian Energy Sector

6.5.1 Liberalization and Competition

In 2006, the Electricity Law was passed, which opened up the generation component of the electricity sector to private investors. As a result, the private electricity plant was completed, with an installed capacity of 25 MW. The law also allows for the private sector's participation in electricity distribution. However, the NAWEC has been the main producer and distributor of commercial electricity throughout the country; it is a vertically integrated company and the sole buyer for IPPs. The organization is 92.7% owned by the government, with the remaining shares being owned by the Social Security and Housing Finance Corporation (SSHFC) and the Gambia Port Authority (GPA). The Batakunku wind power project is being operated outside of the NAWEC remit, with distribution carried out internally. The Gambia National Petroleum Corporation (GNPC) is the only government subsidiary petrol station among others, responsible to the Ministry of Finance and Economic Affairs (MoFEA). This shows a close completion not only in the import of oil and petroleum by the various petrol station companies but also in the electricity and renewable sub-sectors of the energy industry (Public Utility and Utility Regulatory Authority, nd).

6.5.2 Energy Business Regulation in Gambia

The key stakeholders of the Gambian Energy sector are the National Water and Electricity Utility (NAWEC), the Public Utilities Regulatory Authority (PURA), the Ministry of Petroleum and Energy (MoPE) and the Ministry of Finance and Economic Affairs (MoFEA). Electricity, water and sewerage services in Gambia are provided by the NAWEC, a vertically integrated public utility that handles generation, transmission and distribution of electricity, as well as water production and distribution, and sewerage. The MoPE is responsible for the implementation of the government policy in relation to electricity supply and distribution and renewable energy. The Public Utility Regulation Authority (PURA) was established in 2001 and conducts tariff reviews and recommends tariff adjustments to the MoFEA, which evaluates the financial implications and provides advice to the president. The Ministry of Energy is the umbrella body in energy regulation, in that it is responsible for the formulation of energy policy in the country, and therefore responsible for issuing energy licenses and monitoring the activities of the nation's energy business sector. The energy ministry is also indirectly responsible for energy regulation, in that it is responsible for the promotion of sustainable energy use in the country.

6.6 Investment Opportunities and Challenges of the Gambian Energy Sector

6.6.1 Investment Opportunities

The Gambian government through the Gambian investment and export promotion agency (Gambia Investment and Export Promotion Agency 2017) has identified growing lucrative investment areas in the energy sector of Gambia and encourages private sector investment in the following key areas:

- generating capacity that is presently inadequate;
- capital investment to improve the poor state of the transmission and distribution system, which results in high technical losses and unmetered consumption estimated at about 40%;
- improving efficiencies so as to reduce the extremely high cost of energy estimated at an average of US$0.18;
- encouraging green energy through the use of solar power, windmills, hydropower energy.

6.6.2 Major Challenges of the Gambian Energy Sector

The energy system of the Economic Community of the West African States (ECOWAS 2016) including Gambia is facing the interrelated challenges of energy poverty, energy security and climate change mitigation. The region, with around 300 million inhabitants, equivalent to roughly one-third of Africa's total population, has one of the lowest modern energy consumption rates in the world. Only around 8% of the rural population has access to electricity services. Furthermore, the urban electricity systems are in crisis due to the gap between growing demand, low and inefficient generation capacities, and limited capital to invest. Around 60% of the electricity generation capacity depends on expensive diesel. There is a need for significant investment in sustainable energy infrastructure and services throughout the next few decades. Apart from significant fossil fuel resources, the ECOWAS region can rely on a wide range of untapped renewable energy and energy efficiency potentials. However, so far the ECOWAS countries have not taken advantage of these potentials due to various technical, financial, economic, legal, institutional, policy and capacity-related barriers for scaling up renewable energy and energy efficiency investments in the region.

In Gambia, a complete reliance on imported petroleum fuels has resulted in a balance of payment deficit. The impact has been an acute shortage of electricity supply, with low investments and productivity impacting the overall economy. The transport, construction and electricity sectors are the major consumers of petroleum products in the country. The lack of a reliable household electricity supply for the majority of the population has led to the endemic use of traditional biomass fuels for household needs, especially in rural areas. Approximately 95% of the population were using solid fuels as of 2008 as a substitute to electricity. The NAWEC, the public utilities supplier, was not operating on a commercial basis and could not generate sufficient financial revenues to maintain and upgrade the energy system and infrastructure. Problems include under-investment, an inflexible tariff system, rising fuel prices, distribution and transmission losses nearing 40% and non-payment of bill arrears, particularly by large commercial and industrial consumers. As a result, the company has difficulties in meeting its operational costs. The system requires significant investment to operate efficiently and meet the growing demand.

Although the electricity generation capacity has increased tremendously after the commissioning of the power plant in Brikama (4 x 6.5 MW generators running on HFO) in August 2006, the first truly independent power producer (IPP) power plant of 25 MW has an output capacity of 22 MW. This new installation adds to the existing capacity at the main power station at Kotu by about 28 MW to provide a capacity of 50 MW in the greater Banjul area; however, NAWEC needs more financial investment from the government and its development partners in order to increase national coverage, efficiency and adequate sustainable supply. The most significant areas of electricity consumption in the Gambian households are lighting, entertainment (TVs, etc.) and refrigeration. Primary energy consumption per capita is 0.081 TOE. Air conditioning in office buildings contributes significantly to the energy consumption. Electricity consumption per capita is slightly above the West African average (129 kWh), standing at 136 kWh in 2008. Apart from the private and parastatals corporations, all other government agencies do not pay for the heavy electricity consumption. This prevents NAWEC from getting enough revenue to embark on electricity development projects geared toward country-wide coverage, and efficiency in the generation, transmission and distribution of service delivery. The aforementioned problem also forced NAWEC to rely on private business and household consumption for greater revenue generation, which is not enough for future expansion and scaling up access to electricity in Gambia.

Currently, the legislative and regulatory framework for renewable energy in the country is in its infancy. Continued development of the current draft programs, with a particular view to encourage private sector investment, would be beneficial. In addition, a need for further capacity-building in technical and government institutions has been identified. The regulatory performance of PURA in the energy sector is also being hampered by a lack of fee recovery. For the 2009 regulatory period, a total of GMD3,914,010 was left outstanding by NAWEC and GEG, constraining the effectiveness of PURA's operations in the sector. As a result, PURA is unable to assist NAWEC in increasing technical capacity. The generation and transmission problems of electricity such as insufficient technical knowledge of staff, high cost of spare parts, old and obsolescent generators and transformers have all hampered the scaling-up process of electricity in Gambia. The NAWEC is not able to adequately solve these problems because of high overhead costs.

6.7 Mitigation Scope for the Gambian Energy Sector: Managerial Implications

From the policy viewpoint, this chapter suggests the following mitigation options for the energy sector:

- fiscal incentives for mitigation projects using renewable energy and energy efficiency projects;

- better management of natural resources by offering local populations a stake in sustainably grown forests;
- planting more trees in the agricultural land and establishing better prices for fuelwood from these plantations to provide rural incomes and incentives to grow more trees;
- carrying out research to identify no food crops are high yielding and could be used for biofuel production species;
- increasing the productivity of agricultural land by planting trees and crops that can be used as energy; and.
- diversifying fuel substitutions for cooking (including modern biofuels of ethanol, methanol and biodiesel) and transportation (gasohol, methanol, modern biodiesel (pure vegetable oil or etherified vegetable oil) and biogas).

In terms of technology-based approaches, the following proposals have been recommended as mitigation options:

- utilization of waste heat from power plants at Kotu: The power plants at Kotu utilizes HFO for power generation. The exhausted heat is released into the atmosphere with GHGs. There is a possibility of utilizing the waste heat for producing steam to generate additional electricity. For the same amount of HFO, the electricity production could be increased without increasing the GHG emission.
- fuel cells for power generation: Fuel cells convert chemical energy into electricity without first burning the fuel to produce heat. Fuel cell power systems are characterized by high thermodynamic efficiency and low levels of pollutant emissions.
- hydropower: Even though theories have indicated the lack of potential for large hydroelectricity within the limits of the Gambian territory, the country is participating in the sub-regional organization for the development of the Gambian River Basin (OMVG) to construct two hydroelectricity power plants at Sambagalo and Keleta in Guinea and the interconnection of the transmission networks of the countries involved: Gambia, Senegal, Guinea Bissau and Guinea. In addition, the recent bilateral cooperation between the Gambian and Chinese governments witnessed the financing of a US$165 million construc-

tion of a heavy-duty hydro power plant, transmission and distribution lines as well as high- and medium-voltage substations.

- biomass production: Potential biomass energy supplies include solid waste, liquid solid waste or sewage, industrial and agricultural residues, existing forests, and energy plantations.
- use of improved cooking stoves to reduce fuelwood and charcoal consumption.
- biogas production: Biogas digesters can be used in rural areas to produce biogas from manure and crop residues at scales. They provide fuel for cooking and power generation, and the by-products are used in the form of fertilizer and to feed pigs and fish in the farms, which offers substantial environmental and human health benefits.
- biofuels for transport: Biofuels of ethanol and biodiesel can be promoted using third-generation feedstock for use in the domestic cooking sub-sector and as alternative transport fuels. These concerns have led Brazil and the United States to adopt policies promoting alternative vehicles and fuels. In light of the increasing demand, such policies are likely to become more widespread.
- use of public transport: Encouraging the use of mass transportation to reduce the amount of fuel consumed in smaller cars.
- use of CFLs: Replacing inefficient incandescent bulbs with efficient lamps or CFLs.
- introducing efficient devices and motors: Promoting the use of efficient devices and motors to reduce consumption of electricity, reducing demand for electricity.
- installation of wind energy system: Installation of wind electric power system for supplementing the power needs of the country in place of diesel-based power generation to reduce GHG emissions.
- solar electric technologies: Rural electrification using solar home photovoltaic (PV) systems to displace a planned diesel plant. Since these systems are modular and create no pollution in operation, they can be operated unattended, as they require little maintenance. PV systems are often deployed on small scales and close to users.
- solar thermal-electric technologies: Solar thermal-electric technologies used to drive a conventional power-conversion system using only direct rays from the sun. Solar thermal-electric systems have the long-

term potential to provide a significant fraction of the world's electricity and energy needs.
- solar thermal heating: Solar thermal systems provide heating and hot water for domestic, commercial and industrial uses. This application would save the electricity produced using fossil fuel.
- solar cooking and solar cooling cycles in simple solar thermal systems.

Based on the recommendations above for prioritizing mitigation options due to contribution of the various end-use application, residential sector end-use has the highest consumption/demand, followed by the transport sector, and then the energy industry (electricity generation). On the basis of the foregoing, the mitigation options have been screened and prioritized as follows using proven and acceptable technologies:

Under the residential sector, the following options are proposed:

1. use of improved cooking stoves to reduce fuelwood and charcoal consumption;
2. improved wood stoves such as Nofflie and improved charcoal stoves called "Jambar";
3. widespread utilization of LPG as a cooking fuel substitute;
4. widespread production and utilization of biogas especially for households with livestock, or using liquid municipal waste (sewage) or vegetable waste.

Under the transport sector, the following options are proposed:

1. use of public transport: Encouraging the use of mass transportation to reduce the amount of fuel consumed by smaller cars;
2. biofuels for transport: Biofuels of ethanol and biodiesel can be promoted using third-generation feedstock for use in the domestic cooking sub-sector and as alternative transport fuels.

Under the energy industry or electricity generation, the following options are proposed:

1. solar electric technologies: Rural electrification using solar home PV systems to displace a planned diesel plant.

2. use of CFLs: Using efficient lamps or CFLs.
3. solar thermal heating: Solar thermal systems provide heating and hot water for domestic, commercial and industrial uses. This application would save the electricity produced using fossil fuel.

6.8 Theoretical Implications, Future Trends and Conclusion

Promoting renewable energy sources such as solar, wind and biomass is a long-term sustainable energy solution for emerging markets, like Gambia, through the development of a domestic production capacity from renewable fuels and technologies. In addition, there will be more energy market liberalization that encourages competition of ESCOs in the energy market by providing and ensuring a sustainable supply of renewals, other forms of energy sources and technologies at competitive price through private sector participation. Facilitation of local and international donors; provision of grants, interest-free loans and other fiscal incentives for renewable energy, including solar PV and thermal, wind and biomass systems would be another area of future investigation to explore alternative development opportunities. Similarly, creation of awareness of the economic and environmental benefits of using renewable technologies as well as its sale at competitive prices should be encouraged. Development of alternative energy options and services from the traditional biomass sources in the country's energy mix for low-cost access to modern energy services would be a theoretical area for further research. Encouragement and support from private sector participation in the energy mix development through public-private partnership, for example, mergers and acquisitions, and franchising should be analyzed to fully capitalize on the potentials of the energy sector. Increase in investment in new assets and inadequate maintenance of old and ageing power facilities in order to adequately generate, transmit and distribute electricity services also have implications as an emerging area of investigation. Development and implementation of laws, regulations, policies and strategies to address the existing problems of the sector, such as energy poverty, security and efficiency would have significant implications to modernize the services in the energy sector.

Following the discussion of this chapter, it can be argued that Gambia attest to the fact that the issues of energy poverty, security and efficiency, increase investment in modernization of energy technologies and use of modern and clean energy for building sustainable energy business investment through private sector participation is the top priority of the Gambian energy sector. In light of these severe energy bottlenecks in Gambia, the government is committed through its liberalization policy effort of service and trade sectors geared toward promoting access to modern energy services; increased use of renewable sources of energy, in order to improve energy efficiencies in the industrial and household sectors of the country. Recent legislation and regulation promote the development of and improvement in the energy markets, policies and financial mechanisms for the energy sector's growth in the country, in association of the diverse associated key stakeholders, since previous studies recommend (e.g. Shams, 2016b, c; Trequattrini et al. 2016) that stakeholder relationships and interactions are the base of further improvement. As a consequence, the various strategic frameworks in the energy sector are specifically aiming at promoting coherence, synergies and public-private partnerships that would offer a win-win outcome for all stakeholders, by yielding significant local and global business environmental benefits in a more sustainable way.

References

Bryant, S. T., Straker, K., & Wrigley, C. (2018). The Typologies of Power: Energy Utility Business Models in an Increasingly Renewable Sector. *Journal of Cleaner Production, 195*, 1032–1046.

Castaneda, M., Jimenez, M., Zapata, S., Franco, C. J., & Dyner, I. (2017). Myths and Facts of the Utility Death Spiral. *Energy, 110*, 105–116.

Christofi, M., Vrontis, D., Leonidou, E., & Thrassou, A. (2018). Customer Engagement Through the Choice in Cause-Related Marketing: A Potential for Global Competitiveness. *International Marketing Review.* Published in Ahead of Print. https://doi.org/10.1108/IMR-04-2018-0133.

Cuts International. (2008). *Briefing Paper – Services, Trade and Domestic Regulation in Gambia*. Retrieved from http://www.cuts-citee.org/pdf/BP08-WTO-3.pdf. Accessed 28 Nov 2018.

ECOWAS. (2016). Retrieved from http://www.ecowas.int/specialized-agencies/ecowas-centre-for-renewable-energy-and-energy-efficiencyecreee/. Accessed 16 Aug 2018.

Elfaki, K. E., Poernomo, A., Anwar, N., & Ahmad, A. A. (2018). Energy Consumption end Economic Growth: Empirical Evidence from Sudan. *International Journal of Energy Economics and Policy, 8*(5), 35–41.

Energy Data. (2018). *Gambia*. Retrieved from http://gambia.opendataforafrica.org/cxoxwg/global-energy-statistics. Accessed 5 Dec 2018.

Gambia Investment and Export Promotion Agency. (2017). Retrieved from http://www.giepa.gm. Accessed 21 Oct 2018.

Gambia Renewal Energy Center. (n.d.). http://www.gambia.gm/Energysector.htm. Accessed 25 Jun 2017.

Hamid, R. G., & Blanchard, R. E. (2018). An Assessment of Biogas as a Domestic Energy Source in Rural Kenya: Developing a Sustainable Business Model. *Renewable Energy, 121*, 368–376.

Horváth, D., & Szabó, R. Z. (2018). Evolution of Photovoltaic Business Models: Overcoming the Main Barriers of Distributed Energy Deployment. *Renewable and Sustainable Energy Reviews, 90*, 623–635.

Laws, N. D., Epps, B. P., Peterson, S. O., Laser, M. S., & Wanjiru, K. (2017). On the Utility Death Spiral and the Impact of Utility Rate Structures on the Adoption of Residential Solar Photovoltaics and Energy Storage. *Energy, 185*(1), 627–641.

Ministry of Energy. (2005). *The Gambian Energy Sector*. Banjul: Ministry of Energy, Gambia.

Muaafa, M., Adjali, I., Bean, P., Fuentes, R., Kimbrough, S. O., & Murphy, F. H. (2017). Can Adoption of Rooftop Solar Panels Trigger a Utility Death Spiral? A Tale of Two U.S. Cities. *Energy Research and Social Science, 34*, 154–162.

National Water and Electricity Company. (n.d.). Retrieved from www.nawec.gm. Accessed 10 Sep 2018.

Public Utility and Utility Regulatory Authority. (n.d.). Retrieved from www.pura.gm. Accessed 12 Aug 2018.

Renewables Readiness Assessment. (2013). *International Renewable Energy Agency – Report on the Gambian Renewables Readiness Assessment – 2013*. Banjul: Ministry of Energy, Gambia.

Rossignoli, F., & Lionzo, A. (2018). Network Impact on Business Models for Sustainability: Case Study in the Energy Sector. *Journal of Cleaner Production, 182*, 694–704.

Sakiliba, S. K., Hassan, A. S., Wu, J., Sanneh, E. S., & Ademi, S. (2015). Assessment of Stand-Alone Residential Solar Photovoltaic Application in Sub-Saharan Africa: A Case Study of Gambia. *Journal of Renewable Energy, 3*, 1–10.

Shams, S. M. R. (2016a). Sustainability Issues in Transnational Education Service: A Conceptual Framework and Empirical Insights. *Journal of Global Marketing, 29*(3), 139–155.

Shams, S. M. R. (2016b). Capacity Building for Sustained Competitive Advantage: A Conceptual Framework. *Marketing Intelligence & Planning, 34*(5), 671–691.

Shams, S. M. R. (2016c). Branding Destination Image: A stakeholder Causal Scope Analysis for Internationalisation of Destinations. *Tourism Planning & Development, 13*(2), 140–153.

Shams, S. M. R. (2017). Transnational Education and Total Quality Management: A Stakeholder-Centred Model. *Journal of Management Development, 36*(3), 376–389.

Shams, S. M. R., & Thrassou, A. (2018). Theorisation and Industry-Based Research Project Development: Bridging the Industry–Academia Research Gap. *Industry and Higher Education*, (Forthcoming). Published in Ahead of Print. https://doi.org/10.1177/0950422218797919.

Strang, D., & Meyer, J. W. (1993). Institutional Conditions for Diffusion. *Theory and Society, 22*(4), 487–511.

The Electricity Act. (2005). *The Energy Policy*. Banjul: Ministry of Energy, Gambia.

The Public Utility and Utility Regulatory Authority Act. (2001). *The Energy Policy*. Banjul: Ministry of Energy, Gambia.

Thrassou, A., Papasolomou, I., & Demetriou, M. (2018). Strategic Implications of Cyprus' Emerging Oil and Gas Industry. *EuroMed Journal of Business, 13*(2), 236–249.

Tolbert, P. S., & Zucker, L. G. (1996). The Institutionalization of Institutional Theory. In S. R. Clegg, C. Hardy, & W. R. Nord (Eds.), *Handbook of Organization Studies* (pp. 175–190). London: Sage.

Trequattrini, R., Shams, S. M. R., Alessandra Lardo, A., & Lombardi, R. (2016). Risk of an Epidemic Impact When Adopting the Internet of Things: The Role of Sector-Based Resistance. *Business Process Management Journal, 22*(2), 403–419.

Tsvetkova, A., & Partridge, M. (2017). The Shale Revolution and Entrepreneurship: An Assessment of the Relationship Between Energy Sector Expansion and Small Business Entrepreneurship in US Counties. *Energy, 141*, 423–434.

UNDP. (2016). *Country Report – The Gambia 2016*. Retrieved from http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/GMB.pdf. Accessed 16 Apr 2018.

Vassakis, K., Sakka, G., & Lemonakis, C. (2018). Demystification of the Glass Ceiling Phenomenon: Gender Stereotyping and Successful Managers' Personality Traits in Greece. *EuroMed Journal of Business* 13, 2. Published Online Ahead of Print. https://doi.org/10.1108/EMJB-06-2017-0023.

World Bank. (2011). Retrieved from http://pubdocs.worldbank.org/en/683101443469734236/Global-Economic-Prospects-January-2011-Navigating-strong-currents.pdf. Accessed 20 Oct 2017.

World Bank. (2016). *The Gambia Economic Outlook 2016*. Retrieved from https://www.worldbank.org/en/country/gambia/overview. Accessed 15 Nov 2018.

7

Sustainable Customer Experience: Bridging Theory and Practice

Paola Signori, Irene Gozzo, Daniel J. Flint, Tyler Milfeld, and Bridget Satinover Nichols

7.1 Introduction

Sustainability and Customer Experience have been extensively developed independently in many countries by many researchers. A surface-level review of the literature and some basic statistics on what has been published where and when initially revealed that there has been scientific

P. Signori (✉) • I. Gozzo
Polo Scientifico Didattico Studi sull'Impresa, University of Verona, Vicenza, Italy
e-mail: paola.signori@univr.it

D. J. Flint • T. Milfeld
Department of Marketing, Haslam College of Business, University of Tennessee, Knoxville, TN, USA
e-mail: dflint@utk.edu; tmilfeld@vols.utk.edu

B. Satinover Nichols
Haile/US Bank College of Business, #215, Northern Kentucky University, Highland Heights, KY, USA
e-mail: nicholsb1@nku.edu

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_7

research over time on both sustainability and customer experience. Moreover, a new link seems to be emerging between Sustainability and Customer Experience topics, yet it lacks any form of theoretical foundation. This chapter aims to highlight possible connections and gaps in this literature as well as between theory and practice on which we build to introduce a new concept, and offer a definition of, Sustainable Customer Experience (SCE).

On the managerial side, drawing on our case study analysis, it is clear that there are many initiatives applied by sustainable enterprises with the goal of stimulating a Sustainable Customer Experience. However, re-examining these actions under the new Sustainable Customer Experience framework lens developed here, practitioners could discover that there are many additional touchpoints where they could improve their sustainable actions and messaging from a customer point of view. In short, we can advance the practical application of scholarly research within the domain of Sustainable Customer Experience. Specifically, this chapter offers suggestions for managers and entrepreneurs by drawing on extant theory to help them refine their strategies and communication, moving them towards a purer collaborative sustainable business model by including the customer experience more thoroughly. In addition, this chapter offers the reverse, that is, ideas for advancing theory through a study of practice. Indeed, in this field, there is a significant gap between business theory and practice, representing a deviation of purpose and context.

The customer perspective is offered here as well, to understand what happens when a company communicates about sustainability as part of its identity, in particular in terms of how consumers react concerning their perceptions about their experiences, emotions and purchase intentions. By studying what firms do as well as how consumers actually think, feel and behave, the literature will be advanced. In line with this volume's aim to connect scholastic work and practice more deeply, this chapter contributes in both directions. This chapter will reveal that there is a great deal of work that has to be done between researchers and companies to advance both knowledge and practice.

This research methodology is based on a three-step mixed methodology, with the purpose of using the complementarity design in order to examine different, but complementary, aspects of the same phenomenon to address the research question (Golicic and Davis 2012). In particular, the three steps are (1) a structured literature review on sustainability and customer experience-related keywords, with the proposition of a new Sustainable Customer Experience concept; (2) a qualitative analysis of 20 case studies; and (3) a scenario-based customer-focused experiment to better define a model of Sustainable Customer Experience. This chapter concludes by tying together all three steps to make suggestions to improve an ongoing and dynamic synergistic relationship between practitioners and researchers interested in enhancing Sustainable Customer Experience. In this research, the data were collected sequentially (case study followed by experiments); however, the data are interpreted and presented within a single report of results here (Golicic and Davis 2012). Within the overall research design, each research step is presented sequentially maintaining its own focus and goal. As such, this chapter presents each of the three research studies independently, with their own method description and main results analysis. In conclusion, we pull all three studies together to discuss the overall results with relevant theoretical and managerial implications. In this way, our call for change and innovation in how firms engage consumers discussed in this chapter is consistent with not only the theme of the volume but also the series where Volume 1 directly addressed innovation and change.

7.2 Towards a New Definition of Sustainable Customer Experience

The first study's goal was to define what Sustainable Customer Experience means according to the extant literature: its definition, fundamentals and conceptual framework. Since this concept is not discussed well yet in academia, there is a need for a deeper, more focused literature review. The methodology adopted is a scoping study (Arksey and O'Malley 2005): a method to conduct a structured literature review. Scoping studies are defined by Mays, Roberts and Popay (2001, 194) as methods that aim to chart the key concepts that support a research area and the principal sources and kinds of evidence accessible. They can be set out as "stand-alone" projects in their own right, particularly if an area is complex or it has never been entirely examined before. Mays et al. comment that as researchers become more familiar with literature, they will undertake "more sensitive searches of literature" (Arksey and O'Malley 2005, 22). As such, researchers will not follow strict limits on the identification of fitting studies or on the study selection. This method requires an iterative process, not a linear one; this involves researchers undertaking every step in a thoughtful way and, if it is necessary, to repeat steps, in order to ensure a complete and comprehensive coverage of literature. The literature review protocol (Arksey and O'Malley 2005), in relation to the direction of a scoping study, consists of five stages: (a) identifying the research questions; (b) identifying relevant studies; (c) study selection; (d) charting the data; and (e) collating, summarizing and reporting the results.

The primary research questions (a) are as follows: Does Sustainable Customer Experience exist in the literature? Within the business literature, is it possible to find scientific articles that combine both Sustainability and Customer Experience to contribute to a Sustainable Customer Experience?

In order to identify relevant studies (b), we conducted a search of five different databases (as suggested by Goyal et al. 2013): Emerald Full Text, Elsevier's Science Direct, JSTOR, Taylor & Francis, Springer-Verlag. Six keywords were used in the search: three on sustainability at a strategic level (corporate sustainability, sustainable business model, TBL triple bottom line) and three specifically on customer experience (customer experience, sustainable customer experience, online customer experience). Each keyword was used in searches within every database, with restrictions on title, abstract and keywords in the initial search.

The study selection (c) was conducted using the entire articles' contents, seeking relevance for the research questions. This resulted in 119 relevant papers, in particular: 29 on corporate sustainability, 21 on sustainable business model, 17 on triple bottom line, 30 on customer experience, 2 on sustainable customer experience and 20 on online customer experience.

Data charting (d) revealed some interesting statistics, useful for understanding conceptual origins in terms of countries and time periods of the analysed articles. The articles were published in 71 journals, some appearing more frequently than others, in particular: *International Journal of Retail & Distribution Management* (8); *Journal of Business Ethics*, *Journal of Cleaner Production* (7); *Journal of Brand Management*, *Journal of the Academy of Marketing Science Procedia-Social and Behavioural Science* (5); *Corporate Governance*, *Journal of Direct, Data and Digital Marketing Practice* (3); ten with two articles (including *Journal of Marketing*, *Journal of Business Research*, *International Journal of Physical Distribution & Logistics Management*) and the remainder with one article each. The majority of articles in this set, all related to the sustainability keywords, were represented by an "international" authorship: a group of authors of different nationalities, collectively spanning the world. On customer experience topics, American authors are the most frequent. About the general trend timeline: 101 articles (84.9%) were published in a nine-year range (2009–2018), with a slight variance in customer experience topics, that have some peaks in 2004–2007–2014–2017. This is an interesting finding, considering that the keyword search did not have any temporal filter. The overall results of this selection are depicted in Table 7.1.

A content analysis of the 119 selected publications (e) revealed a literature gap in relation to the concept of Sustainable Customer Experience. The only two articles found with the keyword "Sustainable Customer Experience" do not refer precisely to this concept; instead, they discuss sustainability and how to sustain customer experience, not a sustainable customer experience directly. Therefore, according to the literature study, it is possible to affirm that there is a theoretical gap within the business literature in relation to this topic. Regardless, the literature review on sustainability does provide insights. For example, it reveals that a new understanding of economic, social and environmental needs has emerged, especially due to the modernization of the world, the people who live in it and their activities within their lives (Potocan and Mulej 2003), motivating companies to internalize the concept of sustainability in their activities and nature (Grayson 2011). To improve sustainable initiatives, top managers are called to embed sustainability values into the organizational culture, and act on the employees' motivation (Engert and Baumgartner 2016), designing structure and polices containing principles

Table 7.1 Study selection and related key words

Corporate Sustainability	Aquilani et al. (2018); Vildåsen and Havenvid (2018); Engida et al. (2018); Naidoo and Gasparatos (2018); Schaltegger and Burritt (2018); Camilleri (2017); Tollin and Christensen (2017); Moosmayer et al. (2017); Saufi et al. (2016); Engert and Baumgartner (2016); Goyal et al. (2015); Avery (2015); Tsalis et al. (2015); Venkatraman and Nayak (2015); Schneider et al. (2014); Sebastiani et al. (2014); Strand (2014); Wu et al. (2013); Przychodzen and Przychodzen (2013); Lourenço et al. (2012); Schaltegger et al. (2012); Grayson (2011); Schaltegger (2011); Choi and Ng (2011); Overcash and Twomey (2011); Chow (2011); Haugh and Talwar (2010); Vithessonthi (2009); Van Marrewijk and Werre (2003)
Sustainable business model	Dembek et al. (2018); Hysa et al. (2018); Piscicelli et al. (2018); Lüdeke-Freund et al. (2018); Varadarajan (2017); Morioka et al. (2017); Inigo et al. (2017); Sousa-Zomer and Cauchick-Miguel (2017); Bocken et al. (2016); Aryanasl et al. (2016); Agaard and Lindgren (2015); Pedersen and Andersen (2015); Bocken et al. (2013); Nedergaard and Gyrd-Jones (2013); Hutchinson et al. (2012); Høgevold and Svensson (2012); Arevalo et al. (2011); Asif et al. (2011); Hart and Milstein (2003); Potocan and Mulej (2003): Bharadwaj et al. (1993)
Triple bottom line	Biswas et al. (2018); Connell and Kozar (2017); Hunt (2017); Palmer and Flanagan (2016); Arora et al. (2016);Winter and Knemeyer (2013); Wilson (2015); Høgevold et al. (2015); Glavas and Mish (2015): Ahi and Searcy (2015); Gold et al. (2013); João Bettencourt Gomes de Carvalho Simas et al. (2013); Mish and Scammon (2010); Coffman and Umemoto (2010); Hacking and Guthrie (2008); Norman and MacDonald (2004)
Customer experience	Wiedmann et al. (2018); Thomas (2017); Jain et al. (2017); Mohd-Ramly and Omar (2017); Roy et al. (2017); Kumar and Anjaly (2017); Homburg et al. (2017); Liu et al. (2017); Deshwal (2016); Stein and Ramaseshan (2016); Foroudi et al. (2016); Afifah and Asnan (2015); Andajani (2015); Nasution et al. (2014); Tama and Voon (2014); Chidley and Pritchard (2014); Klaus (2014); Cook (2014); Tynan et al. (2014); Kim and Choi (2013); Chakravorti (2011); Brakus et al. (2009); Holder (2008); Frow and Payne (2007); Mosley (2007); Schouten et al. (2007); Franke and Park (2006); Jenkinson (2006); Kotha et al. (2004); Stevens and May (2004)

(*continued*)

Table 7.1 (continued)

Online customer experience	Fazal-e-Hasan et al. (2018); Wu et al. (2018); Bhattacharya et al. (2018); Kumar and Anjaly (2017); Demangeot and Broderick (2016); McLean and Wilson (2016); Elsharnouby and Mahrous (2015); Insley and Nunan (2014); Pappas et al. (2014); Blasco-Arcas et al. (2014); Ha and Stoel (2012); Luo et al. (2012); Rose et al. (2012); Nambisan and Watt (2011); Keaveney and Parthasarathy (2001); Luo et al. (2011); Liu and Zhang (2010); Lamberti and Noci (2009); Srinivasan and Moorman (2005); Novak et al. (2000)
Sustainable customer experience	Bothe et al. (2016); Gentile et al. (2007)

regarding sustainability, and improving communication (Haugh and Talwar 2010). Moreover, innovation could be a driver for helping corporate sustainability (Overcash and Twomey 2011), with business functions explicitly dedicated to it (Schneider et al. 2014). Firms are more oriented to take sustainable actions because they noted that sustainable practices provide economic (Lourenço et al. 2012) and social value (Camilleri 2017). Some studies confirm that the orientation towards innovation in a brand builds solid corporate sustainability (Nedergaard and Gyrd-Jones 2013; Aryanasl et al. 2016). However, these concepts are not new.

What is recently attracting more attention is the shift of customer sensitivity towards sustainability-related efforts in general. Customers are becoming more and more informed and attracted by sustainable behaviours and principles, and some studies reveal that they tend to evaluate firms that lack sustainability in a negative way (Choi and Ng 2011). Furthermore, managers are now aware that a sustainable strategy does not exclude an economic profit: the two goals can co-exist and can be implemented together (Hutchinson et al. 2012). That is why sustainability has entered into business models, creating a competitive advantage thanks to the ability to offer superior customer value and contributing to the sustainable development of firms and society (Dembek et al. 2018). These models consider the totality of actors, resources and activities related to sustainability, including the demand side (Høgevold and Svensson 2012). The engagement of all the organization's members is vital, including not only top managers, but also employees and the other actors within the model (Arevalo et al. 2011). In addition, other actors are called to action to assist businesses: consumers, who are themselves becoming more sustainable in their values, need to become part of the processes used by businesses that serve them through an integration of their views on sustainability into the firm's business models (Naidoo and Gasparatos 2018).

As such, many companies are adopting the well-known triple bottom line approach, considering sustainability as composed of three dimensions, economic, social and environmental (Ahi and Searcy 2015). Integrating the environmental, social and economic pillars of sustainability into decision-making, from policies to projects, is essential (Hacking and Guthrie 2008). Sometimes, companies approach sustainability initiatives as opportunities to create and develop a competitive advantage (Schulz and Flanigan 2016). Since customers are increasingly interested in one or more of the three the dimensions of the triple bottom line as represented by the firms from which they purchase products and services, they are looking for products and services that are able to satisfy their own needs of contributing to sustainability (Hacking and Guthrie 2008). Therefore, companies should consider and follow the interests and needs of their customers more closely (Mish and Scammon 2010), engaging them more deeply (Wilson 2015) while trying to be successful in the long term (Norman and MacDonald 2004). Tollin and Christensen (2017) show that marketing capabilities, together with innovation of new products, services and business models, form a strong driver to address sustainability in marketing. However, do firms really fulfil sustainability-related customer needs in their customers' journeys, meaning, those customer needs that relate to their concerns for living sustainably and purchasing from firms who are sustainable? Studies in this literature review do not answer this important question; sustainability-related publications do not directly connect sustainability to customer experience. This is a significant gap and it is a driver of why we needed study two, that we later report in this chapter. It is evident that consumer demand for sustainability is now driving business models, yet the academic literature has only begun to recognize this trend. This reflects an opportunity to research both what firms actually are doing and the impact on the consumer, an important bridge between theory and practice.

From a general marketing perspective, customer experience aims to build a unique, pleasurable and memorable experience (Jain et al. 2017) through the production of stimuli that evoke sensations, feelings, cognitions and behavioural responses (Brakus et al. 2009). More recently, firms are re-designing their offers in terms of personalized co-created experience (Jain et al. 2017), including e-channels where it is important to provide high customer engagement (Srinivasan and Moorman 2005). Other studies (Jain et al. 2017) reveal that customer experience efforts are becoming critical to creating customer loyalty. Here, attention to customization details is claimed to be critical. Tactical details that happen during the pre-purchase, purchase and consumption experience that reflect an understanding of unique customer sustainability desires can powerfully influence emotional responses that subsequently impact customer satisfaction and ultimately purchase intentions. In essence, the small details that reflect deep customer understanding may have a significant impact on costumers' holistic evaluations (Bolton et al. 2014). According to this line of thinking, this process begins with an understanding of customers' values, needs and desires. For this reason, companies should turn towards customer centricity (Nasution et al. 2014) and develop an experiential marketing strategy that can be customized and adapted in order to reach each customer in relation to his or her needs (Foroudi et al. 2016).

From this discussion, the link between sustainability and customer experience is evident but remains in the background. Customers are increasingly evaluating companies and their products and services in terms of sustainability. At the same time, they are attracted by engaging experiences. Therefore, combining these two, sometimes customers are looking for both "sustainability" and "experience". From the company perspective, as depicted in the literature, innovative firms are increasingly adopting sustainable business models, trying to understand ways to improve sustainability within their strategies and activities. Simultaneously, firms are attempting to create engaging customer experiences. However, rarely does it appear that companies are combining both "sustainability" and "customer experience". Therefore, similar to the literature on the sustainability keywords, there remains a gap on customer experience topics in defining what a sustainable customer experience is. Based on this literature review, a much-needed theoretical contribution is a new concept we refer to as Sustainable Customer Experience. Theory building in this area by scholars could help guide the practice of a Sustainable Customer Experience, providing guidelines that act as a bridge between scholastic work and practice. To work towards this theoretical contribution, we then conducted a series of case studies that we describe next.

7.3 Sustainable Customer Experience in Practice

The case analyses of study 2 followed the literature review of study 1. In this section, we describe results from 20 analysed cases. The cases all represent sustainable Italian firms as pre-determined because they showed evidence of caring for all three aspects of the triple bottom line. Their success makes them important for understanding the meaning and application of the concept we refer to as Sustainable Customer Experience. Our aim was to understand the extent to which these firms offer a sustainable experience to customers and, understand critical touchpoints. As such, the research question guiding study 2 was "To what extent are firms that claim to be sustainable actively engaged in creating sustainable customer experiences, and how are they doing this?"

Study 2 followed the case study method described by Yin (2006). It involves four steps: (a) case selection, (b) data collection, (c) data analysis and (d) generalization of findings.

The selection of firms (a) was facilitated by primary sources (interviews with experts from Confindustria Vicenza) and secondary sources (Salone della Sostenibilità, Enel Circular Economy 100 Stories reports). Data collection (b) included 107 documents: company sources (22), product packages (10), newspaper articles (23), websites (20), social media (25) and select in-depth interviews (7). The interviews were open-ended conversations focused on how managers were approaching sustainability in their core visions, strategies and behaviours. The conversations were directed by an interview guide comprising topics to discuss rather than a list of specific, closed, consistent questions, thus allowing participants to flow with the topics as they saw fit in unprompted ways.

The main focus was on the collection of elements useful for evaluating sustainability aspects of firms. The concept of Sustainable Customer Experience was applied to the analyses of data found within these 20 firms, highlighting what companies were already doing. Table 7.2. describes the case firms in this study. Data analysis (c) comprised interpretative work that sometimes included the use of NVivo™ software to assist in the coding. This analysis was also conducted using a lens proposed by Stein and Ramaseshan (2016), who suggest looking for the following kinds of touchpoints:

(a) Atmospheric elements;
(b) Technological elements;
(c) Communicative elements;
(d) Process elements;
(e) Employee-customer elements;
(f) Product interaction elements.

Moreover, online customer experience was studied by applying the Rose et al. (2012) model, which considers the following elements as most relevant:

(a) Ease of use;
(b) Customization;
(c) Connectedness:
(d) Aesthetics;
(e) Perceived benefits.

We found that many firms were developing similar touchpoints simultaneously, which seemed to concentrate on the same kind of experience.

One of the most frequently utilized experience elements was the use of flyers, posters or totem containing sustainable messages, representing the communicative elements of the list above. All of the firms referred to these tools in order to gain customers' attention and engage them. A good example is represented by the case of firm L, which positions several posters and totems on premises with information and pictures related to its sustainable activities and to the natural ingredients used to prepare ice

Table 7.2 Case sample description

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
A	Stationery; gadgets, pencils, organizers B2B and B2C	Micro; 1994; 1997	Circular economy; Environmental	Industrial waste recycle to make new products – Process and product innovation; 80% recycled graphite in production	**Traditional:** Communicative. **Online:** Aesthetic, connectedness, Customization
B	Food (dairy); cheese, milk, yoghurt, butter	Large; 1974; 2000	Delocalization-sustainable agrifood supply chain, closed loop supply chain; Environmental social	Closed cycle. Water footprint – Production innovation; water consumption	**Traditional:** Atmospheric, Communicative, Employee-customer, Product interaction. **Online:** Aesthetic, Connectedness, Customization
C	Insulation; thermal and sound insulation	Medium; 2012; 2012	Circular economy; environmental	Process innovation. Wool derived from waste (coat of sheep destined to milk or meat production). Product innovation (wool panel); A wool panel, with high results in insulations, with no dangerous emissions and nearly totally natural	**Traditional:** Employee-customer.

Table 7.2 (continued)

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
D	Service; Car sharing service with electric city cars	Small; 2015; 2015	Traditional with all sustainable elements; environmental social	Service innovation; No gas emissions, less traffic, people connection, sustainable consumption culture	**Traditional:** Atmospheric, Communicative **Online:** Aesthetic, Connectedness Customization Ease of use
E	Service, food; food service, catering	Large; 1992; 1992	Traditional with a sustainable vision; environmental and social	Process innovation (sustainable supply chain); Use of a distributive platform (quanta stock and go) to realize a short defined supply chain. Attention to people. Lots of projects and help to the company's employees	**Traditional:** Communicative **Online:** Aesthetic, Connectedness, Customization
F	Leather; sustainable leather	Large; 1950; 2010	Supply chain sustainable business model; economic, environmental and social	Product and process innovation; supply chain environmental impact, water consumption, chemical products, solid waste recycle, co_2, energy from clean sources, stakeholders value	**Traditional:** Communicative, Employee-customer, Product interaction **Online:** Aesthetic, Connectedness

(*continued*)

Table 7.2 (continued)

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
G	Hair care; Hair care professional products	Large; 1983; 1996	Benefit corporation; environmental and social	Process innovation, and product innovation; 100% energy (since 2009) from natural renewable resources, Free service to poor people, Co_2 zero impact-packaging, promotion of a sustainable culture	**Traditional:** Atmosphere, Communicative, Employee-customer **Online:** Aesthetic, Connectedness, Customization
H	Home care; plastic pliers	Small; Early 1900; 2005	Sustainable sourcing (biopolymers biodegradable and compostable materials); environmental	Product innovation, upstream innovation – Recycled plastic to design new products; 100% recycled plastic in production.	**Traditional:** Communicative **Online:** Aesthetic, Connectedness, Customization.
I	Paper; Paper	Large; 1736; 1992	Traditional with a sustainable vision; environmental	Process innovation. Recycle of used products, second life cycle; remake (sustainable paper made of waste), projects of forests safeguards	**Traditional:** Communicative **Online:** Aesthetic, Connectedness, Customization

(*continued*)

Table 7.2 (continued)

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
J	Construction industry and design; ceramic	Large; 1962; Na	Traditional with a sustainable vision; environmental and social	Process innovation, photovoltaic system, recycle of water, recycle of waste, saved energy, collaboration with local bodies; 100% recovered water, 100% waste recycle, 84.897,3 MWh self-made energy, packaging all made of recycled paper and plastic. Collaborations with Sassuolo's hospital, with local school and students. Distribution of money to the territory	**Traditional:** Communicative, Employee-customer Product interaction **Online:** Aesthetic, Connectedness

(*continued*)

Table 7.2 (continued)

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
K	Food and cosmetics; olive oil	Large; 1911; 1997	Benefit corporation; environmental and social	Process innovation. Photovoltaic system, packaging made of recycle materials, vegetal ink, sustainable logistic model. Collaboration with AIFO, an international voluntary association; 100% of energy comes from renewable resources. 100% recycled packaging. 85.627 kg of paper saved thanks to the re thinking of the oil boxes. 100% of prints made of vegetal inks. 1.035.000 kg of co_2 less. Long distance adoption of 6 babies in poor countries	**Traditional:** Atmospheric, Communicative, Employee-customer, Product interaction. **Online:** Aesthetic, Connectedness
L	Food; Ice creams	Large; 2003; Na.	Traditional with a sustainable vision; environmental	Process innovations; sustainable food consumption	**Traditional:** Atmospheric, Communicative, Employee-customer **Online:** Aesthetic, Connectedness, Ease of use

(*continued*)

Table 7.2 (continued)

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
M	Service; industrial product design studio	Micro; 2013; Na.	Circular economy; Environmental and social	Product innovation, design of new products with recycled materials and each new project contributes to reforestation; Recycled materials, CO_2 reduction, and no. of new trees planted, help to emerging countries communities	**Traditional:** Communicative, Employee-customer **Online:** Aesthetic, Connectedness, Customization, ease of use
N	Service; Bank	Large; 2007; Na.	Traditional with a sustainable vision; environmental and social	Product innovation; first Italian Green bond. Financing and support of environmental and social projects	**Traditional:** Communicative, Employee-customer **Online:** Aesthetic, Connectedness
O	Food; Retailer	Large; 1930; 2018 (project)	Traditional with a sustainable vision; environmental and social	Process innovation; distribution of food to cooperatives and association that devolve it to poor people	**Traditional:** Communicative, Employee-customer **Online:** Aesthetic, Connectedness, Ease of use

(*continued*)

Table 7.2 (continued)

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
P	Food; Food and packaging	Large; 1984; 2002 (2015 project)	Circular economy; environmental social	Industrial product waste recycle to make sustainable packaging and then other products; Process and product innovation; 15% use of virgin tree pulp and 20% gas emissions reduction	**Traditional:** Communicative **Online:** Aesthetic, Connectedness, Ease of use
Q	Fashion; Clothes	Medium; 2012; 2012	Circular economy, sustainable Sourcing and social impacts; Environmental and social	Process Innovation (use of waste materials of the fashion industry); Women in difficult conditions employees, materials waste recycle	**Traditional:** Atmospheric. Communicative, Employee-customer **Online:** Aesthetic, Connectedness, Customization, Ease of use
R	Fashion; Second-hand clothes	Micro; 2017; 2017	Traditional with a sustainable vision; environmental and social	Recycle of used products, second life cycle; sustainable consumption culture.	**Traditional:** Communicative, Employee-customer **Online:** Connectedness

(*continued*)

Table 7.2 (continued)

Firm pseudonyms	Industry; Product/service	Firm size; Year founded; Sustainability start year	Business model; TBL focus	Innovation type; and main impact	Sustainable Customer Experience Touchpoints (Traditional and Online)
S	Furniture; Tailor made interior design	Medium; 1965; 2016 (B corp)	Benefit corporation; environmental, social	Process innovation; recycle, renewable resources, clean energy. Donations, support to associations, social activities. Trainings, promotion of wellness	**Traditional:** Communicative, Employee-customer **Online:** Connectedness
T	Food; Cheese	Micro;Early 1900; Na	Traditional with a sustainable vision; environmental and social	Product innovation; cheese made of natural ingredients, happy cows, collaboration with partners, help to community	**Traditional:** Atmospheric, Communicative, Employee-customer, Product interaction

cream in its shops. Company K is developing this tool within its stores in a different way: it uses its walls as free-form surfaces on which to write, draw and provide pictures related to sustainability in order to better engage costumers.

Another touchpoint frequently adopted by firms that is related to the communicative elements is the insertion of sustainable claims and information on product packaging. Case firm A engages customers by creating a package design that communicates all the sustainability benefits derived by the production of the pencil, ways to use the product and recycling features. The packaging has been found to be attractive and able to catch customers' attention, engaging them thanks to its pleasant and innovative way of communicating sustainability. Company H also involves costumers using its packaging; it is sustainable and compostable. The product within it, as well as the packaging itself, has sustainable features that are communicated with brilliant colours, in order to engage costumers and move them towards making a sustainable purchase, one that respects the environment. In addition, case firm P has developed this touchpoint, creating unique packaging, made from paper derived from beans. When people touch the box, which appears to be different compared to a traditional one, they can immediately feel sustainability, suggested by the use of natural paper. As such, we find that packaging can provide information, images and explanations of the sustainable aspects of the firm and the products contained within. We test the effects specifically of websites and some packaging design elements that reinforce the sustainability of the firm in study 3 that we present here in this chapter later.

Employee-customer interaction elements are adopted by most of the firms we analysed, and they could be referred to as customer-centric staff involvement where they are able to engage costumers by giving them additional and curious information about sustainable features of the company, sometimes even becoming storytellers. Case firm T makes use of this approach, in fact basing the major part of its experience on it. Customers can both imagine themselves being immersed in a natural Alpine environment by marketing messaging, and also be immersed in it literally, by visiting the farm and hearing keywords and narration by farmers describing sustainable products, production and animal care. Company Q's staff also develop this touchpoint by involving customers during the purchase occasion, giving them information on how clothes are made, the aim of the entire project and how they help women in difficult conditions. Consumers can feel that they are part of these initiatives, understanding that they can assist people through their purchase. Case study B is also developing this tool in its stores: the staff involve customers by discussing with them about the natural ingredients that are used in the products, the sustainable ecosystem in which food is made and the benefits derived from the respect of the environment. In addition, case firm G is one of the firms that focused on improving this touchpoint, believing that it is important to engage costumers of beauty products about a sustainable world. Staff share information about the natural ingredients used to make beauty products and packaging, highlighting simultaneously the importance and the economic and environmental advantages of using only renewable energy resources, helping to spread the firm's sustainability philosophy.

Another important and impactful touchpoint is the "atmosphere" of the purchase environment. One of B's shops was totally dedicated to selling butter. It was completely white in colour, with white shelves, white furniture, white details and staff wearing white dresses. It seems like a light cloud, imbued with one of the colours that represents sustainability: white. The environment of L's shops is completely different: using different, warm colours, communicating comfort and connections to nature. Customers can feel nature and sustainable passion within the shopping environment, helping to create an engaging consumption experience. J's environment communicates sustainability in an elegant and refined way, thanks to the frequent use of white with green details.

Other firms have developed yet another kind of touchpoint, referred to as "product interaction" elements. Case firm F represents this by helping customers literally feel the sustainable components as well as the quality of its products by encouraging them to handle and use products in store. Cases B, K and T offer food tastings to their consumers; in this way, they are engaged in a "tasting experience", which involves sight, smell, touch and taste. They can experience quality and imagine the firms' connections to nature and sustainability that become manifested in the final product.

Online experiences were developed by several firms in order to expand the means by which they offered their versions of connecting to a firm's sustainability efforts, thus contributing to a sustainable customer experience. All firms propose content related to sustainability within their websites, hoping to create a sense of connectedness between the firms and customers. Some of them, such as cases A, G, B, Q, I and D, show elements of sustainability in a pleasant and attractive way, thanks to the use of keywords, graphics and special design elements that permit an easy, immediate and engaging comprehension of the content. Firms are improving website aesthetics, starting with an intelligent use of colours, especially highlighting sustainability using green, blue and white: B, D, H, K, N, E, F, L and I. Then, there are elements able to engage users through multimedia content: photos, pictures, videos, interactive maps, games. These tools enhance customers' engagement, making the experience more pleasant, humorous and interesting. Firms that were highly focused on developing customized online touchpoints were B, E, G, H, I and Q. Finally, to make the experience more engaging and immediate, firms were creating websites that were easy to navigate and explore, saving customers time while also creating a more pleasant shopping experience: L, D, O, Q, M, R and P. The case studies reveal that these sustainable companies are delivering a sustainable customer experience across a myriad of touchpoints. This represents two opportunities to bridge theory and practice. First, marketing literature on the customer journey could help these companies to ensure a holistic brand experience and maximize each touchpoint. Identifying the customer journey can help firms to create a storytelling approach and move the customer seamlessly from one touchpoint to another. Second, these business practices can help to guide theory around the impact of sustainability on the customer experience.

7.4 Sustainable Consumer Experience from the Customer Point of View

The third study in our research design was a scenario-based customer-focused experiment to define a model of Sustainable Customer Experience. What was not yet explored in studies 1 and 2 is what happens when a company communicates sustainability as part of its identity. How do consumers react? Does this impact consumers' experiences, emotions and purchase intentions? In order to start to understand these questions, we conducted a few preliminary experiments. In this section of the chapter, we provide an overview of the experimental design and some of the top-line findings so far, as this research is ongoing. This study was designed to begin to address only a few of the knowledge gaps that exist concerning sustainable consumer experiences. As such, it was necessary to select a specific industry and product to test a few ideas. The objective of this series of experiments was to address some important questions: Does promoting sustainability as part of a company's identity have an impact on consumers' reactions towards the brands produced by that firm, and, if so, in what ways does this effect manifest itself? Specifically, do communications about a firm's environmental and social sustainability identity aspects impact important consumer-related variables such as the extent of positivity of the consumption experience, purchase intent and affective (emotional) responses? Within this condition, do statements made at the firm, local or global level have different effects? Does environmental sustainability have different effects than social sustainability and do either have different effects than a baseline condition whereby no sustainability communication is made?

In order to address these questions, a 2×3 experimental research design was employed using the dairy industry, and specifically a cheese product, as a context.

The dairy industry was chosen as the context within which to test our ideas for several reasons. First, dairy farms, like most agricultural firms, have been moving towards greater emphasis on sustainability for many years, especially environmental sustainability. However, many important questions remain as to the most effective way to communicate these sustainability initiatives in which dairy farms are engaged. Furthermore, dairy supply chains, such as for cheese products, can be wrought with power imbalances whereby distributors and retailers may garner significant influence. In Italy, for example, it is challenging for dairy farms to build their own brand equity, let alone promote their sustainability initiatives. Finally, the dairy industry is an important component of the Northern Italian economy and efforts to help this industry become more successful are valued.

This ongoing project involves an examination of numerous ideas, some of which are beyond the scope of this chapter. However, the parts germane to this chapter are described here. A 2 (environmental sustainability, social sustainability) × 3 (firm level, local community level, global level) scenario-based experimental research design was employed to test the effects of various, independent sustainability identity communications made by a dairy farm on marketing-relevant dependent variables.

It was hypothesized that:

- Firms with environmental sustainability as part of their identity would be evaluated as congruent with a small dairy farm and would have a more positive effect on outcome variables than firms without any sustainability aspect to their identity.
- Firms with social sustainability as part of their identity would be evaluated as congruent with a small dairy farm and have a more positive effect than firms without any sustainability aspect to their identity—but that the effect would not be as strong as that for the environmentally sustainable firms.
- Firms with either environmental or social sustainability as part of their identity would have positive effects on dependent variables if that identity was focused at the firm or local level; however, firms communicating that they have initiatives at the global level would have far fewer positive effects and be seen as going "too far".

The basic idea of congruence addresses how well aspects of a firm that are communicated to stakeholders, including customers, fit together and fit the perceived identity of the firm. This concept of identity congruence has been shown to be important when connecting a firm to key ideas, initiatives and marketing communications (Flint et al. 2018). In this experiment, congruence refers to how well the communication about sustainability initiatives seemed to fit (in the eyes of respondents) with the dairy farm depicted in the study. The initial experimental design involved three aspects to the data collection:

- Subjects were exposed to a description of a dairy farm. The farm was not real, but subjects did not know this.

- Subjects viewed three forms of marketing communication materials that they used that corresponded with the dairy description (packaging, website and in-store display). The marketing materials represent only a small sub-set of the many touchpoints consumers have with companies; however, they can be important ones in helping to create a sustainable customer experience.
- Subjects answered questions that corresponded to the dependent variables of interest.

Subjects were randomly assigned to a control condition (baseline) or one of six (6) treatment conditions. All subjects answered the same set of survey questions corresponding to the dependent variables. The responses to the survey questions were then compared to look for meaningful differences caused by the treatments (any of the six sustainability conditions). This study was conducted simultaneously in the U.S. and in Italy. The U.S. is a major cheese market dealing with similar issues as the Italian market in terms of sustainability. Research team members are both Italian and American. Given the study design, it was felt that larger samples would be easier to collect in the U.S.

Specific stages of the study 3 project included:

1. Terms survey: It involved the initial collection of relevant and appropriate terms that would realistically convey that the hypothetical dairy was in fact a real dairy farm that produced cheese. A set of potential terms was created by studying many actual cheese packages. A survey of 100 U.S. subjects and 88 Italian subjects on Amazon's MTurk was then used to gather insights into the list of terms to help refine the terms that would be used on three forms of marketing materials for the experiments. The marketing communication materials consisted of a mock website landing page, a retail store counter standing sign and a cheese package.
2. Scenario writing: Significant time was spent on creating a baseline dairy description. The research team reviewed actual dairy farm web pages to help develop the concept that would serve as the control group and then the six manipulations drawing on examination of many actual examples of dairy and cheese websites and packages as

well as the terms survey from step 1. Subjects were assigned to one of the following conditions:

(a) Control condition without any sustainability comments
(b) Environmental sustainability, limited to the dairy farm (E firm)
(c) Environmental sustainability, expanded to the local community (E local)
(d) Environmental sustainability, expanded to the global context, that is, developing nations (E global)
(e) Social sustainability, limited to the dairy farm (S firm)
(f) Social sustainability, expanded to the local community (S local)
(g) Social sustainability, expanded to the global context, that is, developing nations (S global)

3. Marketing communication materials design: a professional graphic artist/brand designer was hired to create the marketing materials. These consisted of the following items for each of the seven conditions listed in step 2.

   (a) A mock landing page for the dairy website
   (b) A mock retailer shelf standing sign
   (c) A mock package of cheese
   (d) A mock detailed description resembling what would be seen if the subject hit "about us" on the landing page.
   (e) Finally, all three marketing materials on one page.

4. Survey design: The survey used to measure dependent variable constructs was developed by adapting several pre-existing scales and developing a few new ones. Each key dependent variable was measured with anywhere from three to ten questions. Reliability checks later would test how well these sets of questions tapped into each key idea (construct). Questions that go well together as planned are then collapsed into an overall mean to represent that key construct.
5. Adaption to both the U.S. and Italy: The materials were adjusted for a U.S. sample and an Italian sample. Specifically, the majority of the experiment was conducted in English; however, the marketing materi-

als used (a) an Italian-sounding dairy farm name and (b) European units of weight.
6. Survey instructions, screening questions, demographic questions and open-ended questions were added.
7. Survey launch: The survey was then launched both in the U.S. and in Italy, offering an incentive to Amazon MTurk panellists for their participation. Once an adequate sample size was obtained, data collection stopped.
8. Data analyses: Data were checked for integrity and quality, and then analysed using Anova tests within SPSS using PROCESS Models 1, 4 and 8 (Hayes 2018).

After a detailed examination of all hypothesized relationships, we offer the following initial findings:

- It is important that the dairy's marketing is congruent with the perceived image of the dairy. Specifically, the better the sustainability communications fit with the image of the dairy, the more positive consumers' reactions are.
- In general, the sustainability marketing communication treatments used in the experiment did not create a more positive experience than the baseline control did, where nothing was communicated about sustainability. In most cases, reactions to environmental sustainability were the same as the baseline condition and in some cases, less positive than the baseline control condition. This is quite surprising but interesting.
- Social sustainability had a less positive effect than environmental sustainability, as suspected. This is most likely due to the agricultural and thus environmental context of a dairy. In most cases though, social sustainability had a much less positive effect than the control or the environmental sustainability marketing communications at statistically significant levels. This was most pronounced when social sustainability was extended to the global level (i.e., helping people in developing nations). This is quite interesting. It is suggesting that consumers are less positive about agricultural firms that assist society than those that assist the environment.

Details related to these top-line findings are offered here. First, some insights into the data itself are helpful. The U.S. sample was larger (n = 289) than the Italian sample (n = 60). There did not seem to be a large Italian sample pool on MTurk, thus the sample size was not as large. All of the constructs performed very well, meaning they were all extremely reliable, with Cronbach's alpha exceeding 0.85 for all constructs. All conditions had sample sizes large enough to make the statements we make here.

A few details around the above findings provide more insights. Instead of depicting each and every effect, we provide a summary of findings. Overall, the Social Sustainability Focus (SOC) was perceived to be less congruent with the dairy's image compared to the Environmental Sustainability Focus (ENV) and the Control Group (CON). Note the negative values in the table of Fig. 7.1. for path weights between sustainability type and congruence. Those at the $p < 0.05$ level are statistically significant. ENV was not seen as any more or less congruent than CON, as indicated by p values greater than 0.05. These effects resulted in less positive reactions for consumer experience than were seen with no sustainability communication at all. To be clear, the mean values did skew positive on the experience scale, meaning that they were above the midpoint, for both ENV and SOC conditions, supporting the overall concept that when a firm communicates sustainability as part of its identity, it leads to positive consumer experiences. However, it seems that com-

	$B_{congruence}$		P-value		$B_{experience}$		P-value	
	U.S.	Italy	U.S.	Italy	U.S.	Italy	U.S.	Italy
SOC vs. CON	-.2365	-.4639	.001	.000	.3198	.1691	.007	.370
ENV vs. CON	-.2351	-.4167	.079	.074	.6193	.7048	.000	.000
SOCIAL vs. ENV	-.2378	-.5111	.033	.013	.3596	.3234	.000	.029

Fig. 7.1 Model depicting effects of sustainability communications on purchase intent through congruence

municating environmental sustainability is *no better than* not communicating anything at all and communicating social sustainability results in *less positive* effects on experience than not communicating anything at all. This general model is depicted in Fig. 7.1., with results showing that they are nearly identical for the U.S. and Italy.

Even though experience is depicted in Fig. 7.1. as the dependent variable, these results are similar for purchase intent and affect as dependent variables. Thus, sustainability does have a positive impact as long as the initiatives are seen as congruent with the firm's identity/image. Concerning direct effects between sustainability type and dependent variables, there was one direct effect between environmental (ENV) versus social (SOC) on one of the three dependent variables (affect), showing that ENV had a stronger impact on affect. Aside from that relationship though, there do not seem to be direct effects from sustainability communications to outcome variables, meaning that they operate through the concept of congruence to have an effect. This reinforces the idea that firms must ensure that marketing communications fit with the image of the firm. Finally, no meaningful differences were found between levels of sustainability (firm level, local community, global) in most cases. This could be due in part to the study design and how well each level was manipulated.

Despite evidence that suggests that communications about a firm's sustainability should increase consumers' positive experiences, positive emotions and purchase intentions, initial experimental data are not showing this strongly yet. It appears at least initially that making no comments may be just as good as marketing overtly environmental sustainability for small agricultural farms and may even be better than making any social sustainability comments in marketing materials, especially about any far-reaching global social initiatives. If this finding holds in future research, might this suggest that agricultural firms should simply engage in sustainability initiatives and refrain from marketing it overtly? Is it simply expected that farms are engaged in these initiatives and as such promoting it does not significantly enhance the consumer's experience? Concerning social sustainability, the question is: Does helping people go beyond the scope of a small agricultural firm? Some of the open-ended comments might support this, such as this poignant question posed by one respondent: "*I'm not really sure what making cheese has to do with help-*

ing global communities. Are they a cheese company or a charity?" We do not think no communication is the best suggestion. There is positive receptivity to sustainability which can help dairy farms differentiate themselves and create connections to consumers, yet further research needs to determine when and how firms can communicate this most effectively. What we have found thus far is that simply using websites and packaging *may not be enough* to truly engage customers. As we have shown in studies 1 and 2, sustainable customer engagement requires full engagement via many touchpoints.

There are many limitations to this initial study. One is that it is constrained by the context of a small agriculturally based firm and one of its products. More importantly, it only explores a small set of the touchpoints consumers have with brands and the firms that produce them. The scale used to measure consumer experience included sensory concepts. It is likely that many more senses and touchpoints are needed to see a significant effect of sustainability on those customer experiences, touchpoints such as tasting, feeling and smelling the product, seeing the product in a real retail setting, visiting the farm or production facility, reading social media posts and so on. Although not fully reported here due to small sample size, a version of the experiment was attempted that included cheese tasting. The smiles and body language respondents displayed when presented with the cheese suggests that these additional touchpoints are needed to find strong effects.

7.5 Conclusions

7.5.1 General Surmises

In this chapter, we have bridged the gap between practice and theory within the concept of Sustainable Customer Experience. We present research trying to find and build roots of a new conceptualization. In reviewing the scientific literature, we discussed that there are important elements that lead to the need for a focus on Sustainable Customer Experience. Customers ask for products, services and activities that are oriented to economic, social and environmental sustainability. Our studies' findings are in some ways consistent with other research suggesting that customers care about whether firms are engaged in sustainable practices (e.g., Singh et al. 2011) and contribute to important causes (e.g., Christofi et al. 2018). However, our third study here adds some qualifications to that contention. We suggest that sustainability can be improved through innovation and specific business functions. The adoption of a sustainable strategy by a company can lead to a competitive advantage and to significant economic profit. As such, firms are increasingly internalizing sustainability following sustainable business models. Yet, firms need to engage customers by building customer experiences that are based on customers' own needs, beliefs and values. Finally, customer experience is one of the most important drivers in the creation of customer loyalty.

7.5.2 Study 1: From Diverse Literature to a New Concept

Study 1 attempts to close the gaps in the scholastic literature by pulling together multiple ideas and offering a new conceptualization. Based on our literature review, the Sustainable Customer Experience can be conceptualized and defined as:

> *Sustainable Customer Experience (SCE) is a process that creates holistic value thanks to the customer's engagement derived by sensations, feelings, cognitions and behaviours evoked by sustainable stimuli, based on economic, social and environmental sustainability.*

This concept is an evolution of the traditional customer experience one, due to the higher sensitivity of customers to sustainability. Moreover, reversing the reading of this definition, the SCE concept opens a direct connection between a sustainable strategy on three dimensions, all the way through to customer engagement and experiences, that holistically involve sensations, feelings, cognitions and behaviours.

This conceptualization is our contribution to the literature gap we discovered in our study 1 literature review. However, since we needed to discover more on the practitioner side, we needed the second study, adopting this conceptualization in analysing a sample of companies, which experts would consider as best practice examples of sustainable business models.

7.5.3 Study 2: From Practice to Theory

The analysis of 20 case studies in study 2, conducted through the SCE lens, demonstrates that companies are already applying some forms of SCE tactics. In our sample, we included firms from different industries to get a broader picture of what is happening in practice. This choice has helped us in critically defining the SCE touchpoints, which were not the same for every company. These touchpoints need to be congruent and connected to the company's strategy and specific, and in some cases unique, customer needs. This is one motivation that drove the decision to conduct study 3 for a specific industry.

A common finding in practice is the lack of technological and process elements in the application of SCE touchpoints. It seems that sustainable companies are more product and process oriented. Their customer centricity is found within their communication touchpoints, which are not so technologically based, at least in our sample. The customer experience literature has identified the emergence of new technologies to enhance the customer experience, yet the firms in our case studies have not embraced them. Literature can help bridge when and where to adopt technology, and further academic and practical research can examine how these technologies impact SCE. Examples of technological touchpoints that firms could embed in their experiences are QR codes, digital displays, tablets or augmented reality glasses. These tools could help in impacting the overall stimuli to enhance the customer engagement. What our case studies reveal is that many firms are spending great effort to communicate their sustainable initiatives to customers, in order to create a better customer experience. However, connecting theory with practice, we can suggest that companies may evolve their customer experiences with more integrated and innovative touchpoints, paying more attention to small refined tactical details such as store and farm environment (e.g., ambiance, lighting, scents), specific words used, colours, stories told, other consumer experiences, social and environmental impact of the firm, details about product and package design, behind-the-scene efforts, and so on, that might be important from a customer's point of view. Above all, what remains important is to offer a sustainable customer experience directly aligned with the sustainable business model. What is critical is to align SCE tactics with strategy, with stimuli able to evoke sensations, feelings, cognitions and behaviours towards customers. The second study helped in discovering what companies are really doing in practice about SCE. However, adopting our SCE conceptualization, we discovered that none of the companies in our sample could be considered users of best practice in holistically creating SCE.

7.5.4 Study 3: From Theoretical Tests to Practice

In study 3, the online experiments were designed to more precisely understand the effects of a very few, but common, touchpoints on customer experience. Although preliminary, we found thus far, in both Italy and the U.S., communicating sustainability aspects of a firm through websites and packaging does in fact create positive customer experiences (and purchase intentions, and affect), but not at a level higher than not communicating at all. In fact, for the agricultural product category tested, environmental sustainability communication is no better than, and sometimes less effective than, no comments at all at creating a better customer experience. Additionally, social sustainability is far less effective than both environmental sustainability communication and none at all. Despite the study limitations, this is beginning to tell us that only communicating on a website and packaging to create an improved SCE is not enough. Using findings from studies 1 and 2 suggests that far more touchpoints are required to create an SCE, and firms cannot merely state things online and on packaging, and think that they are improving customer response.

7.5.5 Future Research and Limitations

Future research should explore ways of testing multiple touchpoints in both lab and field environments, as well as, explore ethnographically and experientially how these touchpoints work together to truly impact SCE across numerous product and service contexts. In conclusion, this chapter contributed to highlight the connections and gaps between theory and practice, on which to start a collaborative approach towards a better conceptualization of SCE. Because our research has revealed that there is significant work left in creating SCE, a knowledge ecosystem between companies, researchers and customers ought to focus efforts in this area.

Acknowledgements We would like to thank Fondazione Cariverona and Fondazione Studi Universitari di Vicenza for their support of the research project on "Autenticazione alimentare a tutela del consumatore per uno sviluppo sostenibile e la promozione di una nutrizione globale" (approved by Fondazione Cariverona, Nov 7, 2016, Prot. N. 2016.U/3274 IST2251), from which the results reported in this chapter are extracted. We also would like to thank our universities and the Memorandum of Understanding between the University of Tennessee and the University of Verona (Rep. N. 1810/2014 Prot. N.30535 Tit. III/14) that enables the research collaboration of our team.

References

Aagaard, A., & Lindgren, P. (2015). The Opportunities and Challenges of Persuasive Technology in Creating Sustainable Innovation and Business Model Innovation. *Wireless Personal Communications, 81*(4), 1511–1529.

Afifah, N., & Asnan, A. (2015). The Impact of Corporate Social Responsibility, Service Experience and Intercultural Competence on Customer Company Identification, Customer Satisfaction and Customer Loyalty (Case Study: PDAM Tirta Khatulistiwa Pontianak West Kalimantan). *Procedia-Social and Behavioral Sciences, 211*, 277–284.

Ahi, P., & Searcy, C. (2015). Assessing Sustainability in the Supply Chain: A Triple Bottom Line Approach. *Applied Mathematical Modelling, 39*(10–11), 2882–2896.

Andajani, E. (2015). Understanding Customer Experience Management in Retailing. *Procedia-Social and Behavioral Sciences, 211*, 629–633.

Arevalo, J. A., Castelló, I., de Colle, S., Lenssen, G., Neumann, K., & Zollo, M. (2011). Introduction to the Special Issue: Integrating Sustainability in Business Models. *Journal of Management Development, 30*(10), 941–954.

Arksey, H., & O'Malley, L. (2005). Scoping Studies: Towards a Methodological Framework. *International Journal of Social Research Methodology, 8*(1), 19–32.

Arora, P., Peterson, N. D., Bert, F., & Podesta, G. (2016). Managing the Triple Bottom Line for Sustainability: A Case Study of Argentine Agribusinesses. *Sustainability: Science, Practice and Policy, 12*(1), 60–75.

Aryanasl, A., Ghodousi, J., Arjmandi, R., & Mansouri, N. (2016). Can Excellence Management Models Encompass "Cleaner Production" and "Sustainable Business" Revolution? (European Foundation for Quality Management as a Case Study). *International journal of Environmental Science and Technology, 13*(5), 1269–1276.

Asif, M., Searcy, C., Garvare, R., & Ahmad, N. (2011). Including Sustainability in Business Excellence Models. *Total Quality Management & Business Excellence, 22*(7), 773–786.

Avery, G. C. (2015). Key Corporate Sustainability Drivers: Engaged Boards and Partnerships. *Strategy & Leadership, 43*(3), 44–48.

Aquilani, B., Silvestri, C., Ioppolo, G., & Ruggieri, A. (2018). The Challenging Transition to Bio-Economies: Towards a New Framework Integrating Corporate Sustainability and Value Co-Creation. *Journal of Cleaner Production, 172*, 4001–4009.

Bharadwaj, S. G., Varadarajan, P. R., & Fahy, J. (1993). Sustainable Competitive Advantage in Service Industries: A Conceptual Model and Research Propositions. *The Journal of Marketing, 57*(4), 83–99.

Bhattacharya, A., Srivastava, M., & Verma, S. (2018). Customer Experience in Online Shopping: A Structural Modeling Approach. *Journal of Global Marketing*, 1–14. https://doi.org/10.1080/08911762.2018.1441938

Biswas, I., Raj, A., & Srivastava, S. K. (2018). Supply Chain Channel Coordination with Triple Bottom Line Approach. *Transportation Research Part E: Logistics and Transportation Review, 115*, 213–226.

Blasco-Arcas, L., Hernandez-Ortega, B., & Jimenez-Martinez, J. (2014). The Online Purchase as a Context for Co-Creating Experiences. Drivers of and Consequences for Customer Behavior. *Internet Research, 24*(3), 393–412.

Bocken, N. M., de Pauw, I., Bakker, C., & van der Grinten, B. (2016). Product Design and Business Model Strategies for a Circular Economy. *Journal of Industrial and Production Engineering, 33*(5), 308–320.

Bocken, N., Short, S., Rana, P., & Evans, S. (2013). A Value Mapping Tool for Sustainable Business Modelling. *Corporate Governance, 13*(5), 482–497.

Bolton, R. N., Gustafsson, A., McColl-Kennedy, J., Sirianni, N. J., & Tse, D. K. (2014). Small Details that Make Big Differences: A Radical Approach to Consumption Experience as a Firm's Differentiating Strategy. *Journal of Service Management, 25*(2), 253–274.

Bothe, S., Schaffner, D., Jüttner, U., & Schlange, L. (2016). Sustainable Service Quality. *uwf UmweltWirtschaftsForum, 24*(4), 353–359.

Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty? *Journal of Marketing, 73*(3), 52–68.

Camilleri, M. A. (2017). Corporate Sustainability and Responsibility: Creating Value for Business, Society and the Environment. *Asian Journal of Sustainability and Social Responsibility, 2*(1), 59–74.

Chakravorti, S. (2011). Managing Organizational Culture Change and Knowledge to Enhance Customer Experiences: Analysis and Framework. *Journal of Strategic Marketing, 19*(02), 123–151.

Chidley, J., & Pritchard, N. (2014). Drivers for Creating Value and Enhancing Customer Experience through People. *Industrial and Commercial Training, 46*(6), 293–301.

Choi, S., & Ng, A. (2011). Environmental and Economic Dimensions of Sustainability and Price Effects on Consumer Responses. *Journal of Business Ethics, 104*(2), 269–282.

Chow, C. (2011). Establishing a Corporate Sustainability Monitoring Tool Using the Shareholder Engagement Commitment Indicator. *Journal of Sustainable Finance & Investment, 1*(3–4), 195–208.

Christofi, E., Christofi, M., Vrontis, D., & Thrassou, A. (2018). Customer Engagement Through Choice in Cause-Related Marketing: A Potential for Global Competitiveness. *International Marketing Review.* https://doi.org/10.1108/IMR-04-2018-0133.

Coffman, M., & Umemoto, K. (2010). The Triple-Bottom-Line: Framing of Trade-Offs in Sustainability Planning Practice. *Environment, Development and Sustainability, 12*(5), 597–610.

Connell, K. Y. H., & Kozar, J. M. (2017). Introduction to Special Issue on Sustainability and the Triple Bottom Line within the Global Clothing and Textiles Industry. *Fashion and Textiles, 4*(1), 1–3. https://doi.org/10.1186/s40691-017-0100-6

Cook, G. (2014). Customer Experience in the Omni-Channel World and the Challenges and Opportunities this Presents. *Journal of Direct, Data and Digital Marketing Practice, 15*(4), 262–266.

Demangeot, C., & Broderick, A. J. (2016). Engaging Customers during a Website Visit: A Model of Website Customer Engagement. *International Journal of Retail & Distribution Management, 44*(8), 814–839.

Dembek, K., York, J., & Singh, P. J. (2018). Creating Value for Multiple Stakeholders: Sustainable Business Models at the Base of the Pyramid. *Journal of Cleaner Production, 196*(20), 1600–1612.

Deshwal, P. (2016). Customer Experience Quality and Demographic Variables (Age, Gender, Education Level, and Family Income) in Retail Stores. *International Journal of Retail & Distribution Management, 44*(9), 940–955.

Elsharnouby, T. H., & Mahrous, A. A. (2015). Customer Participation in Online Co-Creation Experience: The Role of e-Service Quality. *Journal of Research in Interactive Marketing, 9*(4), 313–336.

Engert, S., & Baumgartner, R. J. (2016). Corporate Sustainability Strategy–Bridging the Gap Between Formulation and Implementation. *Journal of Cleaner Production, 113*, 822–834.

Engida, T. G., Rao, X., Berentsen, P. B., & Lansink, A. G. O. (2018). Measuring Corporate Sustainability Performance–The Case of European Food and Beverage Companies. *Journal of Cleaner Production, 195*, 734–743.

Fazal-e-Hasan, S. M., Ahmadi, H., Kelly, L., & Lings, I. N. (2018). The Role of Brand Innovativeness and Customer Hope in Developing Online Repurchase Intentions. *Journal of Brand Management, 26*(2), 85–98.

Flint, D. J., Signori, P., & Golicic, S. L. (2018). Corporate Identity Congruence: A Meanings-Based Analysis. *Journal of Business Research, 86*, 68–82.

Foroudi, P., Jin, Z., Gupta, S., Melewar, T. C., & Foroudi, M. M. (2016). Influence of Innovation Capability and Customer Experience on Reputation and Loyalty. *Journal of Business Research, 69*(11), 4882–4889.

Franke, G. R., & Park, J. E. (2006). Salesperson Adaptive Selling Behavior and Customer Orientation: A Meta-Analysis. *Journal of Marketing Research, 43*(4), 693–702.

Frow, P., & Payne, A. (2007). Towards the 'Perfect' Customer Experience. *Journal of Brand Management, 15*(2), 89–101.

Gentile, C., Spiller, N., & Noci, G. (2007). How to Sustain the Customer Experience: An Overview of Experience Components that Co-Create Value with the Customer. *European Management Journal, 25*(5), 395–410.

Glavas, A., & Mish, J. (2015). Resources and Capabilities of Triple Bottom Line Firms: Going over Old or Breaking New Ground? *Journal of Business Ethics, 127*(3), 623–642.

Gold, S., Hahn, R., & Seuring, S. (2013). Sustainable Supply Chain Management in "Base of the Pyramid" Food Projects—A Path to Triple Bottom Line Approaches for Multinationals? *International Business Review, 22*(5), 784–799.

Golicic, S. L., & Davis, D. F. (2012). Implementing Mixed Methods Research in Supply Chain Management. *International Journal of Physical Distribution and Logistics Management, 42*(8/9), 726–741.

Goyal, P., Rahman, Z., & Kazmi, A. A. (2013). Corporate Sustainability Performance and firm Performance Research: Literature Review and Future Research Agenda. *Management Decision, 51*(2), 361–379.

Goyal, P., Rahman, Z., & Kazmi, A. A. (2015). Identification and Prioritization of Corporate Sustainability Practices Using Analytical Hierarchy Process. *Journal of Modelling in Management, 10*(1), 23–49.

Grayson, D. (2011). Embedding Corporate Responsibility and Sustainability: Marks & Spencer. *Journal of Management Development, 30*(10), 1017–1026.

Ha, S., & Stoel, L. (2012). Online Apparel Retailing: Roles of e-Shopping Quality and Experiential e-Shopping Motives. *Journal of Service Management, 23*(2), 197–215.

Hacking, T., & Guthrie, P. (2008). A Framework for Clarifying the Meaning of Triple Bottom-Line, Integrated, and Sustainability Assessment. *Environmental Impact Assessment Review, 28*(2–3), 73–89.

Hart, S. L., & Milstein, M. B. (2003). Creating Sustainable Value. *Academy of Management Perspectives, 17*(2), 56–67.

Haugh, H. M., & Talwar, A. (2010). How Do Corporations Embed Sustainability Across the Organization? *Academy of Management Learning & Education, 9*(3), 384–396.

Hayes, A. F. (2018). *Introduction to Mediation, Moderation, and Conditional Process Analysis* (2nd ed.). New York: The Guilford Press.

Høgevold, N. M., & Svensson, G. (2012). A Business Sustainability Model: A European Case Study. *Journal of Business & Industrial Marketing, 27*(2), 142–151.

Høgevold, N. M., Svensson, G., Klopper, H. B., Wagner, B., Valera, J. C. S., Padin, C., & Petzer, D. (2015). A Triple Bottom Line Construct and Reasons for Implementing Sustainable Business Practices in Companies and their Business Networks. *Corporate Governance, 15*(4), 427–443.

Holder, D. (2008). The DNA of Customer Experience: How Emotions Drive Value. *Journal of Direct, Data and Digital Marketing Practice, 10*(1), 95–96.

Homburg, C., Jozić, D., & Kuehnl, C. (2017). Customer Experience Management: Toward Implementing an Evolving Marketing Concept. *Journal of the Academy of Marketing Science, 45*(3), 377–401.

Hunt, S. D. (2017). Strategic Marketing, Sustainability, the Triple Bottom Line, and Resource-Advantage (RA) Theory: Securing the Foundations of Strategic Marketing Theory and Research. *AMS Review, 7*(1–2), 52–66.

Hutchinson, D., Singh, J., & Walker, K. (2012). An Assessment of the Early Stages of a Sustainable Business Model in the Canadian Fast Food Industry. *European Business Review, 24*(6), 519–531.

Hysa, X., Zerba, E., Calabrese, M., & Bassano, C. (2018). Social Business as a Sustainable Business Model: Making Capitalism Anti-Fragile. *Sustainability Science, 13*(5), 1345–1356.

Inigo, E. A., Albareda, L., & Ritala, P. (2017). Business Model Innovation for Sustainability: Exploring Evolutionary and Radical Approaches through Dynamic Capabilities. *Industry and Innovation, 24*(5), 515–542.

Insley, V., & Nunan, D. (2014). Gamification and the Online Retail Experience. *International Journal of Retail & Distribution Management, 42*(5), 340–351.

Jain, R., Aagja, J., & Bagdare, S. (2017). Customer Experience–A Review and Research AGENDA. *Journal of Service Theory and Practice, 27*(3), 642–662.

Jenkinson, A. (2006). Do Organisations Now Understand the Importance of Information in Providing Excellent Customer Experience? *Journal of Database Marketing & Customer Strategy Management, 13*(4), 248–260.

João Bettencourt Gomes de Carvalho Simas, M., Francisco Bertinetti Lengler, J., & José dos Santos António, N. (2013). Integration of Sustainable Development in the Strategy Implementation Process: Proposal of a Model. *Corporate Governance, 13*(5), 511–526.

Keaveney, S. M., & Parthasarathy, M. (2001). Customer Switching Behavior in Online Services: An Exploratory Study of the Role of Selected Attitudinal, Behavioral, and Demographic Factors. *Journal of the Academy of Marketing Science, 29*(4), 374–390.

Kim, H., & Choi, B. (2013). The Influence of Customer Experience Quality on Customers' Behavioral Intentions. *Services Marketing Quarterly, 34*(4), 322–338.

Klaus, P. (2014). Towards Practical Relevance-Delivering Superior Firm Performance Through Digital Customer Experience Strategies. *Journal of Direct, Data and Digital Marketing Practice, 15*(4), 306–316.

Kotha, S., Rajgopal, S., & Venkatachalam, M. (2004). The Role of Online Buying Experience as a Competitive Advantage: Evidence from Third-Party Ratings for e-Commerce Firms. *The Journal of Business, 77*(S2), S109–S133.

Kumar, A., & Anjaly, B. (2017). How to Measure Post-Purchase Customer Experience in Online Retailing? A Scale Development Study. *International Journal of Retail & Distribution Management, 45*(12), 1277–1297.

Lamberti, L., & Noci, G. (2009). Online Experience as a Lever of Customer Involvement in NPD: An Exploratory Analysis and a Research Agenda. *EuroMed Journal of Business, 4*(1), 69–87.

Liu, R. R., & Zhang, W. (2010). Informational Influence of Online Customer Feedback: An Empirical Study. *Journal of Database Marketing & Customer Strategy Management, 17*(2), 120–131.

Liu, W., Sparks, B., & Coghlan, A. (2017). Fun, Inspiration and Discovery: From Momentary Experiences to Overall Evaluations. *International Journal of Contemporary Hospitality Management, 29*(7), 1937–1955.

Lourenço, I. C., Branco, M. C., Curto, J. D., & Eugénio, T. (2012). How Does the Market Value Corporate Sustainability Performance? *Journal of Business Ethics, 108*(4), 417–428.

Lüdeke-Freund, F., Carroux, S., Joyce, A., Massa, L., & Breuer, H. (2018). The Sustainable Business Model Pattern Taxonomy—45 Patterns to Support Sustainability-Oriented Business Model Innovation. *Sustainable Production and Consumption, 15*, 145–162.

Luo, J., Ba, S., & Zhang, H. (2012). The Effectiveness of Online Shopping Characteristics and Well-Designed Websites on Satisfaction. *MIS Quarterly, 36*(4), 1131–1144.

Luo, M. M., Chen, J. S., Ching, R. K., & Liu, C. C. (2011). An Examination of the Effects of Virtual Experiential Marketing on Online Customer Intentions and Loyalty. *The Service Industries Journal, 31*(13), 2163–2191.

Mays, N., Roberts, E., & Popay, J. (2001). Synthesising Research Evidence. In N. Fulop, P. Allen, A. Clarke, & N. Black (Eds.), *Studying the Organisation and Delivery of Health Services: Research Methods* (pp. 188–220). London: Routledge.

McLean, G., & Wilson, A. (2016). Evolving the Online Customer Experience… Is there a Role for Online Customer Support? *Computers in Human Behavior, 60*, 602–610.

Mish, J., & Scammon, D. L. (2010). Principle-Based Stakeholder Marketing: Insights from Private Triple-Bottom-Line Firms. *Journal of Public Policy & Marketing, 29*(1), 12–26.

Mohd-Ramly, S., & Omar, N. A. (2017). Exploring the Influence of Store Attributes on Customer Experience and Customer Engagement. *International Journal of Retail & Distribution Management, 45*(11), 1138–1158.

Moosmayer, D. C., Chen, Y., & Davis, S. M. (2017). Deeds Not Words: A Cosmopolitan Perspective on the Influences of Corporate Sustainability and NGO Engagement on the Adoption of Sustainable Products in China. *Journal of Business Ethics*, 1–20. https://doi.org/10.1007/s10551-017-3702-4

Morioka, S. N., Bolis, I., Evans, S., & Carvalho, M. M. (2017). Transforming Sustainability Challenges into Competitive Advantage: Multiple Case Studies

Kaleidoscope Converging into Sustainable Business Models. *Journal of Cleaner Production, 167*, 723–738.
Mosley, R. W. (2007). Customer Experience, Organisational Culture and the Employer Brand. *Journal of Brand Management, 15*(2), 123–134.
Naidoo, M., & Gasparatos, A. (2018). Corporate Environmental Sustainability in the Retail Sector: Drivers, Strategies and Performance Measurement. *Journal of Cleaner Production, 203*, 125–142.
Nambisan, P., & Watt, J. H. (2011). Managing Customer Experiences in Online Product Communities. *Journal of Business Research, 64*(8), 889–895.
Nasution, R. A., Sembada, A. Y., Miliani, L., Resti, N. D., & Prawono, D. A. (2014). The Customer Experience Framework as Baseline for Strategy and Implementation in Services Marketing. *Procedia-Social and Behavioral Sciences, 148*, 254–261.
Nedergaard, N., & Gyrd-Jones, R. (2013). Sustainable Brand-Based Innovation: The Role of Corporate Brands in Driving Sustainable Innovation. *Journal of Brand Management, 20*(9), 762–778.
Norman, W., & MacDonald, C. (2004). Getting to the Bottom of "Triple Bottom Line". *Business Ethics Quarterly, 14*(2), 243–262.
Novak, T. P., Hoffman, D. L., & Yung, Y. F. (2000). Measuring the Customer Experience in Online Environments: A Structural Modeling Approach. *Marketing Science, 19*(1), 22–42.
Overcash, M., & Twomey, J. M. (2011). Structure of Industrial or Corporate Sustainability Programmes. *International Journal of Sustainable Engineering, 4*(02), 109–114.
Palmer, T. B., & Flanagan, D. J. (2016). The Sustainable Company: Looking at Goals for People, Planet and Profits. *Journal of Business Strategy, 37*(6), 28–38.
Pappas, I. O., Pateli, A. G., Giannakos, M. N., & Chrissikopoulos, V. (2014). Moderating Effects of Online Shopping Experience on Customer Satisfaction and Repurchase Intentions. *International Journal of Retail & Distribution Management, 42*(3), 187–204.
Pedersen, E. R. G., & Andersen, K. R. (2015). Sustainability Innovators and Anchor Draggers: A Global Expert Study on Sustainable Fashion. *Journal of Fashion Marketing and Management, 19*(3), 315–327.
Piscicelli, L., Ludden, G. D., & Cooper, T. (2018). What Makes a Sustainable Business Model Successful? An Empirical Comparison of Two Peer-to-Peer Goods-Sharing Platforms. *Journal of Cleaner Production, 172*, 4580–4591.
Potocan, V., & Mulej, M. (2003). On Requisitely Holistic Understanding of Sustainable Development from Business Viewpoints. *Systemic Practice and Action Research, 16*(6), 421–436.

Przychodzen, J., & Przychodzen, W. (2013). Corporate Sustainability and Shareholder Wealth. *Journal of Environmental Planning and Management, 56*(4), 474–493.

Rose, S., Clark, M., Samouel, P., & Hair, N. (2012). Online Customer Experience in E-Retailing: An Empirical Model of Antecedents and Outcomes. *Journal of Retailing, 88*(2), 308–322.

Roy, S. K., Balaji, M. S., Sadeque, S., Nguyen, B., & Melewar, T. C. (2017). Constituents and Consequences of Smart Customer Experience in Retailing. *Technological Forecasting and Social Change, 124*, 257–270.

Saufi, N. A. A., Daud, S., & Hassan, H. (2016). Green Growth and Corporate Sustainability Performance. *Procedia Economics and Finance, 35*, 374–378.

Schaltegger, S. (2011). Sustainability as a Driver for Corporate Economic Success: Consequences for the Development of Sustainability Management Control. *Society and Economy, 33*(1), 15–28.

Schaltegger, S., & Burritt, R. (2018). Business Cases and Corporate Engagement with Sustainability: Differentiating Ethical Motivations. *Journal of Business Ethics, 147*(2), 241–259.

Schaltegger, S., Windolph, S., & Herzig, C. (2012). A Longitudinal Analysis of the Knowledge and Application of Sustainability Management Tools in Large German Companies. *Society and Economy, 34*(4), 549–579.

Schneider, L., Marcus Wallenburg, C., & Fabel, S. (2014). Implementing Sustainability on a Corporate and a Functional Level: Key Contingencies that Influence the Required Coordination. *International Journal of Physical Distribution and Logistics Management, 44*(6), 464–493.

Schouten, J. W., McAlexander, J. H., & Koenig, H. F. (2007). Transcendent Customer Experience and Brand Community. *Journal of the Academy of Marketing Science, 35*(3), 357–368.

Schulz, S. A., & Flanigan, R. L. (2016). Developing Competitive Advantage Using the Triple Bottom Line: A Conceptual Framework. *Journal of Business & Industrial Marketing, 31*(4), 449–458.

Sebastiani, R., Corsaro, D., Montagnini, F., & Caruana, A. (2014). Corporate Sustainability in Action. *The Service Industries Journal, 34*(7), 584–603.

Singh, S., Vrontis, D., & Thrassou, A. (2011). Green Marketing and Consumer Behaviour: The Case of Gasoline Products. *Journal of Transnational Management, 16*(2), 84–106.

Sousa-Zomer, T. T., & Cauchick-Miguel, P. A. (2017). Exploring Business Model Innovation for Sustainability: An Investigation of Two Product-Service Systems. *Total Quality Management & Business Excellence, 30*(5–6), 594–612.

Srinivasan, R., & Moorman, C. (2005). Strategic Firm Commitments and Rewards for Customer Relationship Management in Online Retailing. *Journal of Marketing, 69*(4), 193–200.
Stein, A., & Ramaseshan, B. (2016). Towards the Identification of Customer Experience Touch Point Elements. *Journal of Retailing and Consumer Services, 30*, 8–19.
Stevens, T., & May, A. (2004). Improving Customer Experience Using Web Services. *BT Technology Journal, 22*(1), 63–71.
Strand, R. (2014). Strategic Leadership of Corporate Sustainability. *Journal of Business Ethics, 123*(4), 687–706.
Tama, H. A., & Voon, B. H. (2014). Components of Customer Emotional Experience with Halal Food Establishments. *Procedia-Social and Behavioral Sciences, 121*, 272–280.
Thomas, A. (2017). Multivariate Hybrid Pathways for Creating Exceptional Customer Experiences. *Business Process Management Journal, 23*(4), 822–829.
Tollin, K., & Christensen, L. B. (2017). Sustainability Marketing Commitment: Empirical Insights About Its Drivers at the Corporate and Functional Level of Marketing. *Journal of Business Ethics*, 1–21. https://doi.org/10.1007/s10551-017-3591-6.
Tsalis, A. T., Nikolaou, E. I., Grigoroudis, E., & Tsagarakis, P. K. (2015). A Dynamic Sustainability Balanced Scorecard Methodology as a Navigator for Exploring the Dynamics and Complexity of Corporate Sustainability Strategy. *Civil Engineering and Environmental Systems, 32*(4), 281–300.
Tynan, C., McKechnie, S., & Hartley, S. (2014). Interpreting Value in the Customer Service Experience Using Customer-Dominant Logic. *Journal of Marketing Management, 30*(9–10), 1058–1081.
Van Marrewijk, M., & Werre, M. (2003). Multiple Levels of Corporate Sustainability. *Journal of Business Ethics, 44*(2–3), 107–119.
Varadarajan, R. (2017). Innovating for Sustainability: A Framework for Sustainable Innovations and a Model of Sustainable Innovations Orientation. *Journal of the Academy of Marketing Science, 45*(1), 14–36.
Venkatraman, S., & Nayak, R. R. (2015). Corporate Sustainability: An IS Approach for Integrating Triple Bottom Line Elements. *Social Responsibility Journal, 11*(3), 482–501.
Vildåsen, S. S., & Havenvid, M. I. (2018). The Role of Interaction for Corporate Sustainability. *IMP Journal, 12*(1), 148–170.
Vithessonthi, C. (2009). Corporate Ecological Sustainability Strategy Decisions: The Role of Attitude towards Sustainable Development. *Journal of Organisational Transformation & Social Change, 6*(1), 49–64.

Wiedmann, K. P., Labenz, F., Haase, J., & Hennigs, N. (2018). The Power of Experiential Marketing: Exploring the Causal Relationships among Multisensory Marketing, Brand Experience, Customer Perceived Value and Brand Strength. *Journal of Brand Management, 25*(2), 101–118.

Wilson, J. P. (2015). The Triple Bottom Line: Undertaking an Economic, Social, and Environmental Retail Sustainability Strategy. *International Journal of Retail & Distribution Management, 43*(4/5), 432–447.

Winter, M., & Knemeyer, A. M. (2013). Exploring the Integration of Sustainability and Supply Chain Management: Current State and Opportunities for Future Inquiry. *International Journal of Physical Distribution & Logistics Management, 43*(1), 18–38.

Wu, Q., He, Q., & Duan, Y. (2013). Explicating Dynamic Capabilities for Corporate Sustainability. *EuroMed Journal of Business, 8*(3), 255–272.

Wu, W. Y., Phan, Q. P. T., & Rivas, A. A. A. (2018). Correction to: How E-Servicescapes Affect Customer Online Shopping Intention: The Moderating Effects of Gender and Online Purchasing Experience. *Information Systems and e-Business Management, 15*(3), 689–715.

Yin, R. K. (2006). Case Study Methods. In J. L. Green, G. Camilli, & P. B. Elmore (Eds.), *Handbook of Complementary Methods in Education Research* (pp. 111–122). Mahwah: Lawrence Erlbaum Associates Publishers.

8

Industry Application of Assessment and Forecasting Theories Through Comparative Financial Analysis: The Case of Greek Pharmaceutical Industries Under Crisis Conditions

Klio Dengleri, Petros Lois, Alkis Thrassou, and Spyridon Repousis

8.1 Introduction

The synergy of business theory and practice is necessary and industry application of assessment and forecasting is very useful. The Greek pharmaceutical manufacturing industry is a productive industry, resilient to the intense and

K. Dengleri • S. Repousis
University of Nicosia, Nicosia, Cyprus
e-mail: spyrep@otenet.gr

P. Lois (✉)
School of Business, University of Nicosia, Nicosia, Cyprus
e-mail: lois.p@unic.ac.cy

A. Thrassou
Department of Marketing, University of Nicosia, Nicosia, Cyprus
e-mail: thrassou.a@unic.ac.cy

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_8

often unfair competition of the subsidiaries of large multinational pharmaceutical companies and other Greek commercial and importing companies.

The percentage of generic medicines in Greece remains relatively low: approximately 20% in volume and 18% in value for 2016, while an upward trend of 10%, similar to 2016, is also noted for 2017. However, despite the increase in the sales volume of generics their sales value is decreasing, a fact that is due to the dramatic drop in their prices. At the same time, pharmaceutical expenditure does not appear to be further decreased, perhaps due to the import of new expensive original medicines, replacing other older medicines, the patent of which has expired and can be therefore replaced by corresponding generics.

The purpose of this study is to benchmark the financial performance of six (6) Greek pharmaceutical manufacturers for a sufficient period of time in the past. Specifically, we examine the seven-year period 2010–2016, which covers almost all the years of the economic crisis in the country, given that there are no published financial statements for the year 2017. Based on the conclusions of this assessment, it is then attempted to assess the sustainability of the companies examined and to forecast their bankruptcy within the next medium-term period, that is, the next one to two years. In this way, the impact of the general economic crisis on domestic medicine production will be also demonstrated.

8.2 Literature Review

A synergy of business theory and practice is very important in companies' daily operation. The way a new idea is transformed into a market-accepted new product is important (Thrassou et al. 2012) companies should integrate an exploration activity into the innovation process (Chebbi et al. 2013). Thrassou and Vrontis (2011) showed that Italian biotech companies have become an established industrial reality, capable of maximising investments in terms of value creation, with valuable links to academia. Also, a change of strategic philosophy and practice, through a shift from orthodox planning to the design of value-based reflexive mechanisms, will automatically adapt to change (Vrontis et al. 2012). Innovation is indeed not simply the means of strategic change, but, in its deeper sense, the strategic change itself (Bresciani et al. 2013). The use of indicators is the most popular way of financial statement analysis. This is because indicators, in their vast majority, are the ratios of two financial figures and therefore allow the comparative examination of the relevant figures and highlight their interactions.

Whittington (1980) discriminated the use of indicators to the regulatory type, where comparison is made with the corresponding ideal models, and to the operational type, where the needs of forecasting financial data are served. Subsequently, Choi et al. (1983) argued that the regulatory type may sometimes lead to misleading estimates, since the analysis is carried out in a stratified manner on enterprises that operate in countries of unequal economic conditions and possibly different forms of recording models. On the contrary, the type of operational analysis of indices is based on their statistical properties and therefore produces more reliable conclusions. Moreover, Foster (1986) suggested a comparative longitudinal analysis of common size situations, as a rate comparison over time among enterprises and between enterprise and industry, to allow comparison between enterprises of different absolute figures. At the same time, he pointed out the comparison of indicators should be carried out with the indicators of competitors as well as with the respective indicators of the industry, which he somehow considers as standard. Financial statement analysis is a complex task and cannot be implemented in a single phase. Artikis (2010) takes the view that the analysis of a company is implemented in four consecutive stages, namely:

1. Statistical Analysis
2. Critical investigation of indices
3. Critical investigation of capital movement
4. Conclusions

According to Robinson et al. (2015) however, comparative longitudinal studies need to meet specific conditions if they are to be of any actual value:

- Maintaining the same accounting methods throughout the entire examined period.
- Consideration of any changes in data within the examined period.
- Uniformity in the classification of financial resources.
- Stability of the economic environment.

Holmes and Sugden (1994) argued that time series analysis with trend indicators facilitates control over a long period of financial years, namely for a period of five to ten years. Moreover, according to Kantzos (2002), the study of index values over time can help develop forecast models and highlight disproportionate and inconsistent developments of correlated indices. The forecasting of future financial figures with the development of past data time series is of considerable interest. Financial figures of past years are the ideal source for the development of time series. An indicative example is the general interest of the forecast of the price-earnings ratio per share. However, financial data usually also include some problematic features. Hájek and Neri (2013) argue that the financial series are one of the most challenging forecast problems as they are inherently "loud", non-stationary and deterministically chaotic. Brooks (2014) agrees with the above, adding that "loudness" makes it difficult to isolate the trend from random and undesirable features. At the same time, these data more often than not are not normally distributed, despite the fact that most econometric techniques consider them as such.

The modern trend in time series analysis adopts combinatorial models to reduce the disadvantages of the component methods and to achieve accurate and reliable forecasts. Neural networks (NN) and artificial intelligence (AI) currently hold a key role in forecast models, combined with traditional statistical techniques (Tkác and Verner 2016). On the other hand, multivariate analysis of variance (MANOVA) is a classical method that analyses the impact of one or more qualitative factors on a response variable. The economic behaviour of enterprises is investigated with many different factors. Lopez-Gracia and Aybar-Arias (2000) in their empirical study, in a sample of 1000 small and medium-sized Spanish enterprises, applied the MANOVA model with two factors. The results show that the size of the enterprise affects self-financing strategies and the industry affects the short-term economic policy of the enterprises.

Determining the performance of an enterprise using a set of financial indices had always been an interesting and challenging problem. MANOVA analysis is implemented in analysing secondary financial data. Rashwan (2012) tested the MANOVA method to determine the capacity and profitability of banks, which were classified into two different sectors, for the period 2007–2009, that is, before and after the 2008 crisis.

The findings showed statistically significant differences in the years 2007 and 2009, while no significant differences were found in 2008. Comparative analysis of the financial indices of enterprises using the MANOVA techniques allows their comparative assessment, depending on the qualitative features used. In their paper, Uygur et al. (2013) applied the specific methodology to compare the indices of liquidity, asset management, economic leverage, profitability and growth for two US groups of companies and for the post-crisis period 2007–2011. The first group consisted of enterprises acquired by foreign companies and the second by non-acquired enterprises. The final assessment examined whether the presence or absence of statistically significant differences in the above-mentioned indices affected the decision for the acquisition or not of US enterprises.

The comparison of corporate financial indices also applies to companies operating in different economic environments. In their recent paper, Meric et al. (2017), by applying MANOVA statistical tests in British and European factories, found that European factories had significantly higher return on assets, while British factories had higher debt burden, namely a higher risk of bankruptcy but also higher profitability ratios. At the same time, Meric et al. (2017) used the same method to compare European and Asian factories, concluding that Asian factories have a lower liquidity risk, a significantly higher net profit margin, higher return on assets but also a higher risk of bankruptcy.

Throughout their lifecycle, it is natural for enterprises to have positive and negative fluctuations, that is, success and failure periods. However, when a temporary negative period becomes chronic, then it usually leads to bankruptcy. Corporate bankruptcy is a crucial issue for every enterprise, as its timely warning can protect the enterprise against all its difficult consequences. Nevertheless, the uncertainty regarding the exact moment of the bankruptcy event has given rise to a multitude of statistical and intelligent models aimed at bankruptcy forecasting. The issue has been investigated in the past by many researchers and various forecast models have been proposed. Currently, the most popular bankruptcy forecasting models are (1) Multiple Discriminant Analysis (MDA), (2) Linear Probability Model LPM, (3) Neural Networks NN, (4) Decision Trees and (5) Univariate Analysis.

Beaver (1966) originally proposed and used the Univariate Model which examined the bankruptcy forecast using the numerical indicators individually, without taking into account the correlation between them and as a result had a limited predictive capacity. Altman (1968) proposed the Multiple Discriminant Analysis (MDA), which addressed the problems of Univariate Analysis. The specific technique categorises the observed companies, mainly of the industrial sector, into two core groups: the safe (healthy) and doubtful (bankrupt) companies, using a linear combination of variables-indicators with weighted discrete coefficients. An empirical study revealed that the success rate of the Z-score model was 94% in bankrupt companies and 97% in healthy companies, a total of 95% of forecast accuracy, for a period of one year before bankruptcy. These percentages are reduced to 72% and 94%, respectively, for a two-year forecast before the bankruptcy event. For the years after the second, the success rates of the model fall under 50%. Therefore, the forecast capacity of the model seems to be limited at most in the time period of two years before bankruptcy. Altman et al. (1977) suggested the revised version of the model as Zeta model, so that it may include enterprises of the trade industry and use additional data of other researchers. Finally, Altman (2000) proposed the new updated Z-score model, properly adapted to non-listed industrial enterprises. His empirical study showed that in a sample of 33 enterprises, the success rate of the Z-score model was 91% in bankrupt enterprises and 97% in healthy enterprises.

Muller et al. (2009), assessing the various corporate failure forecasting models in many listed companies, concluded that MDA provides the highest accuracy in forecasting for enterprises classified in the bankruptcy group as opposed to the Logit method, which, however, has a higher overall forecasting precision. In a period of rapidly changing economic conditions, Hayes et al. (2010) applied the Altman Z model in 17 pairs of retail (non-industrial) enterprises, using data of the years 2007 and 2008. Their paper had a success rate of 94% in forecasting bankruptcy of the sample companies. Taking other empirical studies into account, they suggest the Altman models as appropriate diagnostic tools for business bankruptcy in various industries.

Nevertheless, newer models based on intelligent systems, such as Neural Networks, seem to be more reliable than MDA statistics. Lee and

Choi (2013) compared MDA and NN in enterprises of South Korea and concluded that neural networks provide more accurate forecasts than multiple discriminant analysis. However, MDA has the advantage of simplicity and is therefore used by most researchers. Almamy et al. (2016) have applied and assessed the reliability of the Altman model in the UK with a forecasting capacity of 82.9%, while Altman et al. (2015) applied it to 1602 companies in Italy with successful forecasts, with a few exceptions. Altman et al. (2017) investigated the effectiveness of the Z-score model in many enterprises in 31 European countries, including Greece, and 3 non-European countries: USA, China and Colombia. The rates of successful forecasting ranged from 75% to over 90%, a fact that verifies the applicability of the model in various politico-economic environments.

Given that almost all Greek pharmaceutical manufacturers are not listed on the Athens Stock Exchange, the Altman Z-score is the most appropriate for application as regards bankruptcy forecasting of the enterprises of this research. In Greece, empirical research in forecasting company failure was carried out by Grammatikos and Gloubos (1984), Gloubos and Grammatikos (1988) and Theodossiou and Papoulias (1992), using the statistical techniques of MDA, Linear discriminant analysis (LDA), logit (LA) and probit (PA). Dimitras et al. (1996) presented a critical review of published surveys of corporate bankruptcy per country, with special reference to the method used. Furthermore, according to Neophytou et al. (2001), the issue of corporate failure forecasting is of interest to all private companies that want to know whether they are at risk of future bankruptcy, so that they make take in advance corrective measures in order to prevent it.

8.3 Data and Research Methodology

The research scope is focused on the comparative assessment of the performance and sustainability of six leading Greek pharmaceutical industries, which were appropriately selected, so that they are comparable in size and have significant presence and market share in the industry. The selection criteria used were the years of activity in the industry, their turnover and the available data of the last seven years (2010–2016), to allow medium-term estimates for the course of figures and indices in the near future. The pharmaceutical companies' financial data are publicly available and companies under assessment are as follows:

- DEMO S.A.
- ELPEN S.A.
- GAP S.A.
- PHARMATHEN S.A.
- SPECIFAR S.A.
- VIANEX S.A.

This study is of interest to shareholders and investors, lenders and creditors, the management and employees, and also to others, such as competitors and government agencies. The objectives of the chapter are not only limited to the analysis of the indicators of the recent past but also extend to issues such as:

- forecasting the course of indicators for the next year, using various time series models;
- comparison of the mean indicators of the examined companies, using the model of multivariate analysis of variance (MANOVA) and the relevant company and the period 2010–2016, as independent factors;
- calculations of mean and median indicators of the companies per year, in order to provide representative values, separately comparable with those of each company;
- sustainability forecast for the examined enterprises, which is achieved by identifying the bankruptcy probability for each company, for each year of the 2010–2016 period, using the Multiple Discriminant Analysis (MDA).

Out of the 28 Greek pharmaceutical manufacturers in a total of 64 companies that are members of the Hellenic Association of Pharmaceutical Companies (SFEE), the study focuses on the six selected companies, which have long-term activity and hold important positions in the industry. Besides, more recent or start-up companies in the pharmaceutical industry have by definition less accumulated profits, are more exposed to the risk of bankruptcy and it was therefore not considered appropriate to include them in the comparative assessment.

The conclusions of this study can help these enterprises to understand potential weaknesses, comprehend any problems and take the appropriate corrective action to effectively address them. The methodology of this study is divided into four consecutive stages:

- Calculation of indicators, the trends and average values thereof.
- Estimate of the indicators for the next year, based on the time series model that best fits the index values.
- Check of hypotheses on the equality of indicator means using the multifactorial analysis of variance. In case of any statistically significant difference in the mean indicators, the procedure of multiple comparisons of mean indicator pairs is followed.
- Forecast of the sustainability of the examined pharmaceutical industries using the Multivariable Discriminant Analysis method.

Generally, indicators are classified into six categories that define the overall financial position of the enterprises (Georgopoulos 2014):

1. Liquidity indicators, reflecting the short-term financial position of the company and its ability to respond to current liabilities.
2. Activity indicators, assessing how effectively the assets of the enterprise are used.
3. Efficiency indicators, defining the ability to make profit and the level of efficient operation of the enterprise.
4. Operating expenses indicators, showing the company policy in terms of various operating expenses.
5. Capital and debt structure indicators, assessing the long-term financial position of the enterprise.
6. Valuation indicators, informing investors of the profitability and dividend policy of the company.

The financial analysis of the chapter was implemented using the statistical package of Stagraphics and Excel. The course of the indicators over time provides clear indications of the performance of each enterprise and shows whether its financial position is improving, deteriorating or remains stable. Forecasting the future values of variables (indicators) is based on their previous behaviour. Their evolution over time outlines the "strengths" and "weaknesses" of each business and their annual values are, essentially, a time series that is free of seasonal changes. Therefore, the main components of our chronological series are the long-term trend T_t, the cyclical periodicity C_t and the random periodicity R_t and hence the values of the series are defined by formula: $Y_t = T_t + C_t + R_t$ or $Y_t = T_t C_t R_t$.

The data series of this chapter are presented in uniform periods (per year) and therefore constitute discrete time series. Therefore, the most appropriate model in each case produces, based on the past indicator values for 2010–2016, the time series that is best adapted to the ex post 2010–2016 data and extends the ex ante series, forecasting the indicator value for the next financial year 2017. The estimate is limited to the next year, given that the extension of the forecast for more years requires values in a wider period in the past, to allow higher reliability of the estimate.

The variance of each indicator is analysed using multivariate ANOVA for two factors, the "Company" and the year "Year". The Company factor receives six values (Demo, Elpen, Gap, Pharmathen, Specifar, Vianex), while the factor Year receives seven values (2010, 2011, 2012, 2013, 2014, 2015, 2016). Therefore, the total values of the sample of each indicator are 6 × 7 = 42. The method checks the hypotheses of the indicator means by the action of each separate factor and investigates and combined effect thereof. Moreover, all hypotheses are made at a significance level of a = 5%:

A. Hypothesis of equality of means to the Company factor

$$H_0 : \mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5 = \mu_6$$
$$H_1 : \text{Not all means are equal}$$

If the null hypothesis H_0 is not rejected, then the values have a uniform behaviour in terms of the Company factor and essentially come from the same corporate population. However, if there is a statistically significant difference, the H_0 hypothesis is rejected and the H_1 hypothesis is accepted. Namely the indicator mean of a company or the indicator means of some companies have statistically significant difference from the means of other companies.

B. Hypothesis of equality of means to the Year factor

$$H_0 : \mu_1 = \mu_2 = \mu_3 = \mu_4 = \mu_5 = \mu_6 = \mu_7$$
$$H_1 : \text{Not all means are equal}$$

If the null hypothesis H_0 is not rejected, then the values have a uniform behaviour in terms of the Year factor, namely have the same time behaviour. However, if there is a statistically significant difference, the H_0 hypothesis is rejected and the H_1 hypothesis is accepted. Namely, the indicator mean of a year or the indicator means of some years have statistically significant difference from the means of other years.

In case of any statistically significant difference in the mean indicators, the procedure of multiple comparisons of mean indicator pairs is followed, to check whether there is a statistically significant difference. In case a significant difference of means is found, all mean combinations are compared in pairs, using the Tukey HSD (Honestly Significant Differences) criterion. At the same time, homogenous groups of companies and years are defined for each indicator examined. Means that belong to the same group do not have a statistically significant difference, while means that are classified into different groups show a statistically significant difference. Furthermore, when a company seems to participate in more groups, it is not possible to distinguish the group that it finally belongs to, given that additional data is required. Finally, the method distinguishes the similar or dissimilar behaviour of indicators, both per company in the total period 2010–2016 and for all the companies per year.

The MDA method is similar to that of multiple regression. It is a statistical technique that classifies an observation between two or more predefined groups. It usually categorises dependent variables into two categories, such as healthy and bankrupt. The Multivariate Discriminant Model has the form of a linear equation. The form of the MDA function is a linear combination of independent variables, allowing for better discrimination between the two groups:

$$Z = k_1 X_1 + k_2 X_2 + \ldots + k_n X_n$$

Where:

Z: the grouping variable, used for sorting into 2 or more groups.
$X_1, X_2, \supset X_n$: the independent constant variables.
$k_1, k_2, \supset k_n$: the discriminant coefficients.

The MDA calculates the discrete coefficients k_i and, using the independent variables X_i which are the observable values (indices or figures of the financial statements), formulates the value of the z-grouping variable. Then, the Z value (Z-score) is used to categorise the objects (enterprises) in the two groups (healthy/bankrupt). The MDA technique is applied taking into account three hypotheses:

- The independent variables follow the multivariate normal distribution.
- The fluctuations in the two groups are equal.
- The rate of type I and II errors in the classification must be determined.

The original Altman model was based on a study of 66 enterprises, which were classified into two equal groups, in the form:

$$Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1.0X_5$$

Where:

X_1 = Working capital/total assets
X_2 = Retained earnings/total assets
X_3 = Earnings before interest and taxes/total assets
X_4 = Current value of share capital/total liabilities
X_5 = Sales/total assets

When observing the values of the discriminant coefficients, we conclude that the most important is the one concerning the X_3 variable. Indeed, this index seems to be the most appropriate for forecasting the failure of an enterprise, as its future depends largely on its capacity to operate profitably.

Table 8.1 Z-score classification zones

Z-score cut-off values	Classification zone
$Z \geq 2.99$	Safe (Healthy)
$1.81 < Z < 2.99$	Grey
$Z \leq 1.81$	Doubtful (Bankrupt)

The cut-off limits for classification in the distinct zones are formed in accordance with Table 8.1:

Safe classification of companies in failed or not, based on the Z-score cut-off values, could be implemented up to two years before bankruptcy, with a low probability of classification error. Altman also suggested models for non-listed industrial enterprises, for non-industrial enterprises and for start-ups. The six examined pharmaceutical companies are industrial non-listed enterprises and the revised Altman model (2002) that is relevant to this research is expressed by the function:

$$Z' = 0.717X_1 + 0.847X_2 + 3.107X_3 + 0.420X_4 + 0.998X_5$$

Where:

X_1 = Working capital/total assets
X_2 = Retained earnings/total assets
X_3 = Earnings before interest and taxes/total assets
X_4 = Book value of share capital/total liabilities
X_5 = Sales/total assets

The amendment made concerned variable X_4 where the current value of shares was replaced by their book value, since the shares of the companies examined are not traded on the Stock Exchange. This brought about changes in the values of the discriminant coefficients, resulting in a change in their significance category and therefore the order of significance of the respective independent variables X_1–X_5. The cut-off limits for classification in the distinct zones are now formed in accordance with Table 8.2:

Table 8.2 Z-score classification zones (reformed)

Z′-score cut-off values	Classification zone
$Z' \geq 2.9$	Safe (Healthy)
$1.23 < Z' < 2.9$	Grey
$Z' \leq 1.23$	Doubtful (Bankrupt)

Table 8.3 Bankruptcy probabilities

Z′-score cut-off values	Bankruptcy probabilityN_CDF(1-Z′)	Classification zone
$Z' \geq 2.9$	N_CDF(1-Z′) ≤ 2.87%	Safe (Healthy)
$1.23 < Z' < 2.9$	2.87% < N_CDF(1-Z′) < 40.90%	Grey
$Z' \leq 1.23$	N_CDF(1-Z′) ≥ 40.90%	Doubtful (Bankrupt)

Classification in the two classes, "Safe" and "Doubtful", is based on the value of Z'-score. In the mid-range of the Z'-score index, it is not possible to forecast corporate failure or not and the company remains in the "Grey" zone. Along with the classification, the probability of bankruptcy of each examined company is calculated for a period of two years maximum before the occurrence of bankruptcy and for each year of the period 2010–2016. These probabilities are obtained using the function of standard normal cumulative distribution Normal (see Table 8.3).

Table 8.3 shows that enterprises with a bankruptcy probability under 2.87% are classified in the safe zone, while enterprises with a bankruptcy probability over 40.90% are classified in the doubtful zone. The classification per year of the enterprises under assessment in the three zones is therefore made in accordance with the values arising from Z'-score analysis, with a simultaneous calculation of the bankruptcy probability for the next two-year period.

8.4 Research Results

A comparative assessment of the following six Greek pharmaceutical industries was carried out: Demo, Elpen, Gap, Pharmathen, Specifar and Vianex, using indicators for the 2010–2016 period.

8.4.1 Objectives

1. Calculation of key indicators for the six pharmaceutical industries, in the 2010–2016 period.
2. Prediction of the indicator values for the next year 2017, using the time series method.
3. Checking the equality or otherwise of the indicator means per company and per year.
4. Forecasting bankruptcy per year, using the MDA method and the Altman model.

Following research and analysis the results were as follows:

– Short-term liquidity indices

Specifar is first, followed by Demo and the others, with Vianex last.

– Activity indicators

Gap and Pharmathen have the shortest debt collection mean period.

Vianex and Pharmathen have the smallest operational cycle, while Elpen has the smallest commercial cycle (negative over time, due to the long payment period of its obligations).

Vianex has the highest sales on the basis of assets, net assets and equity. At the other end of the spectrum, we find Specifar and Demo.

– Efficiency indicators

Gap achieves the highest margins of gross and net profit, while Vianex the lowest.

Gap also has the highest returns on assets, total capital and equity, while Vianex has the highest returns on equity and the highest leverage multiplier.

Vianex and Elpen achieve the most beneficial use of borrowed capital (the highest financial leverage)

– Operating expenses indicators

Elpen has the highest operating expenses, while Demo and Specifar the lowest.

– Capital structure (Debt) indicators

Gap, Vianex, Elpen maintain high current assets, while Pharmathen and Specifar have high total fixed assets.
Vianex, Demo have the highest debt ratio, while Specifar and Pharmathen the lowest.
Demo's current assets fall short of its overall liabilities over time, while Pharmathen's current assets marginally meet its overall liabilities. The current assets of the other companies exceed their overall liabilities.
Investment indices (valuation)
Mainly Demo, as well as Elpen and Specifar, has applied a very conservative dividend policy, as opposed to the liberal policy of Vianex.

As regards the forecast of indicators using time series:

- Based on the values of each indicator for the period 2010–2016, an ex post forecast is made for the years of the 2010–2016 period, as well as an ex ante forecast of its next value, namely for year 2017.
- The time series that is best suited to the seven annual values of each indicator gives an estimate of the indicator's value for the next year 2017.

The predicted value of each indicator depends on the time series model that best adapted to its previous values, in accordance with the minimum value of the AIC criterion (Akaike Information Criterion).

- The main forecasting models applied were:

1. Constant average
2. Linear trend
3. Simple moving averages of two terms [SMA(q),q: 2]

4. Autoregressive with up to two years of delay [AR (p), p: 0–2]
5. Random walk
6. Autoregressive integrated moving average model [ARIMA (p, d, q), p, d, q: 0–2]

As regards the analysis of indicator variance:

- As to the Company factor (α = 5%)
  - In all indicators, except EBIT, EBT, EAT, returns on assets, total capital and equity, there were statistically significant differences in the indicator means.
- As to the Year factor (α = 5%)
  - In all indicators, except the mean duration of the operational and commercial cycle, the current to total assets, the circulation rate of receivables and the operating expenses, no statistically significant differences were found in the indicator means.
- In cases where a statistically significant difference was found, the investigation continued with multiple comparisons of the means in pairs, using the Tukey HSD criterion and a 95% confidence level.
- In this way, we identified the groups of companies or years where the relevant examined indicator shows uniform behaviour.

As regards the sustainability analysis, to test the sustainability of the examined enterprises the MDA method was used, with the revised Altman Z'-score model, which is expressed by the linear function:

$$Z' = 0.717X_1 + 0.847X_2 + 3.107X_3 + 0.420X_4 + 0.998X_5$$

- Safe zone threshold: Z' = 2.90
- Doubtful zone threshold: Z' = 1.23

The overall results, per company and per year together with the mean averages are presented in Tables 8.4. and 8.5:

Demo was in the bankruptcy zone (Z' < 1.23) in the period 2010–2013, but it showed a remarkable recovery in the following years 2014–2016. The situation was addressed by recourse to long-term borrowing and share capital reduction in the two-year period 2013–2014. Elpen entered

Table 8.4 Z′-scores

	Z′-Score	2010	2011	2012	2013	2014	2015	2016	Average
1	DEMO	0.73	0.69	0.87	0.87	1.27	1.49	1.59	1.07
2	ELPEN	1.48	1.49	1.38	1.45	1.22	1.20	1.30	1.36
3	GAP	1.59	1.95	2.22	2.23	1.94	2.18	1.58	1.95
4	PHARMATHEN	1.30	1.41	1.79	2.07	2.04	1.54	1.61	1.68
5	SPECIFAR	2.24	1.62	0.95	1.45	2.77	1.64	1.67	1.76
6	VIANEX	1.49	3.29	2.35	2.20	1.78	1.64	1.86	2.09
	Simple M.A.	1.47	1.74	1.59	1.71	1.84	1.62	1.60	1.65

Probability of healthy zone threshold P = N_CDF (1–2.90) = 2.87%
Probability of bankrupt zone threshold P = N_CDF (1–1.23) = 40.90%

Table 8.5 Bankruptcy probabilities

	Bankruptcy probability	2010	2011	2012	2013	2014	2015	2016
1	DEMO	60.9%	62.3%	55.1%	55.1%	39.3%	31.1%	27.8%
2	ELPEN	31.5%	31.1%	35.4%	32.6%	41.1%	41.9%	38.1%
3	GAP	27.7%	17.1%	11.2%	11.0%	17.4%	11.8%	28.2%
4	PHARMATHEN	38.0%	34.2%	21.4%	14.2%	15.0%	29.4%	27.1%
5	SPECIFAR	10.7%	26.7%	51.9%	32.6%	3.8%	26.1%	25.2%
6	VIANEX	31.2%	1.1%	8.9%	11.5%	21.7%	26.2%	19.6%

the bankruptcy zone in 2014–2015, with marginal improvement in 2016. The other enterprises, Gap, Pharmathen, Specifar and Vianex, are moving in the grey area over time (1.23 < Z' score <2.9), with Vianex showing better prospects for sustainability, as in 2011 it was in the healthy zone (Z' > 2.9).

It is clear that overall, the examined pharmaceutical industries, throughout the economic crisis period 2010–2016, have been adversely affected by high costs of taxes and charges, delays in public repayments, imposition of rebate/clawback and control of pharmaceutical prices. However, they manage to survive in conditions of strong competition.

8.5 Conclusions, Implications and Limitations

The purpose of this chapter is to bridge the gap between theory and practice by implementing theoretical methods in Greek manufacturing industry and provide useful conclusions for practitioners, industry managers, banks and others. A synergy of business theory and practice is very important in companies' daily operation. Combined examination of the analysis findings is a safe way to reach reliable conclusions. Conclusion classification follows the six distinct classification categories of the indicators.

The examination of short-term liquidity of the examined pharmaceutical industries shows that Specifar, with an average overall liquidity of more than 2, average special liquidity of more than 1.5 and a satisfactory defence period, stands out in the ranking in terms of current liquidity. At the same time, Demo, despite the lower values of overall and specific liquidity, follows next, mainly due to the high defence period it has secured. At the other end of the spectrum, Vianex with overall liquidity indicators ranging around one, special liquidity indicators under one and a relatively short defence period, seems to be the most vulnerable in repaying its current liabilities. The other companies, Elpen, Pharmathen and Gap, have medium liquidity performance. Furthermore, predictive models used for the next year's forecast give the highest levels of liquidity to Specifar and Demo, while the lowest to Vianex.

The operation of the companies shows that Vianex sells stock and at the same time pays its suppliers faster than its competitors. Gap and Pharmathen collect their receivables from debtors faster. Therefore, Vianex and Pharmathen have the smallest operating cycle. On the other hand, Demo collects and pays too late and as a result, it has the largest operating cycle but, at the same time, also the smallest commercial cycle than its competitors. However, Elpen in specific, due to its very extended repayment period to its creditors, achieves the smallest—indeed negative—commercial cycle, which allows it not to resource to temporary borrowing and at the same time to operate with lower liquidity. At the same time, Vianex operates with the higher asset turnover, receivables turnover and equity turnover ratios than all others, while Demo has respectively the lowest ratios. Elpen and Gap also have remarkable asset, receivables and equity turnover ratios and therefore ensure significant sales.

Analysing the profitability of the examined enterprises shows that Gap manages to achieve the highest gross and net profit margins, while Vianex the lowest. Elpen, despite its very high gross profit margin, ends ups with the lowest net profit margin, due to high operating and other costs.

Moreover, Pharmathen and Specifar also exhibit uniform behaviour in almost all their profit margins. The examination of the means however does not show significant differences in EBIT, EBT, EAT margins among the six enterprises. At the same time, no significant differences are found in the return on assets, capital employed and equity. On the contrary, in equity leverage Vianex has a significantly higher leverage multiplier than its competitors. However, all examined companies make beneficial use of borrowed capital, in different degrees. The economic leverage ratio suggests that Vianex and Elpen make the most profitable use of their borrowed funds, while Pharmathen, Demo and Specifar are profitable but to a lesser extent.

Operating expenses in relation to sales are very high for Elpen and Gap, with the respective impact on their net profit margins. Other competitors maintain the operating expenses index in moderate levels. Moreover, as of 2013 onwards, there is a slight upward trend in operating expense indicators compared to 2010–1012.

The pharmaceutical industries Vianex, Gap and Elpen have a large number of current assets and a small number of fixed assets. On the contrary, Pharmathen and Specifar have almost divided their assets in equal numbers of current and fixed assets. In the middle, Demo distributes its assets to more current assets than fixed assets. Furthermore, Vianex has the highest debt burden, followed by Demo, Gap and Elpen in descending order. For this reason, these companies maintain increased current asset, in order to repay their lenders and creditors. The debt burden on Pharmathen and Specifar is the lowest of all other examined companies and this is mainly the reason why they make significant investments in net fixed assets. However, the current assets of all examined enterprises meet their overall liabilities, with the exception of Demo and Vianex, which have deteriorated in the coverage ratio of their liabilities in recent years.

Vianex has a small number of shares compared to its competitors. At the same time, the nominal value of its share is multiple of the shares of others. For these reasons, Vianex has a different behaviour in the book value of the share, in the profits and the dividends per share, compared to all others. Moreover, Vianex distributed dividends every year in the examined period, except for 2012. On the contrary, Demo did not distribute a dividend throughout the examined period, in order to increase its equity reserves and its liquidity and to pay its liabilities. Specifar and

Elpen partly followed the conservative dividend policy of Demo. In contrast, Gap and Pharmathen have applied a more liberal and flexible dividend distribution, as arising from their actual financial capacity, in a period of widespread economic crisis.

Furthermore, the predicted values for the indicators of the next year's activity depend both on their values in the previous financial years and on the time series model with which the values of the indicators were simulated. Besides, the analysis of the fluctuation of each index shows that for all indicator, except the EBIT, EBT, EAT, returns on assets, total capital and equity, there is statistically significant difference between the mean average of indicators from one company to another. On the contrary, for all indicators, except the circulation rate of receivables, the current to total assets, the mean duration of the operational and commercial cycle, no statistically significant difference is found in the mean averages from one year to another. Therefore, the company is shown to be the main qualitative factor in differentiating the mean average of indicators throughout the reference period.

Finally, the sustainability analysis shows that Vianex, Gap and Pharmathen have the most favourable course over time, in the given timeframe of 2010–2016. On the contrary, Demo faced significant survival problems in the 2010–2013 period, with a probability of bankruptcy of 55–60%, but as of 2014 onwards it returned to the grey zone and is currently on an upward course. Elpen had a probability of bankruptcy of about 41% in 2014–2015. However, in 2016 it had a slight recovery and marginally returned in the intermediate grey area. Specifar showed relative stability in its ranking in the grey zone, except in the year 2012, when it had a probability of bankruptcy of 51.9%. However, in total, all the pharmaceutical industries examined have achieved relatively improved values of the Altman Z'-score index in the last year, 2016.

References

Almamy, J., Aston, J., & Ngwa, L. (2016). An Evaluation of Altman's Z-Score Using Cash Flow Ratio to Predict Corporate Failure amid the Recent Financial Crisis: Evidence from the UK. *Journal of Corporate Finance, 33*, 278–285.

Altman, E. (1968). Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy. *Journal of Finance, 23*(4), 589–609.
Altman, E. (2000). Predicting Financial Distress of Companies: Revisiting the Z Score and ZETA Models. *Stern School of Business, New York University*, 9–12
Altman, E., Haldeman, R., & Narayanan, P. (1977). A New Model to Identify Bankruptcy Risk of Corporations. *Journal of Banking and Finance, 1*(1), 29–54.
Altman, E., Davoni, A., & Falini, A. (2015). Z-Score Models' Application to Italian Companies Subject to Extraordinary Administration. *Journal of Applied Finance, 13*(1).
Altman, E., Iwanicz-Drozdowska, M., Laitinen, E., & Suvas, A. (2017). Distressed Firm and Bankruptcy Prediction in an International Context: A Review and Empirical Analysis of Altman's Z-Score Model. *Journal of International Financial Management & Accounting, 28*(2), 131–171.
Artikis, G. (2010). *Financial Management, Analysis and Programming*. Athens: Interbooks Publications. [in Greek language].
Beaver, W. (1966). Financial Ratios as Predictors of Failure, Empirical Research in Accounting. *Journal of Accounting Research, 4*, 71–111.
Bresciani, S., Thrassou, A., & Vrontis, D. (2013). Change through Innovation in Family Businesses: Evidence from an Italian Sample. *World Review of Entrepreneurship, Management and Sustainable Development, 9*(2), 195–215.
Brooks, C. (2014). *Introductory Econometrics for Finance*. Cambridge, UK: Cambridge University Press.
Chebbi, H., Yahiaoui, D., Thrassou, A., & Vrontis, D. (2013). The Exploration Activity's Added Value into the Innovation Process. *Global Business and Economics Review, 15*, 265–278.
Choi, F., Hino, H., Min, S. K., Nam, S. O., Ujiie, J., & Stonehill, A. (1983). Analyzing Foreign Financial Statements: The Use and Misuse of International Ratio Analysis. *Journal of International Business Studies, 14*(1), 113–131.
Dimitras, A. I., Zanakis, S. H., & Zopounidis, C. (1996). A Survey of Business Failures with an Emphasis on Prediction Methods and Industrial Applications. *European Journal of Operational Research, 90*(3), 487–513.
Foster, G. (1986). *Financial Statement Analysis* (2nd ed.). New Jersey: Prentice Hall.
Georgopoulos, A. (2014). *Financial Statement Analysis*. Athens: Benos Publications. [in Greek Language].
Gloubos, G., & Grammatikos, T. (1988). The Success of Bankruptcy Prediction Models in Greece. *Studies in Banking and Finance, 7*(1), 37–46.

Grammatikos, T., & Gloubos, G. (1984). Predicting Bankruptcy of Industrial Firms in Greece. *SPOUDAI-Journal of Economics and Business, 34*(3–4), 421–443.

Hájek, P., & Neri, F. (2013). An Introduction to the Special Issue on Computational Techniques for Trading Systems, Time Series Forecasting, Stock Market Modeling, Financial Assets Modeling. *WSEAS Transactions on Business and Economics, 10*(4), 291–292.

Hayes, S., Hodge, K., & Hughes, L. (2010). A Study of the Efficacy of Altman's Z to Predict Bankruptcy of Specialty Retail Firms Doing Business in Contemporary Times. *Economics & Business Journal: Inquiries & Perspectives, 3*, 122–134.

Holmes, G., & Sugden, A. (1994). *Interpreting Company Reports and Accounts* (5th ed.). Hemel Hempstead: Woodhead Faulkner.

Kantzos, K. (2002). *Financial Statement Analysis*. Athens: Interbooks Publications. [in Greek Language].

Lee, S., & Choi, W. (2013). A Multi-Industry Bankruptcy Prediction Model Using Back-Propagation Neural Network and Multivariate Discriminant Analysis. *Expert Systems with Applications, 40*(8), 2941–2946.

Lopez-Gracia, J., & Aybar-Arias, C. (2000). An Empirical Approach to the Financial Behaviour of Small and Medium Sized Companies. *Small Business Economics, 14*, 55–63.

Meric, G., Weidman, S., Welsh, C., & Meric, I. (2017). A Comparison of the Financial Management Characteristics of UK vs. EU Manufacturing Firms. *Review of International Comparative Management, 18*(2), 138–147.

Muller, G. H., Steyn-Bruwer, B. W., & Hamman, W. D. (2009). Predicting Financial Distress of Companies Listed on the JSE-A Comparison of Techniques. *South African Journal of Business Management, 40*(1), 21–32.

Neophytou, E., Charitou, A., & Charalampous, C. (2001). *Predicting Corporate Failure: Empirical Evidence for the UK*. Working Paper, University of Southampton, Department of Accounting and Management Science, 1–29.

Rashwan, M. (2012). How Did Listed Islamic and Traditional Banks Performed: Pre and Post the 2008 Financial Crisis. *Journal of Applied Finance & Banking, 2*(2), 149–175.

Robinson, T., Henry, E., Pirie, W., & Broihahn, M. (2015). *International Financial Statement Analysis*. New Jersey: John Wiley.

Theodossiou, P., & Papoulias, C. (1992). Analysis and Modeling of Recent Business Failures in Greece. *Managerial and Decision Economics, 13*(2), 163–169.

Thrassou, A., Vrontis, D., & Rossi, M. (2011). Financing Innovation: Venture Capital Investments in Biotechnology Firms. *International Journal of Technology Marketing, 6*(4), 355–377.
Thrassou, A., Vrontis, D., Chebbi, H., & Yahiaoui, D. (2012). A Preliminary Strategic Marketing Framework for New Product Development. *Journal of Transnational Management, 17*(1), 21–44.
Tkác, M., & Verner, R. (2016). Artificial Neural Networks in Business: Two Decades of Research. *Applied Soft Computing, 38*, 788–804.
Uygur, O., Meric, G., & Meric, I. (2013). The Financial Characteristics of U.S. Companies Acquired by Foreign Companies. *Global Journal of Business Research, 7*(1), 1–8.
Vrontis, D., Thrassou, A., Chebbi, H., & Yahiaoui, D. (2012). Transcending Innovativeness Towards Strategic Reflexivity. *Qualitative Market Research: An International Journal, 15*(4), 420–437.
Whittington, G. (1980). Some Basic Properties of Accounting Ratios. *Journal of Business Finance and Accounting, 7*(2), 219–232.

9

Industry and Managerial Applications of Internet Marketing Research

S. M. Riad Shams

9.1 Introduction

The rise of the Internet has introduced a paradigm shift in the traditional marketing school of thought. Similar to other academic disciplines and functional areas in management, marketing theorisation and practices are now blessed by the information technology-enhanced social, political, economic and business environment that helps marketing scholars and marketeers to reach their target audiences through various web-based and mobile social media. Such web-based media facilitates online and on time communication and collaboration much more conveniently than ever. This virtual environment ensures the better use of time and resources of marketing scholars and marketeers to proactively engage the concerned stakeholders into their value-delivery network through its ease of application. Therefore, the scholars and marketeers are now able to apply the traditional marketing theories through various Internet marketing

S. M. R. Shams (✉)
Newcastle Business School, Northumbria University, Newcastle Upon Tyne, UK
e-mail: Riad.Shams@urfu.ru

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_9

channels, in order to better use of different kind of resources and capabilities to ensure win-win outcomes for all involved stakeholders in a value network. Ultimately, such initiatives also help scholars and marketeers to add knowledge against those traditional marketing management theories through their reflective industry-based Internet marketing management practices. In brief, the Internet-based business environment purifies and enhances the existing knowledge with increased information, based on the changing business needs, which eventually creates further knowledge and superior marketing management capabilities (Tavakoli 2013; Shams and Kaufmann 2016; Thrassou 2016; Lombardi et al. 2017; Thrassou et al. 2018a; Karagouni 2018). From this context, this industry review aims to analyse the contemporary trend in Internet marketing to develop insights on future research and management direction for online marketing, in order to precise a mechanism that could underpin industry-based theorisation in the online marketing knowledge-stream, with an attempt to develop insights from three different perspectives:

– first, the impact of Internet on marketing as a business management professional practice area;
– second, the impact of Internet on marketing management education as pedagogical management field, and
– third, the impact of Internet on marketing management research.

In pursuant of this goal, this chapter follows an inductive constructivist justification method to support arguments, where counter-arguments evolve rationally from the analysed alternative views (Eisenhardt 1989; Yin 1994). From this context, the relevant arguments on the trend in Internet marketing management and its implications for the future of Internet marketing management practice, teaching and research are presented along the progress of the discussions, as an inductive approach to clarify the arguments and the counter-arguments, with respect to the aim of this review article (Hallier and Forbes 2004; Glaser and Strauss 1967; Shams 2017a, 2017b; Shams and Belyaeva 2017; Vassakis et al. 2018). The remainder sections and sub-sections of this review article are organised as per the following order:

- first, the significance of industry-based theorisation is discussed;
- second, the impact and trend of Internet, related to marketing management is presented;
- third, the future direction of online marketing management, as a field of professional practice is discussed;
- fourth, the future direction of research in online marketing management is described;
- fifth, the impact of online marketing on marketing pedagogical management is discussed;
- sixth, the future of online-based marketing education for pedagogical management is discussed, and
- finally, the concluding notes section overviews on some of the disadvantages of online marketing trends for both marketing management as a professional practice and marketing education.

9.2 Significance of Industry Review for Theorisation

"Observation and theorization of innovation in services may have much to offer to the analysis of industrial innovation" (Gadrey et al. 1995, p. 2). In this context, industry (review)-based theorisation could be defined as a "process by which complex institutional ideas or templates become abstracted and streamlined into theoretical models, with underlying constructs and relationships" (Strang and Meyer 1993; Tolbert and Zucker 1996; as cited in Mena and Suddaby 2016, p. 1669). A very significant purpose of industry-based theorisation as a concept of theorisation is it enables theorists (in particular in social-science) to clarify the reason of changes in industry and organisational structure and the contexts and impact of such changes, with an aim to propose novel theoretical model(s) from the learning of the changes that could reinforce stability (Greenwood et al. 2002; Greenwood and Suddaby 2006). The formulation of these theoretical models facilitates and legitimates widespread diffusion and adoption of a new institutional arrangement (and associated roles and practices) because it provides actors with meaning—

"standard and authoritative […] interpretations and schemas" (Strang and Meyer 1993, p. 495)—about this arrangement (as cited in Mena and Suddaby 2016, p. 1670). However, "the precise mechanisms that underpin (industry review-based) theorization are underspecified and the construct remains a black box" (Mena and Suddaby 2016, p. 1670). "A second, less researched, element of (such industry review-based) theorization is to socially construct the roles of different actors into the theoretical model to facilitate adoption" (Greenwood et al. 2002; Strang and Meyer 1993, as cited in Mena and Suddaby 2016, p. 1671). In this context, this industry review aims to analyse the contemporary trend in Internet marketing to develop insights on future research and management direction for online marketing, in order to precise a mechanism that could underpin industry-based theorisation in the online marketing knowledge-stream. Furthermore, this view of industry-based theorisation to specify a mechanism that could underpin industry-based theorisation is encouraged in recent studies in business and management (i.e. Shams et al. 2018, 2019; Idris and Shams 2018; Vrontis et al. 2018a, b).

"Theorization on key (industry) practices largely remains intact… (and) the roles of different actors are theorized in a dramatically different manner" (Mena and Suddaby 2016, p. 1669); however, in our academic practice of theorisation, the hypothetical relationships between different constructs may not always necessarily be correctional; such relationships could appear as practice-based models, based on real-life industry experience (Strang and Meyer 1993). "One aspect of (such industry-based) theorization concerns the practices implied by an institutional arrangement, as theoretical accounts of practices simplify and abstract their properties and specify and explain the outcomes they produce" (Strang and Meyer 1993, p. 497). One of the key issues in such industry-based theorisation practice is the justification of the suitability of the new model (theory) to clarify how well the new model could fit with the changes in the industry, in order to replace the preceding model in a way that will contribute to the progress of the industry (Tolbert and Zucker 1996). In a previous study, Greenwood, Suddaby and Hinings (2002) discussed an example to demonstrate:

how theorization by the accounting profession in Canada effected changes in organizational structures and practices for accounting firms, where accounting firms became 'multidisciplinary' and extended their provision of services to business under the same roof. Theorization, in this case, specified what the problem was with previous practices (e.g. the profession was under threat by not providing comprehensive multidisciplinary business services) and justified new practices as a legitimate way forward. (As cited in Mena and Suddaby, 2016, p. 1672)

In this context, this chapter attempts to justify "cross-disciplinary (or cross-functional) approach as a mechanism of industry-based theorisation focusing on the online marketing trends and changes in this industry. Such cross-disciplinary implications of theorisation are also supported by recent studies (i.e. Thrassou et al. 2018b; Shams and Thrassou 2019).

9.3 The Trend in Online Marketing Management and the Future Direction

9.3.1 The Impact of Internet on Marketing As a Business Management Practice

In terms of marketing management as a business practice, in general, the Internet has transformed the traditional mediums of reaching to the target markets into much more cost-effective and interactive business practice. For example, website marketing, email marketing, blogging, Google ads, Wikipedia, social media, online customer forums, online video conference, online and on time chat with customers and so forth enable marketeers to promote their products and services more conveniently, in comparison to the traditional postal mails, newspapers and television adverts. In support of this view, generally, it can be argued that 20 years ago, there were no real advertising mediums for small businesses to promote their offerings to their wider target markets, based on their small budget. Today, even a next-door shop or a small bread and breakfast accommodation service provider can easily reach to their broader target markets through various free web applications, such as social media and other free or low-cost websites that provide information. Another virtue of Internet is the marketeers are now able to interactively communicate with their customers via online chat, which is now a common practice for the telephone, gas and electricity marketeers to instantly answer their customers' questions, in order to help them to choose a competitive deal. In fact, the Internet-based e-commerce platform enables the enterprising marketeers to co-create value for ensuring win-win outcomes, based on minimal resources, in comparison to their return on investment. For example, today, the world's (Kennedy 2015):

– largest taxi company owns no taxis, which is Uber;
– largest accommodation provider owns no real estate, which is Airbnb;
– largest phone companies own no telecom infrastructure, which are Skype and WeChat;
– most valuable retailer has no inventory, which is Alibaba;
– most popular media owner creates no content, which is Facebook;
– fastest growing banks have no actual money, such as SocietyOne;
– largest movie house owns no cinemas, which is Netflix and
– the largest software vendors don't write the apps, such as Apple and Google.

These are well-established examples that demonstrate how the Internet brings opportunities for enterprising marketeers, where irrespective to the marketeers' initial available resources, the Sky becomes the only limit for them, in terms of their return on investment, and societal and environmental contribution. These companies are also the perfect examples of sustaining competitive advantages through international, multinational, global and transnational marketing management, because all of them have successfully been operating their businesses in the cross-border markets. In general, the Internet enables decision making easier and more cost-effective in local, as well as in cross-border international business. For example, in terms of international outsourcing or expansion of businesses, instead of travelling for several overseas business trips, decision makers now could first develop initial understandings on several potential overseas partners, based on online video conferences and online audio-visual presentations on the available services, and then the decision makers could make one or few overseas trips, based on their initial short-listing of potential cross-border partners, which saves resources.

9.3.2 The Future Direction of Online Marketing Management Practice

One of the complex issues in Internet marketing is the competitors usually have to use the same Internet marketing channels, such as the social media, website and email marketing and so forth to reach to their target markets via Internet. Therefore, similar to the traditional marketing management practice, a basic question is how the marketing scholars and marketeers would be able to proactively, profitably and sustainably differentiate their offerings through Internet? One of the options would be developing cross-disciplinary knowledge to apply through Internet marketing, in order to proactively differentiate and sustain a product's or services' competitive advantage, based on that cross-disciplinary knowledge. For example, previous studies demonstrate that analysing the cause and consequence of stakeholder relationships and interactions, as stakeholder causal scopes to recognise stakeholders' value anticipation, is instrumental to co-create value in a way that the stakeholders expect and accept (Shams 2011; Kaufmann and Shams 2015; Thrassou et al. 2018a, c). An example of analysing stakeholder causal scopes from a cross-disciplinary perspective is discussed at the later part of this review chapter.

In terms of cross-disciplinary knowledge in marketing management, some cross-disciplinary theoretical discussion is presented here, related to competitive advantage in business. In order to sustain a competitive advantage, the strategic management literature argues that a "valuable, rare, inimitable and non-substitutable" competence of resources is fundamental for the resources that are used to develop the competitive advantage (Barney 2002). However, the critics argue that because of the commonalities and substitutability features, a competitive advantage would be unable to survive through the "valuable, rare, inimitable and non-substitutable" test among the competitors (Peteraf et al. 2013). From this context, the stakeholder relationship marketing concept would have implications to recognise exceptional conditions, based on analysing the stakeholder causal scopes, such as service encounters, in relation to the stakeholders' value anticipation (Shams 2016a) and the respective competitive issues, in order to retrieve a competitive advantage's "valuable, rare, inimitable and non-substitutable" competencies (Shams 2016b).

For example, a recent study reveals that the UK is the current global leader in international student satisfaction, in comparison to other major competitive international education destinations, such as the USA, Canada, Australia, Germany and New Zealand (O'Malley 2015). Therefore, the UK would have the privilege to differentiate their international education brand, based on their leading position as a "valuable, rare, inimitable and non-substitutable" reputation through the Internet marketing channels, at least, until any other competitive international education destination outplays the UK's current supreme position in international student satisfaction, which would be known based on the outcomes of any future studies. A key benefit of such a stakeholder relationships and perceptions centred research or management approach is it is applicable to any industry, market and operational perspective; however, the relational issues of analysis should follow only the given situation of the targeted market and the industry (Gummesson 2002; Vrontis et al. 2017, 2018a, b).

9.3.3 The Future Direction for Research, Focusing on Online Marketing Management

Following these arguments of the immediate last sub-section, this subsection attempts to clarify a proposition for future research studies on online marketing management, centred on the cross-disciplinary perspective of strategic management and relationship marketing. A key purpose of such studies would be recognising various "valuable, rare, inimitable and non-substitutable" exceptional conditions, similar to the "global leader in international student satisfaction" from the European international students' perceptions, in order to differentiate the European international education services through the traditional and Internet marketing channels, in relation to the international students' academic and non-academic needs, so that the Europe's differentiated brand positioning in the global markets would be related to the international students' value anticipation, which would be expected and accepted by the students. In general, in terms of international education marketing, the traditional marketing tool, such as sending the hard copies of a university brochure, is already replaced by online communication. Therefore, the "valuable, rare, inimitable and non-substitutable" exceptional conditions that would be recognised from the European international students' perceptions will be instrumental for sustainably differentiating or branding the European international education services in the global education markets through different Internet marketing channels, in order to attract the global talents for eventually contributing to the European Commission's (2013) vision to market the region as the world education centre of excellence.

9.3.4 The Impact of Internet on Marketing Management Education As Pedagogical Management

Similar to marketing management as a business practice, the Internet also influences marketing education as a pedagogical practice. For example, generally, it can be argued that the Internet has underpinned the distant learning option more effectively than ever. In terms of transnational education, scholars argue that the use of online blogs is valuable to consistently implement the quality assurance processes across different local and overseas campuses, which allows greater communication and adds consistency in student feedback across the campuses (Keay et al. 2014; Shams 2016c). Furthermore, because of the Internet, the universities are now able to more cost-effectively interview the overseas academic candidates, alongside the local academic candidates to recruit the best academic for their students from many more alternatives of the local and international employment markets. In terms of academic research, various free online survey applications also enable the researchers to conduct their surveys more cost-effectively. The online video conferences also enable academic researchers to conduct focus group interviews at the same time with different participants from more than one location. In terms of literature review, the Internet enables the academic researchers to conduct literature review much more effectively than ever.

9.3.5 The Future of Online-Based Marketing Education, As Pedagogical Management

The web-based online platforms enable the proactive academic to let their students to understand and retain their course materials better through an interesting, fun and engaging learning experience. For example, such online platforms ensure to engage students in a stimulating learning environment, where the students' critical thinking, interactive learning and applications of ideas could be nurtured based on their understanding of the course materials, as a set of tools to navigate to the real-life business, management and social issues, instead of the course materials as an absolute knowledge only. The Internet also helps academics to seek alternative strategies to improve their teaching to enable their students to contribute directly to their co-students learning experience. As an example of such an Internet-based teaching and learning approach is discussed here, as an example of Internet-enhanced innovative teaching approach, which could enable today's academics to simultaneously underpin the learning experience of their students across different local and distant/overseas campuses. In terms of teaching and research supervision, a general goal of academics would be to nurture their students' critical thinking ability, based on ensuring that they understand the course materials, as a tool to navigate to the real-life management issues, instead of the course materials as an absolute knowledge only. For example, after delivering the course materials through the traditional classroom method, academics could organise a case study competition, centred on the Internet supported flipped classroom method, which would be a part of the students' formal assessment. Based on the number of students in different campuses, ten to twelve different groups of students would be asked to post their brief case studies on to a blogging website. Students from different campuses will study all submitted case studies on the blog at home, and then come to compare their understandings with their co-students' studies in a one-day seminar mode of learning, which will be valuable for them to develop greater insights on the contemporary management theories and practices by debating and sharing ideas.

Such a one-day seminar mode of learning can be organised at the same time across the different campuses, in support of the Internet-enhanced video conferencing option, for example, webinar. In such one-day long webinars, students from different campuses would be asked randomly from each of the ten to twelve groups of students to present their brief case studies, which will ensure that all students need to be prepared to present their group's case study, as nobody will know in advance that who will be asked from a particular group to present their group's case study. Following such presentations, the students from the different campuses will debate on their presented case studies, in order to develop further insights on why a specific group of students designed their case on the same management problem, based on a particular approach and issues and why they did not consider the alternative approaches and management issues in their case study to resolve the same management problem. Following the group presentations and the open question and answer session (or debate) among all different groups of students across the different campuses, the students can be evaluated based on their overall group performance. As a consequence, the students across different local and overseas campuses will find each other as learning resources, as they will realise how their classmates have approached differently with their own examples and ideas against the same management problem. The future students would also be benefited through this process, because the case studies will be saved on the online blog, which will serve in the long run, as a reference for future students and even for researchers to some extent.

9.4 Concluding Notes

The aim of this industry review is to analyse the contemporary trend in Internet marketing to develop insights on future research and management direction for online marketing, in order to precise a mechanism that could underpin industry-based theorisation in the online marketing knowledge-stream, with an attempt to develop insights from three different perspectives:

- first, the impact of Internet on marketing as a business management professional practice area;
- second, the impact of Internet on marketing management education as pedagogical management field, and
- third, the impact of Internet on marketing management research.

Following the discussion on the advantages, changes and trends in Internet marketing in the "trend in online marketing management and the future direction" section, this chapter argues the "cross-disciplinary (or cross-functional)" approach as a mechanism of industry-based theorisation. In support of this view, the "stakeholder causal scope" analysis concept is discussed in this review chapter based on the discussion on the strategic management and relationship marketing literature and practice. In this discussion of the (cross-disciplinary and or cross-functional) "stakeholder causal scope", the cross-disciplinary knowledge from strategic management and relationship marketing fields is applied, centred on the Internet marketing practice, in order to proactively differentiate and sustain a product's or services' competitive advantage, based on that novel cross-disciplinary knowledge (model). As a consequence, such a novel "stakeholder causal scope" precises a cross-disciplinary mechanism that underpins industry-based theorisation in the online marketing knowledge-stream.

Besides the advantages, there are some disadvantages of the Internet for marketing education. For example, however, now we have different plagiarism detecting software; in general, it could be argued that the Internet has provided more options for students to plagiarise, and the currently available software is not quite adequate to outplay the plagiarism challenge. Alongside such issues of Internet for pedagogic practice, the Internet itself, as well as the misuse of Internet introduced some demerits in marketing management practices, in general. For example,

- because of the ease of numerous information flow about the available competitive offerings, the customers sometimes would be confused;
- unauthentic promotion, such as using software to promote a photograph of a product or service on the Internet in a way that misleads the target audience;

– the e-commerce doesn't allow the user "to touch" the merchandise before purchasing it;
– face-to-face contact (in-person) contact is also limited;
– using spying software to monitor customers' personal information, including lifestyle and so forth.

In fact, there are merits and demerits of Internet to influence marketing management practice, research and teaching; however, it mostly depends on us, based on how we would like to use the Internet to contribute to the progress of the Internet marketing practice, research and teaching.

References

Barney, J. B. (2002). *Gaining and Sustaining Competitive Advantage*. Upper Saddle River: Prentice Hall.

Eisenhardt, K. (1989). Building Theories from Case Study Research. *Academy of Management Review, 14*(4), 532–550.

European Commission. (2013). Making the EU More Attractive for Foreign Students and Researchers. Available at http://europa.eu/rapid/press-release_IP-13-275_en.htm?locale=FR. Accessed 10 Mar 2014.

Gadrey, J., Faiz, G., & Weinstein, O. (1995). New Modes of Innovation: How Services Benefit Industry. *International Journal of Service Industry Management, 6*(3), 4–16.

Glaser, B., & Strauss, A. (1967). *The Discovery of Grounded Theory: Strategies in Qualitative Research*. London: Weidenfeld and Nicolson.

Greenwood, R., & Suddaby, R. (2006). Institutional Entrepreneurship in Mature Fields: The Big Five Accounting Firms. *Academy of Management Journal, 49*, 27–48.

Greenwood, R., Suddaby, R., & Hinings, C. R. (2002). Theorizing Change: The Role of Professional Associations in the Transformation of Institutionalized Fields. *Academy of Management Journal, 45*, 58–80.

Gummesson, E. (2002). *Total Relationship Marketing*. London: Butterworth-Heinemann.

Hallier, J., & Forbes, T. (2004). In Search of Theory Development in Grounded Investigations: Doctor's Experiences of Managing as an Example of Fitted and Prospective Theorizing. *Journal of Management Studies, 41*, 1379–1410.

Idris, H., & Shams, S. M. R. (2018). Relationship Marketing and Entrepreneurial Innovation: A B2B Context of Stakeholder Relationship Management. In S. M. R. Shams, D. Vrontis, Y. Weber, & E. Tsoukatos (Eds.), *Business Models for Strategic Innovation: Cross-Functional Perspectives* (1st ed., pp. 125–153). Abingdon: Routledge.

Karagouni, G. (2018). Production Technologies and Low-Technology Knowledge-Intensive Venturing. *EuroMed Journal of Business*, published online ahead of print. https://doi.org/10.1108/EMJB-11-2016-0033

Kaufmann, H. R., & Shams, S. M. R. (Eds.). (2015). *Entrepreneurial Challenges in the 21st Century: Creating Stakeholder Value Co-Creation*. Hampshire: Palgrave Macmillan.

Keay, J., May, H., & O'Mahony, J. (2014). Improving Learning and Teaching in Transnational Education: Can Communities of Practice Help? *Journal of Education for Teaching, 40*(3), 251–266.

Kennedy, J. (2015). How Digital Disruption Changed 8 Industries Forever. Available at https://www.siliconrepublic.com/companies/digital-disruption-changed-8-industries-forever. Accessed 18 Oct 2016.

Lombardi, R., Lardo, A., Cuozzo, B., & Trequattrini, R. (2017). Emerging Trends in Entrepreneurial Universities within Mediterranean Regions: An International Comparison. *EuroMed Journal of Business, 12*(2), 130–145.

Mena, S., & Suddaby, R. (2016). Theorization as Institutional Work: The Dynamics of Roles and Practices. *Human Relations, 69*(8), 1669–1708.

O'Malley, B. (2015). UK Leads on International Student Satisfaction – Study. Available at http://www.universityworldnews.com/article.php?story=20151209142515567. Accessed 3 Aug 2016.

Peteraf, M., Stefano, G. D., & Verona, G. (2013). The Elephant in the Room of Dynamic Capabilities: Bringing Two Diverging Conversations Together. *Strategic Management Journal, 34*(2), 1389–1410.

Shams, S. M. R. (2011). *A Relationship Marketing Model to Enable Sustainable Growth of the Bangladesh Cricket Board: A Stakeholder Causal Scope Analysis*. Doctoral thesis, Central Queensland University, Rockhampton.

Shams, S. M. R. (2016a). Branding Destination Image: A Stakeholder Causal Scope Analysis for Internationalisation of Destinations. *Tourism Planning & Development, 13*(2), 140–153.

Shams, S. M. R. (2016b). Capacity Building for Sustained Competitive Advantage: A Conceptual Framework. *Marketing Intelligence & Planning, 34*(5), 671–691.

Shams, S. M. R. (2016c). Sustainability Issues in Transnational Education Service: A Conceptual Framework and Empirical Insights. *Journal of Global Marketing, 29*(3), 139–155.

Shams, S. M. R. (2017a). International Education Management: Implications of Relational Perspectives and Ethnographic Insights to Nurture International Students' Academic Experience. *Journal for Multicultural Education, 11*(3), 206–223.

Shams, S. M. R. (2017b). Transnational Education and Total Quality Management: A Stakeholder-Centred Model. *Journal of Management Development, 36*(3), 376–389.

Shams, S. M. R., & Belyaeva, Z. (2017). Quality Assurance Driving Factors as Antecedents of Knowledge Management: A Stakeholder-Focussed Perspective in Higher Education. *Journal of the Knowledge Economy*, published online ahead of print. https://doi.org/10.1007/s13132-017-0472-2

Shams, S. M. R., & Kaufmann, H. R. (2016). Entrepreneurial Co-Creation: A Research Vision to Be Materialised. *Management Decision, 54*(6), 1250–1268.

Shams, S. M. R., & Thrassou, A. (2019). Theorisation and Industry-Based Research Project Development: Bridging the Industry–Academia Research Gap. *Industry and Higher Education*, published online ahead of print. https://doi.org/10.1177/0950422218797919

Shams, S. M. R., Vrontis, D., Weber, Y., & Tsoukatos, E. (2018). *Business Models for Strategic Innovation: Cross-Functional Perspectives* (1st ed.). Abingdon: Routledge.

Shams, S. M. R., Vrontis, D., Weber, Y., Tsoukatos, E., & Ferraris, A. (2019). *Cross-Functional Knowledge Management: The International Landscape* (1st ed.). Abingdon: Routledge.

Strang, D., & Meyer, J. W. (1993). Institutional Conditions for Diffusion. *Theory and Society, 22*(4), 487–511.

Tavakoli, A. (2013). Impact of Information Technology on the Entrepreneurship Development. *Advances in Environmental Biology, 7*(8), 1421–1426.

Thrassou, A. (2016). Real-Time Analysis of Cyprus' Embryonic Oil and Gas Industry. *EuroMed Journal of Business, 11*(3), 376–394.

Thrassou, A., Vrontis, D., & Bresciani, S. (2018a). The Agile Innovation Pendulum: A Strategic Marketing Multicultural Model for Family Businesses. *International Studies of Management & Organization, 48*(1), 105–120.

Thrassou, A., Orfanos, D., & Tsoukatos, E. (2018b). Linking Motivational Leadership with Creativity: Cross-Disciplinary Management Theories for Practical Applications. In D. Vrontis, Y. Weber, A. Thrassou, S. M. R. Shams, & E. Tsoukatos (Eds.), *Innovation and Capacity Building: Cross-Disciplinary Management Theories and Practical Applications* (pp. 77–108). London: Palgrave Macmillan.

Thrassou, A., Vrontis, D., & Bresciani, S. (2018c). The Agile Innovation Pendulum: Family Business Innovation and the Human, Social, and Marketing Capitals. *International Studies of Management & Organization, 48*(1), 88–104.
Tolbert, P. S., & Zucker, L. G. (1996). The Institutionalization of Institutional Theory. In S. R. Clegg, C. Hardy, & W. R. Nord (Eds.), *Handbook of Organization Studies* (pp. 175–190). London: Sage.
Vassakis, K., Sakka, G., & Lemonakis, C. (2018). Demystification of the Glass Ceiling Phenomenon: Gender Stereotyping and Successful Managers' Personality Traits in Greece. *EuroMed Journal of Business*, published online ahead of print. https://doi.org/10.1108/EMJB-06-2017-0023
Vrontis, D., Thrassou, A., & Amirkhanpour, M. (2017). B2C Smart Retailing: A Consumer-Focused Value-Based Analysis of Interactions and Synergies. *Technological Forecasting and Social Change, 124*, 271–282.
Vrontis, D., El Nemar, S., Ouwaida, A., & Shams, S. M. R. (2018a). The Impact of Social Media on International Student Recruitment: The Case of Lebanon. *Journal of International Education in Business, 11*(1), 79–103.
Vrontis, D., Weber, Y., Thrassou, A., Shams, S. M. R., & Tsoukatos, E. (2018b). *Innovation and Capacity Building: Cross-Disciplinary Management Theories and Practical Applications*. London: Palgrave Macmillan.
Yin, R. K. (1994). *Case Study Research: Design and Methods* (2nd ed.). California: Sage.

10

CSR Reporting Practices of Lithuanian and Italian Academic Institutions

Ligita Šimanskienė, Jurgita Paužuolienė, Erika Župerkienė, and Mariantonietta Fiore

10.1 Introduction and Research Background

Corporate social responsibility (CSR) is not only a global trend but also a social movement involving corporations, states, international organisations and civil society organisations. Globalisation and internationalisation, development of technologies influence the changes of higher education (HE). The HE institutions are progressively turning to industry-style practices by adopting new approaches, processes and systems to reach strategic goals and face new challenges crucial in these decades (Melanthiou et al. 2017; Vrontis et al. 2015). Hence, international education organisations need to investigate stakeholders' perceptions through "stakeholder causal scopes" and to develop model-tools

L. Šimanskienė (✉) • J. Paužuolienė • E. Župerkienė
Klaipeda University, Klaipėda, Lithuania

M. Fiore
Department of Economics, University of Foggia, Foggia, Italy
e-mail: mariantonietta.fiore@unifg.it

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_10

that would enable to highlight the factors affecting consumer behaviour (Shams and Thrassou 2018; Vrontis et al. 2007).

Nowadays academic institutions as business organisations are more responsible for society, for employees, for customers to the extent to which it offers a competitive benefit (Lizarzaburu and del Brío 2018). Social responsibility in academic institutions encompasses many different areas including the following need as: to strengthen civil commitment and active citizenship; to provide services to community through community engagement and outreach; to promote economic and national development; to promote ethical approaches to issues; to develop a sense of civil citizenship by encouraging students and the academic and administrative staff to provide social services to their local community; to promote ecological or environmental commitment for local and global sustainable development; to develop local and global human resources; to expand human knowledge through quality research and education for the nation and humanity (Alzyoud and Bani-Hani 2015). Tertiary education institutions progressively incorporate the CSR philosophy in their didactic programmes (i.e., courses like "business ethics", "CSR", etc.) in order to give an inclusive social perspective as well as to provide students with CSR skills (Demetriou et al. 2019). Therefore, corporate social responsibility can be considered as a business approach more and more crucial for global and local organisations. Some of the top-level managers understand these new requirements. Some scholars (Chatzoglou et al. 2017), by means of a structured questionnaire administrated the top management of the Greek companies, which was carried out via the Structural Equation Modelling technique, highlight the positive effect of CSR on "employee commitment", "customer-satisfaction" and "business reputation".

Larger organisations, uniting more employees, as well as providing goods or services to a larger consumer market are most interested in corporate social responsibility and seek to implement it. The expectations for academic institutions as companies are extremely high and, therefore, socially responsible behaviour is expected to be more than just philanthropic giving. Responsible businesses implant the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another (UN Global Compact 2018).

Political, civil, academic and business communities pay more and more attention to corporate social responsibility reporting. The CEOs recognise that success depends not only on business but also on welfare of the business environment. According to Ahmad et al. (2017), the notion of CSR requires companies to consider the social, economic and environmental consequences of their operations and suggests that they address the needs and expectations of stakeholders such as investors, customers, suppliers, regulators and society. Communication with society is the most important factor when implementing the CSR activities. Thus, CSR performs an essential role in implementing the principles of corporate social responsibility (Juščius and Griauslytė 2014). Organisations with a strong orientation towards disclosure of social responsibility actions and initiatives are well capable of developing and maintaining a good and long-term relationship with key stakeholders (Chatzoglou et al. 2017; Kitora and Okuda 2017) and create the good image (Spyra 2017). In addition, according to a recent study by Salehi and other scholars (2018), adopting and implementing CSR initiatives seems to be positively and strongly connected to increasing performance of firms and organisations.

According to European Commission (2018), companies can become socially responsible when they follow the law and integrate the social, environmental, ethical, consumer and human rights into their business strategy and operations. The European Commission promotes CSR in the EU and encourages enterprises to adhere to international guidelines and principles. The EU's policy is the action agenda for supporting this approach. It includes the following (European Commission 2018):

1. Enhancing the visibility of CSR and disseminating good practices;
2. Improving and tracking the levels of trust in business;
3. Improving self and co-regulation processes;
4. Enhancing market rewards for CSR;
5. Improving company disclosure of social and environmental information;
6. Further integrating CSR into education, training, and research;
7. Emphasising the importance of national and sub-national CSR policies;
8. Better aligning European and global approaches to CSR.

Socially responsible organisations should report about their works. Different forms can be used, but from their reports there should be seen the main results and how they succeeded them, was it enough done for responsibility or not. Corporate social responsibility (CSR) reporting is a communication tool that companies use to convey a transparent image. It is also a tool available for managers to assess the continuous improvement in non-financial areas (Fernandez-Feijoo et al. 2014). According to Branco and Rodrigues (2006), CSR reporting is the exposé of information concerning companies' exchanges with the society within which they operate. Society, employees, customers can read and look to these reports and evaluate the quality of these documents. CSR reports are prepared using some guidelines, recommendations or instructions. Using the same guidelines organisations can more easily compare what growth was done through the year, and what areas still need to pay more attention to. For other readers, it helps to compare the results from different organisations and different countries. There are some questions: how to change the mentality of people in the world? How to find measures that would be understandable for everybody? Thus, the main questions for the research are how the results of CSR activities appear in the measuring and evaluating process, tools and methods; and how the CSR activity can be measured and evaluated in academic institutions? Investigating these questions can certainly offer specific managerial implications to the business executives of academic institutions.

10.2 CSR Reporting and UN Global Compact

With an increasing trend in the CSR initiatives' publicity, there is a need to ensure the reliability of the information provided in CSR reports. Companies must not only demonstrate that they integrate social responsibility into day-to-day operations of the company but also should inform stakeholders about their CSR activities using appropriate communication tools, including comprehensive reports and annual reports (Nyarku and Hinson 2018). CSR reporting represents a non-financial reporting. Through CSR reporting, companies are trying to present their efforts to reduce the negative impacts of their activities on society and the environment. At the beginning, reports have been focused on environmental and ecological issues. As society increased demands on companies, environmental and ecological reports have been supplemented by other areas. Nowadays, the most common reports are sustainability reports and CSR reports (Vartiak 2016).

Giannarakis et al. (2011) note that development of CSR standards represents a new framework of corporate governance. They provide instructions for what areas, and how a responsible company should act concerning its stakeholders' expectations. However, a vast number of standards take into account regional, national and sectoral characteristics for companies in order to correspond to specific challenges. According to Ackers (2014), companies are responding by reporting not only on their financial performance but also on their non-financial performance, making CSR reporting practices an important emerging mechanism for corporate governance. Qualitative reports are developed in accordance with certain methodologies to make it easier for stakeholders (and the company itself) to evaluate responsible activities, monitor results, progress and impact on the public (LRBA 2018). Furthermore, the level of quality in sustainability reports developed by the company may enhance its credibility and, in turn, influence the perception of stakeholders improving corporate reputation (Odriozla and Baraiber-Diaz 2017; Fiore et al. 2016). The voluntary character of CSR reports, however, presents a challenge as a communication instrument to engender public trust and credibility (Sethi et al. 2017). When developing sustainability or CSR reports, companies have a possibility to follow the recommendations of the recent ISO26000, or in a more pragmatic way to follow the guidelines established by the Global Reporting Initiative (GRI) (Odriozla and Baraiber-Diaz 2017), or to use principles of UN Global Compact (UNGC). The *UN Global Compact* is the largest voluntary corporate social responsibility initiative. The UNGC was founded in 2000, after a speech by the then UN General Secretary, Kofi Annan, at the World Economic Forum in 1999. The intention of Kofi Annan was to start a dialogue with business and move the UN towards a more proactive role that regards business as part of the solution (Kell 2013; Rasche 2009; Voegtlin and Pless 2014). The UN Secretary-General, Kofi Annan, made an appeal for business to work alongside the UN to "initiate a global compact of shared values and principles, which will give a human face to the global market". Given as such, the motivation of UNGC is above all ethical (Cetindamar and Husoy 2007). The UNGC offers learning and discussion platforms for companies and NGOs, where exchanges are made regarding issues related to CSR development and cooperation (Arevalo and Aravind 2017). Beginning with an initial group of 44 firms, the Compact in 2018 has grown to 13,186 organisations from more than 170 countries around the world. Although there is a number of multi-stakeholders, collaborative platforms for corporate sustainability presently in existence, the UNGC remains the largest and most globally comprehensive and the only such initiative directly connected with the UN (Junaid et al. 2015; Brown et al. 2018). According to United Nations Global Compact website (2018), there were about 5309 organisations in the European Union that had joined the UN Global Compact initiative. The vision of the UN Global Compact is to mobilise a global movement of sustainable companies and stakeholders to create the world we want. The UN Global Compact supports companies in doing business responsibly by aligning their strategies and operations with the Ten Principles on human rights, labour, environment and anti-corruption; and in taking strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation (UN Global Compact 2018).

The UN Global Compact's multi-year strategy is to drive business awareness and action so that to support them in achieving the Sustainable Development Goals by 2030. The SDGs not only identify where we have to be in 2030 to create a sustainable world which leaves nobody behind, they also outline new markets and opportunities for companies all over the world (UN Global Compact 2017). According the UN Global Compact (2018), the new Global Goals result from a process that has been more inclusive than ever with governments, now it is involving business, civil society and citizens from the outset. Fulfilling these ambitions will take an unprecedented effort by all sectors in society, and business has to play a very important role in the process. The Ten Principles provide a common ethical and practical framework for corporate responsibility, understood and interpreted by businesses around the world, regardless of size, complexity or location. Smart companies understand that the principle-based business is about far more than minimum standards or compliance. Principles provide the common ground for partners, a moral code for employees, an accountability measure, and ultimately are the foundation for building trust across the board. By incorporating these Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet but also setting the stage for long-term success (UN Global Compact 2018).

The Ten Principles of the United Nations Global Compact are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption (UN Global Compact 2018). All the Ten Principles are described in Table 10.1.

Such principles become the basis for the business appraisal standards. A global contract, as a core set of principles, can serve as a reference point for business associations and specific companies by developing a coherent

Table 10.1 The Ten Principles of the United Nations Global Compact

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses
Labour
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation
Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies
Anti-Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Source: UN Global Compact (2018)

multilevel social corporate liability system. These principles do not have effective implementation, control or audit mechanisms. All this is the ability of the company to do it only by increasing its competence in this field and employing corporate social responsibility specialists, whose activities are based on the use of scientific conglomerates, knowledge and tools. Only this allows realisation of corporate social responsibility in practice by combining corporate social responsibility with the company strategy, creating certain socially responsible factors, processes and mechanisms in a particular enterprise. If this is not taken into account, these Ten Principles are perceived as a general utopia or an economically unreasonable idealistic endeavour. Participants joining the initiative commit to deepen the interdependencies between both spheres by aligning their business strategies and operations with the ten universal principles. In addition, participants are expected to form partnerships with civil society organisations as well as UN agencies and thus work towards achieving the broader UN goals (e.g., the Millennium Development Goals) (Rasche et al. 2013).

By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet but also setting the stage for long-term success (UN Global Compact 2018). The United Nations Global Compact process also includes an annual Communication on Progress (COP) report. Those who do not meet the COP deadline are marked as "non-communicating" on the Global Compact website. If the non-disclosure continues for an additional year, the companies are delisted from the Compact; however, these companies may reapply (Bitanga and Bridwell 2010). The UNGC reporting requirements are sufficiently clear; companies have to apply the principles of the agreement in their activities. However, there are no scheduled procedures which constituents of the main report and whose indicators the company has to measure.

It is evident that the UNGC is soundly based on ethical values and that it is easily related to all the relevant arguments raised in the ethical theories: emphasising stakeholders, focusing on universal rights, being concerned with sustainable development and taking into consideration the common good. However, seen from an economic perspective it is difficult to judge the UNGC based purely on the principles and its basic ideas

(Cetindamar and Husoy 2007). According to Blowfield and Murray (2008), the UNGC represents a set of voluntary guidelines as opposed to a regulated code of conduct; the Compact does not replace governmental regulation; the UNGC endorses a shared set of universal claims of justice and rights. Finally, the Compact can be considered as a partnership between various stakeholders looking to develop greater awareness around the issues of social responsibility (Christie and Hanlon 2014). According to Bendoraitiene and Simkute (2016), disclosure of non-financial information to businesses provides both internal and external benefits. Companies that disclose social responsibility are more competitive, their brand is more recognisable, and they are characterised by greater transparency and reputation, so it is believed that the role of social responsibility will only grow in the future. According to Tureac et al. (2013), social responsibility may include responsible business of the company, taking into account the parties concerned (shareholders, employees, customers and suppliers); the role of business in relations with the state, at the local and national level, as well as between state institutions and standards; business activities as a responsible member of the public in which this business operates, and the global community. The first approach ensures good organisation management, working conditions, employee rights, training and education. The second approach involves the company complying with the relevant legislation, and the company's responsibility which ensures that the state acts effectively as a taxpayer. Moreover, the third approach can include organisational relationships with humans and the environment, and the communities in which the company operates. As we decided to analyse academic institutions, we can look through these three approaches and see that all of them are suitable for such institutions, for example, attention to internal forces: working conditions, employees; clear legislation and attention to regions, country issues; even initiative to invite lectures and students from aboard. The factors presented as the preconditions for a successful business are the following (Juščius and Šneiderienė 2013): social development, formation of a strong community, development of the region, a better operating environment, a more favourable attitude of the authorities, as well as all these factors together with business as a cooperation between the participants in the general economic activity. Searcy and Buslovich (2014) wrote that typically a corporation would develop an interpretation of sustainability, a sustainability strategy, goals, targets and performance indicators. Then these efforts will be used to guide the company through the development and implementation of sustainability plans, programmes and projects. The results of these initiatives may thus be publicly shared in corporate sustainability reports. Feldman et al. (2014) wrote that organisations nowadays need more than ever to maintain harmonious relationships with their different stakeholders to sustain a competitive economic performance, to be more ethical. On the other hand, Jarosławska-Sobór (2017) argued that in an overregulated economic environment we do not really need further norms and directives to build the value of organisations. Nevertheless, when there is no legal duty to do that, many organisations do not do that at all.

10.3 Research Methods Used

In this research, we used a qualitative research method—document (CSR reports) analysis, where the content of the academic institutions' official CSR reports was studied. Document analysis is a systematic procedure for reviewing or evaluating documents—both printed and electronic (computer-based and Internet-transmitted) material. Like other analytical methods in qualitative research, document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding and develop empirical knowledge (Corbin and Strauss 2008; Bowen 2009). Documents that may be used for systematic evaluation as part of a study take a variety of forms, for example, they include advertisements; agendas, attendance registers and minutes of meetings; manuals; background papers; books and brochures; diaries and journals; event programmes (i.e., printed outlines); newspapers (clippings/articles); press releases; programme proposals, application forms and summaries; radio and television programme scripts; organisational or institutional reports; survey data; and various public records (Bowen 2009). The authors Valackienė and Mikėnė (2008) state that documentary sources in sociological research may include any information captured in the printed or manuscript text, recorded on an audio tape or electronically, or captured in cinema or photography. This concept differs a little from traditionally understood documents known as official materials. Document analysis involves skimming (superficial examination), reading (thorough examination) and interpretation. This iterative process combines elements of content analysis and thematic analysis. Content analysis is the process of organising information into categories related to the central questions of the research (Bowen 2009). The purpose is to explain the phenomenon, not to provide statistics. In addition, this method is good when we need to compare some data. Using this method is also important to provide criteria for analysing information. Therefore, we created some criteria searching for a possibility to analyse and compare different institutions in different countries. When using this method, the reliability of the document and the reliability of the document's information is also very important. The work analysed only official CSR reports of organisations. We analysed academic institutions' reports in PDF format, which were uploaded on the UNGC website. CSR reports are very different, some of them are only 2 pages and some of them consist of more than 15 pages. We examined the most recent reports we found. For the analysis, there were used only the CSR reports found on the UNGC website, whereas links to organisations' newsletters or websites were not analysed, as well as links to the external press.

10.4 Research Ethics and Sample Description

In this research, like in any other, it is important to follow research ethics. The authors took official information from the UNGC website. In order to investigate it in a fair way, we coded organisations so that they would stay anonymous and the information in no way be used against them; consequently, it helped to carry out the honest and detailed evaluation of the organisation's place and name. The authors of the paper followed the basic principles of research ethics (Smith 2003). During the research, anonymity of companies was ensured, and the data was analysed objectivity, without bias.

In Lithuania, 37 organisations (the total number differs every year) have already joined the UNGC, while in Italy 246 organisations. Lithuanian organisations started entering the network since 2005, whereas in Italy the joining process to the UNGC network started in 2001. In total, 164 academic institutions in the EU are connected to the network. In Lithuania, according to the data of the year 2018, there are seven academic institutions connected to the network, whereas in Italy nine institutions. However, two academic institutions from Italy have recently joined the network but have not yet submitted a single report; therefore, the reports of these institutions did not get into the analysis. We collected all possible academic organisations from Lithuania and Italy that are registered in UNGC. The sample consists of seven Lithuanian and seven Italian academic institutions (see Table 10.2).

After the analysis of scientific literature, we have formulated the following questions: Do academic institutions mention in their report mission, vision and values? Do academic institutions clearly describe activities according to the UN Global Compact principles? Do academic institutions provide financial information or only non-financial? What languages do they use for their reports? Do academic institutions include sustainable development goals (SDG)? This is the framework that was carried within the analysis of CSR reports in Lithuanian and Italian academic institutions.

Table 10.2 Time of joining to UNGC and codes of institutions

Number	Type	Country	Joined on
1.	1_Academic	Italy	2015-12-07
2.	2_Academic	Italy	2012-10-18
3.	3_Academic	Italy	2012-07-16
4.	4_Academic	Italy	2011-11-03
5.	5_Academic	Italy	2011-03-22
6.	6_Academic	Italy	2010-03-11
7.	7_Academic	Italy	2007-10-10
8.	1_Academic	Lithuania	2014-12-16
9.	2_Academic	Lithuania	2012-05-18
10.	3_Academic	Lithuania	2012-01-17
11.	4_Academic	Lithuania	2012-01-11
12.	5_Academic	Lithuania	2011-08-24
13.	6_Academic	Lithuania	2011-05-16
14.	7_Academic	Lithuania	2010-10-29

Source: Authors' analysis based on data from the UNGC website (2018)

10.5 Findings

The findings of this study show that universities of Lithuania and Italy have all taken social responsibility honestly. However, some differences in their reporting can be distinguished. For example, the content of the reports analysed through a review of reporting standards, comparison of internal features and a variety of other methods. The findings show that all the investigated academic institutions have the CSR covered areas, except of two Lithuanian academic institutions (the structure of their reports differs from the others).

As the results show, Italian academic institutions are more open in terms of language, because the biggest analysed organisations use the English language. We were analysing if organisations mention in their reports mission, vision and values. We suppose that it is very important for organisations to know the purpose why they are, as then it would be much easier to write their report, to understand the reasons of writing such a report on social responsibility. When analysing the analytical part of CSR reports, we found information about organisations, social activities and, in some of them, about environmental protection (see Table 10.3).

The results are like that because researches have chosen academic institutions; therefore, most criteria are related to human rights (including gender issue) and anti-corruption. Environmental aspects are present only in some of the analysed organisations. Two of the analysed Lithuanian academic institutions do not use CSR metrics in their reports. In most cases, in CSR reports organisations publish information on social issues activities. All academic institutions involved in the survey provided information on the work environment and working conditions. Some of them posted information about employee training, competence, qualification and philanthropic activities.

Regarding the question "Do academic institutions provide financial information or only non-financial?", we found that two academic institutions from Lithuania and one from Italy provide financial information in the report. There was given information about the average remuneration of lecturers and researchers per month, income from the

Table 10.3 Results according to the following criteria: used languages; description of the main aspects of organisations; attention to the UNGC focus areas

Criteria	Lithuania	Italy
What languages did they use in reports? National/English	*National Lithuanian*: 1_Academic, 2_Academic, 3_Academic, 5_Academic *use English*: 6_Academic, 7_Academic, 4_Academic	*National Italian*: 5_Academic *use English*: 1_Academic, 2_Academic, 3_Academic, 4_Academic, 6_Academic, 7_Academic
Did organisations mention in reports? Mission, Vision, and Values	*Yes*: 2_Academic, 3_Academic, 4_Academic, 5_Academic: *No*: 1_Academic, 6_Academic, 7_Academic	*Yes*: 7_Academic, 5_Academic, 2_Academic *No*: 1_Academic, 3_Academic, 4_Academic, 6_Academic
Given attention to the UNGC focus area:	*Human rights* 1_Academic; 2_Academic; 3_Academic; 5_Academic *Labour* 1_Academic; 2_Academic; 3_Academic; 4_Academic; 5_Academic *Environment* 1_Academic; 2_Academic; 3_Academic; 4_Academic; 5_Academic *Anti-Corruption* 1_Academic; 2_Academics; 3_Academic; 5_Academic	*Human rights* 1_Academic; 2_Academic; 3_Academic; 4_Academic; 5_Academic; 6_Academic; 7_Academic *Labour* 1_Academic; 2_Academic; 3_Academic; 4_Academic; 5_Academic; 6_Academic; 7_Academic *Environment* 1_Academic; 2_Academic; 3_Academic; 4_Academic; 5_Academic; 6_Academic; 7_Academic *Anti-Corruption* 1_Academic; 2_Academic; 3_Academic; 4_Academic; 5_Academic; 6_Academic; 7_Academic
Do organisations contribute to SDG?	Yes: 1_Academic	Yes: 1_Academic; 2_Academic

Source: Authors' analysis based on the data on the UNGC website (2018) outsourced research, the average amount of scholarships for one state funded student and other financial information. Other organisations, including Lithuania and Italy, do not present any financial information. Only in some reports, there was found information about the number of employees and how this number was changing during the years. From such information, we can only guess that fewer employees can be more effective and do more jobs, or that there was a bad economic situation in an academic institution and this organisation had to cut salaries or dismiss employees from job. For deeper analysis, we did not search for information in other sources, we just analysed information presented in CSR reports.

Also, we discovered that only one academic institution from Lithuania and two from Italy indicate how they contribute to sustainable development goals (SDG). As the observed results show sustainability and corporate social responsibility in CSR reports are seen like separate parts of the analysed areas, but actually they are described analysing the Ten Principles. We cannot separate, for example, favourable working conditions as the feature of socially responsible organisation and the same feature in the social dimension of sustainability, or, also, when we are talking about employees from the perspective of human rights dimensions, that is, equal rights concerning age, gender, legitimacy, and so on.

We can assume that socially responsible organisations can better predict the rapidly changing societal expectations and operating conditions. Organisations can earn long-term trust in employees, consumers and citizens thanks to good relationships supported by trust (Thrassou et al. 2018). Greater trust helps to create an environment in which businesses can innovate and grow. Society as a whole benefits from it, as corporate social responsibility can make a significant contribution to the objectives of the Treaty on European Union relating to sustainable development and a highly competitive social market economy. Responsible corporate behaviour is very important when private sector companies provide public services; the same can be also applied to academic institutions. Organisations have a share of social responsibility for mitigating the social consequences of the current economic crisis, including job losses. It should be emphasised that corporate social responsibility relates to certain values that should contribute to a more cohesive society and a transition to a sustainable economic system.

The benefit of writing reports are as follows: demonstration of organisation's strengths (paying attention to good working conditions, employee rights, etc.), increase of employee satisfaction and loyalty, motivation, improvement of service quality; promotion of efficient use of resources; enhanced reputation of the organisation and improvement of its image; increase of the transparency and accountability of organisations; promotion of partnership/dialogue with stakeholders; moral commitment to society to carry out socially responsible activities, because companies are part of society and public support is essential for their successful functioning.

However, there are also possible dangers of reporting, as: small organisations do not have enough human and time resources to record all activities during the year; small organisations possibly do not see the financial effect of being the member of UNGC; employees do not find reports valuable; only some employees are aware of these reports and thus there is lack of information about the performed activities.

10.6 How to Write a Good Quality Report on Social Responsibility

On the one hand, it is easier that there is not given a strict structure of the report. As it was observed in academic institutions' reports, they were very different including the content and number of pages. Some of the institutions reported things important only for them and sometimes it was not very clear who was the addressee of these reports. What are the most valuable and important things in the organisation? On the other hand, if the information delivered in reports was very strict, some type of organisations may feel stress that they have not done enough in some field, for example, organisations that do not produce anything and do not have some ecological standards. The analysed academic institutions do not pay enough attention to sustainability; only few academic institutions mentioned which SDG they contribute to. Every organisation that declares social responsibility should clearly state which SDG they can contribute to, in this way, organisations could contribute more to global problem solving. In some reports, we found very formal documents: there were all Ten Principles just rewritten from the document without real explanation how these principles are followed in an organisation and what were real steps to develop an organisation. Therefore, if there were uniform guidelines for reporting, the reports would be of higher quality. Another very important issue is related to organisational culture created in the organisation. If organisational culture is based on values which meet the key principles of social responsibility, that will help organisations in practice to be socially responsible, not just in some documents (reports). Actually, it would help to write better reports with real content (and not just only rewrite the Ten Principles without explanation how and where they were used).

Some recommendations for improvement of writing reports:

- Integration of CSR with annual reports of organisations.
- Person (or department) responsible for collecting data each month.
- Creation of a system in organisations for employees to know what information is useful for CSR reports and delivering of information to a responsible person (or department).
- In CSR reports, there should be not only information what was done but also a plan or directions for development, some reflection of the previous actions. The reflection will help employees to be more engage in CSR report writing.
- Managers of organisations should present and spread CSR reports to all employees during the meetings, annual celebrations or other big events in organisations. This is very important for employees to feel that they are working in a good organisation.

We want to emphasise that the Social Responsibility Report helps to compare companies operating in the same and different sectors, shows the company's results and helps to solve social and environmental issues. Benefits of social responsibility for an organisation are as follows: help reduce the environmental impact of business; consumption of resources; form the trust atmosphere among the target group (customers, suppliers, partners, buyers) in the organisation; increase loyalty of employees; identify the areas of risk and opportunities; simplify work processes by reducing costs and increasing work efficiency; act as a preventive measure for environmental protection, human rights and so on; promote internal and external communication (dialogue with stakeholders); and help to identify future plans and strategies.

10.7 Conclusions and Implications for Practice

There is no doubt that organisations benefit from joining to UNGC; it brings long-term trust from the communities, a good brand image. Companies are valued more when they try to share their results and tasks with communities, and when they are more open and visible in the world community. Social responsibility enhances the reputation of the organisation, giving it greater customer confidence. Social responsibility is an important factor in motivating employees, and attracting and retaining highly skilled workers, promoting efficient use of resources. It is also important that the organisation continually improves its image both in society and among its employees as it must constantly ensure favourable working conditions. Similarly, the implementation of social responsibility can provide valuable insights into partnerships that create synergies between the public, private sector and the community capacity. These areas are so important for academic institutions.

The research illustrated the process of developing CSR reports of academic institutions. The voluntary standards make comparisons of CSR reports, but to do that between academic institutions it is quite difficult. Organisations contribute to sustainable development through social responsibility that are social (human rights, labour rights), environmental (environmental) and economic (anti-corruption) factors. But from reports we saw that only few of Lithuanian and Italian academic institutions understood these connections and wrote about that.

After the theoretical and practical analysis of CSR reports, we created some recommendations for improvement in writing reports such as to create an online form with content and structure, to integrate it with annual reports and to create organisational culture with involvement of socially responsible aspects in daily life. One of limitations of this research is that it is focused exclusively on the perspectives of people working in academic institutions in Lithuania and Italy. The sample of analysed organisations is not so big for recommendations and generalised conclusions.

This research can actually help define concrete steps to develop possible ways how to write reports easier on, thus by trying to create a strong link between the theory and practice issues in the academic context. Another task is to show more opportunities for organisations to be a member of UNGC. In line with scholars' recent studies (Demetriou et al. 2019; Chatzoglou et al. 2017), CSR needs to be interpreted not simply as a process, but as a value-adding approach across the academic organisations both vertically and horizontally in an integrated theoretical-practical way. This naturally should lead to being not too generic and theoretical but would help bring managerial and conceptual issues, that is, institutions have to adopt and adapt reports appropriately, because new challenges ask to re-interpret academic aims by considering students' needs and the public reform processes. This work sheds some light and gives insights that can help consider practical, contextual and organisational parameters towards theoretical understanding and practical application in order to allocate European academic institutions in the international markets thus attracting skilled students and talents.

References

Ackers, B. (2014). Corporate Social Responsibility Reporting: What Boards of Directors Need to Know. *Corporate Board: Role, Duties & Composition, 10*(3), 38–59.

Ahmad, N. B., Rashis, A., & Gow, J. (2017). Board Independence and Corporate Social Responsibility (CSR) Reporting in Malaysia. *Australasian Accounting, Business and Finance Journal, 11*(2), 61–85. https://doi.org/10.14453/aabfj.v11i2.5

Alzyoud, S. A., & Bani-Hani, K. (2015). Social Responsibility in Higher Education Institutions: Application Case from the Middle East. *European Scientific Journal, 11*(8), 122–129.

Arevalo, J. A., & Aravind, D. (2017). Strategic Outcomes in Voluntary CSR: Reporting Economic and Reputational Benefits in Principles-Based Initiatives. *Journal of Business Ethics, 144*(1), 201–217.

Bendoraitiene, E., & Šimkutė, E. (2016). The Assessment of CSR Disclosure in Large Lithuania Companies. *Applied Economics: Systematic Research, 10*(1), 43–63.

Bitanga, J., & Bridwell, L. (2010). *Corporate Social Responsibility and the United Nations Global Compact*. http://www.larrybridwell.com/Corporate%20Social%20Responsibility%20and%20UN%20Global%20Compact BitangaBridwell.pdf. Accessed 23 Dec 2018.

Blowfield, M., & Murray, A. (2008). *Corporate Responsibility: A Critical Interdiction*. Toronto: Oxford University Press.

Bowen, G. A. (2009). Document Analysis as a Qualitative Research Method. *Qualitative Research Journal, 9*(2), 27–40.

Branco, M., & Rodrigues, L. (2006). Communication of Corporate Social Responsibility by Portuguese Banks: A Legitimacy Theory Perspective. *Corporate Communications: An International Journal, 11*(3), 232–248.

Brown, J. A., Clark, C., & Buono, A. F. (2018). The United Nations Global Compact: Engaging Implicit and Explicit CSR for Global Governance. *Journal of Business Ethics, 147*(4), 721–734.

Cetindamar, D., & Husoy, K. (2007). Corporate Social Responsibility Practices and Environmentally Responsible Behavior: The Case of the United Nations Global Compact. *Journal of Business Ethics, 76*(2), 163–176.

Chatzoglou, P., Chatzoudes, D., Amarantou, V., & Aggelidis, V. (2017). Examining the Antecedents and the Effects of CSR Implementation: An Explanatory Study. *EuroMed Journal of Business, 12*(2), 189–206.

Christie, K., & Hanlon, R. J. (2014). Sustaining Human Rights and Responsibility: The United Nations Global Compact and Myanmar. *Athens Journal of Social Sciences, 1*(1), 9–20.

Corbin, J., & Strauss, A. (2008). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory* (3rd ed.). Thousand Oaks: Sage.

Demetriou, M., Thrassou, A., & Papasolomou, I. (2019). Beyond Teaching CSR and Ethics in Tertiary Education: The Case of the University of Nicosia, Cyprus (EU). *World Review of Entrepreneurship, Management and Sustainable Development, 14*(1–2), 97–122. https://doi.org/10.1504/WREMSD.2018.089079

European Commission. (2018). http://ec.europa.eu/growth/industry/corporate-social-responsibility_lt. Accessed 20 Dec 2018.

Feldman, P. M., Bahamonde, R. A., & Bellido, I. V. (2014). A new Approach for Measuring Corporate Reputation. *Revista de Administração de Empresas São Paulo, 54*(1), 53–66.

Fernandez-Feijoo, B., Romero, S., & Ruiz, S. (2014). Effect of Stakeholders' Pressure on Transparency of Sustainability Reports Within the GRI Framework. *Journal of Business Ethics, 122*(1), 53–63.

Fiore, M., Galati, A., Crescimanno, M., Contò, F., Giacomarra, M., & Tinervia, S. (2016). Managerial Suggestions to Sustainable Market Choices: A Business Profitability Assessment on the Adoption of Voluntary Certification in the Wine Industry of the Italian "Mezzogiorno" Regions. *Quality-Access to Success, 17*(154), 71–78.

Giannarakis, G., Litinas, N., & Sariannidis, N. (2011). Evaluation of Corporate Social Responsibility Performance Standards. *African Journal of Business Management, 5*(17), 7367–7374.

Jarosławska-Sobór, S. (2017). Do We Need Social Reports? New Challenge for Corporate Social Responsibility. *Marketing of Scientific and Research Organizations, 26*(4), 81–100.

Junaid, N., Leung, O., & Buono, A. (2015). Institutionalization or Decoupling? An Exploratory Analysis of the UN Global Compact LEAD Initiative. *Business and Society Review, 120*(4), 491–518.

Juščius, V., & Griauslytė, J. (2014). Corporate Social Responsibility Reporting in Lithuanian Business Practice. *Management of Organizations: Systematic Research, 69*, 55–70.

Juščius, V., & Šneiderienė, A. (2013). Įmonių socialinės atsakomybės įtaka regioninei plėtrai. *Regional Formation and Development Studies, 1*(9), 66–78.

Kell, G. (2013). 12 Years Later: Reflections on the Growth of the UN Global Compact. *Business & Society, 52*(1), 31–52.

Kitora, Y., & Okuda, S. Y. (2017). The Effects and Determinants of Extensive Disclosure: Evidence from Japan. *Corporate Ownership and Control, 5*(2), 212–224.

Lithuanian Responsible Business Association (LRBA). (2018). http://www.asociacijalava.lt/. Accessed 10 Dec 2018.

Lizarzaburu, E. R., & del Brío, J. (2018). Corporate Social Responsibility and Corporate Reputation in Emerging Countries: An Analysis of the Peruvian Banking Sector. In D. Vrontis et al. (Eds.), *Innovation and Capacity Building, Palgrave Studies in Cross-disciplinary Business Research*, *In Association with EuroMed Academy of Business*. https://doi.org/10.1007/978-3-319-90945-5_4.

Melanthiou, Y., Thrassou, A., & Vrontis, D. (2017). A Value-Based Transcription of Student Choices into Higher Education Branding Practices. *Global Business and Economics Review, 19*(2), 121–136.

Nyarku, K. M., & Hinson, R. E. (2018). Corporate Social Responsibility Reporting of Banks Operating in Ghana African. *Journal of Business Ethics, 11*(2), 19–36.

Odriozla, M. D., & Baraiber-Diaz, E. (2017). Is Corporate Reputation Associated with Quality of CSR Reporting? Evidence from Spain. *Corporate Social Responsibility and Environmental Management, 24*, 121–132. https://doi.org/10.1002/csr.1399

Rasche, A. (2009). A Necessary Supplement: What the United Nations Global Compact Is and Is Not. *Business & Society, 48*(4), 511–537.

Rasche, A., Waddoch, S., & McIntosh, M. (2013). The United Nations Global Compact Retrospect and Prospect. *Business & Society, 52*(1), 6–30.

Salehi, M., Lari DashtBayaz, M., & Khorashadizadeh, S. (2018). Corporate Social Responsibility and Future Financial Performance: Evidence from Tehran Stock Exchange. *EuroMed Journal of Business, 13*(3), 351–371.

Searcy, C., & Buslovich, R. (2014). Corporate Perspectives on the Development and Use of Sustainability Reports. *Journal of Business Ethics, 121*(2), 149–169.

Sethi, P. S., Martell, T. F., & Demir, M. (2017). Enhancing the Role and Effectiveness of Corporate Social Responsibility (CSR) Reports: The Missing Element of Content Verification and Integrity Assurance. *Journal of Business Ethics, 144*, 59–82.

Shams, R., & Thrassou, A. (2018). Theorisation and Research Project Development: Bridging the Industry–Academia Research Gap. *Industry and Higher Education*, 1–4. https://doi.org/10.1177/0950422218797919

Smith, D. (2003). Five Principles for Research Ethics. *Monitor on Psychology, 34*(1), 56.

Spyra, Z. (2017). Environmental Aspects as an Area of CSR and Building the Image of Retailers' Private Labels. *Marketing of Scientific and Research Organizations, 26*(4), 135–160.

Thrassou, A., Orfanos, D., & Tsoukatos, E. (2018). In D. Vrontis et al. (Eds.), *Innovation and Capacity Building*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business. https://doi.org/10.1007/978-3-319-90945-5_5.

Tureac, C. E., Turtureanu, A. G., Bordean, I., & Modiga, G. (2013). Corporate Social Responsibility and Sustainable Development. *Acta Universitatis Danubius. Economica, 5*(1), 111–118.

UN Global Compact. (2017). *Making Global Goals Local Business*. https://www.unglobalcompact.org/docs/publications/MGGLB-2017-UNGA.pdf. Accessed 5 Dec 2018.

United Nations Global Compact. (2018). https://www.unglobalcompact.org. Accessed 5 Dec 2018.

Valackienė, A., & Mikėnė, S. (2008). *Sociologinis tyrimas: Metodologija ir atlikimo metodika*. Kaunas: Technologija.

Vartiak, M. L. (2016). CSR Reporting of Companies on a Global scale/3rd Global Conference on Business Economics. *Procedia Economics and Finance, 39*, 176–183.

Voegtlin, C., & Pless, N. M. (2014). Global Governance: CSR and the Role of the UN Global Compact. *Journal of Business Ethics, 122*(2), 179–191.

Vrontis, D., Thrassou, A., & Melanthiou, Y. (2007). A Contemporary Higher Education Student-Choice Model for Developed Countries. *Journal of Business Research, 60*(9), 979–989.

Vrontis, D., Viassone, M., & Thrassou, A. (2015). The Role and Potential of Social Networks Sites in Tertiary Education. *Sinergie Italian Journal of Management, 33*(97), 55–82.

11

The Practicable Aspect of the Omni-Channel Retailing Strategy and Its Impact on Customer Loyalty

Tandy Christoforou and Yioula Melanthiou

11.1 Introduction

The motion of retailers attempting to integrate their multiple retailing channels began over a decade ago, with the development of the revolutionary tool known as World Wide Web (Lazaris and Vrechopoulos 2014; McCormick et al. 2014), which made the commercial transactions accessible. Through this multi-channel retailing, retailing channels function mostly as independent entities and in isolation (Thrassou and Vrontis 2008; Picot-Coupey et al. 2016; Melacini et al. 2018). This independency however raised a crucial issue: the cannibalization of sales from one channel by another and was deemed hazardous for many businesses operating within multiple channels (Kollmann et al. 2012). In an effort to

T. Christoforou
University of Nicosia, Nicosia, Cyprus

Y. Melanthiou (✉)
Marketing Department, School of Business, University of Nicosia,
Nicosia, Cyprus
e-mail: melanthiou.y@unic.ac.cy

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_11

rectify this issue, the concept of Omni-channel was developed. As defined by Levy et al. (2014), Omni-channel retailing is the combination of all shopping channels to provide a seamless experience to consumers. Customers enjoy a complete shopping experience through all the customer touch points: visiting the physical store, e-commerce, reading reviews and blogs about products, and so on. Consequently, physical stores and online stores are deemed as complements to one another rather than competitors (Demko-Rihter and ter Halle 2015).

Furthermore, today's customers are one step ahead of retailers, having progressed to Omni-channel shoppers (Emarketer.com et al. 2019) and utilize a variety of channels to put together a sole purchase, and ultimately 'reward' the retailers who 'empower' them to do so (Emarketer.com et al. 2019). In a study conducted by Oracle Retail (2014), 124 retailers and wholesalers were asked to provide the ways their Omni-channel strategies had improved their business, to which the most cited answers were that their strategies improved customers' loyalty by 66%, and that brand interaction also increased by 44%. This clearly portrays just how an integrated Omni-channel approach brings businesses closer to their customers.

11.2 Theoretical Foundation

11.2.1 Omni-Channel Retailing

According to Mosquera et al. (2018), retail is no longer synonymous with only brick-and-mortar. Although, historically, the retailers' role in society was to sell goods and provide services to consumers (Sundström and Radon 2014), the way retail operates in the last 20 years has changed fundamentally. Retail has progressed from the traditional 'brick-and-mortar' due to the dawn of the online channels and the constant digitalization (Verhoef et al. 2015; Mosquera et al. 2018). Digitalization and the online channels cannot be understood without first describing the progress of the World Wide Web (Prabhu 2016). At the early stages of the web, Web 1.0 was a *read-only web*, described as a set of static websites that did not offer interactive content. Web 1.0 progressed to Web 2.0 and became a *bi-directional* platform, allowing users to read and write through the platform (Aghaei et al. 2012; Prabhu 2016), allowing anyone the ability of contributing content and interacting with one another. This interaction, contribution as well as customization, has noticeably altered the scenery of the web. This era empowered many remarkable and innovative developments such as social media websites, e-commerce, and m-commerce (Mata and Quesada 2014; Leonidou et al. 2018). The environment alongside rapid technological advancements of web technologies seen in the last decade has created a platform for retailers to conduct business. With technological improvements, a new strategy was developed called multi-channel retailing allowing consumers to interact with the company, but ultimately suffered the silo effect and this lack of communication between them resulted in bad experiences for the consumers. This gave rise to the Omni-channel strategy and revolutionized the retailing environment as it blends the online and offline worlds. With the integration of retailing channels, consumers can begin their shopping journey in one channel and fulfil it in another, resulting in a 'seamless experience' and an increase in engagement (Mosquera et al. 2018). Shifting from multi-channel retailing to Omni-channel retailing is, however, challenging, and even more so attempting to create a seamless and integrated retail experience (Boardman and McCormick 2018). But Omni-channel retail is rapidly becoming the norm. According to Verhoef et al. (2015), the retail industry is progressing towards a seamless Omni-channel retailing 'turning the world into a showroom without walls', and where 'neither the customer nor the retailer distinguishes between physical store and the internet channel anymore' (Wollenburg et al. 2018). An Omni-channel strategy functions as a twenty-first century weapon fighting against the cut-throat competition, which most of the companies are facing daily.

11.2.2 Omni-Consumers and Customer Loyalty

Today, an increasing number of consumers employ a variety of channels simultaneously in an attempt to search and compare for a service or product information so as to complete a sole purchase (Vrontis et al. 2017;

Yurova et al. 2017); thus, the expression Omni-consumer was shaped to describe those consumers. Court et al. (2009) describe current Omni-consumers' shopping habits as anything but straightforward, signifying an alteration to the path-to-purchase, since consumers circle back to different touch points. This change was caused due to the reason that the world travels in the digital era, which provides the availability to consumers to make their purchasing transactions in multiple simultaneously ways, on the platforms of their preference (Court et al. 2009). Consequently, the Omni-channel concept was driven by Omni-consumers desiring from retailers to orchestrate a seamless customer experience across all customer touch points: online and offline (Hilken et al. 2018).

An example of a 'seamless customer experience' is when customers choose their preferred channel to shop from; they might begin by being lured by a television commercial that mentions the company's website. Later on at home, the consumer can find more information online and may proceed to add the preferred product in the websites shopping basket but however does not complete the purchase. On the way to work, this consumer accesses the company's website through the installed mobile application and completes the purchase by selecting the option to pick up the item from the physical store. This example shows that the consumers can circle around different platforms without disrupting their transaction process. The progress that the consumer made through the website does not get lost in the mobile application since they are synchronized. Consequently, the Omni-channel retailing strategy purpose is this 'seamless customer experience' in spite of the purchase phase or the platform or channel the consumer used (Mirsch et al. 2016).

The research discussed in this chapter explored customer loyalty and explicitly the attitudinal perspective of customer loyalty. Numerous researchers have attempted to define customer loyalty (Bakti and Sumaedi 2013), but there is not one single universal definition for customer loyalty but is rather explained as consisting of three elements: conative—behavioural perspective, affective—attitudinal perspective, and cognitive—composite perspective. The attitudinal perspective, conversely, assists in supplemental understanding of loyal behaviour, signifying that customer loyalty is approached as an attitudinal construct. Attitude indicates the extent to which a consumer's disposition towards a service is favourably inclined, with this inclination being reflected by activities such as when customers recommend service providers to other consumers or their commitment to re-patronize a preferred service provider (Dimitriades 2006).

11.3 Theoretical Elaboration: The Omni-Channel Retailing Challenges

Following an extensive literature review, indeed there seemed to be somewhat of a lack in Omni-channel-related theoretical research, as also identified by McCormick et al. (2014) and Picot-Coupey et al. (2016). This research aimed to address a few Omni-channel implementation challenges, and at the same time show how these challenges could be overcome and turned into capabilities so as to satisfy the Omni-consumer. While a relative lack in theory hinders our understanding of Omni-channel strategy, there also is limited application of Omni-channel strategy amongst retailers, with those few adopters facing a number of significant challenges to overcome and successfully implement an integrated Omni-channel strategy in their organization (Emarketer.com, et al. 2019; Oracle Retail 2014; Picot-Coupey et al. 2016). The specific challenges retailers are facing include (but are not necessarily limited to) (1) implementing information and communication technologies (ICT)—technological advancements (Lazaris and Vrechopoulos 2014) and information systems, (2) business intelligence (BI) (David Stone and David Woodcock 2014), (3) implementing customer relationship management (CRM) (Demko-Rihter and ter Halle 2015; Hailey 2015), (4) re-designing the supply chain (Piotrowicz and Cuthbertson 2014), (5) performing Omni-channel marketing (Demko-Rihter and ter Halle 2015), and (6) eliminating the silo effect (Piotrowicz and Cuthbertson 2014; McCormick et al. 2014). Dealing with these challenges, retailers will be able to provide a seamless, coordinated, customer-driven Omni-channel approach to Omni-consumers.

11.3.1 Challenge 1: Information and Communication Technologies

According to Lazaris and Vrechopoulos (2014), the term 'Omni-channel retailing' was first coined following a study of International Data Corporation (IDC's) Global Retail Insights research unit in 2009. Although Omni-channel retailing was initially used as a buzzword, it gained industry credibility when information and communication technologies became more mainstream. These technologies (e.g. mobile devices, in-store technologies, augmented reality, location-based services) were both online and offline, intertwining all retailing channels and providing a 'seamless integrated experience' for consumers, and at the same time empowering retailers with valuable tools. This further gave rise to digital marketing connecting current and future customers with retailers digitally (Vrontis et al. 2017).

Retailers need to utilize technology in their physical stores that interacts with customers providing an integrated customer experience. This kind of in-store technology creates a holistic shopping experience and it should be practical, enjoyable, and interesting in order to enhance the customers' overall shopping journey (Juaneda-Ayensa et al. 2016; Lazaris and Vrechopoulos 2014; Parise et al. 2016). While in-store technological solutions develop innovative opportunities for differentiation and succession in the Omni-world, they could be challenging to implement due to limited resources, mainly of a financial nature. However, brands need to grasp this digitalized opportunity and reinvent the physical store so as to improve customers' experience (Parise et al. 2016), drive growth (Lazaris and Vrechopoulos 2014) and have a positive impact on sales (Parise et al. 2016).

An in-store technology could be used as 'virtual agents'. These 'virtual agents' can take the form of live experts that connect with customers through video conferencing, or interact with consumers through smartphone applications or augmented reality technology (Parise et al. 2016). Virtual agents interact with customers, answering any questions and provide recommendations and advice. Another in-store technology could be augmented reality software, for example, touch-screen recommenders, virtual mirrors, and in-store product videos. Sephora, a cosmetics retailer, introduced virtual mirrors in their physical stores and consumers could see what they would look like wearing different kinds of make-up. This interactivity gives consumers a sense of control as they converse with the brand about their desires and needs. Based on a large-scale survey of U.S. shoppers, 71% of respondents wanted access to in-store digital content, 85% would prefer self-serve in-store digital access, and 70% believe a personalized experience (e.g. service, advice, offers) would encourage them to make more purchases (Parise et al. 2016). These findings further support the need for integrating ICT in the Omni-channel strategy of a retail establishment, combining the touch-and-feel information gathered in the physical store, with online content thus establishing an Omni-world (Lazaris and Vrechopoulos 2014).

11.3.2 Challenge 2: Business Intelligence Systems

Recent technological advancements in information systems, such as the arrival of Business Intelligence systems, have expanded the ability of businesses to gather and analyse data for the decision-making process (Shollo and Galliers 2016). According to Stone and Woodcock (2014), information systems such as business intelligence are required to gather customers' data in a timely manner. Business Intelligence (BI) can be described as 'the engine room of interactive marketing', including a mixture of technologies, architectures, procedures, and methodologies that converts unprocessed data into advantageous business information. The authors further stress that a Business Intelligence system succession relies on businesses developing their processes and people and system capabilities so as to interact dynamically with the consumers in all available channels (Stone and Woodcock 2014). The challenging part, however, is in managing and analysing large volumes of data for the purpose of transforming raw collected data into useful business information (Stone and Woodcock 2014) and consequently using them to support the decision-making process of an organization (Shollo and Galliers 2016).

11.3.3 Challenge 3: Customer Relationship Management (CRM)

Demko-Rihter and ter Halle (2015) place customer relationship management (CRM) as a key component in achieving the integrated Omnichannel vision, given that customer centricity relies at the heart of an Omni-channel strategy. CRM can be described as the course of action of boosting customers' satisfaction levels and loyalty and offering them a one of a kind purchase experience carried through traditional and non-traditional channels that position customers in the heart of the retailers' strategy and provide an imperative competitive advantage to the retailers.

CRM has become somewhat of a standout amongst the most dynamic innovation of the millennium (Hasan 2018). This application gathers customers' data from all the customers touch points which enable companies to have a holistic view of them. Analysing the huge amount of customers' data efficiently and effectively in order to extract relevant information results in achieving the maximum insight into the behaviour and needs of the customers throughout their customer journey (Trautmann et al. 2017). The outcome of employing such a customer-centric system can provide the organization personalized content for each one of their customers instead of viewing them as a group and can in turn further predict the patterns of their future buys (Hasan 2018).

11.3.4 Challenge 4: Re-Designing the Supply Chain

Piotrowicz and Cuthbertson (2014) stress the need of re-designing the supply chain, and Patange et al. (2015) indicate activities such as purchasing, warehousing, transportation, and distribution along with customer service that could function inside of a sole operation in the supply chain, instead of each operation working in silo. These activities/operations should communicate between them, and it is exactly this synchronization of the supply chain activities that creates customer value (Kuźmicz 2015).

In a successful Omni-channel strategy blurring the lines between the online and offline channels is imperative; hence the product availability, returns, delivery options, reverse flows, logistics, and inventory management across the channels towards the consumers should be handled (Piotrowicz and Cuthbertson 2014). Nowadays, retailers must contend through an 'increasingly complex distribution system' to get to the end user due to the growth of e-commerce via mobiles, tablets, and other mediums. Additionally, as innovative technologies continue to fade the difference between online and physical channels, retailers are creating new ways of utilizing smart devices as well as social networks so as to engage the end users through the Omni-channel perspective (Kozlenkova et al. 2015).

Today's business world is in a constant state of transformation signifying that businesses need to grasp any opportunity available to keep up and differentiate so as to satisfy the Omni-consumer who demands to be presented with choices such as 'click-and-collect', 'touch-and-feel', 'next or same-day delivery', 'free shipping', 'hassle-free returns policy', 'buy online return to store', and so on. These world transformation and innovative changes are pushing the need for re-designing the supply chain (Strang 2013; Santoro et al. 2018).

11.3.5 Challenge 5: Marketing

Gupta (2016) states that the age-old business mantra 'Customer is king' still exists and the Omni-channel strategy provides companies the most customer-centric approach. Customer centricity is the ability to get and stay ahead by giving long-term value to and from customers, in a way that makes it difficult for the competition to catch up (Naidu and Mashanda 2017). Omni-consumers demand a seamless shopping experience at every interaction or touch point with the company. This could be either during a physical store experience, through e-commerce or m-commerce retail, during home delivery, delivery at store or collection point, or during any other interaction or touch point. Customers want to take advantage of the brick-and-mortar stores, including the ability to try or touch the products, to be assisted by sales consultants, and to live the whole shopping experience; however, they also want all possible product information, such as reviews, tips, competitive prices, which can only be found online.

A thriving retail strategy should be a mixture of personalized marketing delivered directly to the customers' smartphones and proactive marketing based on the customers' purchase history and data analytics. A personalized customer experience which is at the core of a retailer's strategy is described as a customer-centric strategy. This procedure of boosting customers' loyalty and presenting a personalized purchase experience delivered through various physical and online channels positions the customer in the centre of a retailer's strategy and results in an advantage over their competition (Demko-Rihter and ter Halle 2015). Consequently, marketing plays a vital role in an Omni-channel strategy and must coordinate and integrate between information technologies, information systems, and the supply chain departments of the company. Furthermore, in an effort for goods and promotions to be presented the same across all channels, offline marketers have begun to implement mobile marketing in the physical stores benefiting from e-commerce platforms (Lazaris and Vrechopoulos 2014).

11.3.6 Challenge 6: The Silo Effect

Once the challenges are overcome and turned into fundamental capabilities which will be integrated in a synchronized and coordinated manner, the various departments of the organization will discontinue operating in 'silo' (Piotrowicz and Cuthbertson 2014; Emarketer.com et al. 2019), and retailers will successfully achieve an Omni-channel retailing approach which will satisfy the Omni-consumer demands. In addition, the channels and touch points must be managed as a unit. This unification provides to the consumer the opportunity to experience the brand as a whole and not only the channel (Mirsch et al. 2016). This is further supported by McCormick et al. (2014) who stressed the need for businesses to put an end to managing channels within isolation, given that a consumer has a single perception of a business and does not view a company's departments as separate operating units.

11.4 Research Methodology

This chapter explores the challenges of an integrated Omni-channel retailing strategy in the 'bricks and clicks' retail cosmetics industry of Cyprus, and the impact of this strategy on the attitudinal perspective of customers' loyalty, when implemented by an organization, and specifically in the Cyprus cosmetics 'bricks and clicks' retail industry. Four objectives were set so as to achieve the overall aim of the study: (1) to analyse the specific challenges of an integrated Omni-channel retailing approach; (2) to investigate if existing application challenges of integrated Omni-channel retailing strategy apply to the case under study; (3) to investigate if an integrated Omni-channel retailing strategy would increase the attitudinal perspective of customers' loyalty towards the case under study; and (4) to obtain a better understanding of the Omni-consumers' shopping path.

The design of this research was based on an exploratory qualitative approach and took the form of a single embedded case study through the investigation of a single 'brick and click' retailer, BeautyLine. BeautyLine Stores implement an Omni-channel strategy and operate within the cosmetics industry of Cyprus with 15 stores throughout the island, including an e-commerce website. The reasons which led the researchers in choosing to study BeautyLine Stores are that they are the leading players in the cosmetic industry of Cyprus and are considered to be innovative retailers, and that they are the only ones in the cosmetic retail industry in Cyprus striving to offer an Omni-channel (all-in) experience to the consumers. Additionally, hitherto no other research has investigated the Omni-channel concept in any industry of Cyprus.

Qualitative data was gathered through four 'face-to-face' semi-structured interviews with open-ended questions, directed to executives who are considered experts in their respective departments of BeautyLine Stores. The four participants came from different operating departments of BeautyLine Stores. Specifically, the interviewees were the IT executive, the Director of Purchasing and Strategic Planning executive, the CRM executive, and the General Manager of BeautyLine Stores (former Executive Marketer of BeautyLine Stores).

In addition to these four interviews, two sets of focus groups were conducted with customers of BeautyLine Stores. The demographic characteristics of the individuals that participated in the first focus group were middle-aged women, specifically 40 to 60 years old. The reason for choosing solely women was because women constitute the majority of shoppers in the cosmetic industry, supported also by Gupta (2013), who suggested that women in the 40–60 age groups are heavy cosmetic users purchasing cosmetics more than three times in a given period of six months. The demographic characteristics of the second focus group were millennial women (ages 18–34) who, based on a cosmetic study, were found to be the heaviest buyers of cosmetic products purchasing more than ten types of products per year (Tabs Analytics 2015). Moreover, millennial women are extremely engaged in their beauty routines, using a broad range of beauty products, spend more time than average on their appearance, and report strong skill levels and regular experimentation (Mintel.com 2017). The two sets of focus groups had the same set of questions as the semi-structured interviews in order for the researcher to be able to compare the research findings employing deductive content analysis.

11.5 Findings and Discussion

The four research objectives initially set were aligned with the research findings. The first objective was to analyse the specific challenges of an integrated Omni-channel retailing approach. This objective was met through the literature review which identified the following challenges: (a) information and communication technologies (technological advancements (Lazaris and Vrechopoulos 2014), information system), (b) business intelligence (BI) (Stone and Woodcock 2014), (c) customer relationship management (CRM) (Demko-Rihter and ter Halle 2015; Hailey 2015), (d) re-designing the supply chain (Piotrowicz and Cuthbertson 2014), (e) Omni-channel marketing (Demko-Rihter and ter Halle 2015), and (f) eliminating the silo effect (Piotrowicz and Cuthbertson 2014; McCormick et al. 2014).

The second objective was to investigate if existing application challenges of integrated Omni-channel retailing strategy, as identified in literature review, apply to the Cyprus cosmetics retail industry and specifically to the case under study. The findings showed that BeautyLine Stores, having implemented an integrated Omni-channel retailing strategy in their organization, have overcome the challenges identified in the literature and are now Omni-channel integrated capabilities. The company further constantly strives to achieve a fully integrated Omni-channel retailing strategy in an effort to satisfy their customers and continue leading in their industry.

The third objective was to investigate if an integrated Omni-channel retailing strategy would increase the attitudinal perspective of customers' loyalty towards BeautyLine Stores. The research findings revealed that an integrated Omni-channel retailing strategy followed by a 'brick and click' retailer, positively influences the attitudinal perspective of customer loyalty, evidenced through positive word-of-mouth, repeated purchases, and favourable attitudes towards the company by customers, all of which are prerequisites of the attitudinal perspective of customer loyalty.

The fourth and last objective was to obtain a better understanding of the Omni-consumers shopping path. The research findings confirm an alteration of the path-to-purchase that is multi-directional and reveal that having an integrated Omni-channel retailing strategy provides a 'seamless customer experience' to the Omni-consumers shopping touch points throughout their shopping path, without any disruptions. Since this strategy anticipates that the Omni-consumers can begin their shopping path in one channel and move to another, it enables them to seamlessly experience and navigate between the channels, thus showing an increase in convenience and engagement. This demonstrates the vital role of channel integration in bringing forth positively consumer responses.

The managerial contribution of this study is that it enhances the understanding of executives of the Omni-channel retailing effects. In addition, this study can be used as an initial point for retailers that are planning to implement an Omni-channel retailing strategy so as to gain knowledge and insight from a retailer that is currently going through this implementation and further development of this strategy. Through this research retailers can see what to expect, and the results of the

Omni-channel concept. Being up-to-date with the current retail trends is paramount not only for survival but to remain competitive in an ever-changing and fierce competitive retail environment. Those retailers who understand the significance and importance of this innovative strategy and have the acumen to invest in it are the ones who will harvest the fruits of an Omni-channel strategy.

11.5.1 Omni-Channel Retailing Framework

Through this study, a comprehensive framework (Fig. 11.1) was developed depicting the visualization of an integrated 'brick and click' retailer adopting an Omni-channel retailing approach. This framework was developed using the literature review as a basis and tested with exploratory research. This Omni-channel retailing framework demonstrates the former challenges and current capabilities of the Omni-channel retailing strategy which are working in a synchronized and integrated manner, resulting in the unification of the internal operating systems/departments, integrating all retailing channels, and communicating a consistent brand image. The current capabilities are business intelligence which enables access to, and analysis of information to improve and optimize decisions and business performance. Customer relationship management manages the company's interaction with current and potential customers and sends personalized content to each one of the company's customers. Activities such as purchasing, warehousing, transportation, and distribution along with customer service function as a sole operation in the supply chain creating customer value. Omni-channel marketing, which must be customer-centric, and information and communication technologies (e.g. in-store interactive technologies) should be linked with all the other aforementioned capabilities. By integrating all capabilities mentioned above, Omni-consumers can choose any channel of their preference to shop or find information from, since the channels/touch points are integrated, consequently diminishing any barriers between the retailing channels. The framework further portrays the Omni-consumers shopping path as multi-directional, meaning that they can start their shopping journey at one channel and continue to the next one based on their

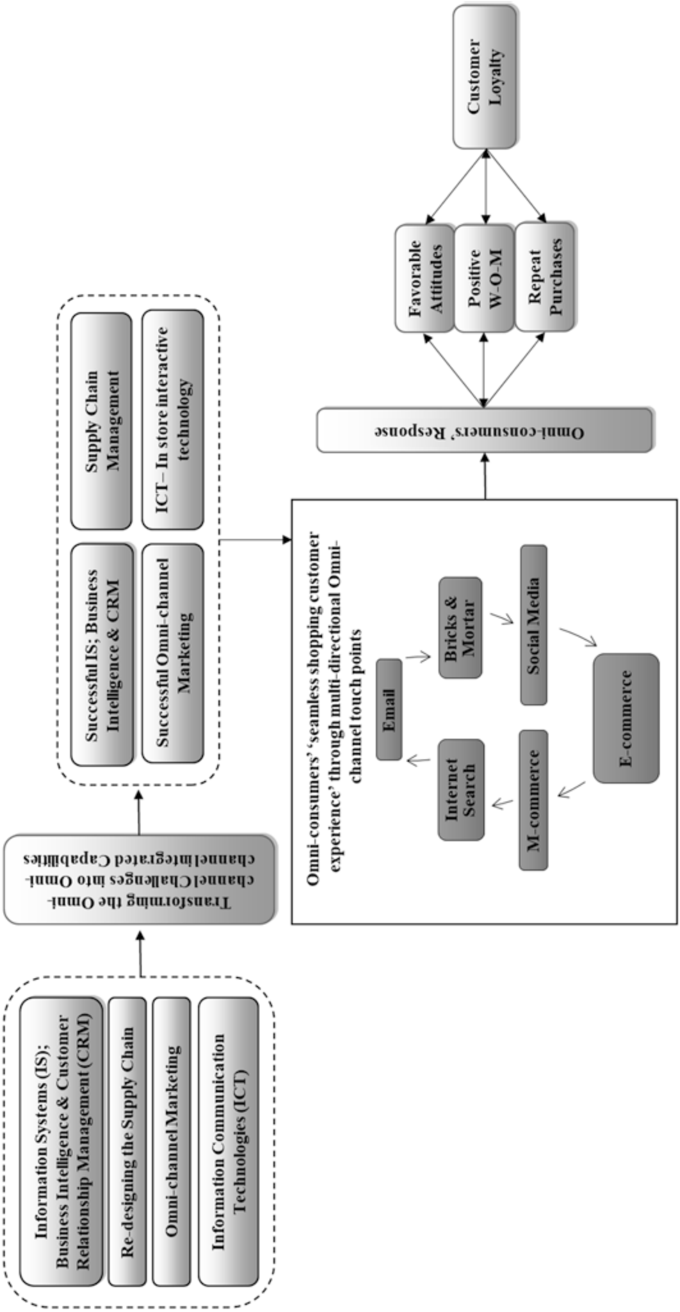

Fig. 11.1 Building a path to a successful Omni-channel strategy leading to customer loyalty

preferences, resulting in enjoying a 'seamless customer experience' through all Omni-channel touch points. Customers exhibit positive feelings by word-of-mouth, repeating purchases, and holding favourable attitudes towards the company, all prerequisites of the attitudinal perspective of customer loyalty.

11.6 Industry Application, Research Limitations, Future Research, and Conclusion

11.6.1 Industry Application

A practical recommendation which originated from the literature review and the research findings is for companies to develop an in-house CRM system which would enable them to better analyse their data and understand their customers so that content could be personalized and could thus potentially increase customer loyalty. Another practical recommendation is to fully integrate companies' channels so as to provide Omni-consumers a 'seamless customer experience' at every channel. By utilizing interactive technology (e.g. augmented reality and virtual mirrors) in physical stores, consumers will be able to experience the online/digital world from within these physical stores, blending the online and offline worlds. An additional recommendation is to establish an m-commerce channel. Smartphone applications provide the demanding Omni-consumers with another platform to shop from. Offering this additional channel, companies will be able to interact further with their customers and could possible integrate a multitude of other services within this application (e.g. possibility for customers to add their loyalty card and scan, collect, and redeem points). It is also further recommended that companies could consider providing a live chat on their e-commerce website, guiding and assisting customers through the entire decision-making process. This should be utilized together with traditional methods of customer service. By providing immediacy, one-to-one interaction can result in higher levels of customer satisfaction and loyalty. This offers reassurance to consumers that information and assistance are available throughout their path-to-purchase, and also ensures that customers are less likely to abandon their shopping journey due to lack of support.

11.6.2 Research Limitations and Future Research

The current study presents some limitations. The first limitation is external validity or generalizability because this research was based on a single case study approach that examined a single company. Second, the lack of male participants in the research limited the research findings. The small sample size could be considered a third limitation as small sample groups make it difficult to generalize the findings to a larger population (Kohlbacher 2006). Finally, this study offered an understanding of the cosmetic industry. Despite the fact that the cosmetic industry is characterized by a very lucrative, innovative, and fast paced industry (Kumar et al. 2006), the influence of e-commerce and social media is not limited to this industry only. The whole retailing sector has started to innovate by adopting technologies such as social media, interactive technology, and analytics and is now moving towards an Omni-channel retailing strategy. Consequently, the Omni-channel retailing framework suggested may be also useful to other retail sectors such as the fashion industry.

Attempting to address the limitations of this current study, it is suggested that researchers could further explore Omni-channel retailing especially because theoretical research only dates to around six years ago. This implies that it is a relevantly fresh field of study that needs further research exploration to comprehend. The results of this exploratory study open new avenues for future research and may serve as a basis for expanding and contributing to the Omni-channel framework. Consequently, as the research is based on a single case, transferability to other 'brick and click' retail companies should be explored. In addition, further and more in-depth research is needed in the challenges presented in this study, as well as additional challenges exploration that other type of retailers may face during their Omni-channel implementation stage. The current research provides a foundation for more research to be built on. There is great potential to continue research in this field of study, whilst this research focuses specifically on the cosmetic industry, further research could be to explore the Omni-channel framework in other industries such as the fashion industry.

11.7 Conclusion

This study concludes that establishing an Omni-channel retailing strategy is imperative for businesses to succeed in this twenty-first century of constant digitalization. Following such a strategy can potentially increase customers' loyalty, retain existing customers, and prevent competition in achieving an increase in market share. The Omni-channel retailing concept is re-establishing the way consumers shop, and retailers must respond to this by introducing new innovative technologies, integrating their channels, analysing customers data at every interaction, and providing product availability at every retail channel so as to meet the fast pace and constant customer expectations in the 2.0 retail world. Finally, through this study the researchers clearly portrayed how a theoretical examination could be applied in practice to provide new knowledge, theoretical contribution to the field, and managerial contribution to industry stakeholders.

References

Aghaei, S., Nematbakhsh, M. A., & Farsani, H. K. (2012). Evolution of the World Wide Web: From WEB 1.0 to WEB 4.0. *International Journal of Web & Semantic Technology, 3*(1), 1.

Analytics, T. (2015). *TABS Finds Millennial Women Buyers Reign In Cosmetics Market* | TABS Analytics. Retrieved from https://www.tabsanalytics.com/blog/tabs-group-2015-u.s.-cosmetics-study-finds-millennial-women-buyers-reign-in-13-billion-dollar-cosmetics-market

Bakti, I. G. M. Y., & Sumaedi, S. (2013). An Analysis of Library Customer Loyalty: The Role of Service Quality and Customer Satisfaction, a Case Study in Indonesia. *Library Management, 34*(6–7), 397–414.

Boardman, R., & McCormick, H. (2018). Shopping Channel Preference and Usage Motivations: Exploring Differences Amongst a 50-Year Age Span.

Journal of Fashion Marketing and Management: An International Journal, 22(2), 270–284.

Court, D., Elzinga, D., Mulder, S., & Jørgen Vetvik, O. (2009). *The Consumer Decision Journey.* Retrieved from https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey

Demko-Rihter, J., & ter Halle, I. (2015). Revival of High Street Retailing – The Added Value of Shopping Apps. *Amfiteatru Economic Journal, 17*(39), 632–645.

Dimitriades, Z. S. (2006). Customer Satisfaction, Loyalty and Commitment in Service Organizations: Some Evidence from Greece. *Management Research News, 29*(12), 782–800.

Emarketer.com. (2019). The State of Omnichannel Retail: Retailers Playing Catch-Up with Consumers [online]. Available at: http://www.emarketer.com/public_media/docs/state_of_omnichannel_retail.pdf. Accessed 6 May 2019.

Gupta, V. (2013). A Study on Consumer Perception and Brand Personality Traits for Making Cosmetic Purchase Decisions. *Journal of Management, 5*(1), 1–22.

Gupta, A. (2016). Customer Service: A Key Differentiator in Retailing. In *Handbook of Research on Strategic Supply Chain Management in the Retail Industry* (pp. 75–86). Hershey: IGI Global.

Hailey, V. (2015). *A Correlation Study of Customer Relationship Management Resources and Retailer Omnichannel Strategy Performance.* USA: Northcentral University.

Hasan, A. A. T. (2018). Customer Relationship Management (CRM) Practices of City Bank in Customer Retention Perspective in Bangladesh. *Journal of Business and Management, 20*(12), 16–20.

Hilken, T., Heller, J., Chylinski, M., Keeling, D. I., Mahr, D., & de Ruyter, K. (2018). Making Omnichannel an Augmented Reality: The Current and Future State of the Art. *Journal of Research in Interactive Marketing, 12*(4), 509–523.

Juaneda-Ayensa, E., Mosquera, A., & Sierra Murillo, Y. (2016). Omnichannel Customer Behavior: Key Drivers of Technology Acceptance and Use and Their Effects on Purchase Intention. *Frontiers in Psychology, 7*, 1117.

Kohlbacher, F. (2006). The Use of Qualitative Content Analysis in Case Study Research. *Qualitative Social Research, 7*(1), 1–30.

Kollmann, T., Kuckertz, A., & Kayser, I. (2012). Cannibalization or Synergy? Consumers' Channel Selection in Online–Offline Multichannel Systems. *Journal of Retailing and Consumer Services, 19*(2), 186–194.

Kozlenkova, I. V., Hult, G. T. M., Lund, D. J., Mena, J. A., & Kekec, P. (2015). The Role of Marketing Channels in Supply Chain Management. *Journal of Retailing, 91*(4), 586–609.

Kumar, S., Massie, C., & Dumonceaux, M. D. (2006). Comparative Innovative Business Strategies of Major Players in Cosmetic Industry. *Industrial Management & Data Systems, 106*(3), 285–306.

Kuźmicz, K. A. (2015). Benchmarking in Omni-Channel Logistics. *Research in Logistics & Production, 5*(5), 491–501.

Lazaris, C., & Vrechopoulos, A. (2014, June). From Multi-Channel to "Omnichannel" Retailing: Review of the Literature and Calls for Research. In *2nd International Conference on Contemporary Marketing Issues, (ICCMI)*, Athens, Greece (pp. 18–20).

Leonidou, E., Christofi, M., Vrontis, D., & Thrassou, A. (2018). An Integrative Framework of Stakeholder Engagement for Innovation Management and Entrepreneurship Development, *Journal of Business Research.* https://doi.org/10.1016/j.jbusres.2018.11.054

Levy, M., Weitz, B. A., & Grewal, D. (2014). *Retailing Management*, 9th ed. New York: McGraw-Hill/Irwin.

Mata, F. J., & Quesada, A. (2014). Web 2.0, Social Networks and E-Commerce as Marketing Tools. *Journal of Theoretical and Applied Electronic Commerce Research, 9*(1), 56–69.

McCormick, H., Cartwright, J., Perry, P., Barnes, L., Lynch, S., & Ball, G. (2014). Fashion Retailing – Past, Present and Future. *Textile Progress, 46*(3), 227–321.

Melacini, M., Perotti, S., Rasini, M., & Tappia, E. (2018). E-Fulfilment and Distribution in Omni-Channel Retailing: A Systematic Literature Review. *International Journal of Physical Distribution and Logistics Management, 48*(4), 391–414.

Mirsch, T., Lehrer, C., & Jung, R. (2016). Channel Integration Towards Omnichannel Management: A Literature Review. In *20th Pacific Asia Conference on Information Systems (PACIS),* Chiayi, Taiwan.

Mosquera, A., Olarte-Pascual, C., Juaneda Ayensa, E., & Sierra Murillo, Y. (2018). The Role of Technology in an Omnichannel Physical Store: Assessing the Moderating Effect of Gender. *Spanish Journal of Marketing-ESIC, 22*(1), 63–82.

Naidu, V., & Mashanda, A. (2017). *Customer Centricity Understanding the Customer Within the Culture and Understanding This Fit into Strategy. Understanding the Customer Base*. [Ebook]. Retrieved from https://www.

bankseta.org.za/wp-content/uploads/2018/08/Bankseta_Customer-Centricity_Venassa-Naidu-Andrew-Mashanda.pdf

Oracle Retail. (2014). Exclusive 2014 Survey Report: *The Omnichannel Challenge: Strategies That Work*. Retail TouchPoints.

Parise, S., Guinan, P. J., & Kafka, R. (2016). Solving the Crisis of Immediacy: How Digital Technology Can Transform the Customer Experience. *Business Horizons, 59*(4), 411–420.

Patange, V., Mutya, K., Sandeep, R., Agarwal, L., & Reddy, B. (2015). Supply Chain Omni Channel Model Networking and Its Optimization. *International Journal of Engineering Science and Innovative Technology, 4*(5).

Picot-Coupey, K., Huré, E., & Piveteau, L. (2016). Channel Design to Enrich Customers' Shopping Experiences: Synchronizing Clicks with Bricks in an Omni-Channel Perspective – The Direct Optic Case. *International Journal of Retail & Distribution Management, 44*(3), 336–368.

Piotrowicz, W., & Cuthbertson, R. (2014). Introduction to the Special Issue Information Technology in Retail: Toward Omnichannel Retailing. *International Journal of Electronic Commerce, 18*(4), 5–16.

Prabhu, D. (2016). Application of Web 2.0 and Web 3.0: An Overview. *International Journal of Research in Library Science, 2*(1), 54–62.

Santoro, G., Vrontis, D., Thrassou, A., & Dezi, L. (2018). The Internet of Things: Building Knowledge Management Systems for Open Innovation and Knowledge Management Capacity. *Technological Forecasting and Social Change, 136*, 347–354. https://doi.org/10.1016/j.techfore.2017.02.034

Shollo, A., & Galliers, R. D. (2016). Towards an Understanding of the Role of Business Intelligence Systems in Organisational Knowing. *Information Systems Journal, 26*(4), 339–367.

Stone, M. D., & Woodcock, N. D. (2014). Interactive, Direct and Digital Marketing: A Future That Depends on Better Use of Business Intelligence. *Journal of Research in Interactive Marketing, 8*(1), 4–17.

Strang, R. (2013). *Retail Without Boundaries*. Reed Business Information, 17(6), 32–39.

Sundström, M., & Radon, A. (2014, July 15–18). Retailers Do It Differently – The Need for a Retail Research Laboratory. In *The International Conference on Innovation and Management,* Hawaii, USA.

Thrassou, A., & Vrontis, D. (2008). Internet Marketing by SMEs: Towards Enhanced Competitiveness and Internationalisation of Professional Services. *International Journal of Internet Marketing and Advertising, 4*(2/3), 241–261. (ISSN: 1477-5212- Inderscience).

Trautmann, H., Vossen, G., Homann, L., Carnein, M., & Kraume, K. (2017). *Challenges of Data Management and Analytics in Omni-Channel CRM* (No. 28). Working Papers, ERCIS-European Research Center for Information Systems.

US The Millennial Beauty Consumer (Updated 2017) | Mintel.com. (2017). Retrieved from https://store.mintel.com/us-the-millennial-beauty-consumer-market-report

Verhoef, P. C., Kannan, P. K., & Inman, J. J. (2015). From Multi-Channel Retailing to Omni-Channel Retailing: Introduction to the Special Issue on Multi-Channel Retailing. *Journal of Retailing, 91*(2), 174–181.

Vrontis, D., Thrassou, A., & Amirkhanpour, M. (2017). B2C Smart Retailing: A Consumer-Focused Value-Based Analysis of Interactions and Synergies. *Technological Forecasting and Social Change, 124*, 271–282.

Wollenburg, J., Hübner, A., Kuhn, H., & Trautrims, A. (2018). From Bricks-and-Mortar to Bricks-and-Clicks: Logistics Networks in Omni-Channel Grocery Retailing. *International Journal of Physical Distribution and Logistics Management, 48*(4), 415–438.

Yurova, Y., Rippé, C. B., Weisfeld-Spolter, S., Sussan, F., & Arndt, A. (2017). Not All Adaptive Selling to Omni-Consumers Is Influential: The Moderating Effect of Product Type. *Journal of Retailing and Consumer Services, 34*, 271–277.

12

Curative International Marketing, Corporate and Business Diplomacy: A Triple Application for Migration

Hans Rüdiger Kaufmann, Maria Paraschaki, Evangelos Tsoukatos, Dolores Sanchez Bengoa, and Michael Czinkota

H. R. Kaufmann (✉)
University of Nicosia, Nicosia, Cyprus

University of Applied Management Studies Mannheim, Mannheim, Germany
e-mail: hans-ruediger.kaufmann@hdwm.org

M. Paraschaki
Technological Educational Institute of Crete, Crete, Greece

E. Tsoukatos
Department of Accounting and Finance, Hellenic Mediterranean University, Heraklion, Crete, Greece
e-mail: tsoukat@staff.teicrete.gr

D. S. Bengoa
University of Applied Management Studies Mannheim, Mannheim, Germany

M. Czinkota
Georgetown University, Washington, DC, USA
e-mail: M.Czinkota@kent.ac.uk

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_12

12.1 Introduction

Globalization epitomizes a total of polymorphous, heterogeneous and often contradictory economic, political, social and cultural procedures on global, regional, national and local levels (Deligianni-Dimitrakou 2008). The development of globalization and new disruptive technologies in the context of the Internet of Things (IoT) were favoured by the unlimited communication and information-sharing opportunities, offered by the ICT technological advances, and the prevalence of the neo-liberal ideologies on modern politics (Manitakis 2001; Deligianni-Dimitrakou 2008; Pamboukis 2010; Santoro et al. 2018). However, whilst globalization entails quantitative growth of the global economy with analogous enlargement of problems in the business environment, it does not necessarily lead to qualitative development (Muldoon 2005; Bolewski 2007; Asquer 2012; Jones and Thompson 2012; Makasi and Govender 2015). Whilst acknowledging improved conditions in many parts of the world regarding the delivery of products and services to a growing population, Guterres, the secretary-general of the UN, in his foreword of the UN World Economic Situation and Prospects 2018 (United Nations 2018) report, reasons possible deviations from the objectives of the 2030 Agenda for Sustainable Development in still existing "deep-rooted systemic issues and short term thinking" and calls on politicians to focus on long-term growth drivers such as "rehabilitating and protecting the environment, making economic growth more inclusive and tackling institutional obstacles to development" (https://www.un.org/development/desa/dpad/). Further discontentment with globalization relates, for example, to the disregard of local cultural idiosyncrasies due to inappropriate ethnocentric approaches, increased levels of consumer disappointment, excessive consumerism or marginalized and increasingly impoverished regions (Czinkota and Kaufmann 2015) and, last but least, still existing migration-related gaps. According to International Organization for Migration (IOM) (2018, p. 41), these gaps are, for example, reflected by: a lack of understanding of "global trends in regular migration flows, so that coverage can expand beyond the 45 or so countries for which information exists"; providing new and improving existing information on people "dying while migrating, particularly when using clandestine channels that rely on the services of smugglers and traffickers"; "a recognized need to gather better cumulative data" on "new displacements associated with rapid onset hazards" and on displacements "due to conflict and violence" with the latter being, according to IOM (2018), "by far outnumbered" by the previous ones; and "better data on movement associated with environmental change, including the effects of climate change".

This conceptual book contribution aims to contribute to cover the literature gap on how the multifaceted issues of migration influence corporate behaviour. This gap exists as the relationship between globalization, migration and sustainability as well as the fledgling knowledge stream of corporate and business diplomacy is still under researched. In a pioneering paper, You and Saner (2017) link the achievement of the Global 2030 Development Agenda with competencies derived from business diplomacy. As an original contribution and based on a differentiation between the often synonymously regarded concepts of corporate diplomacy and business diplomacy, this book contribution concludes that corporate and business diplomacy and the recently introduced paradigm of curative international marketing form the basis for a synthesized conceptualization able to inform and guide companies to respond to global challenges such as migration.

12.2 Migration and Globalization

As reflected by migration, globalization introduces new schemes, new centres and relations of economic and political authority, new, intricate and multilevel relations, impacts and interdependences, demanding new balances and adjustments (Zhang 2005; Muldoon 2005; Bolewski 2007; Deligianni-Dimitrakou 2008; Katsaros and Tsirikas 2012). Migration, regarded as "one of the defining global issues of the early twenty-first century" (IOM Council 2003; IOM 2018) and "a complex and multifaceted phenomenon" (International Leaders Forum 2010) is used in this work to exemplify the contradictory, disruptive and often chaotic nature of interrelated globalization phenomena. Latter is best mirrored by the wave of 473,887 migrants and refugees "who reached Europe by sea in

2015 (including the first two and a half weeks of September) according to the International Organisation for Migration" (Holehouse and Weston 2015) affecting every state with one out of every 35 persons in the world being a migrant. In total, the number of international migrants increased to 243,700,236 in 2015 representing 3.3% of the world's population compared to 84,460,125 in 1970 having represented 2.3% of the world's population (IOM 2018). Migration is overshadowed by sad developments in 2015, such as 2812 migrants dying at sea, 52,200 people having been detected illegally crossing the Balkans, 572 traffickers facilitating migration, the often-disregarded Dublin rule (Holehouse and Weston 2015) making relentless research efforts necessary on a global, national, local, macro and micro level.

However, according to Hollifield (2003, in IOM Council 2003), a knowledge gap exists between the ever-increasing liberalization of capital, goods and services exchange and the knowledge stream of migration with the latter lagging as aforementioned.

The dizzily swift changes on all levels might have led to the lamentable situation that theoretical development could not keep pace with practical developments. Based on documentary sources (IOM Council 2003; the International Business Leaders Forum 2010; Juzwiak et al. 2014; DW 2015; UN Chronicle 2013; Hutton 2015) systemic macro improvements should relate to the integration of migrants or a necessary cross-sectoral dialogue. But when looking at this cross-sectoral initiative in more detail, it is worth mentioning the integration of social dialogue as suggested by the G20 as an instrument for accelerating the overall job-rich recovery. The purpose of the social dialogue is to "embrace different negotiation, consultation and exchange of information between or among representatives of employers, workers and governments on issues of common interest in the field of economic and social policy" (ILO n.a p). Especially in the field of education and integration of migrants in the labour market, the social dialogue can make remarkable contributions. Nowadays, education faces many challenges, for example, enduring budget cuts, digitalization, deteriorating working conditions for teachers who work in disadvantaged areas where many refugees are allocated, or the lack of national strategies to integrate migrants and refugees (Archick 2017). The International

Labor Organization (ILO 2018), furthermore, holds that in many countries of both, origin and destination, non-governmental actors most directly involved with the labour market are not fully recognized or incorporated in the process of migration policy development. Finally, Sparreboom and Tarvin (2017) underline the difficulty related to the refugees' skills mismatch with national curriculum.

The European Trade Union Committee for Education (ETUCE, 2019) underlines the importance to consider the impact of economic, social and demographic developments on the education sector, for example, the need for inclusive education and the integration of migrants and refugees, changing investment patterns, open and innovative education, the attractiveness of the teaching profession based on quality jobs and on an enhanced professional profile (https://www.csee-etuce.org).

In addition, corporate strategic remedies, such as including migration into corporate sustainability strategies, are provided by this book contribution. So far, an underlying holistic theory, to explain the influence of the multidisciplinary migration-related phenomena on the corporate level and vice versa is missing. Even theories and concepts of diplomacy, as overly limited to the political domain, could seemingly not sufficiently contribute to explain key international processes such as imperialism, globalization and development (Lee and Hocking 2010). To redress the balance, this conceptual book contribution suggests synthesizing conceptualizations from the fields of diplomacy, especially corporate and business diplomacy, and a recently newly introduced new paradigm, called curative international marketing.

12.3 The Concepts of Diplomacy, Corporate and Business Diplomacy

Interesting new conceptual developments in the knowledge stream of diplomacy embrace a greater diversity of state and non-state actors engaging in diplomatic practice and point to a changing character and structures of diplomatic processes (Lee and Hocking 2010). By intertwining social sciences and business studies (Sondergaard 2014), new diplomatic offsprings emerge, such as catalytic diplomacy, network diplomacy, or multistakeholder diplomacy (Lee and Hocking 2010). After having reviewed the mainstream literature on diplomacy (Barston 1997, Berridge 2002, Hamilton and Langhorne 1995, Joensen and Hall 2005, Marshall 1997, Watson 1982, in Lee and Hocking 2010), Lee and Hocking (2010: 1222) suggest economic diplomacy "as the use of traditional diplomatic tools such as intelligence gathering, lobbying, representation, negotiation, and advocacy to further the foreign economic policies of the state".

For corporations embedded in this global economic environment, globalization resulted in an additional problem for managing corporate policy in that the design and control of relationships towards confronting sustainability problems is only feasible, if the system-company is governmental. Based on systems theory, a system is governmental if it is compliant with planning and control, that is, if it is amenable to government (Dimitriou 1987; Dekleris 1989). In turn, to be amenable to government, its behaviour needs to be predictable, that is, to be governed by laws or generally by rules (Sourlas 1995; Rhodes 1996). Globalization, though, transposes the problems to the "environment" of the system-company. This business environment is representing a wider and indeed globalized system which is less amenable to design, but mainly to control, that is, it is autopoietic and is amendable to governance but less to government. Hence, it is amenable to soft laws and diplomacy while it is less to laws and policies. As a result, facing sustainability problems in this new system requires a new kind of policy. For this purpose, the academically so far under researched concept of corporate diplomacy (Macnamara 2012) is suggested to gain more momentum (Dekleris 1989; Sourlas 1995; Rhodes 1996; Steger 2003; Katsaros an Tsirikas 2012; Henisz 2014). Specifically, in globalization circumstances, international businesses have the chance, through standard contracts, to slide over states' control and any other form of regulation, apart from self-regulation, in the frame of global governance principles (Muldoon 2005; Bolewski 2007; Deligianni-Dimitrakou 2008). The opportunities in the frame of global governance are added value vindications, like certifications or international distinctions by international organizations, that is, the Great Place to Work label (Kaufmann et al. 2015). This is also integrated in the corporate diplomacy aims (Rodriguez-Anton et al. 2012). Synoptically, corporate governance in the frame of globalization should respond to balancing the above-described conditions, facing respective problems and developing opportunities.

This book contribution outlines the major school of thoughts, dimensions (Sarfati 2012), and definitions of corporate and business diplomacy.

In developing the body of literature, several definitions of business and/or corporate diplomacy have been introduced, either considering the two concepts as distinct or identical ones.

The following quotes mirror a contradictory notion of business diplomacy or a synonymous meaning as corporate diplomacy. First, relating to internal stakeholders and an effective organizational culture, London (1999: 185) holds that "the idea behind business diplomacy is to build effective working relationships, essentially creating a culture where people are open to dialogue about new ideas and willing to try new initiatives". He continues in that "principled, diplomatic actions, when applied and rewarded in the organization, can create an organizational culture of open and honest communication, mutual understanding, involvement, and cooperation".

On the other hand, reflecting business diplomacy's business-driven concern for external stakeholders, Saner et al. (2000: 13) note that "business diplomacy management is about: influencing economic and social actors to create and seize new business opportunities, working with rule-making international bodies whose decisions affect international business, forestalling potential conflicts with stakeholders and minimizing political risks, using multiple international fora and media channels to safeguard corporate image and reputation". A very similar explanation, albeit relating to corporate diplomacy, is provided by Steger (2003: 6–7) defining corporate diplomacy as "an attempt to manage systematically and professionally the business environment in such a way as to ensure that business is done smoothly—basically with an unquestioned license to operate and an interaction that leads to mutual adaptation between corporations and society (in a sense a co-evolution)". This conceptualization appears, according to Amann et al. (2007), to be most concrete and holistic one in comparison to others.

Saner and Yiu (2003) noticeably approach the concepts of business and corporate diplomacy distinctly, namely associating corporate diplomacy with internal stakeholder relationships and business diplomacy with external stakeholder relationships. Latter authors assert that

> corporate diplomacy consists of two organizational roles considered to be critical for the successful coordination of a multinational company, namely that of a country business unit extwho should be able to function in two cultures: the culture of the business unit, and the corporate culture that is usually heavily affected by the nationality of the global corporation; and that of a corporate diplomat who as a home country or other national who is impregnated with the corporate culture, multilingual, from various occupational backgrounds, and experienced in living and functioning in various foreign cultures. (Saner and Yiu 2003:15)

Business diplomacy, on the other hand, "pertains to the management of interfaces between the global company and its multiple non-business counterparts and external constituencies" (Saner and Yiu 2003: 16). According to Ruël et al. (n.y), multinational companies lack a clear and organization wide business diplomacy policy. Furthermore, the authors imply a correlation between the perceived importance of business diplomacy and the strength and/or weakness of the institutional context.

Indicating a shift from business- and reputation-driven perspectives to legitimacy-related perspectives is provided by Ordeix-Rigo and Duarte (2009: 561) supporting above-mentioned Steger's (2003) view. In this respect, corporate diplomacy is seen as caring for a symbiotic nexus with external stakeholders with congruent values as common denominators. Latter authors view corporate diplomacy through its aim that is sustainability and describe it as "a process to develop corporation's power and legitimacy within society" and stress that "corporate diplomacy is also a process by which corporations intend to be recognized as representatives of something that might be a concept or a country or its related values. In this case, it is essential to create a sincere adaptation of the corporate values to the societal values if a corporation wishes to have a symbiotic relationship with key stakeholders. Corporate diplomacy thus becomes a complex process of commitment towards society, and in particular with its public institutions, whose main added value to the corporation is a greater degree of legitimacy or license-to-operate, which in turn improves its power within a given social system" (Ordeix-Rigo and Duarte 2009: 549).

Discussing the concept of corporate diplomacy in relation to the concept of business diplomacy, Asquer (2012: 53) defines corporate diplomacy as "the behavior of organizational actors aimed at implementing favorable conditions for carrying out corporate activities" and notes that "although the two terms may be considered synonymous, business diplomacy generally refers to activities conducted between economic actors that are not necessarily corporations or that do not pursue the interest of any specific company". In this sense, he concludes that "business diplomacy may be conceived either as a particular form of corporate diplomacy, or as a type of business procurer not necessarily conducted within the corporate context" (Asquer 2012: 60).

Additionally, according to Ruël (2013: 47) "business diplomacy, a relatively new term, can be defined as an international business-driven approach to build and maintain positive relationships with foreign government representatives and non-government stakeholders". The author supports the view that "business diplomacy is considered to be similar to the concept of corporate diplomacy, but this needs to be nuanced" (Ruël 2013: 40). According to his approach, "both concepts describe the same business process and associated elements" (Ruël 2013: 39).

In addition, mixing internal and external perspectives, Monteiro and Meneses (2015) perceive the reality that most authors do not make a clear distinction between corporate diplomacy and business diplomacy, and, consequently, accepting the two concepts as equivalent. Accordingly, they state that "BD constitutes the actions (engage with multiple stakeholders, create long-term alliances, promote a triple bottom line business culture, uphold the corporate brand and reputation, increase transparency, act in international forums, etc.) undertaken by firms, when dealing with their surrounding environment (home and abroad), concerning multiple actors, market and non-market related, so as to overcome the intrinsic business constraints of doing business abroad, thus emerging as a strategic management mindset, in line with the overall strategy of the organisation, aiming for a win-win type of engagement" (Monteiro and Meneses 2015: 23–24). In the same vein, Sondergaard (2014) coins an integrated term corporate business diplomacy comprising a broad (external stakeholders) or a narrow perspective (internal stakeholders).

Synthesizing the diverse views, the authors of this contribution suggest differentiating the two concepts depending on approaches being either business/rivalry/reputation driven, or non-business/non-rivalry legitimacy driven. This view is reasoned in the following paragraph.

In line with Ordeix-Rigo and Duarte (2009) and Steger (2003), isomorphism, in the context of aligning internal and external values and relationships, is regarded key to understand corporate decision-making and behavioural patterns in a social context. Corporate behaviour in this context tends to be highly conforming with the environment relating to rational myths such as institutionalized rules, norms, procedural ceremonials (Meyer and Rowan 1977, Zucker 1977, DiMaggio and Powell 1991, Jepperson 1991, Leblebici et al. 1991, Barley and Tolbert 1997, in Czinkota et al. 2014). In doing so, the company can either present itself value congruent and non-rivalry related with other players (constituency/audience), or as a system whose survival goals are the result of differentiation towards and competition with its competitors by a differentiated positioning of firm-specific features or resources (Deephouse and Carter 2005, Golinelli 2010, Hawley 1968, Hirsch and Andrews 1984, Parsons 1960, Tolbert and Zucker 1996, Thornton 2002, in Czinkota et al. 2014). In this respect, in terms of self-regulation, it is suggested to differentiate between legitimate, non-business or non-rivalry behaviour (business diplomacy) and business or rivalry or reputation targeted behaviour (corporate diplomacy). Whilst acknowledging, in line with Ruël (2013), Sondergaard (2014) and Monteiro and Meneses (2015), that both concepts are highly interdependent, the differentiation of legitimate and reputation-focused behaviour is relevant as it requires different mindsets of the actors.

Based on Asquer (2012), Porter (1980), Ordeix-Rigo and Duarte (2009), London (1999), Hart and Milstein (2003), Van Marrewijk (2003), Sloan et al. (2009), Kocmanova et al. (2011), Rodriguez-Anton et al. (2012), Hitt et al. (2013), Bolewski (2007), and Czinkota et al. (2014), the synthesized components of the concepts discussed so far are relating to: "Information Management", "Professionalism and Corporate Value Creation", "Systemic or Complexity Approach", "Co-Evolution and Isomorphism based on Mutual Perceptions and Mutual Development", "Culture and Values" (social responsibility, collaborative culture and sustainability), "Grasping Opportunities", "Image, Reputation and Fame", "Influence Rules and Decisions", "Legitimacy", and "Cultivating and Transforming Multistakeholder relationships".

12.4 The Relationship Between Corporate/Business Diplomacy and Curative International Marketing

Against the background of the detrimental effects of globalization accompanied by a global trust crisis and societal discontent with marketing and its actors, Czinkota (2011) started a discourse on a marketing paradigm shift called curative international marketing. "Curative International Marketing can be defined in the following way: companies and their respective supply chains create, communicate and deliver value focusing on multilateral stakeholder groups and contextual consonance in such a way that natural, human and social capital is globally and locally restored, preserved or enhanced" (Czinkota et al. 2014, in Kaufmann et al. 2015: 70). This definition is regarded to be especially relevant for the motives of business diplomacy.

International marketing is called to take a more leading role in restoring and developing international economic health as a precondition for overall welfare driven by the salient motive to advance society across borders. With this motive in mind, curative international marketing might also inform and complement the motives of, so far, state-related economic diplomacy. Curative international marketing's contributions to corporate policy as well as corporate or business diplomacy, according to this perspective, would be the training on self-critically reflecting on the global shortcomings of the discipline, companies and their supply chains from which a "damage restitution spirit" could arise and influence the corporate vision.

Based on reflection, so far not explicitly mentioned in the discussion, this restitution spirit should complement and penetrate the more business/reputation/rival corporate diplomacy, especially, however, the non-business/non-rival/legitimacy-driven business diplomacy approaches (according to the differentiation). Furthermore, pursuing curative international marketing perspectives could help to develop "curing" strategies and tactics driven by a corporate culture based on training internal stakeholders' authentically lived values and competences such as truthfulness and simplicity, realism, inclusiveness and proximity, providing transparency and system understanding, authenticity, communication, empathy and responsibility. Importantly, curative international marketing enhances and explains the differentiation between legitimacy (business diplomacy) and reputation (corporate diplomacy) orientated behaviour (Czinkota et al. 2014; Czinkota and Kaufmann 2015). The relevance of these values and competences becomes apparent in the case of migration, taking, for example, the need for overall welfare improvement, empathy for and inclusiveness or integration of migrants in receiving societies as well as legitimate behaviour into account (business diplomacy). Compared to the discussion of corporate and business diplomacy so far, an approach based on curative international marketing is consistent with the objectives of corporate and business diplomacy in terms of delivering value, multilevel stakeholder groups, contextual consonance and sustainability-related objectives. It reflects, in addition, a supply chain perspective and an active "restitution and more pronounced contribution spirit" going beyond reputation and legitimacy orientated corporate behaviour.

For this to engineer, curative international marketing should educate and train a multidisciplinary knowledge body consisting of management/leadership, supply chain management, marketing, jurisprudence, cultural anthropology, sociology, psychology, philosophy, history, biology and thermodynamics (Kaufmann et al. 2015). Central is the identity concept to explain social relationships and human actions both inside the corporate system—closely related to the culture and value component of the corporate diplomacy concept—and between the corporate system and its external environmental system to achieve value congruence as intended by the business diplomacy concept. Especially, the association with resilience (Kaufmann et al. 2015) makes the identity concept a promising theory explaining corporate sustainability success as well as migration topics related to both the resilience of receiving and sending countries as well as of migrants. Consequently, the concept of identity besides the other disciplines is suggested to be integrated and focused on in corporate and business diplomacy-related work.

The factor of self-regulation as an integral part of the concept of corporate and business diplomacy is consistent with the philosophy of curative international marketing (i.e. reflection). However, the explicit integration of a continuously reflexive characteristic of self-regulation is suggested to be considered in the corporate and business diplomacy concept as well as a hypothesized correlation between continuous reflexive self-regulation with co-development and co-creation of markets in a globalized system characterized by complexity.

Supporting the views of Ordeix-Rigo and Duarte (2009) as well as Steger (2003), self-reflexive regulation is reflected in sustainable social relations due to recurring social and economic actions of the various market players leading to mutual adaptation of social actors' respective activities and relational reciprocity (Kjellberg and Helgesson 2006, Anderson et al. 2008, Araujo et al. 2008, Storbacka and Nenonen 2008, Giddens 1984, Staber and Sydow 2002, Wiener 1948, Bateson 1977, Beer 1959, 1966, 1985, Yolles 1999, in Kaufmann et al. 2015). Following the objective of being homogeneously congruent with the business environment, companies often mirror social realities in their environment or even mimic other market players' behaviour as part of a continuous adaptation process (Berger and Luckmann 1967, Maturana and Varela 1980, Golinelli 2010, in Kaufmann et al. 2015). This implies to strongly suggest including legitimacy and isomorphism into the concept of business diplomacy confirming the latter's suggested system-based approach.

However, the authors of this book contribution suggest complexity theory rather than systems theory to understand and explain causes and effects during complex, dynamic and often chaotic globalization processes. Generally confirming the importance of relationships in the corporate and business diplomacy concept, complexity theory's focus is how micro and meso complex systems, based on multilevel relationships, affect emergent behaviour and order and the overall outcome at the macro-level (McElroy 2000, McKenzie and James 2004, Sherif 2006, in Amagoh 2008, p. 6, in Kaufmann et al. 2015). Figure 12.1 conceptualizes the interrelationship between globalization, sustainability, corporate/business diplomacy and curative international marketing.

Fig. 12.1 Conceptualising the relationship between globalisation, corporate/business diplomacy and curative international marketing

12.5 Practical Suggestions Applying the Framework

In designing their corporate responses to migration, the companies should be supported by a conducive macro environment. Unnecessary government bureaucracy and a lack of transparency, for example, can lead to foregone economic opportunities, possibly emerging strains on services in the receiving countries as well as social tensions between locals and migrants. On the other hand, sending countries might suffer from brain drain (International Business Leaders Forum 2010).

The contradictorily perceived nature of migration becomes apparent with some regarding migration a "blessing" and others a "curse". Whilst the "curse" aspects have been sufficiently addressed before, the "blessing" macro aspects relate to migration being regarded a "catalyst for growth in both, sending and receiving countries (International Business Leaders Forum 2010) by the following ways:

– Filling labour market shortages in the receiving countries
– Being perceived and communicated as an economic stimulus in the receiving countries via higher levels of spending, investment and tax contributions
– Boosting competitiveness in receiving countries by reducing costs due to providing low-skilled migrants or by increasing innovation and business development due to higher levels of diversity in case of high-skilled migrants; favoured are especially the financial services, information communication technology, travel as well as food & drink sectors.
– Improving the skill portfolio and increasing levels of entrepreneurship in the sending countries by returning migrants.
– Improved social infrastructures in sending countries by migrants' remittances.

Supporting the call for complexity theory and multidisciplinary knowledge in this context, the International Business Leaders Forum (2010) regards migration "a complex and multifaceted phenomenon" requiring a concerted effort and cross-sectoral dialogue between government, civil society, trade unions and, increasingly, companies. In addition, especially, cities and local governments are called to integrate migrants into their urban development planning (IOM 2015). Latter aspects imply companies to closely cooperate with local governments on migrant topics and to engage in a cross-sectoral dialogue. In this respect, referring to migrants' integration as a multidimensional and two-way process, a research of the United Nations University (Juzwiak et al. 2014) on public-private partnerships between eight cities' governments and businesses considered five dimensions of integration: Social, Cultural and Religious, Economic, Legal and Political. The report provides good practices for making migrants and refugees an integral functional part of society and, hence also companies, applying the criteria of practicality, innovation, successfulness, transferability, sustainability and strategic fit.

In this context, the "Global Diplomacy Lab", an interesting cross-sectoral initiative comprising diplomats, political scientists, activists and NGO representatives under the patronage of the German Foreign Minister Frank-Walter Steinmeier, points to detrimental effects of the "winged word" refugee crisis which associates the topic with connotations related to problems or challenges rather than with chances, opportunities or potential contributions of migrants (DW 2015). According to IOM (2018), “Germany has been the second top country of destination per UN DESA estimates since as early as 2005, with over 12 million international migrants residing in the country in 2015”.

Related to educational initiatives, the University of Applied Management Studies in Mannheim, Germany, can be taken as a successful case study using the social dialogue for the integration of 32 refugees in their educational environment. Bengoa (2018) explains the way how the university designs the integration process. In the first instance, contacting the local authority, Ministry of Science, Research and Art, Baden Wuerttemberg, for the permit of refugees’ admissions, and, secondly, the national organization of DAAD (The German Exchange Service): financial support for the allocation of students who could support the refugees with translations of foreign qualification is provided; thirdly, intensive communication takes place with employers, in this case, partner companies of the university. Besides financial support they give migrants the option of doing their first internships. In addition, employees from the university taught extra courses in different subjects in order to update or enlarge the body of knowledge of the refugees, conducted constant mentoring and provided psychological support. Last but surely not least, philanthropic foundations significantly supported migrants to establish their private life (clothing, driving licence, accommodation, etc.). For this engagement, the university was awarded the prestigious “The Europa” trophy. “The Europa” is conferred every year by the Adalbert Kitsche Foundation to projects and activities carried out by VET (Vocational and Educational Training) providers which have best managed to address the educational needs of disadvantaged people.

Derived from the literature review (i.e. UN Chronicle 2013; International Business Leaders Forum 2010; IOM Council 2003; IOM 2015; United Nations University 2014; DW 2015), the following summary of suggestions refers to concrete corporate socially responsible strategies of companies in the context of migration and a triple bottom line approach:

- Engage in local, national, European/international cross-sectoral and social dialogue on migration topics, that is, local town planning
- Integrating migrants in study and training programmes and upskilling the competences of migrants
- Consider the engagement in public-private partnerships
- Invest in higher levels of innovation triggered by higher levels of diversity achieved by the influx of migrants
- Avoid exploitation as well as any illegal migrant-related practices and honour human rights (legitimacy)
- Train corporate and business diplomats in differentiating legitimacy and reputation-related behaviour
- Limit the outsourcing of recruitment contracts (HR and supply chain)
- Integrate migration topics and related values into an authentic corporate culture design applying transformational leadership
- Based on corresponding or changed legislation, employ schemes for temporary contracts to both cover short-term skills and encourage migrants' return to responsible positions in sending countries, hence, achieving mutual benefits for sending and receiving countries
- Develop products and/or services for or apply for research projects related to ecological sustainability, that is, related to global warming, in sending countries
- Invest in and generate green jobs
- Support migrant entrepreneurship in both sending and receiving countries, especially for migrant women (i.e. venture capital; outsourcing)
- Support academic study opportunities for migrants
- Shifting from short-term objectives to more strategic social and ecological ones when designing business plans
- Support the setting up of centres, mainly for more unskilled migrants, to a priori assess the migrants' skills and their potential to become contributing members in the receiving countries
- Apply system, complexity and identity theory for re-designing internal corporate culture, processes or growth strategies
- Gain vindication labels by becoming a "role model" in integrating and investing in the potential of migrants

12.6 Conclusion

In a response to the international business game changing role of globalization and to currently opening sustainability gaps, reflected by current migration issues, the so far under researched concepts of corporate and/or business diplomacy is regarded instrumental for the new paradigm of curative international marketing due to a high level of conceptual consistency. Both perspectives are based on a system (corporate/business diplomacy) respectively complexity (curative international marketing) based approach, regard self-regulation and co-development as well as co-creation a condition sine qua non for corporate governance and overall welfare and regard relationships as a central factor in the concept. A difference regarding the role of relationships might be seen in that corporate/business diplomacy regards relationships as instrumental to achieve corporate semi autonomy, whilst curative international marketing regards the quality of relationships as both instrumental, in terms of internal, meso and macro relations, but also as an end state and objective. Furthermore, the salient instrumental contribution of values, especially those of social responsibility and sustainability, is emphasized by both perspectives.

Following the system or complexity tenets, an inclusion of a supply chain perspective might be recommendable for the corporate/business diplomacy concept. In this context, the concept of corporate/business diplomacy is suggested to integrate the concept of identity to better operationalize relationship factors. In addition, regarding self-regulation, it is suggested to explicitly include the notion of continuous reflexivity, and, in addition, to differentiate between legitimate/isomorphistic and reputation-related corporate behaviour requiring differentiated mindsets in the pursuit of corporate or macro survival and growth. The marriage of the concepts does justice to the increased, but, so far, neglected corporate role for systemic change in a global context characterized by increased complexity and ambiguity, and, especially for migration.

From a practitioners' perspective, the triplet of curative international marketing and corporate and business diplomacy might be especially conducive at the nexus between marketing and other business functions. In this respect, it is able to inform: Human Resource Policy, for example, in terms of recruitment, leadership and corporate culture; it supports strategic planning suggesting a more medium- to long-term planning horizon; it informs marketing strategies, that is, in terms of differentiating between legitimate behaviour in the PR function and reputation orientated behaviour in the promotion function. Regarding suggestions for further research, due to the high level of innovativeness of the research topic, grounded theory is suggested to further categorize the variables of this concept. On this basis, a further triangulation research approach is suggested to establish the nature of relationships between the various components (i.e. dependent & independent variables, weights and direction of individual factors, moderating or mediating effects). The authors of this chapter suggest to combine the contrasting positivism and phenomenological epistemologies by the research philosophy of critical realism.

References

Amann, W., Khan, S., Salzmann, O., Steger, U., & Ionescu-Somers, A. (2007). Managing External Pressures Through Corporate Diplomacy. *Journal of General Management, 33*(1), 33–49.

Archick, K. (2017). *The European Union: Current Challenges and Future Prospects.* Congressional Research Service. CRS Report. www.crs.gov

Asquer, A. (2012). What Is Corporate Diplomacy? and, Why Does It Matter? *Journal of Multidisciplinary Research, 4*(3), 53–63.

Bengoa, S. D. (2018, October 12–13). *Social Dialogue: A Practical Case Study*. Presented at the Conference for Social Dialogue – Challenges of the Future: The Focus on Education, Moscow.

Bolewski, W. (2007). *Diplomacy and International Law in Globalized Relations*. Heidelberg: Springer.

Czinkota, M. (2011). Curative Marketing: The Next Step up for the Discipline, Marketing Management. *American Marketing Association, 21*, 12–14.

Czinkota, M., & Kaufmann, H. R. (2015). Rounding Out the Marketing Discipline's Customer Support Function with the Integration of the Curative International Marketing. In S. Bartsch & C. Bluemelhuber (Eds.), *Always Ahead in Marketing*. Wiesbaden: Springer Gabler.

Czinkota, M., Kaufmann, H. R., & Basile, G. (2014). The Relationship Between Legitimacy, Reputation, Sustainability and Branding for Companies and Their Supply Chains. *Industrial Marketing Management, 43*(1), 91–101.

Dekleris, M. (1989). *Systems Management*. Athens: Sakkoulas A.N. Publications (in Greek).
Deligianni-Dimitrakou, C. (2008). *Comparative Law and Legal Pluralism*. Athens: Sakkoulas A.N. Publications (in Greek).
Dimitriou, S. (1987). *Glossary of Government, Structuralism and the Theory of Systems*. Athens: Kastaniotis Publications (in Greek).
DW (Deutsche Welle). (2015). *The 'Global Diplomacy Lab' Tackles Migration.* Accessed at https://www.dw.com/en/the-global-diplomacy-lab-tackles-migration/a-18834238 on 15 Dec 2016.
ETUCE European Trade Union Committee for Education. https://www.csee-etuce.org/en/social-dialogue/29-european-sectoral-social-dialogue-in-education-essde. Accessed on 23 Feb 2019.
Hart, S. L., & Milstein, M. B. (2003). Creating Sustainable Value. *The Academy of Management Executive, 17*(2), 56–67.
Henisz, W. J. (2014). *Corporate Diplomacy: Building Reputations and Relationships with External Stakeholders*. Sheffield: Greenleaf Publishing.
Hitt, M. A., Ireland, R. D., & Hoskisson, R. (2013). *Strategic Management: Competitiveness and Globalizations* (10th ed.). Mason: Cengage South-Western Publishing Co.
Holehouse, M., & Weston. (2015, September). Europe's Migration Crisis: How Many People Are on the Move? *The Telegraph.* Accessed at http://www.telegraph.co.uk/news/uknews/immigration/11875036/Europes-migration-crisis-how-many-people-are-on-the-move.html on 23 Nov 2015.
Hutton, W. (2015). Angela Merkel's Humane Stance on Immigration Is a Lesson to Us All. *The Guardian*. Accessed at http://www.theguardian.com/commentisfree/2015/aug/30/immigration-asylumseekers-refugees-migrants-angela-merkel on 15 Nov 2015.
International Business Leaders Forum. (2010). *Business and Migration: From Risk to Opportunity.* Accessed at http://gbsn.org/wp-content/uploads/2016/04/BusinessAndMigration.pdf on 15 Mar 2016.
IOM (International Organization for Migration). (2015). *World Migration Report 2015.* Accessed at https://www.iom.int/world-migration-report-2015 on 26 Nov 2015.
IOM (International Organization for Migration). (2018). *World Migration Report 2018*. Accessed at https://publications.iom.int/system/files/pdf/wmr_2018_en.pdf on 23 Feb 2019.
IOM (International Organization for Migration) Council. (2003). *Eighty Sixth Session, Migration in a Globalized World*. MC/Inf/268. Accessed at https://

www.iom.int/jahia/webdav/shared/shared/mainsite/about_iom/en/council/86/MCINF_268.pdf on 23 Nov 2015.

Jones, A. L., & Thompson, C. H. (2012). The Sustainability of Corporate Governance – Considerations for a Model. *Corporate Governance, 12*(3), 306–318.

Juzwiak, T., McGregor, E., & Siegel, M. (2014). *Migrant and Refugee Integration in Global Cities: The Role of Cities and Businesses*. Policy Brief Number I, 2014. United Nations University. Accessed at http://www.google.com.cy/url?url=http://www.merit.unu.edu/publications/uploads/1400742054.pdf&rct=j&frm=1&q=&esrc=s&sa=U&ved=0ahUKEwipvKephK7JAhVBYg8KHVQmBw0QFggiMAI&usg=AFQjCNFVh0oZJ1N9dwZk_BJ5lNPJ6VlNRg on 26 Nov 2015.

Katsaros, K., & Tsirikas, A. (2012). Hotel Managers' Behaviour Towards Change Uncertainty in Greece. *Tourismos: An International Multidisciplinary Journal of Tourism, 7*(2), 359–379.

Kaufmann, H. R., Czinkota, M., & Zakrzewski, M. (2015). B2B and Internal Relationships and Curative International Marketing: A Polish Case Study. *Industrial Marketing Management, 51*(2015), 69–78.

Kocmanova, A., Hrebicek, J., & Docekalov, M. (2011). Corporate Governance and Sustainability. *Economics and Management, 16*, 543–550.

Lee, D., & Hocking, B. (2010). Economic Diplomacy. In R. A. Denemark (Ed.), *The International Studies Encyclopedia* (Vol. II, pp. 1216–1227). Malden: Wiley Blackwell.

London, M. (1999). Principled Leadership and Business Diplomacy: A Practical, Values-Based Direction for Management Development. *Journal of Management Development, 18*(2), 170–192.

Macnamara, J. (2012). Corporate and Organisational Diplomacy: An Alternative Paradigm to PR. *Journal of Communication Management, 16*(3), 312–325.

Makasi, A., & Govender, K. K. (2015). Globalization and Sustainable Development: A Conceptual Model. *Mediterranean Journal of Social Sciences, 6*(4), 341–349.

Manitakis, A. (2001). *The Institutional Organisation of the State; State-Nation-Institution, Domination, Globalisation*. Athens: Sakkoulas A.N. Publications (in Greek).

Monteiro, R., & Meneses, R. (2015). The Relevance of Business Diplomacy in Internationalisation Processes: An Empirical Study. *International Journal of Business and Globalisation, 15*(1), 20–44.

Muldoon, J. P., Jr. (2005). The Diplomacy of Business. *Diplomacy and Statecraft, 16*(2), 341–359.

Ordeix-Rigo, E., & Duarte, J. (2009). From Public Diplomacy to Corporate Diplomacy: Increasing Corporation's Legitimacy and Influence. *American Behavioral Scientist, 53*(4), 549–564.

Pamboukis, C. (2010). *The Law of International Transactions*. Athens: Nomiki Bibliothiki (in Greek).

Porter, M. E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: The Free Press.

Rhodes, R. A. W. (1996). The New Governance: Governing Without Government. *Political studies, 44*(4), 652–667.

Rodriguez-Anton, J. M., Del Mar Alonso-Almeida, M., Celemín, M. S., & Rubio, L. (2012). Use of Different Sustainability Management Systems in the Hospitality Industry. The Case of Spanish Hotels. *Journal of Cleaner Production, 22*(1), 76–84.

Ruël, H. (2013). *Diplomacy Means Business*. Windesheim reeks Kennis en Onderzoek, 46.

Ruël, H., Wolters, T., & Loohuis, R. (n.y.). *Business Diplomacy in Multinational Corporations (MNCs): An Exploratory Study.* Accessed at https://www.diis.dk/files/media/publications/import/extra/business_diplomacy_in_mncs_-an_exploratory_study_final.pdf on 10 Jan 2019.

Saner, R., & Yiu, L. (2003). International Economic Diplomacy: Mutations in Postmodern Times, Clingendael Discussion Paper. *Diplomacy*, p. 84.

Saner, R., Yiu, L., & Sondergaard, M. (2000). Business Diplomacy Management: A Core Competency for Global Companies. *The Academy of Management Executive, 14*(1), 80–92.

Santoro, G., Vrontis, D., Thrassou, A., & Dezi, L. (2018). The Internet of Things: Building a Knowledge Management System for Open Innovation and Knowledge Management Capacity. *Technological Forecasting and Social Change, 136*, 347–354.

Sarfati, G. (2012). Corporate Diplomats: Global Managers of 21st Century. *Revista de Economia & Relacoes Internacionais, 11*(21), 1–231. Fundação Armando Alvares Penteado, São Paulo: FEC-FAAP.

Sloan, P., Legrand, W., Tooman, H., & Fendt, J. (2009). Best Practices in Sustainability: German and Estonian Hotels. *Advances in Hospitality and Leisure, 5*, 89–107.

Sondergaard, M. (2014). Corporate Business Diplomacy: Reflections on the Interdisciplinary Nature of the Field. *The Hague Journal of Diplomacy, 9*(4), 354–369.

Sourlas, P. K. (1995). *Justi Atque Injusti Scientia, an Introduction to Law Science*. Athens: Sakkoulas A.N. Publications (in Greek).

Sparreboom, T., & Tarvin, A. (2017). *Skills Mismatch of Natives and Immigrants in Europe*. http://www.ilo.org/global/topics/labour-migration/publications/WCMS_548911/lang%2D%2Den/index.htm. Accessed 23 Feb 2019.

Steger, U. (2003). *Corporate Diplomacy – The Strategy for a Volatile, Fragmented Business Environment*. Chichester: Wiley.

United Nations. (2018). *World Economic Situation and Prospects 2018*. https://www.un.org/development/desa/dpad/. Accessed 23 Feb 2019.

Van Marrewijk, M. (2003). Concepts and Definitions of CSR and Corporate Sustainability: Between Agency and Communion. *Journal of Business Ethics, 44*(2–3), 95–105.

You, L., & Saner, R. (2017). Business Diplomacy in Implementing the Global 2030 Agenda: Core Competencies Needed at the Corporate and Management Level. In H. Ruël (Ed.), *International Business Diplomacy (Advanced Series in Management)* (Vol. 18, pp. 33–58). Bingley: Emerald Publishing Limited.

Zhang, Z. J. (2005). Impacts of Globalisation on Hotel Companies' Internal Operation Environment. *Canadian Social Science, 1*(3), 68–71.

13

Sustainability in Project Management: Advancing the Synergy of Practice and Theory

Debu Mukerji

13.1 Introduction: Background and Context

Engineering and construction (E&C) infrastructure projects are unique, large, and increasingly complex; for instance, the *value chain* may now range from the planning, design, engineering, and construction to operations and management before handing over to the clients. E&C is experiencing the dynamics of growing knowledge-technology-economics, community aspirations, and new public and private sector investments that are creating virtually unlimited business opportunities as well as unlimited employment opportunities. However, the E&C projects remain largely associated with the historical trend of cost–time overruns and lapses with the changing community and investors' aspirations, such as responsible performance, environment protection, and high profitability. The project management (PM) discipline is relatively new. It

D. Mukerji (✉)
Independent Management and Leadership Development Researcher, Sydney, NSW, Australia

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8_13

offers structure and process in handling novel and complex activities, such as the E&C infrastructure PM (e.g., IPMA 2017, 2019; Mantel et al. 2001; PMI 2013). It is clear that leadership may be the key to systematic transformation of the infrastructure PM (IPM) to poise itself as sustainable competitive weapons in global markets. E&C is increasingly exhibiting interests in transformational changes and embedding 'sustainability' which has become an important strategic concept (Garza 2013) for organisations and has stimulated the research for this chapter to explore transformational reforms to reduce cost–time overruns and coping with challenges and in utilising new opportunities responsibly. Researchers are realising that such changes do not necessarily conflict with the profit objectives. The E&C sector is ripe for the change. This conceptual chapter is based on significant literature review in multiple research streams spanning general and PM, strategic management, organisational behaviour, human resource management (HRM), philosophy, psychology, and others for analysis, selection and integration of terms and concepts to create a base for strategic leadership in transcending IPM challenges and opportunities. The author of this chapter has experience in these areas and passion to contribute to the practice and the literature. This chapter targets the development of 'sustainability' capacities of healthy, educated engineers, marketers, and other professionals (practitioners) employed across IPM levels and providing bulk of the leadership as trainee managers through team leaders, project managers, and so on. It contributes a practical version of strategic PM leadership (SPML) framework with organisational learning/experiencing and education (L&E) and the leadership-of-self (LOS) capacities where the practitioners take more responsibilities in their 'self' development (Drucker 2005; Mukerji 2017; Thomas and Mengel 2008). The framework is flexible and this chapter provides generic insights and guidance for the practitioners and external stakeholders to adapt for unique situational needs and in advancing the best practices to synergise with theories for potentially best innovative outcomes (Hammond et al. 2017; Hirst et al. 2004). The target population generally possesses accredited PM qualifications and is aware of the PM terms and concepts. This chapter provides the essence of the generic concepts used but does not dive into details, which can be accessed through the references.

Technology, although not always matured, is now more readily available. This chapter focuses on the reform of people issues. Given the large built environment assets and growing investments, even small improvements in performance could significantly affect the community's well-being. Developing all individual practitioners' capacities and management of the external stakeholders to their best leadership potential could promote powerful integrated strategies (e.g., Avolio 2007; Mukerji 2017; Toor and Ofori 2008; Quatro et al. 2007) across IPM levels resulting in profound impacts on the overall performance and outcomes.

Generally, there is no one right way to resolve the complex challenges in unique IPM problems in different organisations, cultures, and individualised perspectives of the decision-makers. The innovative management of people issues and collaborative work for the situational needs appear as the keys to success. Literature and the exemplary organisation experiences (e.g., General Electric, Minnesota Mining and Manufacturing Company or 3M, Proctor-Gamble, Siemens, Unilever) depict people issues as the essence of sustainability in triple bottom line perspectives of people–planet–profit (e.g., KPMG 2009; Mukerji 2017; PennState 2018; Slaper and Hall 2018). The scholars are emphasising the critical need for higher values and leadership concerns for the well-being of stakeholders, societal relationships, and teamwork. For responsible IPM leadership, this chapter investigates generic insights, values, and guidance for practitioners to adapt to their individual leadership styles for situational needs. The process aims to synergise managers' and stakeholders' leadership across IPM levels, which, when enacted effectively, could enable leaders to proactively face the challenges and the emerging opportunities for the best possible outcomes (Maak and Pless 2006; Mukerji 2014). Traditionally, the firm's attention has been focused more on internal managers with organisation boundaries drawn around the individuals and groups, but not adequately in management of external stakeholders as partners for the subcontractors, suppliers, and others' teamwork for contract adherence and IPM objectives seamlessly. Stakeholder management involves a variety of individuals with widely different backgrounds, values, abilities to absorb information and often with tendencies to interpret situations differently. Stakeholder satisfaction should be managed as a key project objective (PMI 2013). The stakeholder-management tasks of complex IPM are usually formidable and require judgement, supporting organisational culture, trade-offs at every turn, and collaborative societal relationships between internal and external members. The following case example developed from media reports and other reliable sources adds interesting insights into the complexities and challenges in a mega-IPM scenario.

The Genoa or Morandi Bridge is 1182 metres long and was built during 1963–1967, costing approximately €2 billion. The bridge is located on major links from Italy to France and forms part of the Genoa crossing. Yearly, it carried around 25 million vehicles. On 14 August 2018, one 210-metre section of the bridge collapsed, killing 43 people. Morandi is part of a privately owned toll highway system looked after by the construction and maintenance company Autostrade per l'Italia (Pollock 2018). In the wake of the collapse, questions have risen as to exactly how frequently and thoroughly the maintenance of the bridge had been enforced. In 1979, the engineer Morandi, who designed the bridge, blamed its fragile state on a well-known loss of superficial chemical resistance of the concrete caused by sea–air and airborne pollution from a nearby steel plant. Media reports add: the bridge continued requiring extensive maintenance, and in 2016, the structural engineer Brencich of Genoa University appears to have informed that there are errors in design of this bridge and that, sooner or later, it will have to be replaced. He warned that a failure of engineering and the costs of maintenance would soon outstrip the costs of building a new bridge. Bernanei, Anzolin, and Za (2018) refer to an engineering study in 2017 which warned about the state of the Italian bridge and that Stefano Della Torre (Head, Department of Architecture, Politecnico University) told Reuters (Milan) that their study flagged an 'anomaly' in some of the stays that held up the bridge. The study recommended investigating the matter further, he said in a phone interview. The existence of the study was revealed by Italian newspapers.

Nordenson, a structural engineer and professor at Princeton University School of Architecture, commented that much of the infrastructure in Italy—as elsewhere, including the United States—was in poor shape: there are differences in standards that we hold infrastructure to as opposed to other engineered things like automobiles or planes. If you privatise infrastructure, then you have brought in the profit motive, to which Fountain responded, 'You start to have a conflict of interest between the good of the public and the good of the company' (Fountain 2018, from Internet). Italian Transport Minister Toninelli called for resignations of the senior managers belonging to Italian highway agencies that operated the bridge. However, an official from the company said it spent €1 billion in the last five years on maintaining and upgrading its highways (which might not have been enough for this bridge), and thus insisted the collapse was 'unexpected and unpredictable' (Reuter 2018, Internet). The Italian government has initiated legal proceedings to strip the bridge's operator of its contract. To cut the long story short, ultimately, Genoa Mayor Marco Bucci, who is also the commissioner for the new viaduct's construction, told reporters the demolition of the Morandi Bridge's remaining sections was expected to begin in December 2018, which would make room for a new overpass planned to cross the city. Perhaps it is too early to determine exactly what caused the collapse of the 51-year-old bridge, which is apparently heavily associated with proper management and leadership among stakeholders as well as decision-making to sustain and solve problems pertaining to the bridge. Experts hope the tragedy will serve as a wake-up call for authorities everywhere (e.g., Jennings 2018). In the latest update, Bucci Genoa's mayor is promising his city will have a new bridge by Christmas 2019 to replace the one that collapsed (Herald News. 2018; Reuter 2018).

The key for making improvements to IPM performance appears to lie significantly in proper strategic management and leadership for planning. Management of expert stakeholders and implementation of a higher-order communication and actions proactively as possible across IPM levels in the context of the overall objectives and within well-laid-out governance settings. Here, the L&E is meant to developing capacities to contribute towards aligning strategies and execution towards sustainable outcomes (e.g., IPMA World Congress 2017; Mukerji 2017; Wasserman and Czarnecki 2014).

13.2 Strategic Leadership and Sustainability

This chapter adapted the description of SPML capacities as 'demonstrating behaviours of "whole-person managers" in interpersonal relationships with character-based ethics and an image of trust and collaborative relationships with expert team members' (Mukerji 2014, 2017). Drawing on scholars' work (e.g., Avolio 2007; Mukerji 2000; Shenhar and Dvir 2007), this chapter uses the concept of the strategic process as responding to fast-changing market dynamics as proactively as possible towards IPM objectives; for instance, the 'planning' process may include defining the context, the objectives, anticipating changes, implementing the strategy, regular reviews, collaborative discussions, decision-selection processes, and learning from the process to potentially create new knowledge. Project managers may facilitate the group members in setting the strategic direction and mapping out the process with the following generic, flexible, and interrelated system functions:

- Design practical action plans for a complex problem, idea, or opportunity
- Align SPML objectives within organisational goals, vision, and strategic intent
- Clearly and speedily communicate SPML strategies to stakeholders with updated and clear plans showing who does what, when, and how
- Proactively discuss and eliminate project pitfalls
- Improve upon collaborative team relationships and conflict management, which advances performance and productivity during project stages as well as the final delivery with sustainable, competitive advantages

It is apparent that the long-term IPM success may depend more on the equitable balancing of individual strategies with the overall project/organisation objectives, stakeholders' cooperation, and business models of the organisation (Johnson et al. 2014). The key leader's driving forces (drivers) may include capacities for the following:

- Experiential L&E and actions based on practical insights—for example, for reduction of cost–time overruns and growth of sustainable IPM
- Consistent process striving for proactive leadership, teamwork, and decision-making
- Transcendent capacities for IPM challenges and opportunities from a synthesis of related groups of leadership theories and values for sustainability purposes

SPML adopts a flexible, structural–relational approach that includes configuring members with expertise in problem dimensions. Nonetheless, supporting organisational culture and L&E are essential for fully realising the strategies. From the trends of environmental changes (e.g., arrival of low-carbon economy and evolving community aspirations), it is apparent that sustainable strategies could significantly add to the effectiveness of the IPM process. Thus, sustainability has become a requirement rather than a desirable characteristic in complex IPM. For E&C projects, sustainability is both a short- and long-term perspective. However, the concept may have different meanings. According to *Dictionary.com*, 'sustainability is defined as the quality of not being harmful to the environment, making use of the natural resources responsibly and thereby supporting the long-term ecological balance' (*Dictionary.com* n.d.). In a webinar entitled 'Sustainability and Preparing for another Winter', Professor Bigelow posits that, in reality, sustainability includes three major, interrelated components otherwise known as the '3 Es': environmental protection, economic prosperity and continuity, and social equity or social well-being (Bigelow 2019). Drawing on the *Dictionary.com*, Bigelow's '3 E' principles, and other sources, this chapter adapts IPM's 'sustainability' as the responsible performance of individual practitioners and key external stakeholder across IPM levels for integrated processes. Given the importance of sustainability in E&C projects, a generic set of leadership concerns has been investigated for the categorisation and harmonious balance of responsible leadership strategies.

This chapter provides generic insights and guidance for practitioners to adapt as leadership concerns (motives) in situational needs and to their individual leadership styles for innovative performance and sustainability. These insights may partly reflect the leaders' mindsets for transformation, which may be reviewed by L&E/LOS, culture, and the leader's challenging of his/her 'self' motives for situational needs. For instance, 'self-interest' is often a strong motive behind actions. However, for the IPM values, the 'self-interest' concept may have a different meaning altogether. The healthy self-interest could be free from narrow selfishness and become a core component of leadership for responsible interests, welfare, and success of all stakeholders. However, if there is any doubt about intentions, one may challenge his/her motives every step of the way by asking, for example, 'Is this really my own narrow, selfish self-interest, or do I have an inflated "ego" to succeed?' Moreover, healthy self-interest under masterful facilitation and supportive culture is amenable to be steered towards individuals helping one another succeed and sustain far superior outcomes for all stakeholders. The proposed SPML framework is designed to be flexible for adaptation of sustainability values with due care of organisational and IPM regulative (legally necessary), normative (social aspirations/obligations), and cognitive (taken-for-granted way of doing things) elements to the leaders' individual capacities and styles for innovative outcomes (Avolio 2007; Brady et al. 2005; Fullan 2004; Strang and Kunhert 2009). To emphasise the 'sustainability' values, the speakers and webinar leaders seem to often refer to the following terms and concepts: 'authentic', 'collaboration', 'communication', 'community aspirations', 'ethics', 'humility', 'learning and education', 'self-management', 'social well-being', 'societal relationships', 'resilience', 'responsible behaviours', 'stakeholders', 'teamwork', 'transparency', 'trustworthy', and so on. The process of transforming IPM leadership and the supportive organisational infrastructure may be complex, although very worthwhile. Computerising SPML processes and keeping track of individuals' progress help monitor and save costs. These aspects are further investigated in the following sections.

13.3 Leadership-of-Self Capacity: Engine of Sustained Development

The unprecedented business challenges, changing community aspirations, lack of skilled workers, slower growth in leadership capacities, and growing industry interest in more holistic leadership and growth of management bodies of knowledge are creating the momentum for homegrown transformational reform from policy levels down to the junior practitioners and other stakeholders (Hargrove and Sitkin 2011; Mukerji 2017; Thomas and Mengel 2008). Managing people issues or project HRM is multifaceted. For the practitioners and stakeholders, it involves the ability to lead, direct, and orchestrate the project team to achieve collaborative results. The literature posits generic insights and guidance on the following may help developing LOS capacities (LinkedIn Learning 2015; Lashley 2016):

- Objective analysis and evaluation of factual evidence on an issue to form a judgement with attention balanced among the importance of events and timelines.
- Because people drive processes, it makes sense to build practitioners' competences—for example, in teamwork and stakeholder-management skills.
- Project manager and team members often work quite autonomously and require awareness of an incoming flux of stakeholders and changing environment as well as the knowledge of how these may impact the team dynamics and the project functions. Project managers may even need to bring together individuals into teamwork on many of whom they do not have direct control.
- Project manager should address project team's retention, labour relations, performance appraisals, and, depending on the nature of the project work, health and safety issues.
- With the demands for skilled, high-tech workers across levels, employee recruitment/retention and sustained L&E among existing talented leaders and workers should be reorganised; the search for skilled individuals should span the globe, and organisational culture should transcend cross-cultural barriers.
- It is further suggested that practitioners discuss sustainable business practice needs to be set within the framework of a business ethics understanding.

Pope Francis's encyclical letter (Laudato si' 2015) builds a practical conversation of relational truth between science, ethics, philosophy, and spiritual mindset on ecology and sustainable development. *Laudato si'* argues for frugal consumption and to embark upon change and responsible behaviours in helping and not harming sentient creatures. Living and working should integrate the concerns for people and the planet as integral transdisciplinary understanding of the world which ties science to human values. It is apparent that IPM leadership calls for higher levels of social–relational, ethical, and collaborative teamwork that integrates modern literature, values, and economic efficiency for work and life success. Such leadership requires support from organisational L&E and culture that transcend any existing cross-cultural resistances. Prevailing leadership literature and practice has, for the significant part, focused on the relationship between leaders and followers as subordinates, whereas this chapter indicates the needs and advantages of the responsible leadership that collaborates and partners with a multitude of followers who share the responsibilities from a relational and stakeholder perspective (e.g., Maak and Pless 2006; Mukerji 2017).

Developing competent leaders is a significant concern for E&C, and the systematic investigation of leader development is in a relatively nascent stage (Day et al. 2014). To sustain leadership, this chapter takes a broad stand, claiming that leaders perform some type of leadership in different domains of life, such as at work or as a parent, spouse, friend, or citizen (Hammond et al. 2017; Seltzer 2013). A disruption in one aspect may disrupt the others. Success in all domains may powerfully validate the strategic capacities, trust all around, profound contentment, and higher self-awareness, self-image, and self-renewals (e.g., Avolio 1999; Laudato si' 2015).

In the face of increasing challenges, developing organisational capacities for responsible performance management is tough and likely to remain a critical process (Wignaraja 2009). This is both a significant challenge and an opportunity. Nevertheless, empowering PM with a 'whole-person' leader's capacities across IPM levels and leadership domains could create the strategic base for change. LOS capacity development should start from the known principles (e.g., prevailing best practices) to innovative processes supported by sustained L&E. Literature and the experts' experience emphasise that individuals' capacities to full potential are more likely to be realised when the developmental means are home-grown, long-term, and managed collectively by those who will benefit such as practitioners, stakeholders, organisations, and the impacted communities. The process does not discard the previous best practices, but rather reduces the weaknesses and enhances the strengths. Simply put, SPML framework with well-laid-out governance setting and organisational culture provides the basis, enabling critical thinking, higher ethics, and/or collaborative discussions or the 'sustainable' development capacity within societal relationships is almost a natural process (e.g., Drucker 2005; Fehr et al. 2014; Mukerji 2017; Sabini et al. 2017). Thus the leadership capacity to meet the standard of sustainability could also create the flexibility to innovatively respond to changes and thus transcend the challenges and successfully make use of the emerging opportunities in the market dynamics (e.g., Brady et al. 2005; Burg 2017; Crossley et al. 2013). There are growing agreements amongst scholars, experts, and organisations that the LOS capacity is indeed the engine of human development.

Merriam-Webster Dictionary defines *ethics* as rules of behaviour based on ideas about what constitutes morally good and bad behaviour (Merriam-Webster, Internet). According to Wikipedia, '*Ethics* is a branch of philosophy that involves systematising, defending, and recommending concepts of right and wrong conduct. *Ethics* seeks to resolve questions of human morality by defining concepts such as good and evil, right and wrong, virtue and vice, justice and crime' (Wiki—Ethics, Internet). However, there exist cultural differences amongst individuals with different values and practices. Thus, to further explore this aspect, it is necessary to clarify that normative ethics deals with how we should behave and live our lives, particularly when our actions affect others. SPML leaders are ethical and strategic; their normative ethical behaviour creates many advantages in that being ethical ensures the leaders follow the law and create healthier cultures emphasising consciousness, inclusion, and accountability. Thus, ethics improves leaders' images in many ways. Organisational culture should provide encouragement for ethical leadership by inspiring team members' and stakeholders' trust, moral perceptions, and development of cohesion and diversity (Fehr et al. 2014; Nelson et al. 2012). 'Ethics' appears to be a natural ingredient of the LOS capacity, which is consistent with the authentic leadership attributes investigated for IPM and sustainability (e.g., Avolio and Gardner 2005; Bass et al. 2003; Wignaraja 2009).

13.4 Leadership: Responsible Performance

Leadership strategies and IPM insights developed in the foregoing discussions may create a profoundly generic basis by which actors may adapt their individual ideals and leadership styles to incorporate innovative and responsible behaviours (Maak and Pless 2006; Mukerji 2017; Shenhar 2004). However, leadership transformation among LOS capacities is not easy. The following sections provide further generic insights into the theories and practices for leaders'/leadership's transformation process.

13.4.1 Transactional–Transformational Leadership Theories: Evolutionary Trend

With the changing knowledge and market dynamics, transactional–transformational groups of theories are evolving (Judge et al. 2004). This chapter explores transformation towards responsible leadership to transcend the challenges and opportunities. This chapter emphasises the best E&C practices that may focus on transformational capacities with the types of values and attributes that extend beyond the cost–benefit exchange of transactional processes to motivate collaborative teamwork to perform beyond expectations (Keegan and Hartog 2004). LOS capacities empower leaders to transcend short-term and narrow-selfish interests and adopt a strategic outlook with higher-order qualities (e.g., the behaviour of proactive decision-making for sustainability). Thus, although transformational and transactional leaderships are different paradigms, they are not mutually exclusive. A transformational leader's total engagement motivates followers to collaborate, learn, and perform to their potential best capacities (Keegan and Hartog 2004). For 'transcendence', in the face of challenges and opportunities, practitioners may try to affect, shape, curtail, expand, and/or temper with responsible concerns, for example, for self-group interests with values for success for all. Table 13.1 outlines key characteristics that broadly distinguish the two groups of theories.

Table 13.1 has been developed from search of literature on the theme, transactional versus transformational leaders (e.g., Judge et al. 2004; Keegan and Hartog 2004) and Lumen Management, Leadership (Lumen

Table 13.1 Key characteristics of transactional and transformational leaders

Transactional leaders	Transformational leaders
React to problems as they arise	Genuine concerns for scalable, long-term real change, inclusive, relational perspective with all stakeholders. More likely to address issues proactively before they become problematic
Work within existing organizational culture	Understand the big picture. Emphasize innovative new ideas, ethics, integrated leadership across levels, and societal relationships; helping each other for high performance; reduce wastages thereby helping to transform the organizational culture
Reward and punish in traditional ways	Attempts positive results, makes team and stakeholders feel secure & keep them interested in (self-others) developments, leads by masterly facilitation and high-order process, motivates by setting exemplary examples, clarity & reward system
Appeal to the self-interest of employees who seek out rewards for themselves	Concerns for self-group interests with values for success for all. Appeal to group interests and notions of organizational success
Lead in a way that is more akin to the common notions of "management"	Adhere more closely to what is colloquially known as "authentic leadership" and spiritual values for leadership sustainability.

Learning 2018). The hybrid versions of transactional–transformational groups of theories indicate, for instance, integrating spiritual groups of concepts such as 'consciousness' and *being*, which create roads into the structural–relational aspects of transformation and sustainability (e.g., Fehr et al. 2014; Judge et al. 2004; Fuller 2001; Jamaludin et al. 2011; Lumen Learning 2018; Mukerji 2017).

13.4.2 Leadership Breakdown Structure: Development of LOS Capacities

Scholars' work (e.g., Fullan 2004 citing Senge 1990) suggest that in integrating leadership and sustainability seamlessly (e.g., in IPM), the practitioner aiming to make project-stage deliveries could adopt systems thinking for coordination with the needs of the next-following phase as well as with the overall project objectives. Some practitioners may possess natural adjustable capacities. However, in general, for the sake of consistency it is necessary to strengthen the necessary aspects of LOS/L&E for systems thinking and resilience. Scholars (e.g., Fullan 2004; Mukerji 2017) suggest that human endeavours are bound by invisible fabrics of interrelated concepts and actions, which may take years for their effects to be fully played out on and across one another. Thus, it may be difficult for some practitioners to perceive the whole picture of IPM, as they may tend to focus on snapshots of only parts of the system. Hence, understanding of what aspects and how to adapt system-based thoughts to individual leadership styles is important. This chapter encourages systems thinking as a strategic cognitive behaviour integrating the theories of teamwork with practice as well as with other relative disciplines and behaviours, such as personal mastery, mental model building, shared vision, team L&E, and concerns for supporting one another. Giles's (2016) research included 195 global leaders' ratings of 74 leadership qualities according to respondents' priorities. The following five themes were top rated:

1. Demonstrates strong ethics and provides a sense of safety
2. Empowers others to self-organise
3. Fosters a sense of connection and belonging
4. Is open to new ideas and encourages learning
5. Nurtures growth

Giles's findings suggest the IPM practitioner may select his/her top priorities, and then the findings or themes may be broken down firstly into competencies and secondly into elements (e.g., knowledge, skills, and attributes) according to his/her individual styles for situational needs. The leadership variables may be selected from the insights and guidance provided in this chapter integrated with the Body of Knowledge (BOK) and so on. For instance, according to one of the top-rated Giles's leadership themes, 'fosters a sense of connection and belonging' may require competencies that enable the individual to (a) communicate often and openly, (b) build a strong foundation for connection and trust, (c) provide support for trial and error, (d) create feelings of success or failure together as a pack, and (e) help leaders advance into the next-generation capacities (Giles 2016). In general, it appears that practitioners may only partly realise their innate capacities, meaning their understanding of their own ideals; thus, their true growth potential remains dormant at the 'unconscious' levels. This restricts the ability of the practitioners to fully play out their potential best innovative performance capacities. This chapter suggests the structure of LOS/L&E capacities across levels should be both balanced with systems thinking and integrated with the sustainable HRM practices underscored by ethics and spiritual values.

13.5 Learning/Experiencing and Education for Leadership Sustainability

In most instances, leadership experience is actually transferred, absorbed, and put into practice at the individual level (Antons and Piller 2015). Furthermore, as noted in the foregoing discussions, developing competent leaders is a significant concern for E&C, and the systematic investigation of leader development is in a relatively nascent stage (Day et al. 2014). As noted earlier, to sustain effective IPM leadership, this chapter takes a broad stand, that leaders perform some type of leadership in different domains of life, such as at work, or as a parent, spouse, friend, or citizen (Hammond et al. 2017; Seltzer 2013). Success in all domains may powerfully validate the strategic capacities spreading across IPM levels trust, profound contentment, and higher self-awareness (e.g., Avolio 1999; Laudato si' 2015). A disruption in one of the domains may impact the others. Success in all domains may powerfully validate the strategic leadership capacities all around

The social-cognitive approach used in this study aims to provide generic insights and posits a multifaceted causal structure where the practitioners take more responsibilities of 'self' development for all domains and 'self-regulated learning' as the study processes to initiate and direct their efforts to acquire the desired knowledge and skill (Zimmerman 1989, p. 329). The social-cognitive conception of self-regulated learning may involve a triadic analysis of processes of development of person (self), behaviour, and environment (culture). This theoretical account also posits a central role for the construct of learning self-efficacy beliefs and the three self-regulatory processes: self-observation, self-judgement, and self-reactions (Zimmerman 1989, pp. 329–331). More recent research suggests the practitioners' interests in self-development related to contributions to corporate sustainability; the L&E focus may be grouped under five broad knowledge areas, for instance: cognitive, interpersonal, business, strategies, and professional ethics (Hain et al. 2014; Morris 1994; Mukerji 2017; Nicolas 2004). Figure 13.1 illustrates a generic social-cognitive approach for L&E that is flexible for adjustments to the situational needs (e.g., Pless et al. 2011). The figure is adapted from Jacobs and de Klerk (2007) who published an interesting article on understanding female consumers' risks perception for apparel purchasing on the internet, and significantly modified in the context of this research for sustainability in infrastructure project management.

The key features (Fig. 13.1) could include individual/group deliberations of useful feedback from past experiences and feed-forward data for proactive inferences based on situational needs, individual/group goals, and shared responsibilities. These expectations are founded upon the assumptions that practitioners are motivated to achieve their full innovative potential through L&E, implying that, the learners will be proactive in receiving, processing, and using information to resolve problems. The social-cognitive approach enables masterly facilitation for proactive decision-making as consistently as possible, with practitioners with higher expertise helping others with less ability for team innovativeness in generating decision options (e.g., Pless et al. 2011; Jacobs and de Klerk 2007; Robbins and Mukerji 1994). The literature emphasises that individuals store, process, and recall information along a schematic form based on individual/group attributes, wisdom, and organisational culture (de Treville and Antonakis 2006). The model is compatible with computer-supported systems that could more thoroughly and cost effectively address general issues and best practices among different groups (Bonneaud et al. 2017; Mukerji 2000). The process is expected to improve by conscious L&E behaviours that also enable leaders' proactive responses to dynamic environments (Allen 2015; Jackson and Klobas 2008).

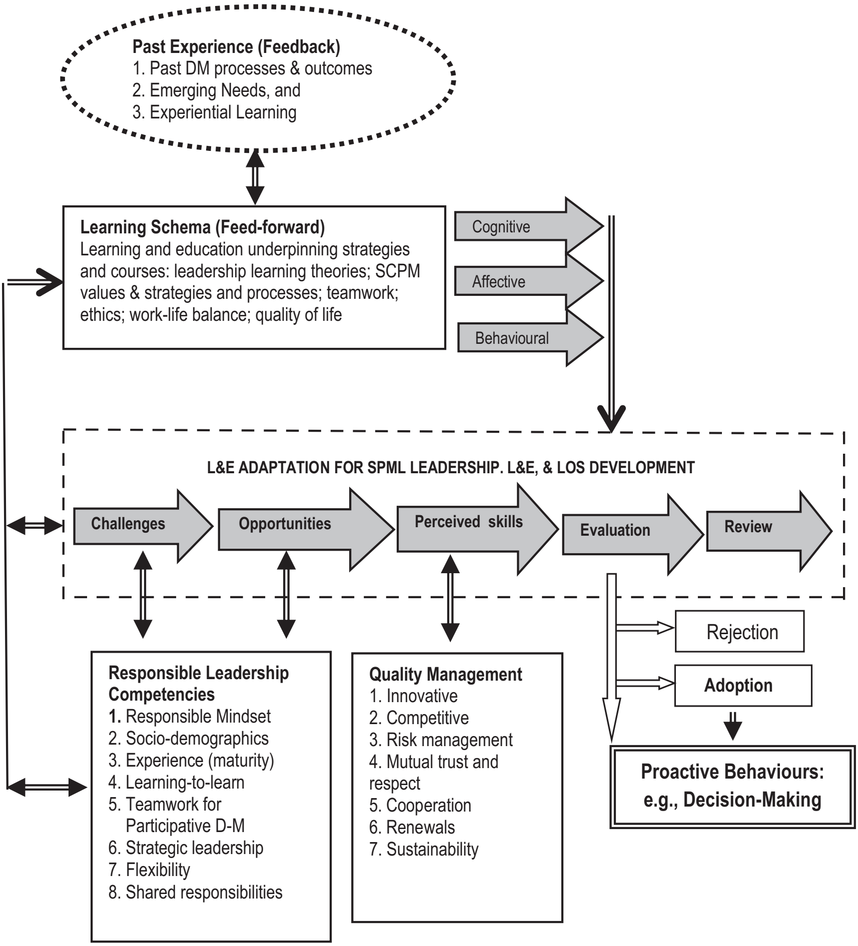

Fig. 13.1 Synthesis of the key generic findings for a conceptual social-cognitive learning approach in infrastructure project management. (Legend: 1. D-M Decision-Making, 2. L&E Organisational learning and education)

Nonetheless, doubt has been raised in regard to the transformational leadership style's ability to effectively fulfil followers' inner needs as well as the lack of spiritual values in leaders' ethical conduct. Some researchers believe changing the external world for the better also requires the inner development of individuals who are motivated to lead in order to bring about such changes (Yasuno 2008). Questions have also been raised in regard to what it means to be 'human', what we really mean by 'growth', and so on. The importance of spiritual elements appears to be acknowledged in authentic spiritual leadership (Allen 2015; Seltzer 2013) and the popularity of spiritual practices such as meditation and yoga. To properly integrate theory with practice, this chapter assumes the 'transformational–transactional–spiritual' leadership paradigm proposed by some researchers (e.g., Jamaludin et al. 2011) is more suited for SPML and IPM.

The 'transformational–transactional–spiritual' paradigm could empower responsible leaders' personal behaviours towards transcending ego-centric limitations and increasing their focus on stakeholders' collaborative integration with sustainability concerns (Mukerji 2017). From the essence of some scholars' work (e.g., Fuller 2001; Tanyi 2002; Strang and Kunhert 2009), it appears that spirituality—at the very minimum—is the subtle and not easily specifiable awareness that surrounds virtually everything and anything. Spirituality may help practitioners transcend petty self-interest and unethical behaviours. Philosophers and a growing number of researchers including the author of this chapter appreciate that spirituality is manifested in nature, art, and the bonds of love and collaborative feelings, which may hold IPM communities together in the reverence for life and nature as well as 'self' and economic concerns. Thus, character-based ethics has been described as the key attribute among transformational leaders (Campbell 2007). The integration of SPML with spirituality appears to encourage higher values and character-based ethics, faith, hope, peace, and empowerment, all of which are required in sustainable leadership across IPM.

13.6 SPML Leaders: A Sustainable Performance Model

Figure 13.2 illustrates a partial framework of a sustainable PM system for competitive advantage.

The 'drivers' in the middle row (Fig. 13.2) provide examples of generic variables for responsible leadership that set in motion the transformation

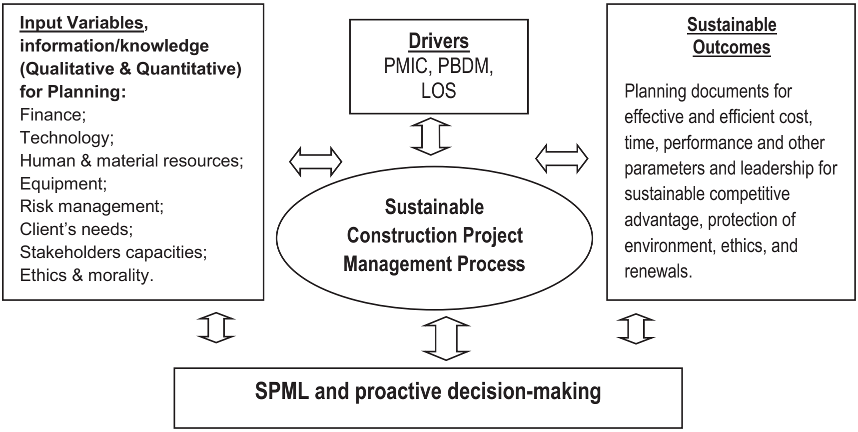

Fig. 13.2 Strategic project management system: partial framework (1. PMIC: Construction Project Management Insight & Capacities, 2. PBDM: Proactive Behaviors in Problem Solving & Decision-Making, 3. LOS capacities and mindset for wellbeing, societal aspirations, economic viability, and protection of environment for sustainable competitive advantage in global market dynamics)

of inputs into outputs for situational needs. The figure illustrates a model of the L&E/LOS empowered practitioners'/stakeholders' adaptation of the generic insights for responsible leadership towards sustainable outputs (planning documents). The process of masterful facilitation by the practitioners with equitable concerns, for instance, self/others interests, well-being, societal relationships, environment protection, and economic efficiency, may lead the practitioners and stakeholders to: (a) interests in enacting a joint vision, collaborative discussions for proactive decision-making with regular reviews for sustainability, (b) higher sense of belonging and collaboration, and (c) development of special mutual bonds characterised by mutual respect, trust, and concern for everyone's success (Pinto et al. 2007; Mukerji 2017). The process is underpinned by SPML packages and spiritually conscious mindsets, and culture releasing natural renewal capacities (Graen and Grace 2015). The generic concepts, guidance, and organisational support could help practitioners to adapt to the situational needs for innovative outcomes and individual/group best capacities over time for sustainable competitive advantage.

13.7 Conclusions and Implications

Despite the growth in technology and PM literature, complex E&C projects continue incurring cost–time overruns and lapses in properly addressing community aspirations. E&C practitioners such as marketers and engineers provide bulk of the leadership across IPM levels through their diverse roles and responsibilities. They work hard and long hours under uncertainties and job insecurities. It has become clear that limited changes and repeated restructurings are no longer sufficient for sustainability in market dynamics. Practitioners welcome practical knowledge and guidance for SPML capacities towards breakthrough IPM performance. Pless et al. (2011, p. 237) argue:

> There has been growing awareness of the need for responsible corporate leadership among policy makers, educators and the general public. This is partly due to the highly publicized corporate scandals and instances of management misconduct that have eroded public faith and have fuelled legislative reactions…Concomitantly, management scholars and educators have begun to question the assumptions underlying traditional management education, which, in their view, not only contributed to a moral vacuum and dysfunctional picture of the corporate executive as the ruthlessly hard driving, strictly top-down, command-and-focused, shareholder-value-obsessed, win-at-any-cost business leader but also failed to prepare students and managers for the leadership and ethical dilemmas faced in an increasingly complex, global, and interconnected world.

The process of change is complex, but with organisational support and culture, the SPML with L&E/LOS package could develop IPM capacities to transform cost–time overruns and lapses into strategic sustainability and economic success.

References

Allen, P. (2015, March). *Authentic Spiritual Leadership, The Mega Church Corporate Model of the New Millennium*. Author House, Ebook. https://www.authorhouse.com/bookstore/bookdetail.aspx?bookid=SKU-001004253

Antons, D., & Piller, F. T. (2015). Opening the Black Box of 'Not Invented Here': Attitudes, Decision-Biases, and Behavioural Consequences. *Academy of Management Perspectives, 29*(2), 193–217.

Avolio, B. (1999). *Full Leadership Development*. Thousand Oaks: Sage.

Avolio, B. J. (2007). Promoting More Integrative Strategies for Leadership Theory-Building. *American Psychologist, 62*(1), 25–33.

Avolio, B. J., & Gardner, W. I. (2005). Authentic Leadership Development: Getting to the Root of Positive Form of Leadership. *The Leadership Quarterly, 10*(3), 315–338.

Bass, B. M., Jung, D. I., Avolio, B. J., & Berson, Y. (2003). Predicting Unit Performance by Assessing Transformational and Transactional Leadership. *Journal of Applied Psychology, 88*, 207–218.

Bernanei S., Anzolin E., & Za V. (2018, August 23). Why No One Thought to Close Italy's Crumbling Bridge. *Reuters, World News*, 10:31 PM. https://www.reuters.com/.../why-no-one-thought-to-close-italys-crumbling-bridge-idU. https://www.economist.com/comment/1794897

Bigelow, C. A. (2019). *Sustainability and Preparing for Another Winter*. Indiana: Purdue University. [Webinar: Sustainability Network].

Bonneaud, S., Stéphane, B., Gabriel, R., & Sansonnet, J.-P. (2017). A Socio-Cognitive Model for the Characterization of Schemes of Interaction in Distributed Collectives. *Research Gate*. Retrieved from www.researchgate.net

Brady, T., Davies, A., & Gann, D. M. (2005). Creating Value by Delivering Integrated Solutions. *International Journal of Project Management, 23*, 360–365.

Burg, R. (2017). Interfacing with Ethics: Technological Innovation Through Moral Imagination. *Academy of Management Proceedings, 2017*(1), 15390. (only published online) aom.org/proceedings

Campbell, C. R. (2007). On the Journey Toward Wholeness in Leader Theory. *Leadership and Organization Development Journal, 28*(2), 137–153.

Crossley, C. D., Cooper, C. D., & Wernsing, T. S. (2013). Making Things Happen Through Challenging Goals: Leader Proactivity, Trust, and Business Unit Performance. *Journal of Applied Psychology, 98*(3), 540–549.

Day, D., Fleenor, J. W., Atwater, L. E., Sturm, R. E., & Mckee, R. A. (2014). Advances in Leader and Leadership Development: A Review of 25 Years of Research and Theory. *Leadership Quarterly, 25*(1), 63–82. https://doi.org/10.1016/j.leaqua.2013.11.004

de Treville, S., & Antonakis, J. (2006). Could Lean Production Job Design Be Intrinsically Motivating? Contextual, Configurational, and Levels-of-Analysis Issues. *Journal of Operations Management, 24*(2), 99–123.

Dictionary.com. (n.d.). 'Sustainability', *Noun*. Definition Retrieved from https://www.dictionary.com/browse/sustainability

Drucker, P. F. (2005). Managing Oneself. *Harvard Business Review*. Retrieved from https://hbr.org/2005/01/managing-oneself

Fehr, R., Yam, K. G., & Dang, C. (2014). Moralized Leadership: The Construction and Consequences of Ethical Leader Perception. *Academy of Management Review, 40*(2), 182–209.

Fountain, H. (2018). In Italy Bridge Collapse, Both Design and Upkeep Are Under Suspicion. *The New York Times Europe.* Retrieved from https://www.nytimes.com/2018/08/16/world/europe/italy-bridge-collapse-design.html

Fullan, M. (2004). *Leadership and Sustainability*. Thousand Oaks: Corwin Press.

Fuller, R. C. (2001). *Spiritual, but Not Religious: Understanding Unchurched America*. New York: Oxford University Press.

Garza, F. A. (2013). A Framework for Strategic Sustainability in Organizations: A Three Pronged Approach. *Journal of Comparative International Management, 16*(1), 23–36.

Giles, S. (2016). The Most Important Leadership Competencies, According to Leaders of the World. *Harvard Business Review.* Retrieved from https://www.researchgate.net/publication/323229010_The_Most_Important_Leadership_Competencies_According_to_Leaders_Around_the_World

Graen, G., & Grace, M. (2015). New Talent Strategy: Attract, Process, Educate, Empower, Engage and Retain the Best. *LEAPROS*. Retrieved from http://www.leapros.com/assets/downloads/SHRM-SIOP-New-Talent-Strategy.pdf

Hain, T., Preuss, L., Pinkse, J., & Figge, F. (2014). Cognitive Frames in Corporate Sustainability: Managerial Sensemaking with Paradoxical and Business Case Frames. *Academy of Management Review, 39*(4), 463–487.

Hammond, M., Clapp-Smith, R., & Palanski, M. (2017). Beyond (Just) the Workplace: A Theory of Leader Development Across Multiple Domains Beyond (Just) the Workplace. *Academy of Management Review, 42*(3), 481–498.

Hargrove, D., & Sitkin, S. B. (2011). New Generation Leadership Development in a Complex Environment: An Interview with General Martin E. Dempsey. *Academy of Management Learning and Education, 10*(3), 528–533.

Herald News. (2018, December 16). New Genoa Bridge by Next Christmas, Says Mayor, 12:00AM. https://www.theherald.com.au/story/5813408/new-genoa-bridge-by-next-christmas

Hirst, G., Mann, L., Bain, P., Pirola-Merlo, A., & Richver, A. (2004). Learning to Lead: The Development and Testing of a Model of Leadership Learning. *The Leadership Quarterly, 15*, 311–327.

IPMA 30th World Congress. (2017, September). Breakthrough Competences for Managing Change. An Interview of Saidoun A., IPMA Executive Director.

Astana, Kazakhstan. http://blog.ipma.world/wp-content/uploads/2017/08/IPMA-World-Congress-2017-Newsletter-4.pdf. Accessed 23 Apr 2018; https://www.ipma.world/30th-ipma-world-congress-interview-executive-director-ipma. Accessed on 4 Feb 2019 directly to the IPMA website as well as through GOOGLE search.

IPMA. (2019, January 14). *Integrated Project Management Delivery – An Actions Guide for Leaders*. https://www.ipma.world/integrated-project-delivery-ipd-an-action-guide-for-leaders/. Accessed 17 Jan 2019.

Jackson, P. D., & Klobas, J. (2008). Building Knowledge in Projects: A Practical Application of Social Constructivism to Information Systems Development. *International Journal of Project Management, 26*(4), 329–337.

Jacobs, B., & de Klerk, H. M. (2007). Understanding Female Consumers' Risks Perception for Apparel Purchasing on the Internet. *Journal of Family Ecology and Consumer Sciences, 35*, 47–58. Publisher: South African Association of Family.

Jamaludin, Z., Rahman, N., Mukhbal, Z., & Idris, F. (2011). Do Transactional, Transformational and Spiritual Leadership Styles Distinct?: A Conceptual Insight. *Journal of Global Business and Economics, 1*(2), 73–85.

Jennings, P. (2018). Genoa Bridge Collapse: Derby Unites a City Struck by 'Momentous Disaster'. *BBC Sport in Genoa*. https://www.bbc.com/sport/football/46336093

Johnson, G., Whittington, R., Scholes, K., Ancwin, D., & Regner, P. (2014). *Exploring Strategy: Text and Cases*. Harlow: Pearson.

Judge, T. A., Ronald, F., & Piccolo, R. F. (2004). Transformational and Transactional Leadership: A Meta-Analytic Test of Their Relative Validity. *Journal of Applied Psychology, 89*(5), 755–768.

Keegan, A. E., & Hartog, D. N. D. (2004). Transformational Leadership in a Project-Based Environment: A Comparative Study of the Leadership Styles of Project Managers and Line Managers. *International Journal of Project Management, 22*, 609–617.

KPMG. (2009). The State of Corporate Governance in India – A Poll. *Audit Committee Institute*. Retrieved from https://www.in.kpmg.com/SecureData/ACI/Files/CG_Survey_Report.pdf

Lashley C. (2016). Business Ethics and Sustainability. *Academy of International Hospitality Research, Research in Hospitality Management 2016*, 6(1), 1–7. Open Access Article Printed in The Netherlands. Retrieved from http://creativecommons.org/licenses/by/4.0

Laudato si'. (2015, May 24). *Encyclical Delivered by Pope Francis on Care for Our Common Home*, Vatican, Rome. https://laudatosi.com/watch; http://www.eurospes.org/content/integral-ecology-earth-spirituality-and-economics#sthash.COMywIfv.dpuf. Accessed Feb 2016.

LinkedIn Learning. (2015). *People Issues in Project Management* [Video file]. Retrieved from https://www.slideshare.net/ashwinprince/people-issues-in-pm

Lumen Learning. (2018). Types of Leaders: Transactional Versus Transformational Leaders. In *Boundless Management*. Retrieved from https://courses.lumenlearning.com/boundless-management/chapter/types-of-leaders

Maak, T., & Pless, N. M. (2006). Responsible Leadership in a Stakeholder Society – A Relational Perspective. *Journal of Business Ethics, 66*, 99–115. https://doi.org/10.1007/s10551-006-9047-z

Mantel, S., Meredith, J. R., Shafer, S. M., & Sutton, M. M. (2001). *Project Management in Practice*. New York: John Wiley.

Merriam-Webster Dictionary. (n.d., Internet). *Definition of Ethics*. https://www.merriam-webster.com/dictionary/ethic

Morris, J. (1994). Development Work and the Learning Spiral. In A. Mumford (Ed.), *Gower Handbook of Management Development* (pp. 5–18). Aldershot: Gower.

Mukerji, D. (2000). *Managing Information: New Challenges & Perspectives*. Prentice Hall, Australia, Pearson Education, Frenchs Forest, NSW 2086.

Mukerji, D. (2014, December 19–20). *Leader and Leadership Processes: 21st Century Challenges in Resource Management, Proceedings of International Seminar on Environmental Perspectives and Resource Management*, Institute of Landscape Ecology and Ekistics Kolkata, University of Calcutta, Proceedings of International Seminar on Environmental Perspectives & Resource Management, pp. 6–19.

Mukerji, D. (2017). Transcendent Leadership for Sustainable Project Management in China and India. In N. Muenjohn & A. McMurray (Eds.), *Palgrave Macmillan Handbook of Leadership in Transforming Asia* (pp. 417–444). London: Palgrave Macmillan.

Nelson, J. K., Poms, L. W., & Wolf, P. P. (2012). Developing Efficacy Beliefs for Ethics and Diversity Management. *Academy of Management Learning and Education, 11*(1), 49–68.

Nicolas, R. (2004). Knowledge Management Impacts on Decision Making Process. *Journal of Knowledge Management, 8*(1), 20–31.

PennState. (2018). *The 3Ps and Triple Bottom Line*. Retrieved from https://www.e-education.psu.edu/ba850/node/643

Pinto, J. K., Slevin, D. P., & English, B. (2007). Trust in Projects: An Empirical Assessment of Owner/Contractor Relationships. *International Journal of Project Management, 27*, 638–648.

Pless, N. M., Maak, T., & Stahl, G. K. (2011). Developing Responsible Global Leaders through International Service Learning Programs: The Ulysses Experience. *Academy of Management Learning & Education, 10*(2), 237–260.

PMI. (2013). *Project Management Body of Knowledge (PMBOK)* (5th ed.). Philadelphia: Project Management Institute.

Pollock, E. (2018). Italy's Morandi Bridge Collapse – What Do We Know? *engineering.com*. Retrieved from https://www.engineering.com/BIM/ArticleID/17517/Italys-Morandi-Bridge-CollapseWhat-Do-We-Know.aspx

Quatro, S. A., Waldman, D. A., & Galvin, B. M. (2007). Developing Holistic Leaders: Four Domains for Leadership Development and Practice. *Human Resource Management Review, 17*, 427–441.

Reuter. (2018, August 15). Italian Minister Demands Resignations at Operator of Collapsed Bridge. *World News*. https://www.reuters.com/article/us-italy-motorway-collapse-minister/italian-minister-demands-resignations-at-operator-of-collapsed-bridge-idUSKBN1L00LN

Robbins, S., & Mukerji, D. (1994). *Managing Organisations: New Challenges and Perspectives* (2nd ed.). Sydney: Prentice Hall.

Sabini, L., Muzio, D., & Alderman, N. (2017). Integrating Sustainability into Project Management Practices: The Perspective of Professional Institutions. *International Research Network on Organizing by Projects (IRNOP), 2017*, 1–17.

Seltzer, L. F. (2013). Contemporary Humanism and Spirituality, Part 1. How Can Spirituality Be Defined in Non-Religious Ways? *Psychology Today*. Retrieved from https://www.psychologytoday.com/blog/evolution-the-self/201306/contemporary-humanism-and-spirituality-part-1

Senge, P. (1990). *The Fifth Discipline*. New York: Currency Doubleday.

Shenhar, A. J. (2004). Strategic Project Leadership: Toward a Strategic Approach to Project Management. *R&D Management, 34*(5), 569–578.

Shenhar, A. J., & Dvir, D. (2007). Project Management Research: The Challenge and Opportunity. *Project Management Journal, 38*(2), 93–99.

Slaper, T. F., & Hall, T. J. (2018). The Triple Bottom Line: What Is It and How Does It Work? *Indiana Business Review.* Retrieved from www.ibrc.indiana.edu/ibr/2011/spring/article2.html

Strang, S. E., & Kunhert, K. W. (2009). Personality and Leadership Developmental Levels: Predictors of Leader Performance. *The Leadership Quarterly, 20*, 421–433.

Tanyi, R. A. (2002). Towards Clarification of the Meaning of Spirituality. *Journal of Advanced Nursing, 39*(5), 500–509.

Thomas, J., & Mengel, T. (2008). Preparing Project Managers to Deal with Complexity – Advanced Project Management Education. *International Journal of Project Management, 26*(2), 304–315.

Toor, S., & Ofori, G. (2008). Leadership for Future Construction Industry: Agenda for Authentic Leadership. *International Journal of Project Management, 28*, 620–630.

Wasserman, T., & Czarnecki, J. R. (2014). *A Framework for Aligning Strategy and Execution*. Paper Presented at PMI Global Congress 2014, Phoenix.

Wignaraja, K. (Ed.). (2009). *Capacity Development: A UNDP Primer*. New York: United Nations Development Programme.

Wiki—Ethics. (Internet). https://en.wikipedia.org/wiki/Ethics

Yasuno, M. (2008). The Role of Spirituality in Leadership for Social Change. *Spirituality in Higher Education Newsletter, 4*(3), 1–8.

Zimmerman, B. J. (1989). A Social Cognitive View of Self-Regulated Academic Learning. *Journal of Educational Psychology, 81*(3), 329–339. Copyright 1989 by the American Psychological Association, Inc. O022-O663/89/J00.75; https://www.researchgate.net/publication/232534584

Index

A. Thrassou et al. (eds.), *The Synergy of Business Theory and Practice*, Palgrave Studies in Cross-disciplinary Business Research, In Association with EuroMed Academy of Business, https://doi.org/10.1007/978-3-030-17523-8