

Eurasian Studies in Business and Economics 16/2

Series Editors: Mehmet Huseyin Bilgin · Hakan Danis

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Ender Demir

Sofia Vale *Editors*

# Eurasian Business Perspectives

Proceedings of the 29th Eurasia  
Business and Economics Society  
Conference



 Springer

# **Eurasian Studies in Business and Economics 16/2**

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Ender Demir • Sofia Vale  
Editors

# Eurasian Business Perspectives

Proceedings of the 29th Eurasia Business  
and Economics Society Conference

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# Preface

This is Volume 2—Eurasian Business Perspectives—of the 16th issue of the Springer’s series **Eurasian Studies in Business and Economics**, which is the official book series of the Eurasia Business and Economics Society (EBES, [www.ebesweb.org](http://www.ebesweb.org)). This issue includes selected papers presented at the 29th EBES Conference—Lisbon that was held on October, 10–12, 2019, in Lisbon, Portugal. The conference is **hosted by the ISCTE-IUL Instituto Universitário de Lisboa**.

**Amine Tarazi** from the *University of Limoges*, France, **Robert William Vivian** from the *University of the Witwatersrand*, South Africa, and **Christo Auret** from the *University of the Witwatersrand*, South Africa, joined the 29th EBES Conference as keynote speakers. During the conference, participants had many productive discussions and exchanges that contributed to the success of the conference where 312 papers by 551 colleagues from 52 countries were presented. In addition to publication opportunities in EBES journals (*Eurasian Business Review* and *Eurasian Economic Review*, which are also published by Springer), conference participants were given the opportunity to submit their full papers for this issue. Theoretical and empirical papers in the series cover diverse areas of business, economics, and finance from many different countries, providing a valuable opportunity to researchers, professionals, and students to catch up with the most recent studies in a diverse set of fields across many countries and regions.

The aim of the EBES conferences is to bring together scientists from business, finance, and economics fields, attract original research papers, and provide them with publication opportunities. Each issue of *the Eurasian Studies in Business and Economics* covers a wide variety of topics from business and economics and provides empirical results from many different countries and regions that are less investigated in the existing literature. All accepted papers for the issue went through a peer review process and benefited from the comments made during the conference as well. The current issue covers fields such as human resources, management, and marketing.

Although the papers in this issue may provide empirical results for a specific county or regions, we believe that the readers would have an opportunity to catch up

with the most recent studies in a diverse set of fields across many countries and regions and empirical support for the existing literature. In addition, the findings from these papers could be valid for similar economies or regions.

On behalf of the series editors, volume editors, and EBES officers, I would like to thank all the presenters, participants, board members, and keynote speakers, and we are looking forward to seeing you at the upcoming EBES conferences.

Best regards

Istanbul, Turkey

Ender Demir

# Eurasia Business and Economics Society (EBES)

*EBES* is a scholarly association for scholars involved in the practice and study of economics, finance, and business worldwide. EBES was founded in 2008 with the purpose of not only promoting academic research in the field of business and economics but also encouraging the intellectual development of scholars. In spite of the term “Eurasia,” the scope should be understood in its broadest terms as having a global emphasis.

EBES aims to bring worldwide researchers and professionals together through organizing conferences and publishing academic journals and increase economics, finance, and business knowledge through academic discussions. Any scholar or professional interested in economics, finance, and business is welcome to attend EBES conferences. Since our first conference in 2009, around 12459 colleagues from 99 countries have joined our conferences and 7091 academic papers have been presented. **EBES has reached 2375 members from 87 countries.**

Since 2011, EBES has been publishing two journals. One of those journals, *Eurasian Business Review—EABR*, is in the fields of industrial organization, innovation, and management science, and the other one, *Eurasian Economic Review—EAER*, is in the fields of applied macroeconomics and finance. Both journals are published quarterly by *Springer* and indexed in *Scopus*. In addition, EAER is indexed in the *Emerging Sources Citation Index (Clarivate Analytics)* and EABR is indexed in the *Social Science Citation Index (SSCI)* with an impact factor of **2.222** as of 2019.

Furthermore, since 2014 Springer has started to publish a new conference proceedings series (**Eurasian Studies in Business and Economics**) which includes selected papers from the EBES conferences. The 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th (Vol. 2), and 24th EBES Conference Proceedings have already been accepted for inclusion in the *Conference Proceedings Citation Index—Social Science & Humanities (CPCI-SSH)*. Subsequent conference proceedings are in progress.



We look forward to seeing you at our forthcoming conferences. We very much welcome your comments and suggestions in order to improve our future events. Our success is only possible with your valuable feedback and support!

With my very best wishes,

Klaus F. Zimmermann  
President

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# Contents

## Part I Human Resources Management

<b>The Impact of Supervisor Support on Employee-Related Outcomes Through Work Engagement . . . . .</b>	<b>3</b>
Maria Leonor Pires	
<b>Level of Similarity of Team Management with the Use of System of Organizational Terms . . . . .</b>	<b>19</b>
Olaf Flak	
<b>A Novel, Competency-Based Approach of the HRM-Related Definition of Talent: A Suggestion Based on Theoretical and Empirical Findings . . .</b>	<b>37</b>
Eszter Daruka and Katalin Pádár	

## Part II Management

<b>Crisis Management: The Perspective of Organizational Learning . . . . .</b>	<b>75</b>
Jarema Batorski	
<b>Standardization of Global Logistics Business Operations . . . . .</b>	<b>87</b>
Slobodan Aćimović, Veljko M. Mijušković, and Jovana Obradović	
<b>Can Performance Appraisal Satisfaction Improve Performance? A Study at Indonesian Universities . . . . .</b>	<b>99</b>
Ietje Nazaruddin, Hafiez Sofyani, Fitri Wahyuni, and Erni Suryandari	
<b>Team Viability: Mission Impossible or Feasible? Threats for Team Viability in Contemporary Polish Organizations . . . . .</b>	<b>113</b>
Iwona Janiak-Rejno, Agnieszka Żarczyńska-Dobiesz, and Barbara Chomałowska	
<b>On the Issue of Implementation of Agile and Strategy as a Practice Mixed-Method in Strategic Planning . . . . .</b>	<b>127</b>
Elena Serova and Oleg Kalmykov	

<b>Business Model Analysis of Veterinary Clinic: The Case Study . . . . .</b>	<b>141</b>
Karolina Beyer	
<b>Is Higher Level of Trust in Organizations Always Positively Correlated with Higher Economic Results? Evidence from Estonian Farms . . . . .</b>	<b>153</b>
Mare Kurvits and Angela Jarvis	
<b>Ideologies at Work in Organizations: An Emerging Critical Perspective and Reflexive Research Agenda . . . . .</b>	<b>165</b>
Severin Hornung, Thomas Höge, and Christine Unterrainer	
<b>Contemporary Research and Analysis of Food Industry: Case of Russian Restaurant Business Network Branch . . . . .</b>	<b>183</b>
Elizaveta Fainshtein, Elena Serova, and Pavel Vorobyev	
<b>Quality Audit Indicators for Inbound Tourism: A Qualitative Study on Malaysian Travel Agencies . . . . .</b>	<b>201</b>
Mazni Saad, Afiza Mohamad Ali, Zahid Ismail, and Nor Hafizah Mohd Arop	
<b>Part III Marketing</b>	
<b>Supportive Elements of a Long-Term B2B Communication: The Case of a Norwegian SME . . . . .</b>	<b>219</b>
Karoline Hjelmeland and Elena Panteleeva	
<b>Differences in Consumer Behavior from the Viewpoint of Education and Gender . . . . .</b>	<b>237</b>
Tatiana Pethö, Robert Štefko, and Ivana Ondriřová	
<b>Omnichannel Strategies Under the Marketing 4.0 Paradigm: Conceptual Structure and Current Applications . . . . .</b>	<b>249</b>
V. Özlem Akgün and Emel Celep	
<b>The Relationship Between Logo Changes and Brand Equity in Creating Brand Awareness . . . . .</b>	<b>265</b>
Meltem Diktaş and V. Özlem Akgün	
<b>Framework of Marketing Performance Measurement and Management . . . . .</b>	<b>279</b>
Asta Kamandulienė and Lina Pilelienė	
<b>Consumers' Influence in Online Social Networks Regarding Recycling Habits . . . . .</b>	<b>295</b>
Camelia Delcea, Liviu-Adrian Cotfas, Rafal Mierzwiak, and Mihai Orzan	
<b>From the 4 Ps to 5 Ps: Prompt, a New Element for the Marketing Mix: A Specific Analysis of the Coffee Market: The Portuguese Market . . . . .</b>	<b>307</b>
Sílvia Faria and Pedro Ferreira	

**An Investigation on Voluntary Simplicity Movement in the Context of Sustainable Consumption Behavior Against the Overconsumption Tendency . . . . . 321**  
Emel Celep and Meltem Diktaş

**Students' Perception of Quality in Higher Education: Evidence from the Polytechnic in Croatia . . . . . 333**  
Mirjana Jeleč Raguž, Verica Budimir, and Svjetlana Letinić

**Rationalization as New Trend in Food Behavior of Polish Consumers . . . 347**  
Gabriela Hanus

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**Part I**  
**Human Resources Management**

# The Impact of Supervisor Support on Employee-Related Outcomes Through Work Engagement



Maria Leonor Pires

**Abstract** One of the main concerns for organization management is employee-related outcomes, given their impact on organizational performance. Relatively less attention is given to organizational features that may intervene in the process, such as organizational culture or climate and direct supervision. We study the impact of supervisor support perceptions on absenteeism and on burnout, through the mediation of work engagement, while controlling the effect of perceived organizational values. Hypotheses were tested on a 43,850-multicountry sample, through multiple regression-based analyses. Results show that supervisor support precedes work engagement, a relationship moderated by organizational values; supervisor support, partially mediated by work engagement, relates negatively with absenteeism and exhaustion, prevents cynicism, and increases perceptions of self-efficacy. The findings allow us to discuss the role of supervisor support on work engagement and their effects on employee outcomes.

**Keywords** Supervisor support · Work engagement · Organizational values

## 1 Introduction

Employee-related outcomes are important for organizations for their relationships with organizational performance, either directly or indirectly. This has been a well-established subject of research in several fields, with different theoretical and empirical frameworks, which comprise the study of human resource management practices, attitudes, and behaviors. In this study, we choose to address attitudinal outcomes, work engagement, and burnout, as well as behavior, specifically absenteeism, all of which have positive or negative impact on individual performance and consequently on general performance. Organizational characteristics, such as

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organizational culture or direct management actions, also intervene in those outcomes but are less studied. On the field of organizational behavior, research has showed evidence of a consistent relationship between work engagement and employee outcomes; however, the study of its antecedents has been focused more on individual characteristics than organizational context. Contrary to previous studies, which tend to neglect the organizational settings in favor of individual characteristics, we decided to analyze a causal chain from perceptions and attitudes to behavior taking into account two organizational traits, organizational support and values, proposing that the latter effectively contributes to shaping the effect of the perception of supervisor support on work engagement, thus filling a gap in literature. Therefore, our investigation followed a different path from the majority of studies; our research contributes to the debate concerning the linkages between organizational support, through the worker's perceptions of supervisor support on absenteeism and burnout, analyzing the mediating role of work engagement, while controlling for the interaction effect of organizational values on the supervisor support relationship with work engagement, suggesting this later effect as an additional explanatory mechanism. The main findings of the research are that the perceptions of supervisor support have an important role in decreasing absenteeism, exhaustion, and cynicism while increasing perceptions of self-efficacy on the job, directly, and promoting work engagement, therefore potentially enhancing organizational efficiency. Also, organizational values show a significant impact on the relationship between supervisor support and work engagement.

This study is organized as follows. The next section presents a theoretical background on supervisor support research domains and its predictable relationship with work engagement, as well as the foreseeable relationships between work engagement with burnout and absenteeism. We also establish the arguments for the moderation role of organizational values and present the hypotheses. The third section describes methods—sample, procedure, and measures. The fourth section reports data analysis and results, which are later discussed. The fifth section comprises not only discussion of the findings but also the contributions for theory and practice, along with the limitations. The last section contains the major conclusions.

## **2 Theoretical Background and Hypothesis**

### ***2.1 Supervisor Support Relationship with Work Engagement***

The concept of organizational support is defined as employee's global beliefs "concerning the extent to which the organization values their contributions and cares about their well-being" (Rhoades and Eisenberger 2002, p. 698). Employees also develop the same perceptions regarding supervisors that, while acting as organization agents, signal organizational support, and although coworker support is also related, it is considered to be less important (Rhoades and Eisenberger 2002).

Research in this area has brought evidence of a positive influence of organizational support on individual's perceptions, attitudes, and behaviors (Rhoades and Eisenberger 2002). Empirical results mention identification with the organization, pleasant work experience, job satisfaction, self-efficacy (Kurtessis et al. 2017), organizational commitment, job-related affect, job involvement, reducing strains, desire to remain in the organization, less withdrawal behavior (Rhoades and Eisenberger 2002), a decreasing effect of organizationally relevant deviant behavior as well as deviant work behavior targeted at coworkers (Tuzun et al. 2017), and greater engagement (Leiter and Maslach 2003; Saks 2006). This would be explained by the reciprocity norm in the base of social exchange theory; being cared for by organization would lead to "caring back" and developing an effort–outcome expectancy and affective attachment (Eisenberger et al. 1986).

Different types of support have been associated with different outcomes; for instance, supervisor support has been associated with exhaustion and coworker support with efficacy, but in general terms support is positively associated with greater engagement (Leiter and Maslach 2003). Work engagement is defined as a persistent, positive affective–motivational state of fulfillment characterized by three components, vigor, dedication, and absorption (Schaufeli and Bakker 2004). According to the job resources and demand model (Demerouti et al. 2001), workers are confronted with job demands (physical, psychological, social, or organizational) that when excessive may turn into job stressors leading to negative responses such as depression, anxiety, or burnout; job resources are aspects of the job (physical, psychological, social, or organizational) that can reduce job demands, and its costs are instrumental in achieving work goals or stimulate personal growth, learning, and development (Schaufeli and Bakker 2004).

For Bakker and Demerouti (2008, p. 211), job resources such as "social support from colleagues and supervisors, performance feedback, skill variety, autonomy, and learning opportunities are positively associated with work engagement." These resources play a motivational role, either intrinsic, leading employees to growth and development or thus fulfilling basic human needs, or extrinsic, when helping to achieve work goals, raising the willingness to use efforts and abilities to work tasks; either way, individuals are likely to experience engagement (Bakker and Demerouti 2008). Consequently, on the antecedents of work engagement, we can find besides the job resources already mentioned others, such as task variety, task significance, high-quality relationship with the supervisor, transformational leadership, organizational climate, or social environment (Bakker et al. 2014; Christian et al. 2011; Bakker and Demerouti 2008; Maslach 2017).

Research has gathered empirical evidence on the relationship between job resources and work engagement, taking into account different forms of organizational support. This is the case of the study by Schaufeli and Bakker (2004) where we find a positive relationship between social support from colleagues and supervisory coaching and work engagement. This result was replicated in Hakanen et al. (2006), in a teachers' sample, with a positive result for the relation between job resources and engagement; research from Caesens and Stinglhamber (2014) also finds a positive relationship between perceived organizational support and work

engagement, both directly and mediated by self-efficacy, in a sample of service sector employees. Similar results are presented by Gupta et al. (2016) with a positive relationship between perceived organizational support and work engagement, directly and mediated by affective commitment, using a sample of nurses; the study of Gillet et al. (2013) with two samples of police officers brings evidence that both perceived organizational support and perceived supervisor support are positively related to the three dimensions of work engagement. Longitudinal studies by Mauno et al. (2007) with healthcare employees and Schaufeli et al. (2009) with telecom managers also establish positive relationships between job resources and work engagement; the latter specifies that the increase in job resources predicts work engagement, whereas its decrease predicts burnout, and also engagement negatively predicts absenteeism by sick leave.

The work of Vander Elst et al. (2016) with a sample of healthcare employees also brings evidence that job resources are associated with higher levels of work engagement and lower levels of burnout. Also, social support moderates the positive relationship between workload and burnout, making it nonsignificant for higher levels of social support. We would like to stress that all this empirical evidence was gathered in different national settings and socio-professional groups. Therefore, our hypothesis is as follows:

### **H1**

Supervisor support has a positive relationship with work engagement.

## ***2.2 Work Engagement Relationships with Burnout and Absenteeism***

Burnout and engagement are independent and negatively related concepts (Schaufeli and Bakker 2004; Bakker et al. 2014); burnout is defined as “a prolonged response to chronic emotional and interpersonal stressors on the job, and is composed by three dimensions of exhaustion, cynicism, and inefficacy” (Maslach et al. 2001, p. 397) or, more generally, as a state of exhaustion and cynicism toward work (Bakker et al. 2014) and has a significant impact on the functioning of organizations and on the lives of individuals.

There are several burnout outcomes that have negative implications for organizations, such as absenteeism, turnover, lower productivity and effectiveness at work, and lower levels of job satisfaction and commitment; furthermore, burnout can have a contagious effect through interpersonal conflict and job disturbance. There are also consequences in personal life, specifically in mental health, causing depression anxiety and lower self-esteem (Maslach et al. 2001), so it is reasonable to expect that burnout correlates positively with absenteeism.

As for the antecedents of burnout, we find, among others, role ambiguity, conflict and stress, stressful events, workload, work pressure (Bakker et al. 2014), and lack of resources (Alarcon 2011), in particular, deficient social support from supervisor

(Maslach et al. 2001). For preventing burnout, several types of job resources are mentioned in the literature, such as feedback, social support and high-quality relationship with supervisors (Bakker et al. 2014), and job engagement; engaged workers cope better with challenging situations and better recover from stress (Maslach 2017).

Also, Schaufeli and Bakker (2004) find negative relations between job engagement and burnout, as well as between job engagement and turnover intentions; in addition, Hakanen et al. (2006) study reports a negative result for the relation between job resources and burnout.

Moreover, in Schaufeli et al. (2009), work engagement negatively predicts absenteeism (sick leave). Therefore, we propose the following:

## **H2**

Work engagement has a negative relationship with absenteeism, burnout (exhaustion and cynicism), and a positive relationship with burnout, efficacy.

## **H3**

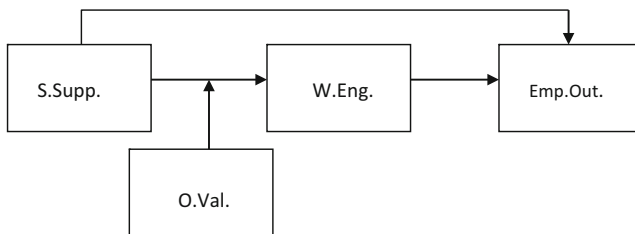
Work engagement partially mediates the relationship between supervisor support with absenteeism and burnout (negative with exhaustion and cynicism and positive with efficacy).

### ***2.3 The Moderating Role of Organization Values***

From the motivational point of view, values are paramount to people's relation to their work, surpassing the utilitarian exchange; the congruence between individual and organizational values is a strong motivational driver and a way to support work engagement (Leiter and Maslach 2003). Literature has not given enough attention to organizational values as context for organizational support, although organizational values can enhance performance, through positive effects on individuals' attitudes and behaviors, namely, the sense of social support transmitted by mutuality and fostered by trust (Jurkiewicz and Giacalone 2004).

Since work activities and tasks take place in organizational settings, Maslach et al. (2001) called attention for the broadening of context in which burnout occurs, underlining the importance of values and "how they shape the emotional and cognitive relationship that people develop with their work" (Maslach et al. 2001, p. 409). In our view, the same rationale can be applied to work engagement. According to Bourne and Jenkins (2013), organizational values embody the general values that guide its members while selecting and/or evaluating behavior; shared values can be viewed as an aggregation of the values of organization members, created by socialization, when the new members are exposed to the customs, norms, and practices in a way that organization's characteristics are internalized by members.

One of the areas where organization values have been discussed is the person-organization fit (or person-culture fit), which can be defined in general terms as the



**Fig. 1** Research model. Source: author

compatibility between individuals and organizations (Ostroff et al. 2005). This compatibility was reported to relate positively with job satisfaction, organizational commitment, citizenship behavior, and career success and negatively with turnover (Ostroff et al. 2005). Management role in the process of value sharing influencing is recognized in several works. For Maierhofer et al. (2000), there are several ways this influence process can occur; there can be value congruence between managers and employees, in which manager's values may indirectly relate to employees behavior; a value-behavior consistency, where for both managers and employees there is a relation between values held and behavior adopted; manager's values and employees values, when through a process of social influence employees adjust their values to the organization, in which managers are paramount as role models, demonstrating value-consistent behavior, and explicitly stating desired values, as well as reinforcing desired values through reward and recognition (Maierhofer et al. 2000, p. 419). There is also mentioning of behavior modeling between managers and employees, those choosing behaviors that are rewarded or associated with more power and status; finally, there are manager's behavior and the modeling of employees' values, where through the observed behavior of managers individuals come to believe that these are the normal or right thing to do.

In our view, the perception of value congruence between organization's espoused values and manager's behavior will have a positive and increasing effect on the attitudes of employees, as we can infer from the literature (Ostroff et al. 2005; Posner 1992).

Hence, our hypothesis is:

#### **H4**

Organizational values moderate the relationship between supervisor support and work engagement such that the indirect effect of supervisor support on absenteeism and burnout (exhaustion, cynicism, and efficacy) through work engagement will be stronger when perceptions of organization values are higher.

The hypothesized relationships and research model are summarized in Fig. 1.

### **3 Method**

#### **3.1 Sample**

The study was based on a sample of 43,847 individuals from 35 European countries. The average age of respondents was 43.34 years old, and 50% of the sample was male; most respondents worked in the private sector (69%), 77% had a permanent contract, and the most frequent level of education was upper secondary education (42%).

#### **3.2 Procedure and Measures**

We used secondary data provided by the European Working Conditions Survey 2015 questionnaires.

Participants were asked to rate their supervisor support (the immediate manager), organizational values (trust, recognition, fairness, cooperation), work engagement, and absenteeism on Likert-type scales (with values from 1 to 5). Where appropriate, questions were recoded so that to the higher value of the scale, it corresponded to higher agreement.

##### **3.2.1 Supervisor Support**

Supervisor support was measured with a scale based on six items (sample item included "...encourages and supports your development"), each with a with a Likert-type scale of 1 ("strongly agree") to 5 ("strongly disagree"). The assessment of the one-dimensionality of this measure was made with EFA, using principal component analysis, which showed the existence of item correlation (Bartlett test with significance of 0.000 and KMO of 0,909); the total percentage explained by the single factor was 65.6. This measure showed good levels of internal reliability, with a Cronbach's alpha = 0.89. The mean of these items formed the immediate manager support score.

##### **3.2.2 Organizational Values**

Organizational values were measured using a six-item scale (sample item included "The management trusts the employees to do their work well") each with a Likert-type scale of 1 ("strongly agree") to 5 ("strongly disagree"). The assessment of the one-dimensionality of this measure was made with EFA, using principal component analysis that showed the existence of item correlation (Bartlett test with significance of 0.000 and KMO of 0.891); the total percentage explained by the single factor was



60.0. This measure showed good levels of internal reliability, with a Cronbach's alpha = 0.86. The mean of these items formed the organizational value score.

### **3.2.3 Work Engagement**

Work engagement was measured using a three-item scale (sample item included "Time flies when I am working") each with a Likert-type scale of 1 ("strongly agree") to 5 ("strongly disagree"). The assessment of the one-dimensionality of this measure was made with EFA, using principal component analysis that showed the existence of item correlation (Bartlett test with significance of 0.000 and KMO of 0.760, which is still acceptable); the total percentage explained by the single factor was 65.7. This measure showed acceptable levels of internal reliability, with a Cronbach's alpha = 0.74. The mean of these items formed the work engagement score.

### **3.2.4 Absenteeism**

Absenteeism was measured through the number of health-related leave days in the last 12 months.

### **3.2.5 Burnout**

The three burnout dimensions were measured with one item each, each with a Likert-type scale of 1 ("always") to 5 ("never"): exhaustion with "I feel exhausted at the end of the working day," cynicism with "I doubt the importance of my work," and efficacy with "In my opinion, I am good at my job."

Given that all variables were collected from the same source, the data are vulnerable to common method variance. Therefore, we used Harman's single test factor (1967), of which the unrotated factor solution resulted in 18 factors, the first explaining only 30% of the total variance. Hence, although common method bias cannot be completely discarded, it should not affect the validity of the findings.

## **4 Results**

Hypothesis testing was conducted through multiple regression-based analyses in order to measure direct effects, mediation, and conditional indirect effects. Descriptive statistics and correlations among study variables are reported in Table 1.

All correlations among variables are statistically significant and in agreement with the hypothesized relationships. We resorted to PROCESS, an SPSS software macro that estimates conditional indirect effects in moderated mediation models

**Table 1** Means, standard deviations, Cronbach's alphas, and correlations of independent variables with dependent variables

Variables	Mean	S.D.	Alphas	1	2	3	4	5	6	7
1. Sup.Support	3.949	0.787	0.89	-						
2. Org. Values	4.017	0.680	0.86	0.661*	-					
3. W.Engagement	3.910	0.742	0.74	0.343*	0.378	-				
4. Absenteeism	5.723	16.226	-	-0.068*	-0.077*	-0.053*	-			
5. B.Exhaustion	3.178	1.056	-	-0.136*	-0.167*	-0.157*	0.077*	-		
6. B.Cynicism	1.889	1.095	-	-0.124*	-0.173*	-0.234*	0.0001*	0.202*	-	
7. B.Efficacy	4.409	0.673	-	0.142*	0.208*	0.375*	0.002*	0.031*	-0.215*	-

Source: author

\*  $p < 0.01$ ;  $N = 43,847$

(Hayes 2017) as proposed in the model, to test the relationships between variables. The evaluation of indirect effects is done through bootstrapping to compute confidence intervals (CI).

Using PROCESS, we examined a model 7, with 5000 bootstrap samples, 95% bias-corrected bootstrap CI for indirect effects, for the conditional indirect effect of supervisor support on employee outcomes (absenteeism and burnout—exhaustion, cynicism, and efficacy) through work engagement; all the conditional indirect effects were analyzed at different values of the moderator variable (the mean and one standard deviation above and below the mean). A model 4 was also examined with 5000 bootstrap samples, 95% bias-corrected bootstrap CI to assess total, direct, and indirect effects for all employee outcomes. All variables were mean-centered.

Hypothesis H1 stated that supervisor support was positively associated with work engagement, and hypothesis H2 proposed the existence of negative relationships between work engagement and absenteeism, burnout (exhaustion and cynicism), and a positive relationship with burnout, efficacy. Table 2 shows that supervisor support is positively associated with work engagement ( $B = 0.164, p < 0.000$ ) and work engagement is negatively associated with absenteeism ( $B = -0.737, p < 0.000$ ), exhaustion ( $B = -0.178, p < 0.000$ ), and cynicism ( $B = -0.320, p < 0.000$ ) and positively associated with efficacy ( $B = 0.335, p < 0.000$ ). Thus, results supported H1 and H2.

Table 3 presents the results regarding the mediation effect of work engagement in the relationship between supervisor support and employee outcomes; the indirect effects of supervisor support through work engagement were also significant and negative with absenteeism ( $B = -0.238, p < 0.000$ ), exhaustion ( $B = -0.057, p < 0.000$ ), and cynicism ( $B = -0.103, p < 0.000$ ) and positive with efficacy ( $B = 0.108, p < 0.000$ ), therefore supporting H3.

Finally, Table 4 demonstrates that H4, proposing the moderation by organizational values of the relationship between supervisor support and work engagement, was also supported; the interaction term between supervisor support and organizational values on work engagement is significant ( $B = 0.022, p < 0.000$ ); furthermore, the conditional indirect effects of supervisor support on absenteeism and burnout through work engagement are always significant and stronger for one standard deviation (1SD) of organizational values.

## 5 Discussion

These findings allow us to discuss the role of supervisor support on employee outcomes; supervisor behavior toward workers decreases absenteeism, exhaustion, and cynicism while increasing the perceptions of self-efficacy on the job. This occurs both directly and indirectly through work engagement although with different patterns; the direct relationship between supervisor support and absenteeism and exhaustion is stronger than the indirect effect through work engagement, whereas the indirect effect is stronger in the relationships with cynicism and efficacy.

**Table 2** Conditional process results—unstandardized coefficients

Dependent variables	Work engagement	Absenteeism	Burnout—exhaustion	Burnout—cynicism	Burnout—efficacy
Supervisor support	0.164* (0.0057)	-1.163* (0.1046)	-0.125* (0.0067)	-0.070* (0.0069)	0.014* (0.0040)
Mediator—work engagement	—	-0.737* (0.1109)	-0.178* (0.0071)	-0.320* (0.0073)	0.335* (0.0043)
Moderator—organizational values	0.297* (0.0064)	—	—	—	—
Supervisor support X organizational values	0.023* (0.0043)	—	—	—	—
R-squared	0.159	0.006	0.032	0.057	0.141
F for change in R-squared	27549.381	1238.888	733.353	13191.122	35656.081

Source: author

\*  $p < 0.000$ ; standard error coefficients in brackets;  $N = 43,847$

**Table 3** Indirect effect of supervisor support through work engagement

Absent	B.Exhaust			B.Cynicism			B.Efficacy								
	Boot SE	Boot LLCI	Boot UCLI	Effects <sup>a</sup>	Boot SE	Boot LLCI	Boot UCLI	Effects <sup>a</sup>	Boot SE	Boot LLCI	Boot UCLI				
-0.2384	0.0402	-0.3181	-0.1613	-0.0576	0.0028	-0.0630	0.0521	-0.1033	0.003	-0.1093	-0.973	0.1083	0.0024	0.1035	0.113

Source: author

<sup>a</sup>Unstandardized effect



The more pronounced direct effect of supervisor support on absenteeism and exhaustion reflects its impact on the workload and has been found previously in literature (Leiter and Maslach 2003). The stronger indirect effect of supervisor support through work engagement could mean that engagement is a better predictor of cynicism and efficacy (Schaufeli and Bakker 2004). According to the self-determination theory (Deci et al. 2017), all employees have the psychological need for competence, autonomy, and relatedness; satisfying these needs would promote autonomous motivation, high-quality performance, and well-being.

Work context and supervisor support can lead to perceptions of autonomy support; thus, supervisor support and organizational values would act as a motivational force increasing work engagement. This study held with a large sample contributes to the field of human resource management emphasizing the role of supervisor support in reducing absenteeism and burnout—exhaustion and cynicism—while increasing efficacy, both directly and indirectly, by fostering work engagement. Organizational values come forth as a contextual factor sustaining the relationship between supervisor support and work engagement.

These findings show that there is a cumulative effect of supervisor support and organizational values that organizations should take into account in their efforts to reduce costs associated with absenteeism and burnout, contributing to achieve better performance. The importance of supervisor support should be recognized and encouraged, either with formal training programs or valuing support, cooperation and helping behaviors, and an organizational culture that includes values such as mutual trust, cooperation, fairness, and recognition.

While considering the contributions of this research, one should also consider a number of limitations. The first limitation, being intrinsic to the cross-sectional design of the study, is that it impedes us from drawing causal inferences between the variables in our model that are established based on literature. To overcome this problem, future studies should replicate the model using longitudinal designs.

In addition, another limitation is that the proposed theoretical model was tested with data only from self-reported measures. For that reason, we cannot exclude the influence of common method bias on our results; nonetheless, the Harman single-factor test was performed, and the results indicate that common method bias should not be a problem to the results pertaining to our model (Podsakoff et al. 2003). By showing that organizational support, embodied by supervisor, increases work engagement and that both have a beneficial effect on employee's outcomes, we believe that the results of this study have valuable practical implications for managers. Managers should implement policies and measures in order to increase perceptions of organizational support. As suggested by the meta-analysis work of Rhoades and Eisenberger (2002), beneficial treatment in the form of fairness, organizational rewards, and favorable job conditions is associated not only with less withdrawal behavior but also with job satisfaction, positive mood, and affective commitment and better performance. According to our results, organizational values that are associated with or mirror organizational support should also be cultivated, given the reinforcing and positive role they play on employee outcomes.

## 6 Conclusion

In order to attend to important organizational and human resources management concerns, our research analyzed the relationship between organizational support and employee outcomes while including work engagement as mediator and organizational values as moderator variables in the model studied. We concluded that in fact organizational support, in the form of supervisor support, has an influence on employee's outcomes, by means of work engagement, also fostered by support, and in itself, which underlines its relevance. We also established that the influence of organizational values in the relationship between organizational support and work engagement leads to better outcomes. This way, when organizations want to reduce burnout and absenteeism, they should not only invest in support provided by supervisors but also to reflect on their context, the espoused values, and organizational culture as an important setting in which attitudes and behaviors are developed.

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# Level of Similarity of Team Management with the Use of System of Organizational Terms



**Olaf Flak**

**Abstract** This paper aims at estimating a level of similarity in team management in a given project in two dimensions of managerial actions: types of management techniques used by managers and their sequence. In management studies, there is extensive research on management styles, management skills, and management roles. Despite this, they are still not sufficient to estimate the similarity of team management. To solve the problem of ambiguity of these terms, more efficient methodology of managerial work was introduced. This methodology is called the system of organizational terms, and it allows nonparticipating observations of team managers and their members by online management tools, which record human actions. The system was used in the research of five teams of students, who were given the same project to conduct for one month. Their teamwork was recorded by online management tools in content and time domains; however, in this paper, a level of team management similarity is considered only in the field of the time domain. The main conclusion from the research is that there are no similarities in team management done by the managers.

**Keywords** Team management similarity · Management styles · Managerial roles · Managerial styles · System of organizational terms

## 1 Introduction

Teamwork seems to be more and more important in the past decades because this way of performing tasks gives the ability to perform more effectively to a dynamic organizational environment (Mathieu et al. 2008). Teamwork enables organizations to take advantage from activities performed together (Shakshuki et al. 2003).

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Additionally, managers have acted within the organizational problems in the context of different situations. Managers face consequences which they are not able to expect. Additionally, they need to be able to identify and react to any circumstances (Segal 2011). However, nowadays, we can see development in using computer science and online tools to automate managerial work to a large extent (McAfee and Brynjolfsson 2016). This fact is a real accomplishment of Drucker's words about "computers." He claimed that computers would not only make decisions but they would do much more (Drucker 1967). Looking for an answer if it is possible to employ robots instead of human team managers leads to a strong need for establishing some patterns of team manager's work and a level of similarity in team management). This attempt always has to come down to a simple question: *what does a team manager really do* (Sinar and Paese 2016)?

This question can be answered by a traditional research approach based on surveys or structured interviews. In general, there are three research challenges related to team management research. The first challenge is how to model team management to fully represent what a team manager really does. Traditionally, this scientific problem is usually solved by the analysis of an action sequence, which aims at analyzing the action order (Abbott 1990). The second challenge is how to gather information about managerial actions in team management. The third challenge concerns methods of distinguishing team managers and labeling their styles of leadership. Traditionally, the research of managerial work was mostly focused on declarations of managers in questionnaires (Barnes 1980). It seems that a more effective solution can be representing a team manager by answering to the questions "what," "when," and "how" the team manager does (Beshears and Gino 2015); however, some managerial actions could be ignored by interviewed managers (Flak and Pyszka 2013). The third challenge is also not solved so effectively as it should be as far as team management is concerned. That is why there seems to be a need for a new methodological approach, which would allow for defining managerial actions, gathering information about them, and estimating similarities of team managers and their managerial actions more precisely.

The answer to the first challenge is presented in Sect. 2 as the result of analysis existing approaches to the managerial work. The answer to the second challenge is the system of organizational terms, the theoretical foundation, which was designed by the author (Flak 2018c, 2019) and presented in Sect. 3. This theoretical approach was tested in several research projects conducted by the author on similarities of managerial actions in planning projects (Flak et al. 2017), management styles (Flak 2018a), or design thinking in mono- and multilingual teams (Flak 2018b). The answer to the third challenge is also presented in Sect. 3. This is a set of research online tools implemented in the research platform called [TransistorsHead.com](https://TransistorsHead.com).

The paper's aim is to present the results of a long-term, nonparticipating observation of five managers in the perspective of managerial actions taken by managers. On a foundation of the recorded data, characteristics of managerial actions are described, and the level of similarity is estimated. The research method in this project was a long-term, nonparticipating observation together with online

management tools as research tools (Flak 2017b) implemented in the research platform called [Transistorshead.com](http://Transistorshead.com). Managers were students of human relations management at the University of Silesia in Katowice. They used online management tools implemented in [TransistorsHead.com](http://TransistorsHead.com) in a given project. Their managerial actions were recorded by this research platform according to assumptions of the system of organizational terms, a research methodology. The main contributions of this paper include interdisciplinary research on the boundaries of management science and pattern recognition of managers' behavior, which aimed at replacing human managers with robots in team management.

## 2 Managerial Actions as a Model of Team Management

Team managers' work is nowadays more and more complex, which means they have to focus not only on processes but also on team leadership. A team is defined as a "social system of two or more people in an organization" (Hoegl and Parboteeah 2007). These people perceive themselves as team members and cooperate with each other (Hoegl and Parboteeah 2007). Traditional teams are located in the same place having easy access to face-to-face communication. Such teams have been formally studied for more than 50 years (Kozlowski and Chao 2018; Mathieu et al. 2017). Today, a meaning of memberships has changed because members work simultaneously on more than one team and they are very often virtually organized (Salas et al. 2015). Therefore, team managers need to use existing applications for business management in their teamwork (Jain and Anjuman 2013).

The representation of managerial work has been changing over the last hundred years. One hundred years ago, managerial work was defined by classic managerial functions (a planner, an organizer, a motivator, and a controller) (Fayol 1916). This view on the nature of a manager had been dominating for more than 50 years until it was replaced by three other approaches.

Firstly, managerial work has been very often associated with managerial styles, introduced to a common view of team management by Tannenbaum and Schmidt (1958). A management style can be defined as a chosen way of team management to combine operations and functions of management in order to control employees (Pei-Li et al. 2016). In other words, a management style is a set of features which is connected to decisions made by managers (Albaum et al. 1995; Tull and Albaum 1971).

In the literature, one can find several typologies of management styles. There are three main classical approaches to management styles, the first of which is the Tannenbaum-Schmidt management model, which is oriented toward tasks (results) and people (relationships) (Tannenbaum and Schmidt 1958). According to this model, these are the following management styles: authoritarianism, elitism, consultation, and democracy. Next, there is Likert's management system proposing four different management styles: consultative, exploitive-authoritative, benevolent authoritative, and participative (Likert 1958). However, a newer concept of

management styles makes them simpler in meaning and introduces the division into two management styles: participative and authoritarian (Jago 2017). The participative management style assumes that employees want to make decisions concerning their work on the foundation of the idea of participative management of McGregor's Theory X–Theory Y (Hines 1974). Participative managers are trying to work with subordinates, and they are always open to employees' opinions. They help workers to develop their professional skills. The participative style of management fosters experimentation and risk-taking (Cheng and Bolon 1993). The opposite style is the authoritarian management. It is sometimes described as a paternalistic leadership (Morris and Pavett 1992). The authoritarian style limits employee's or manager's creativity and has a negative impact on the staff's motivation (Karakitapoglu-Aygün and Gumusluoglu 2013).

Finally, the Blake and Mouton management grid is the most famous among practitioners. It contains two indicators: concern for people and concern about results. In this division, we distinguish five classes of management styles: impoverished management, authoritarian management, relationship-oriented management, balanced management, and integrated management (Blake and Mouton 1965).

Secondly, in 1964, managerial skills were introduced into a scientific discussion (Koontz and O'Donnel 1964). After that, it was proposed to represent managerial work by managerial skills (Peterson 2004). A managerial skill is defined as “an ability to work effectively together with team members” (Katz 1974). Introduced types of managerial skills covered three groups of such skills: conceptual, interpersonal, and technical. Conceptual skills were most important for top, interpersonal skills for middle, and technical skills for low-level managers (Kaiser et al. 2011). Later other typologies of managerial skills appeared, for example, conceptual thinking, critical thinking, evaluating ideas, an ability to organize data, persuasive skills, problem-solving, etc. (Ullah et al. 2014). For more than 40 years of the managerial skills studies, many typologies have been created. Nevertheless, the essence of managerial skills was not to answer to the question what a manager did, but it showed how to organize team members to increase their productivity (Beaudry and Francois 2010).

Thirdly, in 1980, managerial work started to be described by ten roles of managers (Mintzberg 1980) which were common to all types of them. A managerial role was defined as “an area of job activities undertaken by a manager” (Mintzberg 1980). This typology of managerial roles included a leader, a spokesman, a figure-head, a monitor, a liaison, a disseminator, a disturbance handler, an entrepreneur, a resource allocator, and a negotiator. After a few years later, there were also other sets of roles, such as “a leader, a peer, a conflict solver, an information sender, a decision-maker, a resources allocator, an entrepreneur and a technician” (Pavett and Lau 1982) or “an explorer, an organizer, a controller and an adviser” (McCan and Margerison 1989).

Management styles, managerial skills, and managerial roles have influenced practitioners and researchers, and they were used in most of the research on team management. However, Whetten and Cameron (2016) say that in team management

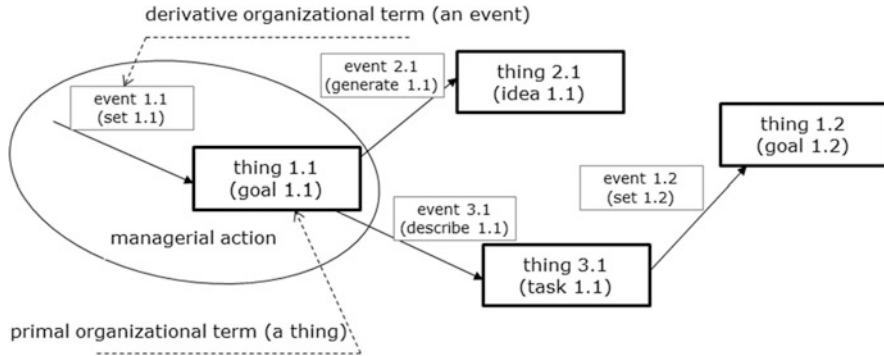
it is not the style of managing that makes a difference. Multiple leadership styles of team managers can be effective, and there is not one style that has particular advantages over others. They claim it is the case of skills and roles of a team manager that result in actions taken by them in accordance with particular tools and techniques. When they are put into practice, they turn into effective or ineffective team performance. On the basis of that, it is possible to draw a conclusion that management styles, managerial skills, and managerial roles as traditional theoretical concepts are sufficient to describe team management. However, these terms still do not allow to describe what a team manager really does (Sinar and Paese 2016) so that it is impossible to do team managerial action recognition patterns or estimate similarities of managers and their managerial actions in team management.

The answer to this question can be the relation between managerial roles and managerial skills. We can consider that if a manager plays a managerial role, there is needed a certain managerial skill (Pavett and Lau 1983). The result of playing managerial roles having certain managerial skills in everyday managerial work is the managerial action taken by a team manager. Therefore, the managerial action is defined as “a real activity, which a manager does to play a managerial role having a certain managerial skill” (Flak et al. 2017). If it is possible to know the exact managerial actions in team management, it would be possible to estimate similarities and look for behavioral patterns in team management (Flak 2017a). It should be also added that this knowledge should be built in three domains: (1) a time domain, which managerial actions appear one after another; (2) a content domain, what a particular managerial action means; and (3) a psychosocial domain, what is the intra- or interpersonal meaning of a given managerial action (Flak 2018a).

Returning to this huge and appealing influence of the mainstream research on managerial work, based on management styles, managerial skills, and managerial roles, it is necessary to claim that this approach was criticized repeatedly (Willmott 1997). It was said there is a need of describing managerial work in perspective of systemic, institutional and moral issues. Nonetheless, the key factor in answering the research question “what a team manager really does” is to recognize managerial actions. This is the solution to the first challenge—how to model the team management—mentioned in Sect. 1 of this paper.

### **3 The System of Organizational Terms as a Methodology of the Research**

During the last decades, a lively discussion about several methodological problems in management science took place in both literature and society. The arguments involved the following problems: a theory jungle (Koontz 1961), large subjectivity in theories (Hicks and Goronzy 1967), conducting research not leading to the truth (Darmer 2000), different scientific language and definitions (Hodge 2003), and creating islands of knowledge instead of a coherent reality model (Gleiser 2014).



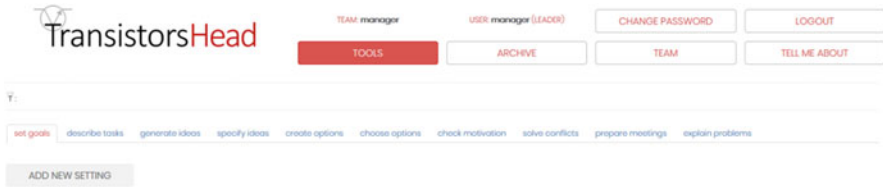
**Fig. 1** The example of a structure of team management. Source: Own elaboration

There is still a discussion on how much knowledge about organizational reality is real and objective, built on important questions: (1) “Is there the true representation of the reality?” from ontological point of view and (2) “Is there true information about the reality?” from epistemological point of view (Kilduff et al. 2011). Chalmeta and Grangel (2005) pointed out that by solving these two problems, it is possible to gain knowledge that represents the true reality of an organization.

As team management is a phenomenon in management science, the same methodological problems and questions respond to the team manager’s work, which is the second challenge presented in Sect. 1. Having the perspective of the rapid process of work automation (McAfee and Brynjolfsson 2016) and advanced pattern recognition methods (Zhang et al. 2017), we should solve these problems so that theoretical foundation for team management automation would be created. Such theoretical foundation is the system of organizational terms designed and tested in many research projects by the author.

The philosophical foundation of the system of organizational terms was based on Wittgenstein’s philosophy. It was reckoned that facts are the only beings in the world and they can be described by “states of facts” (Brink and Rewitzky 2002). In this approach, managerial work can be represented by events and things. In the system of organizational terms, each event and each thing have the label of two numbers  $n.m$ .  $N$  represents a number of an event or a thing, and  $m$  represents a version of this event or this thing. Figure 1 shows that an event 1.1 causes a thing 1.1, which causes an event 2.1, which creates a thing 2.1. At the same time, the thing 1.1 starts an event 3.1, which creates a thing 3.1. Afterward, the thing 3.1 generates a new version of the first event, but in the second version—an event 1.2. As a result of this, a new version of a thing is created, called a thing 1.2. The managerial action consists of the event 1.1 and the thing 1.1.

There are two classes of organizational terms: primal organizational terms (things) and derivative organizational terms (events). Primal organizational terms in the organizational reality represent resources. Derivative organizational terms in the organizational reality represent processes. In this way, in the system of



**Fig. 2** The management tool platform dashboard. Source: Own elaboration (All rights reserved © 2017 Olaf Flak)

organizational terms, there are the resource approach and the process approach. Team management processes result in team's resources. Such representation of team management represents managerial action by standardized feature vectors with data grouped in the content, time, and psychosocial domains (Flak et al. 2017).

Another advantage of this theoretical foundation concerns a method of recording data on team management. It is assumed that a way of recording data should allow to represent a manager and his team members by managerial actions. There is a question how to do it efficiently. The answer is to record managerial actions in team management by online management tools, in which a manager and their team members use during everyday work (Flak 2018c). Such online management tools were implemented in a research platform called [TransistorsHead.com](http://TransistorsHead.com).

Figure 1 shows that a manager sets a goal (a managerial action represented by the event 1.1 which is "set 1.1") and the research tool records characteristics of "goal 1.1." If later this manager does the managerial action which concerns resetting of the same goal ("goal 1.1"), he launches the next team management process called "set 1.2." As the result of it, a new version of the goal called "goal 1.1" appears. This version is called "goal 1.2." The difference between characteristics of "goal 1.2" and "goal 1.1" allows reasoning which team management process happened in a certain period of time (Flak et al. 2017).

The research tool at the same time is the management tool, which can be used either by managers in team management or by their team members. The research tools record the changes in managerial actions, and it resembles making a movie of teamwork with frames of different managerial action features.

[TransistorsHead.com](http://TransistorsHead.com) research platform consists of ten online management tools for setting goals, describing tasks, generating ideas, specifying ideas, creating options, choosing options, checking motivation, solving conflicts, preparing meetings, and explaining problems. Every online management tool records only one managerial action. The data recorded on a certain managerial action is divided into (1) a time domain data and (2) a content domain data. It is necessary to explain that the time domain data contains all button clicks in managerial tools in time. On this foundation, one can conclude what a manager did in a period of time. [TransistorsHead.com](http://TransistorsHead.com) research platform was designed and implemented by the author in 2017. All copyrights to the online management tools belong to the author.

Figures 2 and 3 show the dashboard of the [Transistorshead.com](http://Transistorshead.com) research platform. There is a managerial action called SET GOALS (the name of the goal: EBES



**Fig. 3** “EBES paper” goal edited in the “set goals” online management tool. Source: Own elaboration (All rights reserved © 2017 Olaf Flak)

paper). From the left at the top of the site, there are a tool select (TOOLS is default), a function of hiding items into an archive (ARCHIVE), a panel team member management (TEAM), and tools’ manuals (TELL ME ABOUT). The main menu consists of ten different tools for team management.

Explaining the reasons for such an approach to the research, it is necessary to say that the idea of managerial action research is not new one. There is an approach called the time-motion study (Barnes 1980) used in managerial work (Tengblad 2002), manufacturing (Al-Saleh 2011), healthcare services (Lopetegui et al. 2014), and work of workers (Magu et al. 2015). This is similar to one of the first studies in the field of management at the beginning of scientific management (Karsten 1996). Human motion recognition was a foundation of workforce automation in many industries (Spriegel and Myers 1953). However, team managerial actions were not recorded on such a large scale and with this level of accuracy.

In Sect. 4, there are the results of the research in a given project conducted by a long-term, nonparticipating observation of managers. The system of organizational terms was used as theoretical background, and online management tools in [Transistorshead.com](http://Transistorshead.com) were used to record participants’ behaviors for estimating similarities in team management.

## 4 Results of the Research

The long-term, nonparticipating observation of managers took part from May 14, 2019, to June 4, 2019. The managers were students of human relations management at the Faculty of Psychology at the University of Silesia in Katowice. They were to conduct a given project from an idea to a final presentation, which concerned organizational solutions in Polish universities aimed at development in scientific achievements of academics. The students were working in teams of four to five, every one of which had a defined manager who led it. All of the team members were

**Table 1** General statistics on managerial actions taken by managers

Manager no.	Total number of managerial actions	Date of start	Date of finish	Period of teamwork (in seconds)
Manager 1	293	14.05.2019 10:55	28.05.2019 10:20	1,207,523
Manager 2	328	14.05.2019 10:53	28.05.2019 21:57	1,249,484
Manager 3	446	14.05.2019 10:53	01.06.2019 18:13	1,581,591
Manager 4	120	14.05.2019 10:57	03.06.2019 21:37	1,766,355
Manager 5	134	14.05.2019 11:01	04.06.2019 20:53	1,849,956

Source: Own elaboration

using the online management tools in [Transistorshead.com](https://transistorshead.com), a research platform available by an Internet browser (on laptops or mobiles).

The problem to be solved by the students is: one of the main Polish universities planned to be a scientific university from 2020; however, until then most of the academics had spent most of time and effort teaching (lectures, seminars, etc.) instead of doing scientific work (scholarships, scientific projects, publications, etc.). The effect of their work was a public presentation of (1) a design of organizational solution (motivating academics into this change of tasks) and (2) a plan of implementation and a budget. The students were assessed on the basis of, firstly, the content of the solution (its adequacy and innovation) and, secondly, the intensity of their teamwork. This second aspect was recorded by the online management tools in [TransistorsHead.com](https://transistorshead.com), which they used in their teamwork.

During this task, more than a dozen or so thousands of managerial actions performed by all team members in 11 teams were recorded; however, in this paper, only managerial actions carried out by managers are taken into conclusion. To estimate a level of similarity in team management, five team managers were selected. The reason is that these five managers were given the task together with the online management tools and they were free to choose a way of actions. The other six managers were given additional instructions describing the best sequence of managerial actions. Therefore, only “free-minded” managers can be compared one to another in terms of their managerial similarities.

The level of similarity in team management can be described by three main areas of indicators. Firstly, in Table 1, general statistics show how many managerial actions were performed by every manager, when they started and finished their teamwork, and how much time it took. Secondly, the potential similarity is estimated by the comparison of the managers with regard to the number of things and their versions (see Fig. 1) made by managerial actions. The detailed data were presented in Tables 2 and 3. Thirdly, there are trajectories of team management of all the managers—a type of managerial actions as a function of time—shown in Figs. 4–8.

**Table 2** Number of things created in managerial actions by the managers

Name of a managerial action (and the online management tool)	Name of a thing created in a managerial action (recorded by the online management tool)	Manager				
		Manager 1	Manager 2	Manager 3	Manager 4	Manager 5
Set goals	Setting	2	4	7	3	1
Describe tasks	Description	1	4	7	1	3
Generate ideas	Generation	2	2	4	1	0
Specify ideas	Specification	0	1	1	1	3
Create options	Creation	1	1	1	1	0
Choose options	Choice	0	0	3	0	3
Check motivation	Checkup	0	0	1	1	0
Solve conflicts	Solution	0	0	1	1	0
Prepare meetings	Preparation	0	0	0	0	0
Explain problems	Explanation	0	4	0	0	1
Total number of things		6	16	25	9	11

Source: Own elaboration

Firstly, Table 1 shows how many separate managerial actions were taken by every manager, when they started and finished their work, and how much time their teamwork took in this project. Although all managers had a defined period of work on this project, two of them finished much earlier, and only one of them was working with his team until the very end. That is why the period of teamwork is different for each manager. Moreover, there were ten online management tools in [Transistorshead.com](http://Transistorshead.com) which covered and recorded ten different managerial actions: (1) setting goals, (2) describing tasks, (3) generating ideas, (4) specifying ideas, (5) creating options, (6) choosing options, (7) checking motivation, (8) solving conflicts, (9) preparing meetings, and (10) explaining problems. Therefore, a total number of managerial actions also contain repeated actions (e.g., a certain number of setting goals).

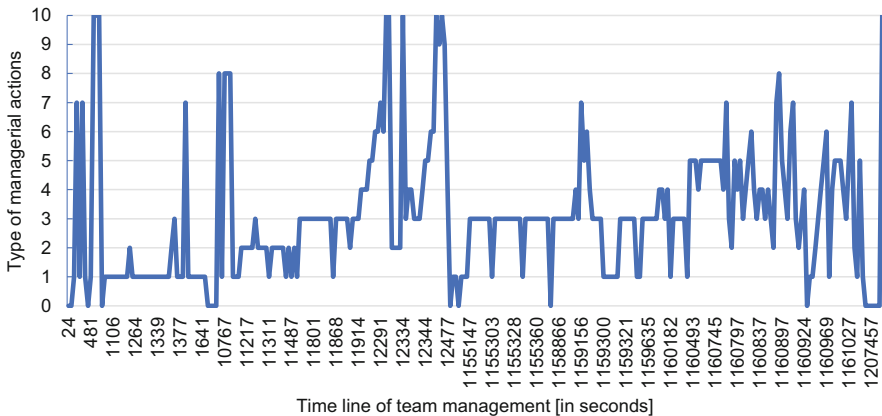
The most intensive teamwork was done by Manager 3 who took 446 managerial actions. The most “lazy” manager was Manager 4 who took only 120 managerial actions during a longer period of teamwork (1,766,355 seconds) compared to a period of teamwork (1,581,591 seconds) used by Manager 3.

Secondly, in Table 2, there are a number of things (elements of managerial actions—see Fig. 1) created by the managers working with online managerial

**Table 3** Number of versions of things created in managerial actions by the managers

Name of a managerial action (and the online management tool)	Name of a thing created in a managerial action (recorded by the online management tool)	Manager				
		Manager 1	Manager 2	Manager 3	Manager 4	Manager 5
Set goals	Setting	24	11	11	2	2
Describe tasks	Description	2	11	8	4	3
Generate ideas	Generation	25	17	5	6	0
Specify ideas	Specification	0	2	3	4	5
Create options	Creation	13	2	1	2	0
Choose options	Choice	0	0	3	0	6
Check motivation	Checkup	0	0	2	2	0
Solve conflicts	Solution	0	0	1	8	0
Prepare meetings	Preparation	0	0	0	0	0
Explain problems	Explanation	0	12	0	0	1
Total number of versions of things		64	55	34	28	17

Source: Own elaboration



**Fig. 4** The trajectory of team management by Manager 1. Source: Own elaboration

tools. These numbers mean that a manager started a certain managerial action (e.g., setting goals—see Fig. 1) and he saved data afterward. In other words, we can say that he finished a certain managerial action. During the task, there were many cases

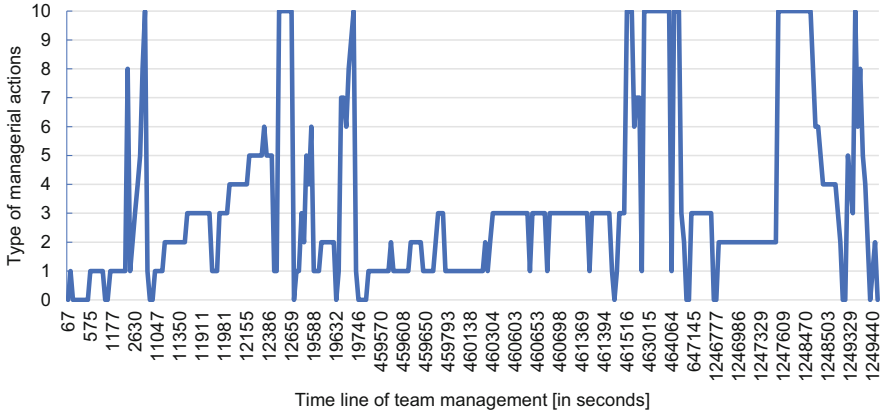


Fig. 5 The trajectory of team management by Manager 2. Source: Own elaboration

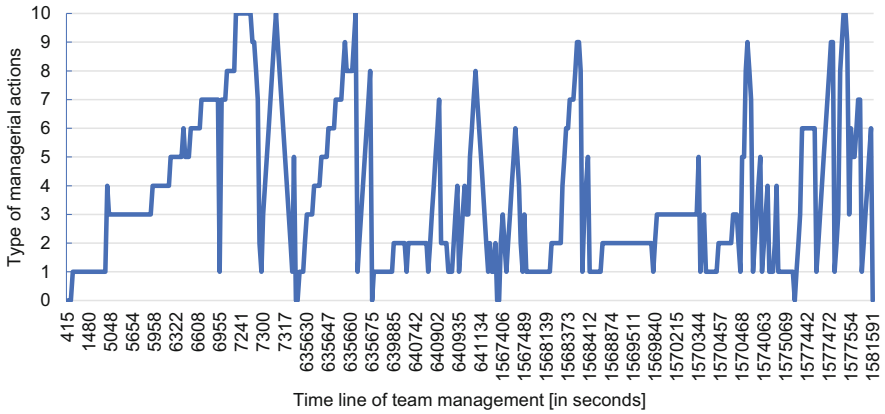
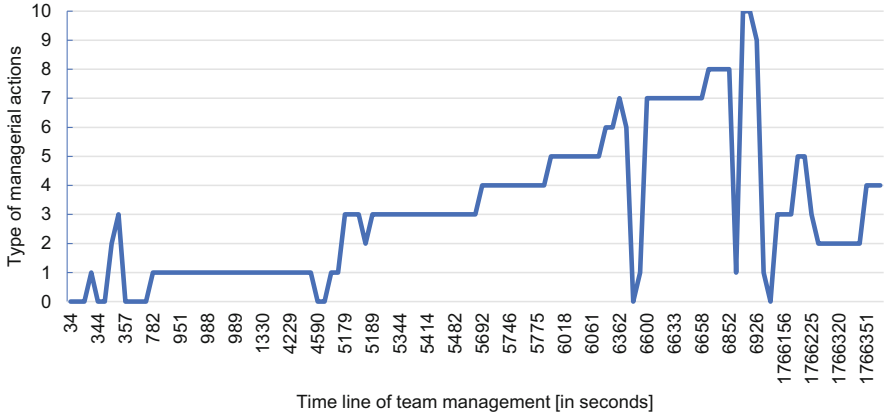


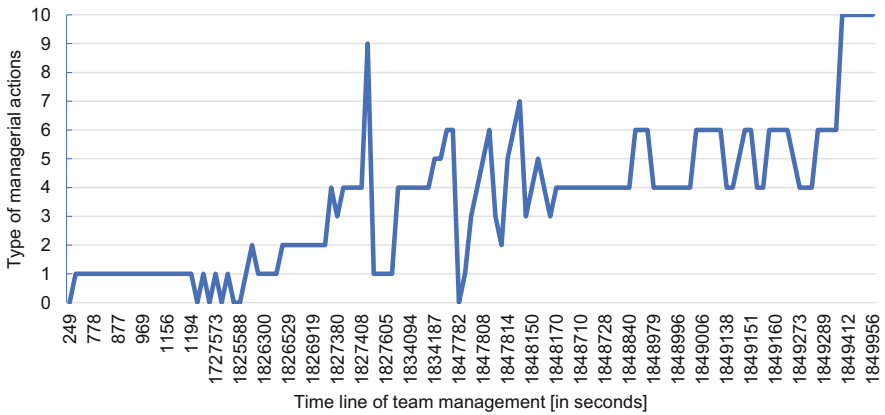
Fig. 6 The trajectory of team management by Manager 3. Source: Own elaboration

when the managers started managerial actions, but they quit finishing them by closing a tool or an Internet browser. As we can see in Table 2, Manager 3 created 25 things (finished managerial actions effectively), whereas Manager 1 carried out only six effective managerial actions. It is difficult to point to any general similarities with regard to numbers and types of managerial actions taken by the managers. For example, only Manager 3 and Manager 5 performed managerial actions called explain problems, whereas the others did not. Even if we compare these two managers, a number of different managerial actions called explain problems are different.

When we look at the numbers of versions of things created by managerial actions (see Fig. 1), presented in Table 3, we can be surprised to discover that most versions of things were created not by Manager 3 but by Manager 1. What is important is that



**Fig. 7** The trajectory of team management by Manager 4. Source: Own elaboration



**Fig. 8** The trajectory of team management by Manager 5. Source: Own elaboration

Manager 1 performed only six different managerial actions (see in Table 2: 2 setting goals, 1 describing tasks, 2 generating ideas, and 1 creating options), but he made a lot of changes in them (Table 3). On the other hand, Manager 5 created 11 things by managerial actions (Table 2), and he made only 17 changes in them (Table 3).

When we compare Table 3 to 2, Manager 5 did not create different versions of a description (describe tasks) and an explanation (explain problems). The reader of this paper should compare numbers in Tables 2 and 3 as a matrix of a type of managerial actions and a number of a manager (e.g., set goals and Manager 1, generate ideas and Manager 3, etc.). As can be noticed after such an analysis, there are no similarities between managers in the case of the number of created things and their versions in taken managerial actions.

Thirdly, the managers were managing teams by online management tools that recorded their managerial actions. As a result, it is possible to present the trajectory of ten recorded managerial actions on a timeline in histograms of team management. The trajectories of all the managers are presented in Figs. 4–8, respectively. Numbers in types of managerial actions mean: 0, no managerial action; 1, set goals; 2, describe tasks; 3, generating ideas; 4, specifying ideas; 5, creating options; 6, choosing options; 7, checking motivation; 8, solving conflicts; 9, preparing meetings; and 10, explaining problems.

Analyzing these histograms of team management done by all the managers leads to the conclusion that there is no similarity between the managers in team management in this given project. All trajectories of team management are completely different from one another. For example, Manager 1 was changing a type of managerial action very often in comparison to Manager 3 who was very stable in taking one type of managerial action in a longer period. At the beginning of teamwork, Manager 1 was explaining problems (10), whereas Manager 4 took this managerial action in a later part of his teamwork.

One might think that a trajectory of Manager 1 is quite similar to a trajectory of Manager 3. However, this is only a visual similarity—the graphs only seem to be similar. When it comes to details, all parameters of trajectories are different: a sequence, a type of managerial actions, durations of managerial actions, etc.

To sum up, these trajectories unambiguously show that there are no similarities in team management done by the managers in the given project, although all the managers were given the same task and the same conditions and had similar knowledge and management skills.

## 5 Conclusions

In Sect. 2, the historical context of the research on team management was presented. The most important concepts of team management were management styles, management roles, and management skills. These concepts are well known and exploited in field research; however, these terms are not adequate to answer the simple question: *what does a team manager really do?* Answering this question is the first step toward team management automation and replacing team managers with robots in the future.

In order to determine what a team manager does, the theoretical foundation named the system of organizational terms was designed. From the empirical point of view, online management tools in [Transistorshead.com](http://Transistorshead.com) were used as research tools. Managers in a given project can be recorded when managing their teams by online management tools, which record managerial actions taken by managers and their team members.

Data gathered in this long-term, nonparticipating observation make it possible to analyze team management of five managers in three areas: general statistics (Table 1), the comparison of managers with regard to the number of things and

their versions made by managerial actions (Tables 2 and 3), and trajectories of team management of all the managers (Figs. 4–8).

The conclusion is that there is no similarity in team management done by the managers who took part in the observation. It is astonishing because of the simple conditions of the task and characteristics of the managers. Therefore, it seems not so easy to look for patterns in team management even having an effective research methodology—the system of organizational terms and online management tools as research tools. Therefore, the idea of team management automation is not so easy to implement as it seems. If it is true that all managers have their trajectories of team management, it would be extremely difficult to do effective pattern recognition in a group of managers. Then the only patterns would be only personal ones. This issue will be examined in the next research projects of the author.

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# A Novel, Competency-Based Approach of the HRM-Related Definition of Talent: A Suggestion Based on Theoretical and Empirical Findings



Eszter Daruka and Katalin Pádár

**Abstract** Talent management (TM) has gotten more and more attention recently, but definitions/approaches to talented employees still confusingly differ. Therefore, talent definitions were collected from selected peer-reviewed TM articles, and corporate talent conceptualizations were examined through empirical data. For the systematic literature review, we examined 507 English-only publications published until the end of 2018 in the Web of Science database containing “talent management” in the topic field. Empirical data was collected from Hungarian corporations; the answers ( $n = 67$ ) to the relevant questions of the online questionnaire were also analyzed. The results show that there are still TM articles without any kind of conceptualization of “talent,” while in other cases different talent tensions/approaches and further inconsistencies are observable. Such tensions/approaches are, for example, the object versus subject ones. All of them can be explicitly or implicitly connected to competencies; thus, they can also become measurable via measuring competencies. This paper offers a comprehensive and consistent solution by suggesting the application of a well-known competency model in the TM context. This proposed competency-based approach can become such a first step of any comprehensive corporate TM initiative that would serve and synchronize all the further ones—substantially contributing to the overall success of HRM.

**Keywords** Talent · Talent management · Human resource management (HRM) · Competency · Questionnaire · Hungary

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## 1 Introduction

The attention paid to talent management (TM) has been growing continuously throughout the past decades. McKinsey & Company's pieces on "war for talent" (Chambers et al. 1998; Michaels et al. 2001; Axelrod et al. 2002) were determining seminal works for the whole field. However, despite the growing attention on TM and the fact that the number of organizations being engaged in TM activities is steadily growing (Lewis and Heckman 2006; Preece et al. 2011; CIPD 2012, 2015), the management of talents still poses significant challenges (Cappelli 2008a; Farndale et al. 2010; Mellahi and Collings 2010; Schuler et al. 2011; D'Annunzio-Green 2018).

Nowadays, more and more companies apply competency-based human resource management (HRM) and concentrate on individual competencies, which can lead to high performance. In a job-related context, employees can perform successfully using their possessed competencies (McClelland 1973; Boyatzis 2008). However, the application of competency management related to TM is underdeveloped.

We are on the opinion that defining what talent should be a central and well-grounded issue in any TM program—provided that it has the aim to be successful. However, based on the authors' experience, currently observable approaches to talented employees within TM confusingly differ. These differences contribute to both theoretical and empirical problems within the field of TM. Not surprisingly, TM literature is often criticized for not having a solid theoretical base, and in contrast to other theory-driven fields, TM research is called phenomenon-driven (Dries 2013a, 2013b; Gallardo-Gallardo et al. 2015). The aim of this article is to contribute to the solution of this problem through competencies. It summarizes detectable approaches to defining talent in the world of work (HRM-related talent approaches) in selected peer-reviewed TM articles and examines corporate conceptualizations of talent through empirical data. This article has two specific research questions (RQs):

- Is talent defined (in the examined articles)? (RQ1)
- What can be concluded from empirical talent definitions from a Hungarian sample? (RQ2)

The article is structured as follows. First, a literature review presents the most important aspects of competency-based HRM and talent definitions concerning the goals of this article. Then, the methodology of data collection and details about the analyzed data are provided. Results of the bibliometric and the content analyses are followed by the conclusions.

## 2 Literature Review

### 2.1 *Appearance of Competency-Based HRM in the Literature*

In this paper (except for the literal quotes), we use the term competency in line with the interpretation of Delamare Le Deist and Winterton (2005) according to which competence refers to functional areas, and competency covers behavioral areas, although they also noted that their use is not consistent. Roots of the competency movement go back to the 1950s—when Katz (1955, 1974) proposed his framework on the skills of effective managers. Although he did not mention the term competency, Katz (1974, p. 91) defined skill as “an ability which can be developed, not necessarily inborn, and which is manifested in performance, not merely in potential.” White (1959, p. 297) started using the term with the following meaning: “competence will refer to an organism’s capacity to interact effectively with its environment.” Later, McClelland (1973) popularized the competency approach in the management literature proposing it as a differentiator of organizational performance. The author debated that intelligence tests (assessments of academic aptitude, tests of knowledge, grades, and credentials) were good predictors of either high performance in jobs—especially in certain, high-level executive positions—or success in life; therefore, he suggested applying competency assessment as an effective alternative to academic-type intelligence testing (McClelland 1973, 1998). Since McClelland (1973) first suggested testing competencies (instead of intelligence), an ideal set of competencies is being tried to be established, often constituting a competency model (van Heugten et al. 2016).

#### 2.1.1 Definition of Competency

Numerous definitions of competency that include several different elements can be found in the HRM-related literature (Delamare Le Deist and Winterton 2005; Hoge et al. 2005; Goldman and Scott 2016). According to the seminal work of Boyatzis (1982, p. 14), competency is an “underlying characteristic of the person that leads to or causes effective or superior performance.” In this viewpoint, competencies refer to such dimensions of behavior that empower the employee to perform the work competently (Bharwani and Talib 2017). Represented as an integrated system diagram with concentric circles, the model displays the underlying characteristics (of competency): the person’s unconscious motives and traits are at its center, the following circle covers the person’s values and self-image, the next one refers to skill level, and the outmost circle encompasses observed, specific behaviors (Boyatzis 2008). Thus, competencies might include motives, traits, values, self-image, knowledge of specific content areas, and cognitive, behavioral, or physical skills and attitudes (Boyatzis 1982; Spencer and Spencer 1993). Some of them, for example, knowledge and skills, can be developed, while abilities and personal characteristics are rather stable.

Similarly to Boyatzis (1982), Spencer and Spencer (1993, p. 9) emphasized the relation to high performance in their competency definition: “an underlying characteristic of an individual that is causally related to criterion referenced effective and/or superior performance in a job or situation.” The five types of underlying characteristics were presented with concentric circles: motives, traits, self-concept, knowledge, and skills—starting from the center, respectively (Spencer and Spencer 1993).

However, Boyatzis (2008) later defined competency as a special capability or ability consisting of certain sets of behaviors arranged around the so-called intent. To demonstrate differences, we collected further examples of various conceptualizations and elements of competency: the individual’s knowledge, skills, or abilities (Ulrich et al. 1995); the combination of workers’ skills, knowledge, cognitive ability, and potential (van Heugten et al. 2016); or such observable dimensions as individual knowledge, skills, attitudes, and behaviors; moreover, such collective team, process, and organizational capabilities are connected to high performance and the organization’s sustainable competitive advantage (Athey and Orth 1999). Similarly to Garavan and McGuire (2001, p. 152), who interpreted competency as a holistic concept with “technical, management, people, attitude, values and mental skill components,” Brockbank et al. (1999) also followed a holistic approach—in which competencies demonstrate who a worker is and his/her knowledge and acts.

As competency-based HRM progressed, measurability came into view resulting in a yet again different stream of conceptualization of competency. For instance, in Spencer et al.’s (1994) opinion, competencies are such measurable or reliably countable characteristics which differentiate high and average performers significantly. Similarly, Hoge et al. (2005, p. 517) claimed that “[a] competency is a measurable human capability that is required for effective performance. It is comprised of knowledge, a single skill or ability, or personal characteristic—or a cluster of these building blocks of work performance. Successful completion of most tasks requires the simultaneous or sequenced demonstration of multiple competencies.”

Garavan and McGuire (2001) stated that the various competency definitions reflect three different approaches: worker-oriented, work-oriented, and multidimensional approaches. Both Boyatzis (1982) and Spencer and Spencer (1993) provided worker-oriented and predominantly input-based definitions (focusing on person-related variables that individuals bring to a job). The difference is the latter definition requires a higher standard of causation advocating a link between a given competency and high performance.

### 2.1.2 Categories of Competencies, Competency Models

Several classifications and models of competencies exist. Boyatzis (1982) differentiated two levels/categories of competencies: so-called threshold competencies and superior performance level/differentiating competencies. The former (i.e., threshold competencies such as logical thought, accurate self-assessment, and specialized knowledge) represents what managers needed to have to be capable managing at all but does not help them manage any better, while the latter (e.g.,

conceptualization, managing group process, perceptual objectivity, self-control, and stamina adaptability) distinguishes superior from average performers and correlates with effective performance (Gunz 1983; Spencer and Spencer 1993). At the same time, Sparrow and Hiltrop (1994) differentiated the following three categories: behavioral, managerial, and core competencies.

Referring to others, Campion et al. (2011, p. 226) defined competencies and competency models as “collections of knowledge, skills, abilities, and other characteristics (KSAOs) that are needed for effective performance in the jobs in question (. . .) The individual KSAOs or combinations of KSAOs are the competencies, and the set of competencies are typically referred to as the competency model.”

Despite the different usage of terms (skills vs. competency), the framework by Katz (1955, 1974) on the skills of effective managers (including technical, human, and conceptual categories) can be regarded as a precursor of competency models. The first comprehensive management competency framework or model is credited to Boyatzis (1982). He advocated the use of behavioral event interviews in his five-step job competence assessment method, which was built on a research studying the competencies relevant to managerial performance. In his research, a total of 21 competencies were identified as being related to managerial effectiveness and were categorized into six clusters: goal and action management, leadership, human resource management, directing subordinates, focus on others, and specialized knowledge (Boyatzis 1982).

In their well-known and complex competency model/dictionary, Spencer and Spencer (1993) differentiated six competency clusters, namely, achievement and action, helping and human service, impact and influence, managerial, cognitive, and personal effectiveness—each with further two to four subcategories (i.e., orientations). Considering these specific attributes, the application of this competency dictionary can help differentiating average and top performers. It is worth noting that managerial cluster is in line with Garavan and McGuire’s (2001) management component of competency and Sparrow and Hiltrop’s (1994) managerial competencies.

In their multidimensional model, Delamare Le Deist and Winterton (2005) classified competencies according to the operational vs. conceptual and the occupational vs. personal dimensions into the following four types: cognitive competency (knowledge), functional competency (skills), social competency (attitudes and behaviors), and meta-competency (motives and traits being concerned with understanding the situation, adapting and applying existing or acquiring new competencies). This holistic model is illustrated as a tetrahedron, showing the unity of cognitive, functional, and social competencies at its base, while meta-competency is an overarching facilitator (Delamare Le Deist and Winterton 2005). (For more about meta-competencies, see, for instance, Meyers et al. (2013) or Bharwani and Talib (2017).)

### 2.1.3 Competencies and Talent

Some studies also wrote about talents in connection with competencies. According to Boyatzis (2008, p. 6), “[t]he person’s talent is described by his or her: values, vision, and personal philosophy; knowledge; competencies; life and career stage; interests; and style,” and top individual performance may occur when the employee’s capability or talent is in accordance with the job’s requirements and the organizational environment (Boyatzis 1982). Gallardo-Gallardo et al. (2013) declared an overlap between the literature of talent and competencies. Referring to Gagné (2000), they claimed that competency covers the various levels of mastery (from minimally acceptable to well above average), while talented behavior in a certain domain refers to best performing 10% according to Gallardo-Gallardo et al. (2013). At the same time, Boyatzis (2008) referred to competencies as behavioral appearances of talent representing the behavioral approach to talent (Jayaraman et al. 2018), which reckons talent development as an important element of TM (Cappelli 2008b). Similarly, van Heugten et al. (2016) emphasized the relation to TM stating that competencies ought to be addressed in talent development. Furthermore, building on other’s works, Luna-Arocas and Morley (2015) associated TM with competency-based HRM aligning competencies to organizational values and goals.

## 2.2 What Is Talent?

Several opinions and approaches are observable in the literature regarding how talent can be defined, and there seems to be an agreement on the lack of a universally accepted definition of talent in scientific works (Stahl et al. 2012; Dries 2013b; Gallardo-Gallardo et al. 2013; Sart 2014; Thunnissen and Arensbergen 2015; Swailes 2016; Savanevičienė and Vilčiauskaitė 2017; Jayaraman et al. 2018).

Many authors’ works also touch upon talent tensions contributing to the findings of the most seminal works of Dries (2013b) and Gallardo-Gallardo et al. (2013). Hereby we only summarize those findings that are of most relevance for this paper.

Based on the comparative analysis of the relevant theoretical themes on talent, Dries (2013b) identified five so-called talent tensions:

1. *Object* (concentrates on identifying and developing the characteristics of talents)/ *subject* (focuses on identifying and developing talented individuals). It was also noted that it is rather challenging to make a clear-cut distinction between these two in practice.
2. *Inclusive* (suggests that all individuals are labeled as talented in some way)/ *exclusive* (highlights that some individuals are naturally more talented—and thus more precious—than other people). This tension should be seen as a continuum with two extremes: at the inclusive end stand organizations that allocate their resources equally among their employees, while the ones at the



exclusive end dedicate most of their resources to a relatively small subset of their workers.

3. *Innate* (focuses on searching, recruiting, selecting, assessing, and identifying talents)/*acquired* (focuses on talent development by, e.g., learning, experience, training, or education).
4. *Input* (concerned about the individual inputs such as motivation, professional calling, ambition, effort during talent assessments)/*output* (focuses on the individual outputs such as job performance, achievements, and results during assessments of talents).
5. *Transferable* (assumes that talented people prove their talent regardless of their working environment)/*context dependent* (assumes that significant interactions between workers and contexts determine whether talents arise in fact and/or are appreciated and respected).

Dries' first and second tensions are conspicuous in the framework for conceptualizing talent in the world of work by Gallardo-Gallardo et al. (2013), but the other three tensions are noticeable (to some degree), too. Starting with the discussion of the object-subject tension, Gallardo-Gallardo et al. (2013) distinguished the conceptualization of talent referring to certain characteristics of people (object approach) or referring to a "person of talent"—possessing special skills or abilities (subject approach).

Within the object approach, they differentiated the following four sub-approaches:

- Related to the aforementioned innate-acquired tension, the *talent as natural ability* sub-approach stresses the inherent, peculiar abilities resulting in a superior performance—thus, rather than learning and development, the enablement of talents is more relevant (Gallardo-Gallardo et al. 2013).
- The *talent as mastery* sub-approach is about a systematic development of certain skills and knowledge resulting in a superior performance—focusing on the personal practice, learning and development, experience, and effort. Gagné (2000) emphasizes the development process through giftedness may become talent (Gallardo-Gallardo et al. 2013).
- The *talent as commitment* sub-approach highlights the commitment to the given position and to the employer organization, referring to the willingness to make efforts for the organizational success—aligning personal and organizational goals, giving one's best, and not leaving the organization (Gallardo-Gallardo et al. 2013). This is in line with the aforementioned output perspective (Dries 2013b).
- In accordance with Dries' (2013b) context-dependent perspective, the *talent as fit* sub-approach suggests being in the triplet right organization, position, and time (Gallardo-Gallardo et al. 2013).

It is worth noting regarding the object approach that in Gallardo-Gallardo et al.'s (2013) review, there was no conceptualization which equaled talent with only commitment in itself, but it was equaled with different elements—including

commitment, too. In some opinions, various elements of talent should be seen as multiplicative rather than additive—e.g., according to Ulrich and Smallwood (2012), talent equals the product of competence, commitment, and contribution—where high scores on one element cannot compensate for low scores on another.

The last sub-approach underlines the importance of context, for example, organizational culture, leadership style, the type of work, the environment (i.e., industry, labor market), etc. In line with the ability–motivation–opportunity (AMO) framework, talents also need opportunities to perform (provided by the organization through the given job/position) in addition to abilities and motivation. Thus, performance also depends on the quality of the job, which implies the relevance of the talent as fit tension. Therefore, TM tends to apply the portfolio approach to workforce management and to match talents to the positions with the highest strategic value in the organization—i.e., “A positions” (Becker et al. 2009).

Gallardo-Gallardo et al. (2013) classified the inclusive–exclusive tension as a subset of the subject approach. The *inclusive* subset defines talent as all the employees in an organization, while the *exclusive* one is about segmenting the workforce. The authors refer to talent as the members of an exclusive group within the organization’s workforce (i.e., the top 10 percent regarding performance or potential)—distinguishing talent as high performers and talent as high potentials (Gallardo-Gallardo et al. 2013).

- From the exclusive viewpoint, the term talent can be equated to *high performers*—the selected group of employees who are the best regarding capability and performance (Stahl et al. 2007) or who regularly show exceptional abilities and achievement (Williams 2000). However, in Silzer and Dowell’s (2010) opinion, high performers possess exceptional skills and abilities either in a given technical area, in a certain competency, or in a more general field.
- Besides, talent can be operationalized according to the level of potential, suggesting that the members of the group of *high potentials* might advance faster than other colleagues due to their unique qualities (i.e., characteristics, skills, abilities, experiences, etc.). It is interesting that labeling someone as high potential is often based on (past) performance that might be false generalization of some characteristics (halo bias).

Further publications also deal with the aforementioned talent tensions. Figure 1 highlights selected examples (Nilsson and Ellström 2012; Gelens et al. 2013; Meyers et al. 2013; Thunnissen et al. 2013a, b; Meyers and Woerkom 2014; Nijs et al. 2014) in chronological order.

Reviewing the literature on theoretical talent tensions, we found several different approaches—including the competency approach. It is worth noting that although competencies appear implicitly in the tensions in most of these works, only two of them (Nilsson and Ellström 2012; Meyers et al. 2013) mention the competency approach directly. However, the complex framework of Gallardo-Gallardo et al. (2013) synthesizes most of the talent tensions, providing a base for defining talent. In their viewpoint, the object approach (of talent) refers to “innate abilities, acquired skills, knowledge, competencies, and attitudes that cause a person to achieve

<p>Nilsson and Ellström (2012)</p>	<ul style="list-style-type: none"> <li>• the inclusive-exclusive tension</li> <li>• the talent as high performer and talent as (meta-)competency approaches</li> <li>• the transferable-context dependent tension</li> </ul>
<p>Gelens et al. (2013)</p>	<ul style="list-style-type: none"> <li>• the inclusive vs. exclusive approaches to TM</li> </ul>
<p>Meyers et al. (2013)</p>	<ul style="list-style-type: none"> <li>• talent as giftedness, talent as individual strength, talent as (meta-)competencies, talent as high potential, and talent as high performance talent approaches</li> <li>• the innate-acquired talent tension</li> <li>• the inclusive vs. exclusive approaches to TM</li> </ul>
<p>Thunnissen et al. (2013a)</p>	<ul style="list-style-type: none"> <li>• the subject-object tension according to Gallardo-Gallardo et al. (2012)</li> <li>• the inclusive-exclusive tension adding a hybrid approach in line with Stahl et al. (2012)</li> </ul>
<p>Thunnissen et al. (2013b)</p>	<ul style="list-style-type: none"> <li>• the subject-object, and the inclusive-exclusive talent tensions according to Gallardo-Gallardo et al. (2013)</li> </ul>
<p>Meyers and van Woerkom (2014)</p>	<ul style="list-style-type: none"> <li>• 4 talent philosophies pairing the exclusive-inclusive and the stable-developable (innate-acquired) approaches</li> </ul>
<p>Nijs et al. (2014)</p>	<ul style="list-style-type: none"> <li>• the innate-acquired and the input-output tensions</li> <li>• In their viewpoint, talent is made up of an ability component (i.e., innate ability and systematic development) and an affective component (i.e., motivation and interests), and all these components predict excellent performance, which is the main criterion for talent.</li> </ul>

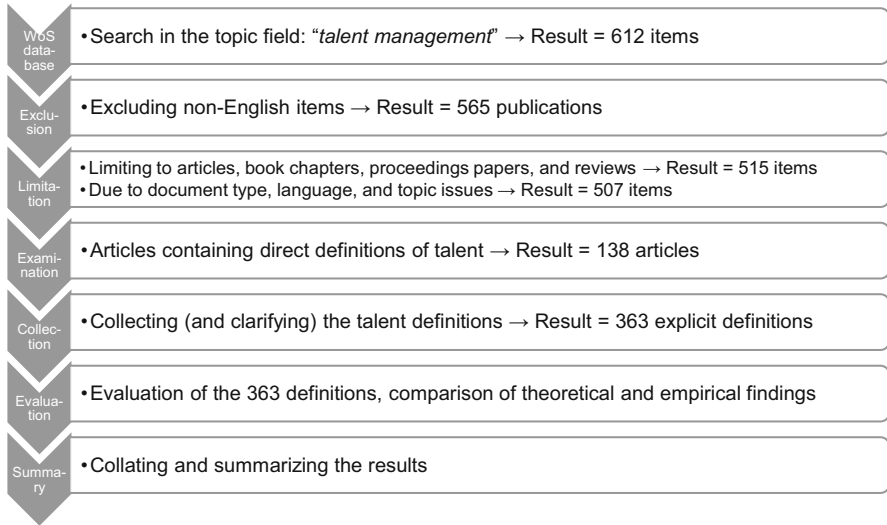
**Fig. 1** Selected examples for talent tensions in the literature. Source: Authors' own edit

outstanding results in a particular context” (Gallardo-Gallardo et al. 2013, p. 297), which is in line with the competency-based approach.

### 3 Data, Methods, Analysis

Our aim was to collect talent definitions within TM publications; we searched for publications in the complete Web of Science (WoS) database with the search string “*talent management*” (the quotation marks refer to joint occurrence of the given words) in the topic field with no restrictive conditions on the date of publication. This query resulted in 612 items; data collection was closed at the end of 2018 (Fig. 2). After excluding 97 non-English items, we limited our examination to relevant types of publications such as articles, book chapters, proceeding papers, and reviews; thus, 515 documents were considered for further analysis. Due to document type, language, and topic issues, eight publications were also excluded (five prefaces and call for papers, two Russian and Romanian full texts, and one sport-related article).

As general explicit talent definitions were in the focus of our examination, those 190 articles that did not contain any definitions were not examined further. Moreover, the 139 articles with only vague, indirect definitions (cf. Gallardo-Gallardo and Thunnissen 2016) were also excluded from further review. This filtering process resulted in 138 articles that contained direct definitions of talent.



**Fig. 2** The entire process of the examination of the articles and talent definitions. Source: Authors’ own study

Empirical data was collected from Hungarian corporations as part of a comprehensive TM research via an online questionnaire. The questionnaire was sent to 600 Hungarian corporations during the spring of 2018. For the following questions relevant for this article, answers were received from 67 corporates and then analyzed. (The original answers and definitions were in Hungarian, and they were translated to English (Appendix) by the authors of this paper.)

- “How are talented employees interpreted in your company? Please define talents in 1–2 sentences.”
- “Characterize the application of a competency model/competency profiles at the company.”

During the analysis, first, talent definitions were collected manually from the 507 TM articles; it was marked whether they were explicit or not. We labeled a definition as implicit or vague if a TM definition paraphrased the meaning of talent in itself only or if it was an explanation about the differences between the talent tensions/approaches. For example, talent is defined implicitly in the frequently cited definition of Cappelli (2008a, p. 74): “talent management is simply a matter of anticipating the need for human capital and then setting out a plan to meet it.” Secondly, respondents’ talent definitions were collected from the empirical data. Then we categorized the answers, according to the occurrence of the talent tensions (Gallardo-Gallardo et al. 2013), and classified them into competency clusters (Spencer and Spencer 1993). Each definition was evaluated by both of the authors; problematic cases were re-discussed until an agreement was reached. Appendix shows the detailed results.

## 4 Findings

### 4.1 Results Regarding RQ1: Articles with Explicit Talent Definitions

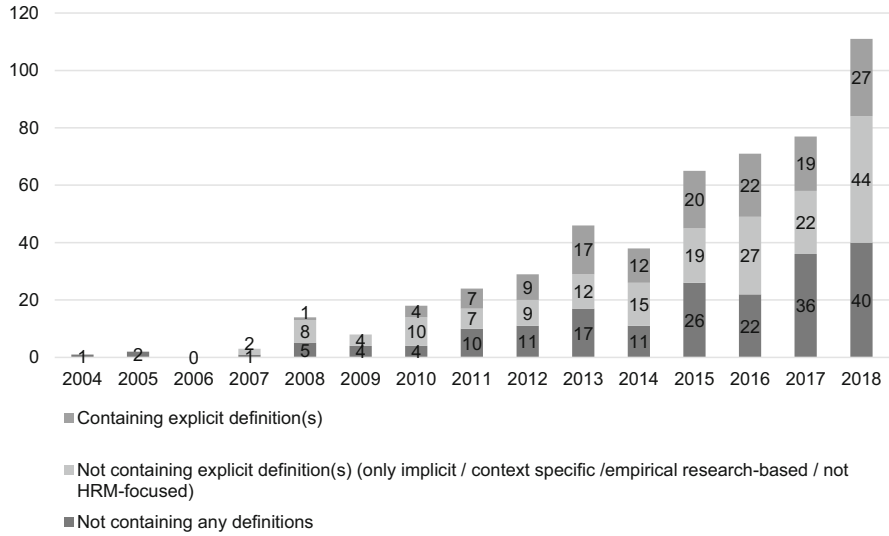
Our first research question was whether talent was defined (in the examined articles). 507 publications formed the starting point, but those 190 articles that did not contain any talent definitions at all were not examined in further detail. This means that more than the one third (37%) of the examined articles lacked any kind of conceptualization of “talent” even if TM was central to their main message. The remaining 317 articles contained various types of talent definition(s): 138 articles had explicit definition(s), while 179 contained implicit/context-specific/empirical research-based/not HRM-focused ones. The aforementioned 138 articles contained 363 distinct, explicit talent definitions altogether. (Due to the extensive length of the 363 definitions, they are available upon request from the corresponding author.)

We note that in this research we focused on the general explicit talent definitions in the world of work; thus, we did not examine in detail those 179 articles in which we found implicit or context-specific (e.g., company, industry, nation) or empirical research-based talent definition(s) only. Besides, we did not take into consideration any of these kinds of definitions in the 138 articles containing explicit definition(s). In some cases, the examined articles contained not HRM-focused (e.g., psychological) talent definitions, which were also excluded from our work-related research regardless of the actual definiendum. For example, “Among gifted children, Howe et al. (1998) saw talent as being partly innate and genetic, as something that is confined to a minority and as something that is domain-specific such as a talent displayed in mathematics or music” (Swales 2013, p. 33).

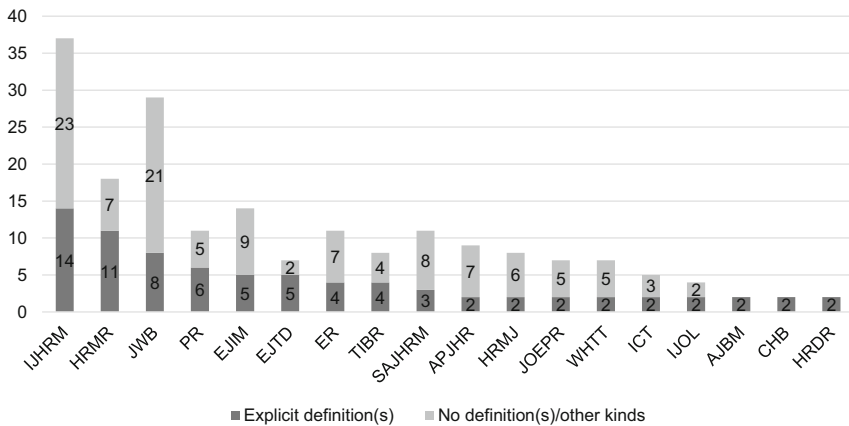
Analyzing the 363 explicit definitions, we found that there were several concepts defined, and more terms were used interchangeably with talent, for instance, high potential, high performer, A player, star, etc.

The number of publications containing the phrase *talent management* in the WoS database shows an increasing trend (Fig. 3). It is worth noting that 72% of the articles with explicit talent definition(s) have been published since 2014, while 20% of them were published in 2018 alone. Regarding the proportion of publications that contain explicit talent definition(s), Fig. 3 shows an increasing trend between 2010 and 2013 (22, 29, 31, 37% yearly, respectively) and a decreasing tendency between 2014 and 2018 (31, 30, 31, 25, 24% yearly, respectively). Regarding the proportion of publications that contain definition(s) (taken the explicit, implicit, and other kinds of definitions together), a slight fluctuation is noticeable around the average 63%.

The initial dataset, the 507 articles, were published in 218 journals, while 78 out of these journals published those 138 articles that contained direct talent definition (s). Out of these 78 journals, 18 account for 57% of the articles containing (at least two) explicit talent definitions (Fig. 4)—the *International Journal of Human Resource Management* (IJHMR) having the most with 14 articles (10%) in itself.

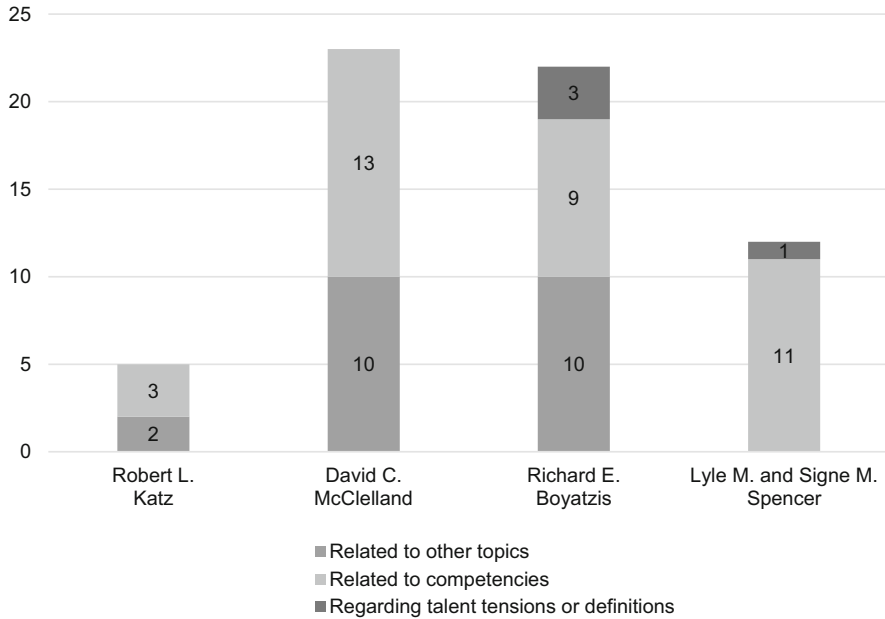


**Fig. 3** The distribution of articles per year based on whether they contain talent definition(s) and if so, then what types. Source: Authors’ own study



AJBM: African Journal of Business Management; APJHR: Asia Pacific Journal of Human Resources; CHB: Computers in Human Behavior; EJIM: European Journal of International Management; EJTD: European Journal of Training and Development; ER: Employee Relations; HRDR: Human Resource Development Review; HRMJ: Human Resource Management Journal; HRMR: Human Resource Management Review; IJHRM: International Journal of Human Resource Management; IJOL: International Journal of Organizational Leadership; JOEPR: Journal of Organizational Effectiveness – People and Performance; JWB: Journal of World Business; PR: Personnel Review; SAJHRM: SA Journal of Human Resource Management; TIBR: Thunderbird International Business Review; WHTT: Worldwide Hospitality and Tourism Themes

**Fig. 4** The number of articles containing explicit talent definitions compared to the number of articles without explicit talent definitions in those 18 journals that account for 57% of the articles containing explicit definitions. Source: Authors’ own study



**Fig. 5** The number of the articles within which seminal authors' names and their works appeared according to topics. Source: Authors' own study

It is also noticeable from Fig. 4 that three journals contained only such TM-related articles that defined the concept of talent explicitly.

Along the literature review on the competency-based approach in HRM, we wanted to know how often seminal authors/publications appeared in the examined articles and how influential these appeared to be regarding explicit talent definitions (Fig. 5).

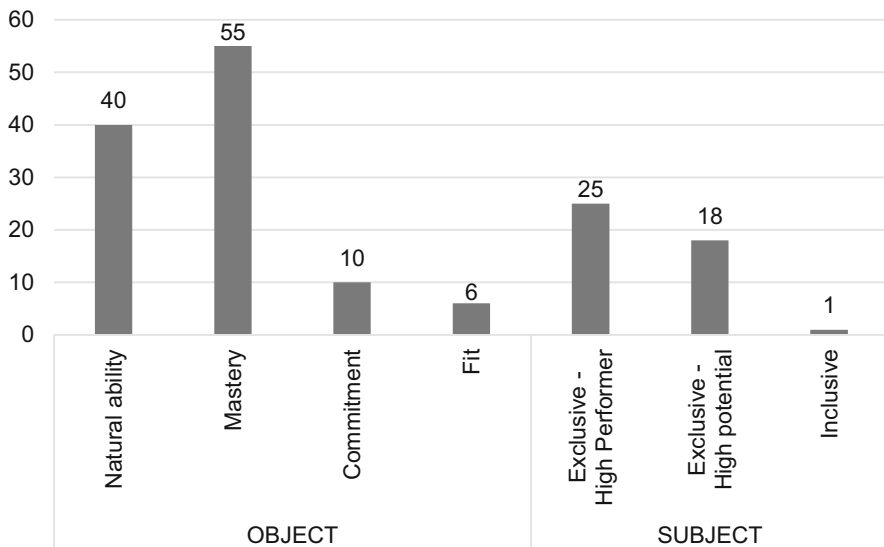
We found that only the names of Richard E. Boyatzis, Lyle M. Spencer, and Signe M. Spencer appeared related to talent tensions or definitions. However, none of the explicit talent definitions we found were based on any of their works. At the same time, we also noticed that 52 definitions contained the term *competenc\** (the asterisk referring to all the possible endings of that word, e.g., -e, -y, -ies), which is 14% of all the 363 definitions, and there are a few examples for a competency-based talent definition among the 363 definitions. For example, Boštjančič and Slana (2018) cited Reilly (2008), according to whom more and more companies base their definition of talent on the competency model they use for identifying important skill for a given position.

#### 4.2 Results Regarding RQ2: Empirical Findings Based on a Hungarian Sample

We examined 67 answers by competent professionals of Hungarian corporations regarding how talent is defined in relation to Gallardo-Gallardo et al.'s (2013) talent tensions (see Fig. 6 and Appendix).

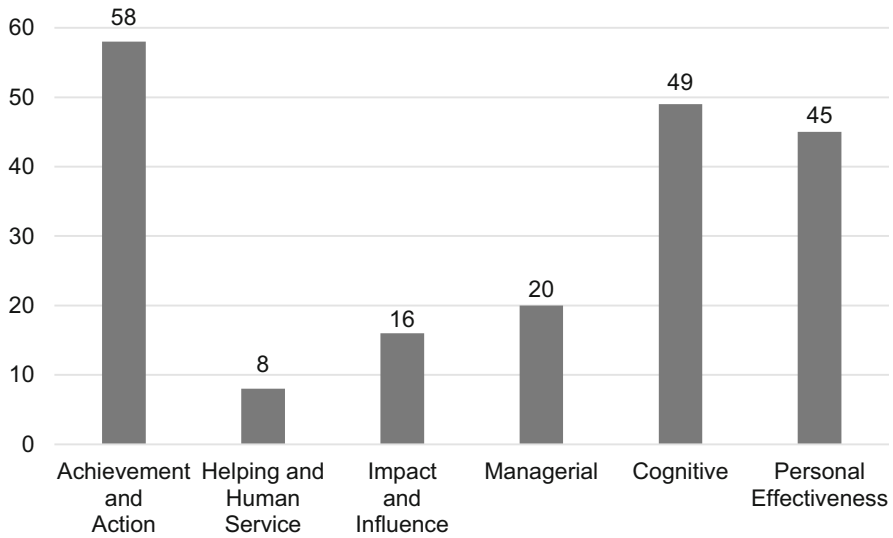
As for the object approach, we found 55 answers that referred to talent as mastery and 40 that referred to natural ability, while only ten that referred to commitment and six answers that referred to talent as fit. The following empirical definition, for example, covers all the sub-approaches of the object approach: “A talented employee is an agile, professionally trained team player colleague. Identical to the management’s interests and goals. He/she is able to perform his/her tasks independently, makes developmental proposals and has problem solving ability.”

Regarding the subject approach, only one answer defined talent as all employees in the company (“We try to focus on everyone and make a career plan for our employees in order to have a perspective”), while the rest of the answers understood talent as an elite subset of the company’s workforce; thus, the exclusive approach was dominant. Within the exclusive approach, 25 answers were about high performance (e.g., “[Talent is] whoever performs the expectations better, faster than the given group average”), while 18 answers were about high potential (e.g., “Generally speaking about talented employees and/or talent management, they are thinking about young people who are or will be completing their studies soon and have useful and valuable potential for the company”).



**Fig. 6** The distribution of empirical definitions ( $n = 67$ ) according to Gallardo-Gallardo et al.'s (2013) talent tensions. Source: Authors' own study





**Fig. 7** The distribution of competency-based empirical definitions ( $n = 61$ ) according to the competency clusters by Spencer and Spencer (1993). Source: Authors' own study

It was quite surprising that the vast majority of respondents (64 answers, 96%) defined talent fully/partially through some competencies. While 44 out of these definitions were based on certain competencies only, 22 defined talent by both certain competencies and high performance. Three answers (4%) defined talent through high (above average) performance only.

The classification of the 64 competency-based talent definitions according to Spencer and Spencer's (1993) competency clusters showed that all the mentioned competencies could be classified into the six competency clusters, except those three (of the competency-based answers) which did not specify the required competencies at all (e.g., "Who possesses outstanding skills and abilities") (see Appendix). Within the 61 precise competency-based answers, the Achievement and Action cluster was dominant, followed by the Cognitive and the Personal Effectiveness clusters (with 58, 49, 45 classifications, respectively) (Fig. 7). We found that the Managerial cluster occurred only 20 times, so the managerial aspect of talents was not outstanding. The other two clusters were proved to be much less important.

Analyzing the answers about the application of a competency model/competency profiles in Hungary, we found that more than 40% of the respondents (25 out of the total 60 answers to this question) were concerned about competency management. However, formal TM is connected to it only in 13 companies. In 23 respondents' opinion, although they do not have a competency model/competency profiles yet, the application of it would be important, while according to four respondents, it would not be so. (In eight cases, the respondents could not and/or did not want to answer the question.) It can be concluded that the vast majority of the respondents acknowledged the importance of competency management.

## 5 Conclusions and Further Research Questions

Managing talents has gotten more and more attention lately. The authors of this article believe that explicitly defining talent should be a starting point of any TM program—provided that it has the aim to be successful. However, results regarding RQ1 (the theoretical leg of our research) show that 37% of the examined 507 articles lack any kind of conceptualization of “talent” even if TM was central to their main message. The remaining articles contained various types of talent definition(s): 138 articles (27%) had explicit definition(s) (363 altogether to be precise), while 179 articles (35%) contained implicit/context-specific/empirical research-based/not HRM-focused ones.

Additionally, several further concepts (e.g., high potentials, stars) were defined regarding talented employees in the examined articles, whereas different talent tensions/approaches and further inconsistencies were also observable. Such tensions/approaches are, for example, (a) the object (i.e., talent as natural ability, talent as mastery, talent as commitment, talent as fit) versus subject (i.e., inclusive or exclusive [high performers and high potentials]), (b) the innate versus acquired, or (c) the input versus output ones. Most of these are not directly measurable, except for high performance. However, all of them can be explicitly or implicitly connected to competencies which are measurable.

Regarding RQ2, we can conclude that our empirical findings supported the relevance and importance of competencies in the area of defining talents. This is in sync with the aim of this article that is to emphasize the importance of the competency-based approach in relation to TM. In addition to defining talents based on competencies, the use of a competency-based approach could also solve other problematic issues regarding talents, for example, the differentiation and management of various talent types. According to a recent empirical research about TM (Daruka 2018), talent segmentation is becoming more important, although the relevant literature is still quite scarce. Understandably, the various talent segments (e.g., critical skill employees, graduate/Generation Z talents, high potentials, managerial talents, and trainee talents (Daruka 2018)) may require (somewhat) different competencies, and Spencer and Spencer’s (1993) competency model provides a framework for segmentation through the precise determination of the required competencies for a given talent segment. For example, while the Achievement and Action competency cluster might be important for all talent segments, the Managerial competency cluster is essential for managerial talents but not (yet) for graduate/Generation Z or trainee talents. Such a difference was also observable in our empirical data (Fig. 7). This is of significant importance regarding TM given that the different talent segments can also become precisely distinguishable and measurable via competencies.

This paper offers a comprehensive and consistent solution to the definition of talent in the world of work by suggesting the application of Spencer and Spencer’s (1993) competency model to the TM context. This proposed competency-based approach of talent can become such a first step of any comprehensive corporate

TM initiative that would serve and synchronize all the further ones and could also substantially contribute to the overall success of HRM.

Possible future research could evaluate all the explicit talent definitions according to certain talent tensions in order to identify dominant approaches. Furthermore, it would be worth collecting and deeply examining all the implicit, vague, context-specific, and/or special talent-type definitions, as well. A next step could be the comparison of these results to TM approaches, which are inseparable from, for example, the exclusive–inclusive talent tension.

**Appendix: The Classification of the Empirical Talent Definitions ( $n = 67$ ) According to Gallardo-Gallardo et al. (2013) and Spencer and Spencer (1993)**

	Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)	Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)							
		Object		Subject		Achievement and action	Helping and human service	Impact and influence	Managerial	Cognitive	Personal effectiveness		
		Natural ability	Mastery	Commitment	Fit							Exclusive	High performer
No													
1	Whoever performs the expectations better, faster than the given group average					x				x			x
2	Since I work for a software development company, at the company, talented employees are primarily those who are competent in software development		x								x		
3	For the talented employee, the task to be performed and his/her professional knowledge are consonant, he/she has enough knowledge to teach his/her colleagues, and he/she has a strong potential for development		x		x				x			x	
4	My boss doesn't like the term of talent. Someone is smart and hardworking. The basic requirement for our employees is to always strive for the best performance in their work	x								x			x

(continued)





Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)	Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)						
	Object		Subject		Achievement and action	Helping and human service	Impact and influence	Managerial	Cognitive	Personal effectiveness	
	Natural ability	Mastery	Commitment	Fit							Exclusive
No											
14	Those are considered to be talented employees who perform their current tasks outstandingly and at the same time have potential yet to develop further in management or expertise					x					x
15	After enrollment, he/she can easily and quickly see through the organizational processes and do his/her job efficiently. He/she contributes to the development of the company with new ideas	x									x
16	A talented employee is the one who quickly learns and succeeds in processes as soon as possible and makes profits for the company	x					x				x
17	Neither qualifications nor certifications determine who is talented employee but his/her decisions made at work, responsibility, accuracy, and willingness to cooperate	x									x
18	Professionally and humanly appropriate person to the team	x									x
19	The talented worker is professionally qualified and carries out	x									x

(continued)







No	Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)	Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)										
		Object		Commitment	Fit	Subject			Achievement and action	Helping and human service	Impact and influence	Managerial	Cognitive	Personal effectiveness		
		Natural ability	Mastery			High performer	High potential	Inclusive								
33	important is an interactive, diligent attitude In our case, we can call those employees talented who are performing and exceeding the expectations in their own field; they are able to open to new topics and areas of expertise. The performance of these employees, so far, has proven to be the driving force of the company in almost all cases, creative and committed. They almost always find the key to reconciling work and private life	x	x			x								x		
34	He/she does the job with the right precision and speed. Wants to accomplish more than the required minimum	x	x				x								x	
35	Those employees whose abilities allow them to perform above average now or in the future. And they possess the knowledge that very few still have on the market		x				x									?
36	Those employees who are prepared (either physically or	x	x												x	

(continued)

		Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)					
		Object		Subject		Achievement and action		Impact and influence		Personal effectiveness	
No	Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)	Natural ability	Mastery	Commitment	Fit	High performer	High potential	Inclusive	Helping and human service		Managerial
	mentally) have the competencies and experiences necessary to work in a way that are useful for the company and conducive to their own development and are open to new challenges and learning new things; thus, they can become potential key players in the future for the company										
37	Employees who, in a positive sense, emerge from the population by virtue of their soft and/or hard skills and their continued performance	x	x			x			x	x	x
38	We consider our colleagues to be talented employees who apply their theoretical knowledge effectively in practice, correct promptly their mistakes on the basis of the received feedback, develop themselves continuously, and also share newly acquired knowledge. In addition to their professional knowledge, they also pay close attention to soft skills, too	x	x						x	x	x

(continued)

Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)		Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)					
		Object		Subject		Achievement and action	Helping and human service	Impact and influence	Managerial	Cognitive	Personal effectiveness
No		Natural ability	Mastery	Commitment	Fit						
38	Those highly committed, collaborative, proactive, and unique in their field, outstanding and possessing key knowledge and colleagues, who are often and eagerly approached by other colleagues for help and advice	x	x	x					x	x	x
40	A sum of people who have a keen interest in their profession and have outstanding knowledge and competencies are constantly developing themselves in the field, responding quickly, and coming up with constructive ideas	x	x						x		x
41	Those people who can respond to the rapid changes in our market, who need continuous development and education, and who have career and personal goals	x	x						x		x
42	Those individual employees with advanced key competencies, who are capable of development and have the potential to hold one or more future positions within our company	x	x				x				x

(continued)



Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)		Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)						
		Object		Subject		Achievement and action	Helping and human service	Impact and influence	Managerial	Cognitive	Personal effectiveness	
		Natural ability	Mastery	Commitment	Fit							High performer
No												
48	makes developmental proposals, and has problem-solving ability											
	We call a colleague a talented employee if he/she has outstanding performance and potential for development and advancement					x						
49	Practically and theoretically prepared for the job		x									
50	For us, a talented employee is one who brings in performance something innovative, better, more independent, and more creative than the expectations placed against him/her based on their position											
51	We have no uniform definition for this. We try to focus on everyone and make a career plan for our employees in order to have a perspective. In addition, of course, there are those who are more prominent than others because of their expertise and ambition	x										
52	Those high-performing young (under 40 years) employees who	x										

(continued)

No	Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)	Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)						
		Object		Subject		Achievement and action	Helping and human service	Impact and influence	Managerial	Cognitive	Personal effectiveness	
		Natural ability	Mastery	Commitment	Fit							High performer
	can play a key role in the future success of the company based on their professional or managerial skills and ambitions											
53	Spirited employees with good skills, business sense, and ability to work	x						x				x
54	In terms of succession planning, we examine past performance and potential for growth to leadership positions					x			x			
55	Outstands from your current position due to his/her abilities and performance; we need to advance to a higher position as soon as possible		x			x				x		
56	It is talented in who we see the potential to get into a higher (managerial) position or someone who exceeds in his/her profession, field, "illuminates" among his/her colleagues. In both cases, it is important for the talented colleague to want to do for his/her own development, to have an idea of his/her own career		x			x				x		x

(continued)

	Gallardo-Gallardo et al. (2013)				Spencer and Spencer (1993)								
	Definition (The answers were in Hungarian, and they were translated to English by the authors of this paper. The classifications were based on the original Hungarian version of the definitions)	Object		Fit	Subject			Achievement and action	Helping and human service	Impact and influence	Managerial	Cognitive	Personal effectiveness
		Natural ability	Mastery		High performer	High potential	Inclusive						
No 57	Unfortunately, we still define our staff as "talent" based on hard skills. There is little opportunity or need for soft skills to be assessed	x											
58	As talented employees, those colleagues are considered who perform above average or above expectations in a particular area. They do their job with fun and interest	x			x			x					x
59	Those employees who are superior to others (who work in a similar position) in terms of the quality of their work and their attitudes and so far exceed their expectations in terms of their abilities and performance	x			x			x					x
60	An employee who always performs above average and is willing to learn to do so	x						x					x
61	They have long-term potential professionally and humanly	x			x			x					x
62	Understands the administration process. Delivers high-quality, error-free, long-term	x						x					x

(continued)







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# **Part II**

# **Management**

# Crisis Management: The Perspective of Organizational Learning



Jarema Batorski

**Abstract** The purpose of this paper is to propose instruments to improve crisis management in an organization from the perspective of organizational learning. The assumption on which the research was based is the claim that the success of crisis management depends both on the effectiveness of the learning processes that enable overcoming a crisis and the ability to learn a lesson from a crisis. Organizational crises may be conducive to the process of intensive organizational knowledge acquisition. Actions undertaken in terms of crisis management often constitute the means for organizational learning, which is related to issues of the adaptation, survival, and competitiveness of enterprises in conditions of discrete changes in the environment. A crisis is a chance for revitalizing changes that would otherwise be impossible to implement. Increasing the ability to manage crises can be considered as a favorable condition for long-term economic and social development. Real help for managers confronted with organizational crises depends on the awareness of the importance of anti-crisis management and, above all, the problems they must face. In shaping the ability to learn valuable lessons from a crisis, the following factors are crucial: normalization mechanisms, the organization's double-loop learning ability and the managers' awareness of its importance in learning from a crisis, and the organization's single-loop learning ability. Improving organizational learning should lead to the reconstruction of the organization's abilities to cope in the crisis.

**Keywords** Crisis management · Enterprise · Normalization practices · Organizational learning · Response to crises · Double-loop learning

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## 1 Introduction

The global market is a challenge for modern enterprises, which, in order to survive, have to look for new business models (Batorski 2013). Globalization of markets blurs the borders of organizational systems and temporariness of their forms. This situation requires changes in the traditional organizational paradigm and the application of new management methods which, with the complexity of an organization and its environment, cannot be based on mechanistic or deterministic assumptions (Sikorski 1998). The duality paradigm (enterprise-environment), dominant in free market economy business models and basic for strategic management, is confronted with the network paradigm, which lies at the foundations of the global economy (Perechuda 2005). The irrelevance of the duality paradigm in the era of the global economy may be a decisive factor for the ineffectiveness of crisis management both on the macro- and microscales. Optimization of an enterprise requires new vectors, such as knowledge, to be taken into account (Perechuda 2005). This paper contributes to the crisis management literature with the emphasis on the application of organizational learning as a basis for improving the ability of an organization to cope in crises.

The fact that researchers are interested in crisis phenomena seems to be substantiated by at least two reasons: crises are common and they strongly affect the functioning of an organization, enterprise, and economy. Enterprises, during their lifetime, experience many failures and crises (Romanowska 2009). An economic crisis may lead to a crisis in an enterprise. This, however, is caused by numerous and diversified critical factors, both endogenous and exogenous. On the other hand, crises in an enterprise are vital for the development of economic prosperity. Real help for managers struggling with an organizational crisis depends on the awareness of the importance of anti-crisis management, and, most importantly, of the problems they have to overcome.

In a quickly changing environment, with growing uncertainty and complexity, the ability to predict changes controllable by an enterprise is decreasing. However, its survival in certain conditions depends on being able to predict such conditions correctly and make relevant changes within the organization. Correct crisis management processes should, to some extent, help prevent, prepare for, and overcome (control) the crisis. They should also generate readiness to cope with the problems that arise as a result of a crisis. Also, a crisis teaches valuable lessons that can become the source of restoration for an enterprise. However, for crisis management to be effective, a crisis, as well as crisis management, need to be conceptualized (Batorski 2013).

The second section of the paper presents some conceptualizations of a crisis and crisis management. The third section shows Argyris and Schön's theory representing a perspective from which organizational learning is seen as the sharing of assumptions. In the fourth part, important elements of enhancing crisis management are presented.



## 2 Crisis Management

A crisis may be defined as “a low-probability, high-consequence event that develops very rapidly and involves ambiguous situations with unknown causes and effects” (Roberts et al. 2007, p. 109). A similar definition is proposed by Pearson and Clair (2008, p. 3): “An organizational crisis is a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly.” An organizational crisis is also defined as “a critical situation that can have severe negative consequences to the organization if not handled properly” (Lin and Carley 2002, p. 4).

Crisis management is defined as “strategies, processes and measures which are planned and put into force to prevent and cope with crisis” (Glaesser 2006, p. 22). It can also mean an “ongoing integrated and comprehensive effort that organizations effectively put into place in an attempt to first and foremost understand and prevent crisis, and to effectively manage those that occur, taking into account in each and every step of their planning and training activities, the interests of their stakeholders” (Henderson 2007, p. 9). Crisis management is a “process in which the risk of a crisis is foreseen, its symptoms and the undertakings limiting its negative consequences are analyzed, and the crisis factors are used to continue the development process” (Krzakiewicz 2008, p. 32).

Of the various classifications and typologies of crisis phenomena, we can distinguish the typology based on the duration and pace of a crisis: sudden (the “cobra” type) or enduring (the “python” type) (Seymour and Moore 2000; Booth 1993). The “cobra”-type crisis is unexpected (e.g., the 9/11 attack), and it can cause a shock reaction. Management in the case of such a crisis may be more difficult than in the case of an enduring one that develops over a longer period of time.

A crisis has three basic stages: potential, concealed, and apparent (Nogalski and Marcinkiewicz 2004). Some, however, identify four, five, or even more such stages (Batorski 2013). Crises affect either both entire organizations and their parts or spheres. They may also affect groups of organizations or a specific area, and they have their individual, human dimension. Crises seem to be scalable. They are difficult situations, which means that an attempt may be made to determine the dimensions (factors) of a difficult situation in order to evaluate the intensity of a crisis. The dimensions used to classify a crisis are an example of the synthetic factors of a difficult situation. They include (Burnett 1998) risk level, time pressure, being able to control a crisis, and being able to vary the reaction to a crisis.

Crises generate codependent threats that may affect the organization itself, its stakeholders, or the entire sector. These include threats related to public safety, financial loss, or loss of reputation (Coombs 2014). Once lost, reputation may be very difficult to recover (Brooks and Shapiro 2014). If, following a crisis situation, the image of an organization is damaged or destroyed, remedial measures are undertaken in order to return to the situation from before the crisis. They constitute an important part of crisis communication (Hajduk 2017).

Crisis management concepts and models try to answer the question of what characteristics and behavior an organization needs to manifest in order to be effective. The ability of an enterprise to manage a crisis is associated with the development of processes and resources. Crisis management is also a social process to the extent that it affects human interaction. To create conditions that enable overcoming a crisis means to make specific changes in the area of power and managerial leadership, organizational culture, strategy development process, organizational structure and systems of action, and people (Batorski 2013).

In a traditional crisis management model that mainly concerns disasters (including natural disasters), there are prevention, preparedness, response, and recovery stages (Jaques 2007). The crisis management cycle, which follows the four stages, is sequential. In the classical crisis management cycle by Pearson and Mitroff (1993), there is one more stage of learning from a crisis. Thus, organizational crisis is important for learning, and learning here means the need to analyze the most important conclusions of a crisis. It is treated as a transformation catalyst, a source of recovery for an enterprise.

Jaques (2007) proposes a spiral model of crisis management as opposed to linear models. In the nonlinear model, it is possible to return to previous stages, omit certain stages, or take simultaneous actions. However, the sequence of actions may be of certain importance, so it should not be abandoned altogether. In fact, the construction of a model should make it possible to solve the paradox of prevention and preparedness, as these elements comprise precrisis management.

Crisis management models may be reactive or proactive (Hough and Spillan 2005). In the case of reactive crisis management, decisions on anti-crisis actions are made after a crisis has happened. In the proactive approach, managers anticipate a crisis, assess the risks, and prepare action plans for the event of a crisis. The post-crisis stage in the reactive model comprises, among other things, reduction of employment costs, restructuring, and analysis of decision-making processes. In the proactive model, the post-crisis stage consists of evaluation of the anti-crisis action plan, a risk assessment review, an anti-crisis action plan review, and increased preparedness for a crisis (Hough and Spillan 2005). When comparing the two approaches, it may be assumed that the choice of one or the other is a solution to the (potential) dilemma between lack of preparedness for a crisis and unreliability of planning.

Integrating various crisis models and recomposing them may be a good starting point to develop the ability of an organization to manage a crisis (Batorski 2011). We recompose, using the existing elements of the decomposed wholes and enhancing them with new elements.

### 3 Organizational Learning as Assumption Sharing

The concept of organizational learning, understood as the sharing of assumptions or change of the organizational culture, contains the implicit idea that understanding human behavior requires first understanding the human and his perception of the surrounding world. The cognitive concept of learning interprets it as changing cognitive models. The elements of the cognitive pattern are the record of the structure and interrelations of physical and social entities (temporal and spatial distribution, their cause and effect links, their properties, the probability of their transformation and relocation), the record of the relations binding an individual and institutions, and their order according to subjective significance (Bratnicki 1993).

Organizational learning involves changes, both in individual models and common organizational patterns. An organizational pattern consists of the shared descriptions of an organization jointly constructed by the members of the organization and used by them as guidelines in their own research (Bratnicki et al. 1988). From the cognitive perspective, the pattern of an organization is the organizational culture. The popular model of organizational culture proposed by Schein (1985) is useful in explaining the phenomenon of organizational learning. This model identifies three culture levels: basic underlying assumptions, espoused values, and organizational artifacts.

The level of artifacts consists of visible behavioral patterns. These are also tools, materials, and sets of operations. Organizational values determine what is valuable and what is good for an organization. The basic assumptions which, in Schein's model, are the core of the culture are understood here as shared significances associated with the surrounding reality (Bratnicki et al. 1988).

When observing any members of an organization, it may be concluded that they have different theories of organized activity, which include values, behaviors, and assumptions that justify the given behavior in order to maintain smooth action (Argyris and Schön 1996). The theory of organized action reflects sequences of actions described as being selected for a specific outcome that constantly changes as a result of self-observation of the results of activity, sets of materials, tools, and operations. A scheme of the theory of action may be presented in the following way: if you want to cause consequence "c" in a situation "s," behave in the way "b" (Argyris and Schön 1996). Consequences "c" reflect values. The fact that behavior "b" will cause consequences "c" in a situation "s" is justified by the assumptions—the assumed model of the reality.

In the case of activity involving many people, there is a general set of tasks divided into component tasks, guided by organizational values, assumptions, and behaviors. In the case of such activity, the theories of action must include the rules of task delegation and mutual adjustment of individual behaviors. For this purpose, members of an organization create individual images of organized action that make it possible to adjust one's behavior to the behavior of other members. These images are incomplete, and members strive to complete them, using external reference systems (Bratnicki 1993). In this sense, organizational knowledge exists in the minds of the

members. Also, they have access to the artifacts that contain knowledge: maps, memories, or programs. Assumptions, values, and behaviors that comprise the shared theories of action may be related to the respective levels of the organizational culture (Batorski 2002).

Organizational learning can be defined as the process of detecting and correcting errors, understood as discrepancies between the actual and expected effects of action (Argyris 1989). Organizational learning takes place when the employees of an enterprise detect errors thanks to their experience. As a result of specific activities, their theories of organized action change (Argyris and Schön 1996). Next, they contribute the lessons they have learned to the organizational memory.

A fixed item in the literature on the subject has become the typology of learning models proposed by Argyris and Schön (1978). They identified three models of organizational learning: single-loop learning, double-loop learning, and deuterolearning, which is an enhancement of the former two models. Double-loop learning involves solving the conflict of organizational values by formulating new levels of importance and priorities associated with values or transforming the values themselves with corresponding behaviors and assumptions. As opposed to single-loop learning, which concerns only behaviors, it enables the removal of discrepancies between assumptions and values or incorporation in the organizational culture of elements that better reflect reality.

A study of the literature on the subject emphasizes the importance of productive learning in many areas of enterprise management, as well as the issue of its functioning (Batorski 2013; Bensimon 2005; Crichton et al. 2009; Horchani and Zouaoui 2019). For example, various concepts of organizational changes highlight the importance of organizational learning as the main medium of those changes (Batorski 2013). Concepts that are linked with the theory of evolution treat organizational changes as a bottom-up phenomena arising out of the constant process of adapting to the transforming factors and conditions (Dawson 1994). An open change is understood as organizational learning, rather than a method for transforming action systems and organizational structures (Stacey 2013). Arguments presented in the literature on the subject also suggest that the concept of organizational learning may be a fixed formula leading to the success of an enterprise that functions in conditions which are and probably will be changeable.

## 4 Enhancing Crisis Management

A crisis in an organization may be a stimulus for intensive organizational learning; crisis management encompasses its processes. Actions taken in a crisis are often means to organizational learning. A crisis is a chance for revitalizing changes that would otherwise be impossible to implement. Management research, however, emphasizes both the importance of an organizational crisis for learning and the importance of learning for an enterprise in the midst of a crisis (Batorski 2013).

The former is associated with the need to analyze the most important conclusions of a crisis. It is treated as a transformation catalyst, a source of recovery for an enterprise. It is also vital to enhance the future ability to manage a crisis or to avoid a crisis. A study of the literature on the subject identifies barriers as well as stages of learning through a crisis (Kovoor-Misra and Nathan 2000; Elliott et al. 2000). Crisis is a specific factor that stimulates the development of entrepreneurship, for example, in public organizations or NGOs in the tourism sector (Bednarczyk 2006). Deverell (2010), on the other hand, in qualitative surveys concerning organizational learning triggered by a crisis situation in an enterprise included, among other things, the learning models proposed by Argyris and Schön (1978).

In the latter case, for example, knowledge management is integrated with crisis management by merging the two processes (Hough and Spillan 2004; Li and Wang 2009). According to yet another approach, crisis management may be treated as a cognitive undertaking whose success depends on the efficiency of organizational learning processes. In a crisis situation, the time to make a decision is shorter than the time for reactions in the existing structure. Also, ambiguous situations are typical of a crisis; in such situations, the experiences of the members of an organization are hard to interpret. Goals are ambiguous, it is unclear what has happened, and the causality of events is difficult to grasp. Organizational learning is thus different in an enterprise struck by a crisis, although, despite the ambiguity and uncertainty associated with the crisis, members of an organization try to make sense of the information that reaches them (Bratnicki 1982). Learning in such situations is case-specific, although its basic mechanisms may be identified.

Organizational crisis is paradoxical in its nature. On the one hand, it reveals hidden facts of which an organization was not aware prior to the crisis. On the other hand, however, due to the form in which it manifests itself and its characteristics, it may hinder organizational learning, which is vital for the recovery of an enterprise. Crises cause cognitive inertia, fear, and anxiety among members (Roux-Dufort 2000). In a crisis situation, managers strive to reestablish balance rather than look for chances to change. Organizations engage in normalization processes (Jacques et al. 1999). This means they apply familiar and acceptable patterns and systems: cognitive, psychological, and sociopolitical. Three types of normalization exist (Roux-Dufort 2000):

- Cognitive normalization, which helps build a simplified version of a crisis to make events meaningful. The causes of a crisis are unknown, and the managers need to build a simplified image of what has happened in order to make the situation meaningful and be able to make decisions quickly.
- Psychological normalization, which helps reduce the emotional load caused by a crisis and at the same time hinders joint learning by the members of an organization. A crisis, or even the idea of a crisis, causes various kinds of embarrassment, depending on the organization's inability to cope with extraordinary events.
- Sociopolitical normalization, which makes a crisis socially, politically, and symbolically acceptable for most stakeholders. At some point, a crisis puts an

organization outside the form of acceptable patterns. A crisis undermines the trust associated with stakeholders' expectations. Accordingly, they expect the organization to react quickly.

It is natural for the members of an organization to tend to minimize the significance of and/or to rationalize events that are not in line with their system of values or reference systems. Normalization mechanisms enable permanent and commonly shared perception and understanding of a crisis, but, paradoxically, they also reduce the learning potential. Another paradox is that, while promoting single-loop learning, they at the same time inhibit double-loop learning. A potential paradox is a conflict between innovative (double-loop) learning, in which both the assumptions and the standards and strategies of action change, and routine (single-loop) learning, which only concerns the strategy of action. It seems that the most useful for efficient crisis management is single-loop learning, which is based on the ability to detect and correct an error with a given set of operational standards. On the other hand, double-loop learning is conducive to innovation and questioning the goals, and it is more important for long-term survival.

An important element of enhancing crisis management is the identification and evaluation of the intensity of obstacles that hinder learning from a crisis. Such potential obstacles include (Elliott and Smith 2007):

- Fixed beliefs, values, and assumptions.
- Ineffective communication and dysfunctional information processes.
- Centralized know-how; ignoring the opponents.
- Prioritizing well-structured problems.
- Maladaptation; denying the risks.
- Narrowing cognitive perspective.
- Lack of organizational ownership.
- Focusing on single-loop learning.

It can be assumed that the above obstacles fall within the factors that are decisive for the ability to learn from a crisis. The ability to learn valuable lessons from a crisis is affected by the following factors: the restoration potential associated with the crisis situation itself, normalization mechanisms as an obstacle to learning, the organization's double-loop learning ability and the managers' awareness of its importance in learning from a crisis, and the organization's single-loop learning ability.

The restoration potential associated with the crisis situation itself is an uncontrollable factor. However, normalization mechanisms are partly controllable, and the fully controllable factors are the organization's double-loop learning ability and the managers' awareness of its importance in learning from a crisis and the single-loop learning ability.

When planning crisis management enhancement, it is possible to use a tool that evaluates the ability of an enterprise to learn. The tool design provides for two organizational learning models (single-loop learning and double-loop learning), as well as the learning types proposed by Stern (1997). A comparison of the respective dimensions gives the following indicators of the ability of an enterprise to learn:

1. Change of standards, values, and fundamental assumptions concerning the functioning of an enterprise and the corresponding ways of action through:
  - Interpreting past (direct or indirect) experiences.
  - Better understanding the problems.
  - Acquiring competencies.
2. Changing the ways of action through:
  - Interpreting past (direct or indirect) experiences.
  - Better understanding the problems.
  - Acquiring competencies.

An evaluation of the ability to learn should verify both the implementation of anti-crisis measures and management after a crisis situation has been put under control (the reaction and restoration stages), as well as learning lessons from a crisis (the prevention and preparedness stages). The set of critical features of crisis management comprising the model proposed by Jaques (2010) may be useful in such an evaluation. The importance of single-loop learning and double-loop learning, respectively, will differ depending on the crisis management stage.

It is not easy to develop the double-loop learning ability. Organizational behaviors in an enterprise may be dominated by defensive habits, i.e., actions and policies that protect individuals from experiencing embarrassment or threat, and at the same time make it impossible for individuals and the entire organization to identify the causes of threat or embarrassment (Argyris and Schön 1996). Such habits cause the infiltration of individual and organizational disabilities. Consequently, the ability to learn productively is reduced.

## 5 Conclusion

Organizational learning requires efficient communication, which means that all the employees of an enterprise provide one another with comprehensible information. Also, productive learning is possible when an enterprise is characterized by informational openness. It involves, for example, informing employees of all decisions important for the enterprise and encouraging them to exchange information among one another. Openness also means ensuring free information flow, which engages employees in corporate matters.

An enterprise whose managers wish to learn valuable lessons from a crisis should accelerate and promote organizational learning. It should be noted, however, that the potential usefulness of double-loop learning mainly concerns learning lessons from a crisis, whereas in the case of anti-crisis measures and management after a crisis situation has been put under control, single-loop learning is the most useful.

In a situation of crisis, an effectively managed enterprise ensures the flow of correct and undistorted information. Correct organizational learning processes

require adequate organizational architecture. Thus, in order to acquire the self-enhancement ability, dedicated change programs are required.

Enhancement of organizational learning requires careful planning. A plan for creating an organization that consciously learns from a crisis should comply with the vision and strategy of development, composed, e.g., by a group of the most senior managers. The members of an organization responsible for implementing the plan should attend discussions concerning the advantages of productive organizational learning, the possible consequences of improper crisis management, and the ways of measuring the effectiveness of the processes.

In an enterprise that is able to learn, the values and behaviors of employees maintain continuous learning and encourage taking new challenges and questioning old assumptions and existing ways of action. Managers support and maintain their own learning, as well as the learning of other people. The strategy of an enterprise is consciously created as a process of organizational learning. The organizational structure enables learning between different levels, functions, and subsystems and facilitates quick changes. The employees of the enterprise are convinced of the need to learn continuously and use the opportunities to learn and are committed to their own development.

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# Standardization of Global Logistics Business Operations



Slobodan Aćimović, Veljko M. Mijušković, and Jovana Obradović

**Abstract** Running a business internationally is certainly a challenge, given the large distance, a great number of mediators, and different regulations, and to battle these challenges, the International Organization for Standardization (ISO) standards were created. The role of mentioned standards is a multiple one. Above everything else, there are a large number of standards, and their diversity is key to regulating multiple aspects of running a business. They ensure an optimum relationship between a company and the environment, as well as the best healthcare and protection of its employees. No less important is the impact these standards have on keeping the food products safe to consume, given that food couldn't be called safe if the proper procedures, principles, and quality standards weren't applied during logistics. The aim of this paper is to point out the essence of what quality is and how to achieve it by applying ISO standards in an international logistics business. The analysis within the paper uses secondary data, as well as methods of description and comparison in order to draw conclusions. This paper consists of six parts, where each of them shows the importance and contribution of different ISO standards to the global logistics business operations. The paper findings show that each of the analyzed standards is of great importance for companies that provide international logistics services, as each of them enables different business segments to be supported by the best requirements and rules, eliminating any negative impact and leading to the best quality of the final international logistics services.

**Keywords** ISO standards · Quality · International logistics · International business

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## 1 Introduction

Time brings many changes in all areas of business, where one change can be considered as a consequence of a previous change. Namely, crossing the borders of a country in exchange operations leads consequently to an increase in production, trade, and even logistics. Logistics takes on dimensions of international, global operations, which is more diverse and complex in many aspects compared to domestic ones. What is common to both domestic and international logistics as spheres of business is to ensure the quality of services provided (Grainger and Morini 2019). Certainly, this task is much more difficult and demanding when it comes to business outside the domestic market, due to a large number of rules, various regulations, requests, great distances, and similar (Carter and Narasimhan 2015). The solution to the aforementioned problems is brought by international standards. Adopting and implementing them in practice enables the realization of high-quality services provided in accordance with the internationally accepted standards, where the possibility of error is minimized. The motivation for the paper is that there is a lack of literature regarding integral analyses of ISO standards which directly influence the global logistics operations. That is precisely the main differentiation of this paper compared to previous studies (Vanichchinchai and Igel 2011; Kafetzopoulos et al. 2015) and its main contribution to the expert literature within the area. The results of the analysis within the paper show that each of the analyzed standards is of great importance for companies that provide international logistics services, as each of them enables different business segments to be supported by the best requirements and rules, eliminating any negative impact and leading to the best quality of the final international logistics services.

The paper is divided into six parts, where each of them shows the importance and contribution of different ISO standards (9001, 14001, 45001, 22000, 26000, 27001) to the global logistics business operations. The detailed analysis of each of the standards follows.

## 2 ISO 9001: Quality Management System

ISO 9001:2015 is an international standard that is aimed at raising efficiency and effectiveness of business through process approach (PDCA), which allows the organization to raise the quality and level of service, in this case logistics in particular, and increase focus on clients. Quality in the business world becomes increasingly significant item by default that needs constant improvement but in addition to achieving significant quality becomes a proof that the company possesses it, in the form of the internationally recognized certificate ISO 9001:2015. Its importance is reflected in good business relationships with both current and prospective clients.

**Table 1** Risk matrix

Risk likelihood	Risk consequences severity				
	Insignificant	Small	Medium	High	Extreme
For sure	H	H	E	E	E
Very likely	M	M	H	E	E
Likely	S	M	H	E	E
Unlikely	S	S	M	H	E

Source: Project management Serbia (2019)

Why is standard ISO 9001 important for international logistics? Possession of an international certificate clearly shows that the companies care about the quality of managing logistics operations. International standard ISO 9001:2015 ensures that a company will comply with all wishes and demands of clients on delivery of goods or the provision of international logistics services, through constant and careful observation of the process, as well as documenting the steps conducted, timely detection of errors, and their intention to eliminate. The best explanation of the contribution of standards to logistics companies' (Kanban logistics 2019) business is discipline throughout the process. Mere possession of a certificate for the company is important in order to demonstrate to customers, both existing and prospective, it takes very seriously the role of quality and the necessity of performing all operations in the best possible way. The implementation of a certification is a lengthy process, which requires commitment and can last for several months (Kanban logistics 2019). When you introduce and establish a quality management system, it is important to know and understand that the system cannot produce expected results immediately. It takes time for the system to become a part of a company, and after that logistics companies can expect significant improvements in the long run in the form of reduced operating costs, more efficient use of available resources, maintaining the achieved level of quality, reliable delivery deadline, implemented customer satisfaction, and increased income (Funda 2010).

Evidence of benefits of implementing this standard in practice comes from numerous companies of the world. Employees of these companies emphasize that the requirement for risk management has contributed significantly to business improvement, and it is usually realized through "risk matrices" with dimensions: risk likelihood and risk consequences severity (Project management Serbia 2019). An example of a risk matrix is given in Table 1.

Matrix points to the risks the company is usually facing and how to manage them. Not all risks that can occur during a business operation have equal importance and pose equal threat to a business. The most dangerous risks are highlighted in dark gray, because these are risks that carry large financial and time implications.

No less important are benefits of ISO 9001 such as the increasing implementation of internal controls, in order to determine whether all introduced work procedures are properly implemented and to determine where there may be problems and delays, as well as why and how to eliminate them in the future and increase the effectiveness and efficiency of business operations (Pantouvakis et al. 2013). Also, the existence

of procedures and their documentation contributes to relations with clients, allowing them to become better acquainted with the work practices. It is also important that the application of this international standard significantly clarifies the role of managers, their responsibility, and the obligation to take care of their subordinates (Bakator and Čočkaló 2018).

### 3 ISO 14001: A System of Environmental Management

It is well known that logistics is one of the biggest polluters of the environment due to large amount of exhaust gases, the problem of noise, waste, and similar. International transport of goods can be done by various forms of transport: road, air, water, and rail transport. Among all of them, road traffic is seen as the biggest polluter, which affects pollution in many ways: age, i.e., vehicle quality, fuel quality, traffic configuration, i.e., the way of organizing public transport, disregard of road traffic culture, and technically defective vehicles. Transport is considered responsible for environmental damage due to emission of 23.3% of CO<sub>2</sub> (carbon dioxide) (Zatežić et al. 2009).

Benefits of ISO 14001:2004 for conducting global logistics operations range from reduction of the negative effects on the environment, reducing the risk of ecological disasters, improving reputation, building trust in a society as a whole, easier establishment of partnerships with foreign companies that emphasize care for the environment as an unavoidable item for business, competitive advantage, easier permits and licenses from local and national authorities right up to reduced or avoided environmental costs, due to avoided pollution, waste materials, and similar (Euro Quality Standard 2019).

In recent years, the concept of green logistics is widely spoken of. Green logistics is a logistics concept that efficiently performs its tasks without polluting the environment. Applying the concept of “greening” logistics is considered very desirable (Nikoličić and Lazić 2006). Exactly this concept is in accordance with the international standard ISO 14001. A broader term that incorporates the concept of green logistics is the green supply chain that requires a rapid flow of materials and goods, well-organized processes, and environmental protection (Fahimnia et al. 2015). It means that the whole process, i.e., the supply chain, from the beginning to the end faces the environment and its preservation. Green logistics can contribute to the environment by choosing a strategy for transport of goods with minimum environmental pollution, using the JIT strategy, using modern technology, better ways of packaging, as well as choosing better materials for packaging, and the like.

The modern business world today is troubled with growing problem of waste disposal. Reverse logistics offers a solution. The reverse logistics refers to all logistics issues related to collection, separation, and processing of reused products, product parts, and/or materials in order to maintain a sustainable (environmentally friendly) reconstruction (Turrisi et al. 2013). Reverse logistics includes the entire reproduction process flows and involves recycling, waste, returnable packaging, and

damaged goods. This concept brings both economic and environmental benefits. Increasingly diverse needs that arise with customers consequently lead to the increased amount of waste that creates a threat to the environment. The solution to the problem mentioned is recycling, and the first step toward its implementation is collecting of waste which is carried out either by consumers themselves contributing to the process of waste collection as well as the recycling, by sorting it during the process of disposal, or by the second method of collection that comes from producers that are obliged to deliver goods, and return them, together with the packaging and residues (Nikoličić and Lazić 2006).

Today, logistics companies, and all other businesses regardless of their activities, are not only expected to reduce pollution caused by their business and maintain an appropriate level of emissions but also work actively on improving our habitation.

## 4 ISO 45001: Occupational Health and Safety

International standard ISO 45001:2018 is the standard which defines the requirements for occupational health and safety. The standard has been developed to meet the standards ISO 9001 (quality management system) and ISO 14001 (system of environmental management), to allow the integration of all three international standards that would contribute to the highest possible quality of international logistics operations, as well as all other companies. Their combination means the highest quality business, the best protection and contribution to the environment, and the best protection of employees while performing in their workplace.

The introduction of this standard brings multiple benefits to logistics companies engaged in international business (Euro Quality Standard 2019):

1. Injuries at work are reduced to a minimum.
2. The company can eliminate danger in due time.
3. The overall image of the company is improved.
4. It attracts foreign partners.
5. Inspires trust in users/customers and shows commitment in managing health and safety at work that can be proved.
6. They open up new market opportunities for cooperation with foreign companies, the main goal of which is health and safety of their employees.

The practical application of ISO 45001:2018 in international logistics activities could be best shown through employees at a warehouse, i.e., those who perform loading and unloading of goods, their moving, putting declaration, and other tasks in the warehouse, which include protective equipment such as helmets. Helmets are prescribed as an obligatory part of work uniforms for all those who work in the warehouse daily but also for everyone who comes there occasionally. Extremely delicate situation that best illustrates true significance of workers' health and safety is the situation of international transport of dangerous goods. Dangerous materials may entail finished or semifinished products, intermediates, components of a product, and

waste and raw materials and other things that can endanger health and safety of employees during transport and handling or have negative impact on the environment. Transport of these types of goods is prescribed by more rigorous rules which are modified every 2 years. International standards have the most important role in regulating the conditions for transport of dangerous substances.

Transport means are designed, constructed, equipped, and marked according to the respective standards that eliminate any danger, so that logistics companies could provide international transportation service without any problems and of appropriate quality. Also, hazardous substances can be handled only by professionals or employees who have undergone appropriate training course for handling and transportation of the substances. Implementing the employees' training program in order to perform these activities provides certification that confirms their qualification and appropriate training which allow manipulation or transportation of these goods. However, this permission is not permanent but has to be renewed every 5 years to ensure that employees are capable of working (Davidović 2013).

## 5 ISO 22000: Food Safety Management System

ISO 22000:2018 is the first internationally recognized standard for food safety management (food safety management systems) developed in cooperation with FSSC (The Foundation for Food Safety Certification) and ISO (International Organization for Standardization) (ACCVIS 2019). The great importance of this standard comes from the fact that its implementation throughout the entire supply chain, from receiving raw materials to production, storage, transport, and final consumption of products, ensures good quality and prevents negative effects of their use.

In many European countries, the ISO 22000 replaced HACCP (Hazard Analysis Critical Control Point system), and it is based on its principles of providing a safe final food product, but it also includes key elements of food safety, such as interactive communication, system management, process control, and prerequisite programs (prerequisite programs—PRP) (ACCVIS 2019). Principles of HACCP connected with international logistics are as follows (ACCVIS 2019):

1. Characteristics of the product: during the process of storage or transportation of goods, certain physical, chemical, and microbiological damage can occur, particularly when it comes to long-distance transportation and sensitive products. Every product that occurs in the logistics chain must contain specification and description of product sensitivity, as well as potential security risk.
2. Primary packaging: refers to the packaging that comes into direct contact with a product. Reusable packaging must be resistant and easy to wash and disinfect. Immediately after finishing the processing of a product, it is packaged, and the packaging must be made of materials that are approved and will preserve the product well enough.



3. Transportation package: includes easily handled unit loads and containers used for collecting and packing primary packaging. Packaging materials must not be toxic or threaten food safety. Also, storing of products must be appropriate, due to which different types of storage have been developed.
4. Conditions for handling goods: it is necessary to define the conditions of grabbing, lifting, moving, and disposal of products while loading, reloading, or unloading, which will allow you to fully preserve all their health and safety properties.
5. Storage conditions: is necessary to know the product in terms of its material and in order to assume possible damage or faults which may occur and accordingly provide for appropriate storage. Warehouses can be open, semi-open, closed, heated, cooled, air-conditioned, and the like. Warehouses are adapted to products and seek to minimize the possibility of danger or damage to the goods.
6. Terms of transport: imply defining the distribution process. It specifies the way and means of delivering a product to the required place at the agreed time. In the case of frozen products, cold chain must not be interrupted until the product is delivered to the appointed place, which requires the use of refrigerator trucks.
7. Preparing the documentation: labeling and marking products includes citing a declaration, which is particularly important when it comes to products with special requirements in any part of the logistics process.

The logistics process of shipment and delivery of food products includes a variety of activities and decisions related to packaging, transportation, storage, handling, and other operations necessary for delivering products to an ultimate consumer. All these processes represent a potential danger and risks that may cause damage and reduce quality and safety of goods. In order to avoid this and achieve quality logistics process, different standards and procedures have to be applied at all stages of the logistics chain.

## **6 ISO 26000: Social Accountability**

International standard that provides guidelines for achieving social responsibility is gaining in importance due to numerous trends, primarily the globalization of business. When it comes to carrying out the activities of international logistics, transportation of goods worldwide, storage and repackaging of the same, and other activities that involve partners from different countries, international logistics must ensure the realization of social responsibility. In order to achieve a competitive advantage due to a large number of companies that offer the same type of service, it is not enough to achieve the best quality and differentiation. Customers, as well as important business partners, demand that logistic companies take care of the environment, employees, clients, and their problems, base their business on fair practice, and simply contribute to the operation of a society as a whole. While providing their services, in both domestic and international markets, responsible companies

emphasize precisely this domain of business. A few basic goals that the companies usually cite as a key to ensuring the best contribution to society are (Gerik 2018):

1. Responsibility to the community and young people: first and foremost to highlight young people and their education, providing good and relevant knowledge, because young people are the future. Educational programs are usually created to provide students with the opportunity to acquire multidisciplinary knowledge by attending training sessions, workshops, and a variety of programs to train them for work.
2. Environmental responsibility: the biggest contribution to the social responsibility of companies highlights the construction of loops, which leads to reduction of noise, crowds, and pollution of areas in which companies do business.
3. Social responsibility: as well as many others, the logistics companies have entered the program called “Bottle tap for handicap,” which makes both the companies and their employees behave responsibly toward the community and its members in need.
4. Care for employees: implies that all employees are insured against many potential accidents that can befall them, both in the workplace and beyond. Discounts are usually provided for a variety of medical services. In addition to the aforementioned, the employees are given benefits from different spheres where companies achieve partnership.

International standard ISO 26000:2010 is often associated with another international standard that cares about ecology and environmental protection—ISO 14001, which was established with reason. When it comes to the implementation of social responsibility, a great number of texts highlight ecology as the most important requirement. This happened due to the increasing need to preserve the environment but also increasing pressure from governments and organizations dealing with environment, customers, and partners (Piecyk and Björklund 2015).

## **7 ISO/IEC 27001: Information Security Management System**

Digital logistics is the logistics of the future, which can be explained through mobile technology and applications, platforms, and bar codes that contain vast amounts of data, as well as electronic connectivity between logistics companies and all the other partners in the chain. Due to the presence of information “rush,” the question of how to preserve data and prevent access to them by unauthorized persons is commonly asked. The answer is the application of international standard ISO/IEC 27001:2013, which contributes to information security.

Information on how to come up with the increasing integration and cooperation between companies are gaining in importance. It is not uncommon for manufacturers and trade companies to become close partners and share highly confidential

information. However, the same partnerships occur at other levels of the chain. Partnerships between companies coming from different markets are even more important due to greater complexity of cooperation and information exchange, as well as their safety. One of the great breakthroughs in communication and the exchange of confidential information between the companies was called EDI, electronic data interchange, which includes intra-corporate information and standardized document exchange. Electronic communication was a major improvement, compared to the outdated information exchange channels, such as telephone or fax. EDI enabled a higher rate of exchange, thus achieving significant time savings. This type of communication required business networking systems (Mitić 2012). Today, companies communicate based on platforms, and the security of information is still a very important issue.

Exchange of information is of great importance to the international logistics for the purpose of saving time, timely implementation of activities, and other benefits (Mitić 2012):

1. Adequate inventory management: for the purpose of being timely informed about the need for its increase or decrease. The permanent flow of information contributes to the possibility of continuous database updates. Only data that is accurate and relevant to the company business can be considered quality data.
2. Making the right decisions in terms of storage: depending on the amount of inventory that must be stored, a decision is made on owning or leasing storage space.
3. Based on the available data, they prepare and print delivery notes and monitor the process of transportation of goods.
4. Selecting the appropriate model of transport and planning the best route for the transportation of goods and implementation services. The information makes it possible to carry out the most optimum combination of different models of transport which will enable the fastest and cheapest implementation service.

Due to numerous benefits that occur as a result of data collection, it is necessary to provide adequate security of information and logistics information systems and build trust with both existing and potential customers. Also, participation in the international market has specific requirements for safety, especially when it comes into contact with a government, regulatory bodies, where it is necessary to provide a guarantee that the exchanged information will not be misused. The best type of guarantees is acquired through the application of the ISO/IEC 27001:2013 standard, in which a number of benefits are realized (Vujović and Krivokapić 2017):

1. Creates a system of protection and security of information that requires a continuous improvement process, thus ensuring information security.
2. Provides a system that involves risk management, thus reducing any kind of danger to minimum or acceptable level.
3. Information flows within a logistics company can be understood more clearly, which enables the improvement of the process and thus higher profits.

4. A very important fact is that through the implementation of international standards, we achieve greater awareness and understanding of employees about the need for protecting information.
5. A clear flow and availability of information is present.

In the conditions of globalization and the growing distance between business partners, where the electronic exchange of information is needed and required, it is necessary to raise awareness of logistics companies about the need for protecting information through international standard ISO/IEC 27001:2013.

## 8 Conclusion

Each of the previously analyzed international standards is of great importance for the operation of companies that provide international logistics services, as each of them enables different business segments to be supported by the best requirements and rules, eliminating any negative impact and potential errors, leading to the best quality of the final international logistics services. The analysis of the first standard, ISO 9001:2015, was aimed to indicate the importance of raising efficiency and effectiveness of business through the process approach (PDCA), which would allow the organization to raise the quality and level of service and increase focus on clients, which is of primary importance for logistics operations.

The analysis of the second standard, ISO 14001, has shown that its implementation has several benefits for performing logistics operations, ranging from reduction of the negative effects on the environment to obtaining easier permits and licenses from local and national authorities. The analysis of the third standard, ISO 45001, has shown that best benefits derived from it for the international logistics operations could be best shown through employees at a warehouse, i.e., those who perform loading and unloading of goods, their moving, putting declaration, and other tasks in the warehouse, which include protective equipment such as helmets. The analysis of the fourth standard, ISO 22000, has concluded that implementation throughout the entire supply chain, from receiving raw materials to production, storage, transport, and final consumption of products, ensures good quality and prevents negative effects of their use. The analysis of the fifth standard, ISO 26000, indicated that its importance for logistics operations comes from the fact that it provides guidelines for achieving social responsibility which is gaining importance due to numerous trends, primarily the globalization of business. Finally, the analysis of the sixth standard, ISO/IEC 27001, has shown that due to numerous benefits that occur as a result of data collection, it is necessary to provide adequate security of information and logistics information systems and build trust with both existing and potential customers.

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# Can Performance Appraisal Satisfaction Improve Performance? A Study at Indonesian Universities



Ietje Nazaruddin, Hafiez Sofyani, Fitri Wahyuni, and Erni Suryandari

**Abstract** The performance of lecturers will affect the performance of higher education. This study aims to examine the mediating effect of performance appraisal satisfaction on the relationship between organizational justice and trust to the lecturers performance. This study is a cross-sectional study with a survey method. Respondents are lecturers in reputable universities in the Special Region of Yogyakarta, Indonesia. The survey collected 205 data for analysis. Validity and reliability testing were conducted prior to examining the relationship between variables using structural equation models (SEM). The results show that organizational justice and trust can improve lecturers performance. Furthermore, the results indicate that performance appraisal satisfaction mediated the influence of organizational justice and trust on the lecturers performance. Lecturers performance will increase when the level of trust and fairness of the organization is high which will further increase the commitment of lecturers to achieve their performance targets. A high level of trust and organizational justice will also increase the lecturers satisfaction with the performance appraisal applied by institutions, and the lecturers' contribution to improving their performance will also be higher. Research results provide feedback to higher education leaders on the positive role of performance appraisal satisfaction in improving lecture performance.

**Keywords** Performance · Performance appraisal satisfaction · Trust · Organizational justice

## 1 Introduction

Higher education faces challenges of globalization, technological change, and demands from the public toward higher education quality. To deal with these challenges, smart ways to improve quality are needed, such as improving

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infrastructure, growing curriculum, and increasing human resource competencies. Quality is an important instrument for universities. Human resource management has a significant role to improve individual (lecturers) performance and the quality of higher education. Human resources in higher education have a strategic role in improving the quality of graduates and the competitive advantage of higher education in facing the changing industrial era. The quality of lecturers provides added value and serves as a benchmark for the success of universities. The findings of Dumitrescu et al. (2019) indicate that the professional performance of lecturers is affected by the general environment of higher education, the professional opportunities they have.

The quality of lecturers can be improved through performance management. Performance appraisal is a form of performance management and an integral part of human resource management systems. Lecturers' performance evaluation can be used as a basis for rewarding, developing, and coaching lecturers. Performance appraisal is also a means of ongoing communication between lecturers and leaders. Leaders can set expectations, monitor performance, and provide feedback to lecturers. By having performance appraisal information, universities can direct and develop lecturers' performance by identifying training and development needs, fixing problems, and determining reward increases and promotions.

The process of a performance appraisal is an important part of the strategic management approach and tools that connect competencies, behaviors, and strategic goals of the institution. Performance appraisal causes lecturers to focus more on their performance targets, which are aligned with the strategic goals and priorities of higher education (Lawler 1994). Performance appraisal can affect the performance of lecturers and ultimately will improve the performance of higher education (Kuvaas 2006). Conversely, if the performance appraisal does not get support from lecturers, the system will fail in changing behavior, and lecturers will experience dissatisfaction (Elicker et al. 2006). These conditions can cause decreased commitment and performance.

Performance appraisal can be a practical tool for motivation and lecturer development if the lecturer feels that the system is accurate and fair. Conversely, the assessment process can be a source of dissatisfaction when individuals believe the performance appraisal system is biased, politically nuanced, or irrelevant. The identification of performance appraisal satisfaction is important to find out lecturers' acceptance of the application of the performance appraisal system applied by universities. Performance appraisal satisfaction is crucial for universities because it is able to direct employees to positive behavior and improve college performance. This is what motivates researchers to see the determination of performance appraisal satisfaction and its consequences for lecturers' performance.

This research also uses the trust variable as a determinant of performance appraisal satisfaction. Social exchange theory explains individual relationships based on the results/benefits obtained by individuals from that relationship. Lecturers who have high levels of trust in their institutions will try to support their institutions in achieving the targets set (Mayer and Davis 1999). Lecturers as potential resources in higher education based on the arguments of Maimela and

Samuel (2016) are challenging to manage with a paradigm of managerialism as in profit-oriented organizations. This study provides additional literature on antecedents and the consequences of lecturer performance appraisal satisfaction in higher education, which is still rarely studied.

Organizational justice and trust are important elements in the process involving human resources in this case lecturers when the performance appraisal is implemented. Lecturer dissatisfaction with the performance appraisal will lead to the failure of the performance measurement system. Research on performance appraisal satisfaction is generally more focused on profit-oriented companies (Vukšić et al. 2014), but it is still rare to research at universities where the results of this research have been widely implemented in business companies. Therefore, this research seeks to determine the effect of trust and organizational justice on performance appraisal satisfaction and its direct and indirect impacts on the performance of the lecturers.

The second part of this paper presents a literature review and hypothesis development based on a review of previous research. The third part describes the operational definitions of each variable and the instruments used. This section also describes the data analysis method used. The fourth section presents the results of research and discussion. The last part contains a comprehensive conclusion and recommendations for further research.

## **2 Literature Review and Hypothesis Development**

This research aims to determine the effect of organizational justice and trust on the performance of college lecturers. It also identifies the effect of organizational justice and trust and satisfaction with the implementation of the performance appraisal system and its consequences on lecturers' performance. This is due to the important role of lecturers as a strategic resource in improving the performance of higher education so that the performance management system needs to be implemented so that there is alignment between the vision, mission, strategy, and goals of higher education with the achieved lecturers' performance.

### ***2.1 Performance Appraisal***

Performance appraisal is a measurement of work results (Kavanagh et al. 2007). Performance appraisal is the process of identifying, observing, measuring, and developing human resources in an organization (Shen 2004). Performance appraisal aims to encourage and direct the improvement of individual performance. If



performance appraisal is considered as unfair and not supported by individuals, it can have a negative impact on individual attitudes and performance (Heslin and Walle 2009).

Performance appraisal plays an important role in the process of evaluating the work of lecturers to develop the competence of university lecturers in an effort to improve the competitiveness of higher education. The effectiveness of a performance appraisal system can occur if the system can be accepted and supported by lecturers (Kaleem et al. 2013) or, in other words, the success of the implementation of performance appraisal depends on the satisfaction with the performance appraisal system.

Lecturers' satisfaction with the implementation of performance appraisal is an important thing to research. Previous research shows that satisfaction with performance appraisal will affect the effectiveness of the performance appraisal itself (Keeping and Levy 2000) so that the goal of increasing performance is achieved.

## ***2.2 Organizational Justice, Performance Appraisal Satisfaction, Performance***

Performance appraisal satisfaction includes satisfaction with the performance appraisal system, the implementation of performance appraisal and perceived benefits (Keeping and Levy 2000), and satisfaction with fairness and objectivity of the performance appraisal. The implementation of performance appraisal is not effective if the parties involved in the process feel an injustice treatment. If individuals believe that the performance appraisal process is implemented fairly, they tend to be more satisfied and acknowledge the results of the performance evaluation obtained, even though the results of the performance evaluation are not favorable (Cintrón and Flaniken 2011). Efforts to improve performance appraisal satisfaction are to build an effective performance appraisal system, which is a relevant and unbiased rating system containing no political interests of the institution (Ochoti and Maronga 2012).

Individual perceptions of organizational justice will affect performance appraisal satisfaction. Organizational justice is a fair treatment by the organization of individuals (Moorman 2014). The level of satisfaction with the performance appraisal is related to the fairness felt by the lecturers on the treatment of higher education. The results of previous studies show that organizational justice has an impact on performance appraisal satisfaction (Cook and Crossman 2004). Organizational justice tends to inspire a feeling of being loyal to the institution, legitimizing the authority of the leader and increasing voluntary compliance with the rules. The consequences of organizational justice include organizational commitment, satisfaction, and performance (Warokka et al. 2012). If the lecturers feel that the higher education or

institution has been fair, they feel that the performance appraisal carried out by the higher education is fair so their level of satisfaction with the performance appraisal is quite high (Kaleem et al. 2013). Based on the description, the first hypothesis is formulated as follows:

**H1** *Organizational justice has a positive effect on performance appraisal satisfaction.*

The relationship between organizational justice and performance can be explained in the social exchange theory, which shows there is a reciprocal relationship between lecturers and universities. When lecturers feel that their institution has treated them fairly, then they will make a greater contribution to higher education or, in other words, there will be a mutually beneficial relationship between the two (Roch and Shanock 2006). If the performance appraisal is felt to be fair by the lecturer, the lecturer will reciprocate the fairness by performing in a better way (Katavich 2013; Kuvaas 2006). Empirical evidence in previous research has found that organizational justice in a performance appraisal influences performance and is an important motivator for performance. Based on this description, the second hypothesis of this research is as follows:

**H2** *Organizational justice has a positive effect on performance.*

### **2.3 Trust, Performance Appraisal Satisfaction, Performance**

Trust is an individual expectation of words, promises to other individuals or groups that can be trusted (Rotter 1967). Blau's social exchange describes relationships between individuals that are based on the results/benefits that a person gets from that relationship (Settoon et al. 1996). Trust refers to an individual willingness to depend on other parties, with the hope that the other party will take certain actions in return even though the individual may not have the ability to monitor the other party's actions (Saraih et al. 2018). Trust is a positive expectation for a trusted party that they will not be disappointed and can rely on that party. Trust has a positive impact on the effectiveness of performance appraisal or can improve performance appraisal satisfaction (Cintrón and Flaniken 2011; Naji et al. 2015). Based on this description, the following hypothesis can be concluded as follows:

**H3** *Trust has a positive effect on performance appraisal satisfaction.*

When someone puts his trust in others, then he will hope for help in return (Abdullah et al. 2015). Individual trust in higher education will cause lecturers to support tertiary institutions in achieving their targets (Mayer and Davis 1999), and even lecturers are willing to surpass the targets set to prove their trust and guarantee toward the organization (Settoon et al. 1996). Trust increases individual compliance and improves performance (Bello 2012; Ponnu and Tennakoon 2009). Trust is

important because it can affect employees' commitment so that it has an impact on improving their performance. From the perspective of performance appraisal satisfaction, trust in leadership will be related to lecturers' satisfaction in the performance appraisal process. Based on the description above, the fourth hypothesis of this research is as follows:

**H4** *Trust has a positive effect on performance.*

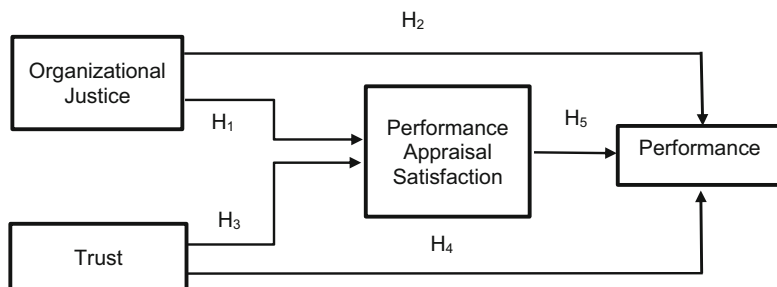
## 2.4 Performance Appraisal Satisfaction and Performance

The relationship between performance appraisal satisfaction and lecturers' performance can be explained by the goal-setting theory (Katavich 2013; Kuvaas 2006). Performance appraisal will align between the goals of achieving lecturers' performance with the goals and strategies of the college in improving competitiveness.

Individual perceptions about the performance appraisal system will affect performance. Performance appraisal satisfaction is a predictor to determine employees' motivation in improving performance (Dorfman 1986; Kuvaas 2006, 2007). Lecturers' satisfaction with performance appraisal reflects that the lecturer can accept the implementation of the performance appraisal system so that the system can run effectively (Jawahar 2007). Performance appraisal satisfaction can direct lecturers' behavior and motivate lecturers to improve their performance (Palaiologos et al. 2011). From the results of previous researches, it can be concluded that the higher level of performance appraisal satisfaction will increase employee motivation to improve performance, so the following hypothesis can be concluded as follows:

**H5** *Satisfaction of performance appraisal has a positive effect on performance.*

Based on the description above, the relationship between organizational justice, trust, performance appraisal, and performance can be portrayed in Fig. 1.



**Fig. 1** Research model. Source: Compiled based on a review of previous research (Cook and Crossman 2004; Roch and Shanock 2006; Naji et al. 2015; Bello 2012; Palaiologos et al. 2011) used for hypothesis development

### **3 Methodology**

#### **3.1 *Subject and Procedure***

This research is a cross-sectional research with a survey method. Data were collected through convenience sampling. Research respondents were lecturers of accredited faculty of economics and business at 12 universities in the Special Region of Yogyakarta, Indonesia. This research distributed 500 sets of questionnaires directly to respondents. From that number, 211 questionnaires were returned in which 205 questionnaires could be used for analysis because there were questionnaires that are not completely filled out. The respondents come from lecturers in the accounting study program (39%), management (40.5%), and economics (20.5%). Based on academic ranks, the respondents are divided into associate professors (19%), assistant professors (38%), and lecturers (42.95). Most respondents have worked for more than 12 years (59.5%).

#### **3.2 *Measurement***

A five-point Likert scale is used for the measurement of variables. For organizational justice, trust, and performance appraisal satisfaction variables, the scale of 1 shows “strongly disagree” and scale of 5 shows “strongly agree.” Performance is measured using a scale of 1 indicating “below-average performance” and 5 indicating “performance above average.”

##### **3.2.1 *Lecturers’ Performance***

Lecturers’ performance refers to the performance of *Tridharma* (three main responsibilities of education, research, and community service) of higher education including the managerial and supporting performance. Lecturers’ performance is measured using instruments that have been developed by previous researches (Smeenk et al. 2009). Respondents were asked to measure their performance compared to the performance of their coworkers. One of the performances in question was “research performance.” Lecturers’ performance has a composite reliability of 0.877 with an outer loadings range of 0.692–0.841 and an average variance extracted of 0.588.

##### **3.2.2 *Organizational Justice***

Organizational justice is a fair perception perceived by individuals of the treatment of the organization against them (Elevanio et al. 2005). The instrument used to measure organizational justice was taken from the research of Dusterhoff et al.

(2014). One example of the question is “My supervisor was helpful and constructive during the review process.” The value of the composite reliability instrument is 0.784, outer loadings range is between 0.672 and 0.783, and the average variance extracted is 0.549.

### **3.2.3 Trust**

Trust is an individual expectation of words, promises to other individuals or groups that can be trusted (Rotter 1967). Trust instruments are measured by four questions developed by Hennig-Thurau et al. (2001). A sample item states “Integrity is a word I’d use when describing the university staff.” All variables use five Likert scales. The composite reliability instrument value is 0.867, the outer loadings range is between 0.717 and 0.867, and the average variance extracted is 0.621.

### **3.2.4 Performance Appraisal Satisfaction**

Performance appraisal satisfaction is satisfaction with the performance appraisal system, the implementation of performance appraisal (Keeping and Levy 2000) and perceived benefits, and satisfaction with the fairness and objectivity of performance appraisal (Cintrón and Flaniken 2011; Jawahar 2007; Keeping and Levy 2000). Performance appraisal satisfaction measurement uses an instrument developed by Kuvaas (2006) consisting of seven items (e.g., “I am satisfied with the way my organization provides me with feedback”). The value of the composite reliability instrument is 0.846 with an outer loadings range between 0.692 and 0.756 and the average variance extracted is 0.523.

## **3.3 Data Analysis**

Data analysis uses structural equation models with partial least square (PLS) regression. PLS is a powerful method. PLS is a latent variable modeling technique that combines several dependent constructs and explicitly recognizes measurement errors (Fornell and Larcker 1981) and has been used in a number of accounting studies (Hall 2008; Ittner et al. 2003). In addition to being able to be used to confirm theories, PLS can also be used to explain the presence or absence of relationships between latent variables. Around the same time, PLS will analyze the constructions created by predictive and formative indicators. This cannot be done by SEM which is based on covariance because it will become an unidentified model.

## 4 Research Results and Discussion

### 4.1 Research Result

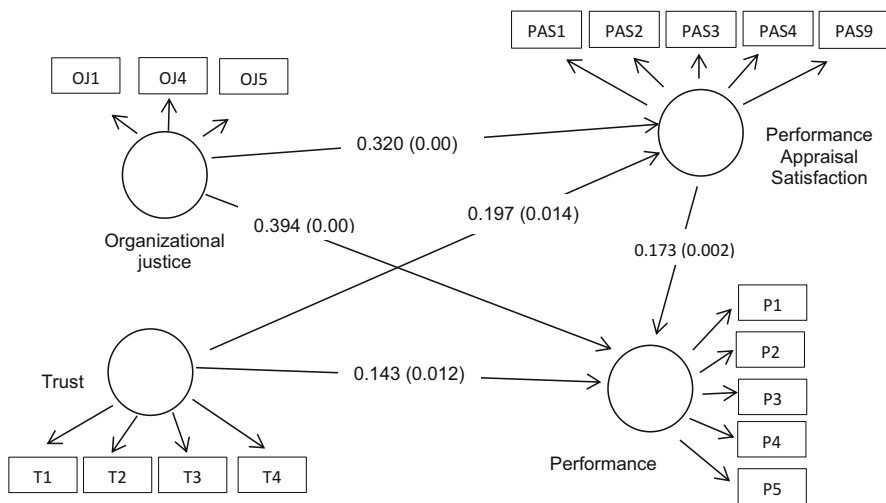
From the results of the reliability and validity test, only indicators that have loading factor values of  $>0.4$  are used in the model (Vinzi et al. 2010) according to the criteria of convergent validity. The average variance extracted values of  $>0.5$  are also used as a basis for determining the criteria of convergent validity. Composite reliability values of  $>0.7$  are the reliability criteria of variable indicators used in this research (Hair et al. 2014). The results of the reliability and validity test are shown in Table 1.

Test results of hypotheses H1 up to H5 are shown in Fig. 2. H1 test results show that organizational justice has a positive effect (path coefficient of 0.320) on performance appraisal satisfaction ( $P$ -value of  $<0.05$ ). The results of this test support H1.

**Table 1** The results of validity and reliability tests

Variable	Outer loadings	Composite reliability	Average variance extracted (AVE)
Organizational justice	0.672–0.783	0.784	0.549
Trust	0.717–0.852	0.867	0.621
Performance appraisal satisfaction	0.692–0.756	0.846	0.523
Performance	0.692–0.841	0.877	0.588

Source: Calculations made with data gathered from the answers to the questionnaire



**Fig. 2** Test results from the structural research model. Source: Calculations made with data gathered from the answers to the questionnaire

Testing of hypothesis H2 when viewed from the path coefficient value of 0.394 with a  $P$ -value of  $<0.05$  shows that organizational justice has a positive effect on performance, which means that the H2 hypothesis is supported. Trust has a positive effect on performance appraisal satisfaction when seen from the path coefficient value of 0.197 and is significant with  $P$ -value  $<0.05$ . Conditions indicate support for hypothesis H3. The testing of hypothesis H4 shows the path coefficient value of 0.143 and the  $P$ -value of  $<0.05$ . The test results support hypothesis H4 that trust has a positive effect on performance. Testing of hypothesis H5 shows that performance appraisal satisfaction has a positive effect (path coefficient of 0.173) on performance ( $P$ -value of  $<0.05$ ).

## 4.2 Discussion

This research aims to examine the organizational relationship, trust, and performance. The relationship studied is a direct relationship and indirect relationship along with performance appraisal satisfaction as a mediator.

This research has found several interesting findings. First, organizational justice and trust affect the performance of lecturers. These findings are in line with the results of previous studies (Brown et al. 2015; Suliman and Kathairi 2013; Wang et al. 2010). The effect of organizational justice is greater than the effect of trust on lecturers' performance. These results indicate that if lecturers are treated fairly by their leaders and institutions, they can motivate them to work better in improving the performance of research, teaching, publications, community service, and other supporting performance. Improved lecturers' performance will also occur if the lecturers have confidence in the institution and its leadership.

Second, organizational justice and trust also affect performance appraisal satisfaction. This finding is in line with research by Saraih et al. (2018) and Abdullah et al. (2015). The effect of organizational justice also has a greater impact on improving performance appraisal satisfaction, compared to trust. If the institution is fair and the lecturer has trust in the institution, the lecturer will accept the regulations and decisions of the higher education in implementing the performance measurement system. A good interpersonal relationship between leaders with universities and lecturers thanks to organizational justice and trust will also encourage lecturers' productivity, and lecturers also understand the reasons for implementing performance measurement systems.

Third, the test results about the mediating effect of performance appraisal satisfaction show that performance appraisal can mediate the positive effect of organizational justice and trust on lecturers' performance to be higher (Table 2). In Table 2, the total effect is greater than the path coefficient. The indirect effects of organizational justice on performance are greater than the direct effect (0.394), and so is the relationship between trust and performance.

The results of this research support Blau's social exchange that explains the relationship between individuals based on the results/benefits that a person gets

**Table 2** Direct, indirect, and the total effect

Correlation	Coefficient	P-value
<i>Direct effect</i>		
Organizational justice → performance	0.394	0.000
Organizational justice → performance appraisal satisfaction	0.320	0.000
Trust → performance appraisal satisfaction	0.197	0.014
Trust → performance	0.143	0.012
Performance appraisal satisfaction → performance	0.173	0.002
<i>Indirect effect</i>		
Organizational justice → performance appraisal satisfaction → performance	0.055	0.008
Trust → performance appraisal satisfaction → performance	0.034	0.039
<i>Total effect</i>		
Organizational justice → performance	0.449	0.000
Organizational justice → performance appraisal satisfaction	0.320	0.000
Performance appraisal satisfaction → performance	0.173	0.002
Trust → performance	0.177	0.003
Trust → performance appraisal satisfaction	0.197	0.014

Source: Calculations made with data gathered from the answers to the questionnaire

from that relationship (Settoon et al. 1996). The presence of organizational justice and trust in higher education will cause lecturers to feel that they have been treated fairly and that higher education can be trusted so that they can rely on their institutions in terms of their hopes. These conditions cause them to have compliance and receive a performance appraisal system that will positively influence performance appraisal satisfaction, and this is consistent with the findings of Saraih et al. (2018) and Abdullah et al. (2015). The higher the performance appraisal satisfaction, the higher the motivation of the lecturers to achieve the targets set by the higher education so that the lecturers’ performance will be higher too. In turn, the objectives of higher education must be matched with the performance of lecturers in accordance with Blau’s principle of social exchange (Settoon et al. 1996).

## 5 Conclusion

This study examines the effect of trust and organizational justice on the performance of lecturers with performance appraisal satisfaction as a mediator. Performance appraisal satisfaction is essential to improve so as not to cause a decrease in lecturers’ commitment and performance because performance appraisal satisfaction can direct lecturers to positive behavior and improve the performance of higher educations. The high level of trust of the lecturers in higher education and the leaders will increase the performance appraisal satisfaction. The result of this research shows



that organizational justice can increase performance appraisal satisfaction, which will have a positive impact on lecturers' performance.

This research provides information to higher education management about the importance of creating relationships that can increase lecturers' trust and organizational justice if they want to implement an effective performance appraisal system. An effective performance appraisal system will have a positive impact on higher education performance. The performance appraisal system should be introduced to lecturers from the beginning so that they can prepare themselves better when it is evaluated. Performance appraisal criteria need to consider fairness and align with the goals of higher education to help improve higher education performance.

This research has limitations because it only looks at the perception of the lecturer. Further research needs to be developed using different perspectives such as non-educated employees' and assessors' perspectives. By looking at various perspectives, a more general conclusion can be obtained. Also, researchers can further develop by looking at the effects of demographic respondents such as age, gender, and work experience on performance appraisal satisfaction. Differences in age, gender, and work experience will likely have different impacts on performance appraisal satisfaction.

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# Team Viability: Mission Impossible or Feasible? Threats for Team Viability in Contemporary Polish Organizations



Iwona Janiak-Rejno, Agnieszka Żarczyńska-Dobiesz, and Barbara Chomątowska

**Abstract** Current state of knowledge literature offers numerous studies of the team viability construct perceived as the main dimension of team's effectiveness. The paper aims to identify threats to team viability in today's conditions of operation of Polish organizations and to specify means to reduce their impact. The empirical part is based on the results of the survey conducted in the first half of 2019 on 242 representatives of teams. The authors conducted their own research using a questionnaire. The research allowed to identify key threats to team viability in the following areas: engagement in the team, team building, team management, communication with the team, and team atmosphere. The paper concludes that with the understanding of viability of a given team and with the knowledge of threats and their impact, managers can take a proactive approach to effectively guide their teams toward successful performance. The findings should help Polish companies, team leaders, and their members collaborate in the way to enhance team viability.

**Keywords** Team viability · Team effectiveness · Leadership · Threats of team viability · Poland

## 1 Introduction

For many years, organizations, both private and public, tend to structure their work around teams and work groups to perform more rapidly, flexibly, and adaptively (Katzenbach and Smith 1993; Kozłowski and Bell 2001; Gibson et al. 2007; Mathieu et al. 2008). The interest in teamwork and in determinants of teamwork effectiveness has intensified even more (than before) due to dynamically changing conditions in which modern organizations operate these days. The literature on the

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subject of teamwork and its effectiveness is very extensive (Sundstrom et al. 1990; Goodwin et al. 2009; Ilgen et al. 2005; Mathieu et al. 2008). However, it still does not provide comprehensive answers to long-asked questions why some teams are more effective than the other and what factors, in what arrangement, and with what force determine team's effectiveness. This state of affairs is primarily determined by changes taking place in the world of work as well as transformations within the nature of contemporary teams (Tannenbaum et al. 2012; Hass and Mortensen 2016).

Over time, as enterprises were gaining experience in the use of teamwork, research projects were conducted that focused on team effectiveness (Sundstrom et al. 1990; Goodwin et al. 2009). These resulted in the development of a number of models of team effectiveness (McGrath 1964; Ilgen et al. 2005; Mathieu et al. 2008; Goodwin et al. 2009). As part of the teamwork efficiency models developed over two decades ago, the concept of team viability was introduced as one of dimensions of team effectiveness. Team viability as a construct has not yet received a unified definition nor has been operationalized and thus requires further work in this scope. Today, team viability is understood as "the capacity of a team to be sustainable and continue to succeed in future performance episodes" (Bell and Marentette 2011, p. 279).

The construct of team viability is mainly undertaken by psychological researchers in foreign literature. Unfortunately, this construct is still not enough recognized in Polish literature and business practice. Therefore, the authors decided to explore team viability in the conditions of functioning of Polish teams.

The paper aims to identify threats for team viability in today's conditions of operation of Polish organizations and specify means to reduce their impact. This paper is organized in the following manner. Section 2 provides literature review as a theoretical foundation for undertaking an own empirical research, in order to better understand and grasp the problem. The aim of the theoretical part is to bring the concept of the team viability construct and show its place in the wider context of the team's efficiency. In this part, the applied method consisted in analyzing state of the art. The authors of the article referred there to the theoretical achievements in foreign and Polish literature. Section 3 illustrates the sample and the research methodology. Section 4 describes research results, while Sect. 5 provides conclusions. References are provided at the end.

The empirical part used the results of the survey conducted in the first half of 2019, which covered 242 representatives of teams. The authors conducted their own research using a questionnaire. This part focused among others on leaders' and team members' opinions about 28 threats to team viability, which were grouped into five areas: engagement in the team, team building, team management, communication with the team, and team atmosphere. The vast majority of all potential threats to be evaluated in the study was considered by the respondents as posing threat to team viability. The items that referred to the three areas of "communication with the team," "engagement in the team," and "team management" were reported as particularly threatening. The threats from the areas of "team atmosphere" and "team building" were relatively the least threatening. Additionally, both leaders and team

members exhibited a high degree of agreement (convergence) in relation to most of threats.

## 2 Team Viability: Literature Review

The effectiveness of teamwork is a complex, multidimensional construct conditioned by many factors. This is illustrated by teamwork efficiency models developed to date (Pyszka 2015). One of the dominant ways of thinking about effectiveness of teams is the input-process-output (IPO) model (McGrath 1964). The model posits that a variety of inputs combine to influence intragroup processes, which in turn affect team outputs. Other models, most frequently cited in the literature, include the IO model, IMOI model, ecological model, T7 (Sundstrom et al. 1990; Campion et al. 1993; Ilgen et al. 2005; De Meuse 2009; Rico et al. 2011), and models of team performance created by Rubin et al. (1977), Katzenbach and Smith (1993), LaFasto and Larson (2001), Hackman (2002), and Lencioni (2002).

The models of team effectiveness point to multiple dimensions of team effectiveness. Team performance has been found fundamental for understanding team effectiveness (Kozusznik 2002). Over time, however, it was pointed out that the effectiveness of a team should be assessed not only through the perspective of its results but also through other measures. For example, Hackman (1987, p. 323) proposed three general criteria of team effectiveness:

1. “The productive output of the work group should meet or exceed the performance standards of the people who receive and/or review the output.
2. The group’s experience should satisfy rather than frustrate the personal needs of group members.
3. The social processes used in carrying out the work should maintain or enhance the capability of members to work together on subsequent team tasks.”

The above proposal indicates that there is a need for a construct, which will enable to evaluate not only the teams’ performance but also how well the team will perform on subsequent tasks, and that the team is capable of future success. Team viability is such a construct.

Several definitions of team viability have been proposed over the past few decades. It was first paid attention to by Hackman (1987), though he did not call it “viability” directly. From among his criteria for team effectiveness, the following theme captures the essence of viability: “the social processes used in carrying out the work should maintain or enhance the capability of members to work together on subsequent team tasks” (p. 323). Three years later, Sundstrom et al. (1990) also highlighted the significance of team viability as an effectiveness criterion and proposed a wider understanding of viability. In their opinion, a more comprehensive definition of viability might include, besides members’ satisfaction, participation, and willingness to continue working together, constructs such as cohesion, norms, intermember coordination, mature communication, and problem-solving. Later

researchers built their definitions of team viability predominantly on the works of Hackman (1987) and Sundstrom et al. (1990). Some of them extended the concept by adding further elements. For example, Balkundi and Harrison (2006, p. 52) defined team viability as “team’s potential to retain its members through their attachment to the team, and willingness to stay together as a team.” Aube and Rousseau (2005) added to the team’s capacity to work together in the future also the ability to adapt to internal and external changes, to solve problems, and to integrate new members, as important aspects of team viability. Due to the lack of definitional unambiguity, further researchers attempted to clarify the construct of viability (Mathieu et al. 2008). Bell and Marentette (2011, p. 279) defined it as follows: “it is the capacity of a team to be sustainable and continue to succeed in future performance episodes.” By defining team viability, this way they retained the spirit of previous definitions focused on the ability to work together in the future and continued success over time (e.g., Hackman 1983; Barrick et al. 1998), emphasizing the team’s sustainability, growth, and development. The authors highlight in their study that considering longevity of most organizational teams and the dynamic context within which teams exist resulting in membership and other changes, it is most useful to conceptualize team viability as a holistic property of a dynamic system rather than a property of specific individuals. In other words, team viability is a global team property, which characterizes a team as a whole unit and does not necessarily originate from the characteristics of individual team members (Bell and Marentette 2011; Kozlowski and Chao 2012). The subject literature highlights that team viability is related to variables of different nature. It is a function of various team inputs, processes, and dynamics and is a unique construct with multilevel antecedents and outcomes (Costa et al. 2015; Cooperstein 2017; Tu and Liu 2017).

On the one hand, the most common team viability antecedents are:

- Individual member characteristics (e.g., cognitive ability, motivation).
- Individual and team affect (e.g., satisfaction).
- Shared perceptions (e.g., potency).
- Team processes and behaviors (e.g., communication, adaptation).
- Emergent states (e.g., cohesion, confidence, team climate).
- Performance.
- Resources (e.g., supervisor support and performance feedback).

On the other hand, among the most frequently appearing, the team viability outcomes can be mentioned: effectiveness, performance, resources, less managerial intervention, organizational support, satisfaction, and commitment (Cooperstein 2017).

Considering the above, it is important to identify how team viability is related to and distinct from constructs: performance, cohesion, satisfaction, resilience, adaptability, and potency. These constructs are highly correlated with team viability, but they don’t adequately capture the team’s capacity for sustainability and growth required for success in future performance episodes. The constructs in most cases are antecedents or outcomes of team viability (Bell and Marentette 2011).

### 3 Research Methodology

In the empirical part, the authors used the results of the survey conducted in the first half of 2019. Ultimately 242 questionnaires completed by the representatives of teams (43.4% leaders; 56.6% members) were qualified for analysis. The scope concerned selected issues pertaining to the viability of contemporary, functional, ongoing teams and in particular concerned the issues that pose threat to viability. The questionnaire consisted of two parts. The first part aimed to identify whether and how the respondents understand the concept of team viability. The second part focused on leaders' and team members' opinions about 28 threats to team viability, which were grouped into five areas: engagement in the team, team building, team management, communication with the team, and team atmosphere. In order to measure and assess the real opinions of respondents, both leaders and team members, against potential threats to the team's viability, a two-pole, interval five-point Likert scale was used.

For the purposes of this article, the following research questions were formulated:

- RQ 1. How do the respondents define the concept of team viability?
- RQ 2. What factors pose serious threat to team viability?
- RQ 3. In case of which threats there is a convergence of leaders' and team members' opinions?
- RQ 4. In case of which threats there is a divergence of leaders' and team members' opinions?

### 4 Results

The first question addressed to respondents, both team members (M) and leaders (L), was to identify whether their organizations were testing the effectiveness of teams. The majority of the enquired respondents, both leaders (L) (88.6%) and team members (M) (52.6%), answered "yes" against "no" (L, 11.4%; M, 27.7%) and "I don't know" (L, 0.0%; M, 19.7%). Further, they were asked to indicate the effectiveness dimensions under study. In the opinion of the majority of the enquired respondents, both leaders (L, 88.6%) and team members (M, 71.5%), the key measure of their teams' effectiveness was their current performance, i.e., the degree to which the results obtained by the team complied with established quantitative and qualitative standards. Over 60% of leaders (63.8%) and nearly every second team member (48.9%) indicated an additional dimension, which was the satisfaction of team members, i.e., the degree of satisfying their needs and expectations. Only a few people (L, 11.4%; M, 4.4%) pointed to the third dimension of team efficiency, i.e., the ability and willingness of its members to continue cooperation. In view of the above, the question "Have you ever heard about the construct of team viability" was



considered as key. Over half of the surveyed leaders (53.3%<sup>1</sup>) and only every third team member (33.6%) had already come across this concept; however, as emphasized, that was not synonymous with using this measure in practice. And so members most often described viability in terms of the length of time of shared and effective work, for example, “willingness of individual team members to take part in its activities,” “the way the team functions, whether it can get along and if the team has a lot of problems, and how people try to solve them and work on them,” “the period in which the team brings results,” and “time from the teams set up until its liquidation/disintegration.” In addition, the members of teams emphasized the importance of mutual relations and persistence in pursuing the assumed goals, namely, “the team’s ability to maintain relations,” “team maintenance when it comes to striving for a goal,” “good atmosphere in the team,” “maintaining motivation in the team,” “achieving goals by the team and common communication,” “dealing with problems, well-coordinated team,” and “cooperation and commitment of team members.”

In turn, leaders defined team viability more in terms of efficiency, pointing to its various dimensions such as work efficiency, achievement of objectives set by the team, satisfaction, and time of the team’s functioning together, rather than strictly viability, for example, “a group of people who work together despite problems and conflicts within the group,” “the ability to constantly develop and increase productivity, efficiency, and quality of work,” “the team’s ability to maintain relations,” “time in which the team works well together, when team is effective, and its members do not think about changing jobs,” and “the period in which the team brings results.”

Another question to the surveyed respondents concerned problems which can potentially threaten team viability. The respondents using five-point Likert-type scale<sup>2</sup> assessed a dozen or so items in the questionnaire. Table 1 shows threats to team viability according to the respondents assessed as “very important” and “important.”

When analyzing Table 1, it can be seen that almost all the threats listed in the questionnaire were considered by the respondents as very important or important for the team’s viability. Only three of them were considered relatively less important (percentage of responses below 70%): time pressure (69.0%), stagnation in the team (66.1%), and large diversity of team members (age, nationality) (44.2%). Such distribution of answers, according to the respondents, points to the existence of many potential threats to team viability in their organizations. The identified threats to team viability were assigned, by the authors of the article, to five areas: engagement in the team, team building, team management, communication with the team, and team atmosphere. Figure 1 shows the average impact on team viability of the threats assigned to the abovementioned areas.

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<sup>1</sup>46.7% of leaders and 2/3 of team members (66.4%) provided negative answers.

<sup>2</sup>Five-point Likert-type scale (1, “does not matter”; 2, “not important”; 3, “neither important nor important”; 4, “important”; 5 “very important”).

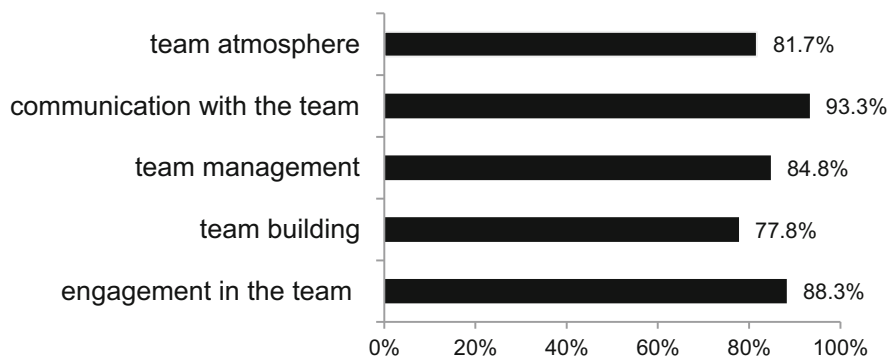
**Table 1** Threats to team viability according to the respondents assed as “very important” and “important”

Threats	Opinions of both leaders and members (%)
1. Lack of team members' engagement	100.0
2. Lack of team leader engagement	99.2
3. Lack of effective communication	98.3
4. Lack of relevant competences of the team leader	97.9
5. Lack of atmosphere for cooperation	96.7
6. Lack of feedback about results of work	96.3
7. Incorrect division of roles and responsibilities	95.0
8. Improperly recruited team members	92.1
9. Incorrectly defined goals	92.1
10. Lack of competences of team members	91.7
11. Incorrect planning and organization of teamwork	91.3
12. Lack of development opportunities	90.9
13. Lack of consistency in the perception of the team's goals	90.9
14. Unsatisfied needs of team members	90.5
15. No desired effects	88.0
16. Excessive competition between team members	88.0
17. Lack of knowledge sharing	87.6
18. Lack of adequate resources to carry out tasks	83.9
19. Divisions within the group	83.9
20. Internal conflicts in the team	82.6
21. Employee resistance of change	82.2
22. Lack of a friendly working environment	78.1
23. Lack of control and evaluation of the team's work	74.4
24. Lack of implementation of new team members	70.7
25. Excessive number of team members	70.2
26. Time pressure	69.0
27. Stagnation in the team	66.1
28. Large diversity of team members (e.g., age, nationality)	44.2

Source: study based on the self-conducted research

According to Fig. 1, all identified areas pose a significant threat to team viability, with team communication being the most threatening (93.3%). Table 2 shows detailed distribution of opinions of team leaders and team members regarding individual threats assigned to the abovementioned areas.

Table 2 shows that both groups of respondents agree in their opinions. Very high response rates were assigned to threats in the area of “communication with the team” such as lack of effective communication (L, 99.0%; M, 97.8%), lack of feedback about results of work (L, 98.1%; M, 94.9%), lack of consistency in the perception of the team's goals (L, 93.3%; M, 89.1%), and lack of knowledge sharing (L,



**Fig. 1** Areas that threaten team viability according to the respondents. Source: study based on the self-conducted research

92.4%; M, 83.9%). Another area identified as crucial for team viability is “engagement in the team” (88.3%—Fig. 1). Both surveyed groups of respondents are almost fully in agreement that the lack of engagement of team members (L, 100.0%; M, 100.0%) or leaders (L, 98.1%; M, 100.0%) is the greatest threat to team viability. It is worth noting that only slightly lower percentage of indications were assigned by respondents to two further threats—lack of development opportunities (L, 89.5%; M, 92.0%) and unsatisfied needs of team members (L, 97.1%; M, 85.4%). Given the above, only 2/3 of both leaders and team members considered stagnation in the team (L, 65.7%; M, 66.4%) to be the least threatening to the viability. The next analyzed area is “team management” (84.8%—Fig. 1). Quality, efficiency, and responsibility for the majority of actions and decisions taken in the area stay, due to their nature, the domain of the leader. Nevertheless, the obtained results point to the high awareness of both examined groups of the existence of a strong threat to team viability resulting from incorrectly defined goals (L, 100.0%; M, 86.1%), division of roles and responsibilities (L, 94.3%; M, 95.6%), planning and organization of teamwork (L, 84.8%; M, 96.4%), and lack of desired effects (L, 83.8%; M, 91.2%). The fourth analyzed area is “team atmosphere” (81.7%—Fig. 1). It often determines whether individuals still want to continue work in the team or if they prefer to leave. According to Cooperstein (2017), team climate is a kind of emergent state in addition to cohesion, empowerment, trust, and confidence, which significantly determine team viability. According to the respondents, the significant threat that hinders development of viable teams is primarily the lack of atmosphere for cooperation (L, 100.0%; M, 94.2%) and the related excessive competition between team members (L, 83.3%; M, 91.2%). These two threats may trigger internal conflicts (L, 95.2%; M, 73.0%), divisions within the group (L, 79.0%; M, 87.6%), and the lack of a friendly working environment (L, 81.0%; M, 75.9%). The last analyzed area was “team building” (77.8%—Fig. 1). Despite it was considered by the respondents as the relatively least significant area threatening team vitality, it should be emphasized that they indicated four important threats: lack of relevant competences of the team leader (L, 100.0%; M, 96.9%), improperly recruited team

**Table 2** Threats to team viability according to roles in the team (leaders/members) assessed as “very important” and “important”

Threats	Leader’s opinions (%)	Team members’ opinions (%)
<i>Engagement in the team</i>		
Lack of team member engagement	100.0	100.0
Lack of team leader engagement	98.1	100.0
Lack of development opportunities	89.5	92.0
Unsatisfied needs of team members	97.1	85.4
Stagnation in the team	65.7	66.4
<i>Team building</i>		
Lack of relevant competences of the team leader	100.0	96.4
Improperly recruited team members	94.3	90.5
Lack of competences of team members	84.8	97.1
Lack of implementation of new team members	80.0	63.5
Excessive number of team members	67.6	72.3
Large diversity of team members (e.g., age, nationality)	10.5	70.1
<i>Team management</i>		
Incorrectly defined goals	100.0	86.1
Incorrect division of roles and responsibilities	94.3	95.6
Incorrect planning and organization of teamwork	84.8	96.4
No desired effects	83.8	91.2
Lack of control and evaluation of the team’s work	76.2	73.0
Lack of adequate resources to carry out tasks	91.4	78.1
Time pressure	56.2	78.8
<i>Communication with the team</i>		
Lack of effective communication	99.0	97.8
Lack of feedback about results of work	98.1	94.9
Lack of consistency in the perception of the team’s goals	93.3	89.1
Lack of knowledge sharing	92.4	83.9
<i>Team atmosphere</i>		
Lack of atmosphere for cooperation	100.0	94.2
Excessive competition between team members	83.3	91.2
Divisions within the group	79.0	87.6
Internal conflicts in the team	95.2	73.0
Employee’s resistance to change	85.7	79.6
Lack of a friendly working environment	81.0	75.9

Source: study based on the self-conducted research

members (L, 94.3%; M, 90.5%), lack of competences of team members (L, 84.8%; M, 97.1%), and lack of implementation of new team members (L, 80.0%; M, 63.5%). In addition to indicating the convergence of opinions of leaders

**Table 3** Threats to team viability according to the role in the team—rating of the biggest divergence of opinions between leaders (L) and team members (M)

Threats	L/ M	Very important (%)	Important (%)	Sum of very important and important (%)	Difference (%)
Large diversity of team members (e.g., age, nationality)	L	7.6	2.9	10.5	59.6
	M	13.9	56.2	70.1	
Time pressure	L	7.6	48.6	56.2	22.6
	M	29.2	49.6	78.8	
Internal conflicts in the team	L	61.0	34.3	95.3	22.3
	M	28.5	44.5	73.0	
Lack of implementation of new team member	L	37.1	42.9	80.0	16.5
	M	20.4	43.1	63.5	
Incorrectly defined goals	L	55.2	44.8	100.0	13.9
	M	59.1	27.0	86.1	
Lack of resources to carry out tasks	L	7.6	83.8	91.4	13.3
	M	37.2	40.9	78.1	
Lack of competences of team members	L	43.8	41.0	84.8	12.3
	M	54.0	43.1	97.1	
Unsatisfied needs of team members	L	52.4	44.8	97.2	11.8
	M	27.0	58.4	85.4	
Incorrect planning and organization of teamwork	L	26.7	58.1	84.8	11.6
	M	46.0	50.4	96.4	

Source: study based on the self-conducted research

and team members about threats to team viability, the research also shows differences in their opinions. Table 3 presents the rating of the biggest divergence of opinions between leaders and team members. The opinions of respondents differed most in relation to large diversity of team (L, 10.5%; M, 70.1%). Other threats, in which relatively large differences of opinions of respondents were identified, include time pressure (L, 56.2%; M, 78.8%) and internal conflicts in the team (L, 95.3%; M, 73.0%). As regards other threats listed in Table 3, the reported differences of opinions of the respondents are quite smaller compared to the above.

## 5 Conclusion

Nowadays, in the context of globalization and digitalization, which increasingly require people to collaborate, the construct of team viability seems very important. In order to become successful, these days, many teams operating in Polish organizations should take continuous effort to build viability. Numerous changes of diverse nature occur both inside and outside the organizations. They pose a huge challenge and the need to anticipate and recognize these changes for leaders. The changes can

trigger many serious threats to the aforementioned viability, which is such an important and desired property of teams. The research carried out by the authors of the article allowed to take a closer look at the viability of teams in Polish organizations and to identify and analyze potential threats. First of all, the empirical research confirmed the definitional chaos exhibited in literature and concerning the construct of team viability. Moreover, it turned out that the concept is not well known to the researched practitioners and they defined it in a subjective and intuitive manner. As the authors of the paper mentioned, both leaders and members showed a high level of awareness of various threats which influence team viability.

The vast majority of all factors listed in the survey questionnaire was considered by the respondents as posing threat to team viability. The items that fell in the area of “communication with the team” were reported as the most threatening. Items classified in the areas “engagement in the team” and “team management” were reported only slightly less threatening. Relatively the least threatening, but equally important, were the threats from the areas of “team atmosphere” and “team building.” It is worth mentioning here that respondents, when assessing individual threats, exhibited a high degree of agreement (convergence) in relation to most of threats, despite the existence of differences in their opinions regarding some other threats (divergence).

This means that leaders and members of the Polish organizations under this study acknowledge that building team viability is a big challenge for both leaders and team members. This involves parallel attention to reliable communication in the team, building engagement, caring for the atmosphere, motivating, and development. The authors of the article observed that Polish teams often lack mutual support, especially in situations of emerging threats or a more serious crisis. That is why, considering the perspective of viable teams, it is so important to develop a shared mechanism for accepting and overcoming failures and conflicts. Leaders play a special role in this respect. They should act as visionaries in the area of continuous improvement and development of their teams, as well as their support and building the involvement of its members. Unfortunately, as the research has shown, the leader is often the weak link. That is why in respondents’ opinions, team viability is unfeasible when leaders exhibit problems with lack of their own engagement, communication, ethical standards, showing respect and appreciation of members’ work, and building their commitment. Respondents perceive leaders as an overriding and necessary element with key responsibility for building viability. According to the team members, viability is feasible, first of all when leaders provide support and sufficient freedom to act to team members, create atmosphere of trust, motivate, support development, provide a sense of security, respect the diversity of individual team members, and do not allow for routine and unhealthy competition in the team.

In summary, the identified threats open space for an in-depth research on their influence on team viability. In the future, the authors of the paper plan to broaden the research scope in terms of object, gender, sample size, area scope, and issues related to challenges for management and HR departments. Due to the limitations of the research sample, it is important to underline that generalizing the research results must be done with caution.

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# On the Issue of Implementation of Agile and Strategy as a Practice Mixed-Method in Strategic Planning



Elena Serova and Oleg Kalmykov

**Abstract** Strategic planning process is a crucial part of business development of any company. Especially, it can be stated so for IT organizations, where external environment is turbulent. In this research, we analyze and develop strategic planning processes in Russian IT companies, bringing both practical and academic values. This research is aimed to cover issues that lie in the intersection of strategic management, operational management, and organizational behavior. The problem of this research lies in fact that strategic planning process in some Russian companies is low efficient due to its non-agility and unclear organization on microlevel. The study discovers new research field and brings contribution, such as combination of the main advantages of agile and strategy-as-practice (SasP) implementation. It contains the overview and analysis of theoretical and empirical foundations related to the research problem and overview of the best international business practices in this field of research. The results are based on Russian IT companies' case study, qualitative interviews, and quantitative survey.

**Keywords** Strategy-as-practice approach · Strategic planning process · Strategists · Practitioners · Strategizing episodes · Agile planning

## 1 Introduction

Even strategy as practice (SasP) is relatively new approach; some authors provide evidences that considering strategy planning process on microlevel was already discussed in the 1990s (Burgelman et al. 2017). However, it was mostly developed in the 2000s by SasP scholar group (Whittington 2006; Burgelman et al. 2017). This approach analyzes what is happening in the company in order to develop a strategy. Whittington developed framework of strategy as practice, which included

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practitioners, practice, and praxis. The first refers to a question “Who is responsible for strategic plan development?” including many key actors both inside and outside the company. The second part of the SasP framework corresponds to the question “What is used for strategic planning?” Through this part, different frameworks and methodologies of strategic analysis and planning are analyzed. The third component is asking “Which type of strategic planning episodes is used?” It refers to flow of different meetings, which take place in organization for planning of the strategy. These and other related questions on the intersections of mentioned parts are under consideration by SasP scientists during research. This approach can be used within the companies for the development of strategic planning process. Another concept in research is agile methodology. Previously used only in the process of software development, now it is used in different spheres and objectives. However, there still is no research on how a combination of strategy-as-practice approach and agile methodology can be used for the development of strategic planning process in contemporary companies. Especially, this method was never discovered with implementations to Russian organizations. This paper is aimed to cover such issue.

This research is aimed to cover the issue that lies in the intersection of strategic management and, partly, operational management and organizational behavior. Firstly, it is needed to understand how strategy is developed and executed, which determine the performance of company. However, usage of the SasP approach provides analysis of the strategy development via examination of microlevel activities of a company, which refers to operational component. It provides analysis on who makes the strategy, what is used for it, and how it is provided. Also, interaction between practitioners is partly observed, which refers to organizational behavior scope.

In order to complete research, there are three main objectives:

- Find gaps and informational bottlenecks in strategy planning process in IT companies in Russia.
- Analyze how agile and SasP approach can solve these gaps and bottlenecks.
- Conduct case study and develop recommendations.

There are three parts of research:

1. Exploratory qualitative study: In this part, interviews with eight experts were conducted. Insights received from them were used in the next parts.
2. Case study: With usage of strategy-as-practice approach, agile methodology, and received insights from experts, Russian IT company “Raidix” was observed (further in the text—“Company”).
3. Exploratory quantitative study: It was conducted in order to find how planning is organized in different Russian companies and then state further directions of research.

As research is divided into three parts, there are specific methods for each of them. First is based on interviews and partly implements the grounded theory methodology. Second is the classic case study method, but it is conducted with usage of strategy-as-practice methodology. There were used methods of informal

observation and interviews with management of company. Third is survey among practitioners from different companies and basic correlation analysis of received data.

## 2 Theoretical Foundation and Literature Review

From the second half of the twentieth century, different scientists described strategy, strategic planning process, and a lot of other aspects of it. With development in this sphere, a group of scholars started to think about how strategy is made. Since the mid-2000s, the strategic making process was observed through analysis of microlevel activities. However, there can be defined a specific gap, as it was written by Hendry et al. (2010) that industrial factors must be analyzed more in the scope of their influence on strategic planning process (Hendry et al. 2010). To add more, Whittington et al. (2011) mentioned that new technologies are one of the factors that are challenging strategic planners (Whittington et al. 2011). Agile techniques of project management can be considered as an example of such technological and industrial impact-making factor. This methodology is poorly researched through lenses of SasP approach still. In this study, there will be made an attempt to analyze agile techniques and IT sector planning features in Russian companies through strategy-as-practice approach, establishing new in poorly developed research field.

SasP approach is a relatively new concept of strategy making analysis, which considers the following questions: how strategic planning is organized, who is responsible for strategy, how strategists behave, etc. There are three aspects of it—praxis, practitioners, and practice (Whittington 2003). Different authors made contribution to it in different perspectives—for example, some made an emphasis on activities, through which strategy is made (Hendry and Seidl 2003). Such activities usually include and are named strategizing episodes (Jarzabkowski et al. 2007; Johnson et al. 2010; Whittington 2003). In strategy-as-practice approach, such activities are part of “praxis”—flow of activities, when strategy is built (Vaara and Whittington 2012). Another important impact by scholars was analysis of how different actors (“practitioners”) are involved in strategic planning process and the contribution they make (Mantere and Vaara 2008). And the third part of strategy-as-practice framework is practice—different methodologies, used to analyze company’s strategy and to find further way of development. Part of “practice” is also technologies, and material tools are also considered through lenses of SasP approach (Jarzabkowski and Kaplan 2015; Kaplan 2011). Combining it all, it can be stated that practitioners must be able to use properly practices in their praxis (Jarzabkowski and Whittington 2008).

According to Denning (2016a), Agile is the term for a family of management practices, which include Scrum, Kanban, and Lean. Born in the sphere of software development, this approach was used in different spheres of management. In this research, the focus is on strategic planning process, which also can be agile. Still, there are not enough researches devoted to the topic of agile strategic planning

process. However, some researchers made contribution to this research field. For instance, Riedel et al. (2017) suggest such agile planning model:

1. Preliminary analysis of problem, overall environment, set goals, and requirements for them.
2. Choosing appropriate practices of planning for certain conditions at this stage.
3. Determination of small tasks and goals, which are corresponding to general goals.
4. Execution of practice.
5. Evaluation of results according to previously stated criteria.
6. Reengineering of concept in project according to received information during steps above.
7. Termination of planning procedure.

However, it is not possible for the company to just become agile on the strategy level. It is stated by Denning (2017) that to achieve strategic agility, the company firstly must be experienced with operational agility. Denning provides four stages on how from operational agility practices the company becomes strategically agile:

1. Experimenting with few teams in usage of agile operational model.
2. Adoption of agile methodology by one business unit.
3. Multiple business units are involved in agile methodology usage.
4. The whole company is agile, and strategic opportunities become opened.

And even through operational agility, it is not simple to become agile for companies. Thus, Denning (2016b) lists ten most problematic issues of agile implementation in companies. Overall, it is needed to mention that to the first half of 2019, there is a lag in analysis of usage of strategy-as-practice approach, focusing on Russia. The only two research papers about strategy as practice that can be found are written by Tambovtcev (2011) and Kondratskaya (2019). However, some studies on Russia partly cover the idea of strategy as practice without mentioning this approach. For instance, Magdanov (2009) analyzes major problems of strategic planning process organization, but his analysis is not formally based on strategy as practice.

In connection with agile methodology, still any researches were not made through SasP approach. Some partly have conducted research but without full analysis with SasP lenses. Wang et al. (2010) analyzed communication process and supporting tools with emphasis on face-to-face communication and usage of index cards (Wang et al. 2010). Some authors analyze agile methodology in the scope of planning but only concentrating on it as tool without taking into account other important issues (Alyahya et al. 2016). Others concentrate on the comparison of agile techniques with traditional methods but taking agile just as system and not considering actors in it (Riedel et al. 2017). It is needed to mention that this research does take into account only organizations in IT sphere which use agile techniques. There is a gap connected with unexplored field of analysis of agile organization in the scope of strategic planning process through strategy-as-practice approach with the addition of developing new models. This research is aimed to cover this gap.

### 3 Research Methodology

Research is providing case study, qualitative interviews, quantitative survey, and correlation analysis. It is made in epistemological paradigm. As authors use mixed data and interpret some new ideas from it, it shows partial usage of pragmatism approach. Another used methodology is grounded theory method, which was chosen since there are no previous researches in observed research field. Structurally, this research can be divided into three parts: exploratory (qualitative), case study, and exploratory (quantitative).

The first part includes interviews with experts from different spheres, corresponding to grounded theory methodology. In the second case study, the company was observed. During this observation, an analysis of used strategic planning process approach was made with emphasis on potential problems and informational bottlenecks. In the third part, survey was conducted among different practitioners in order to find some general trends. The final product is developed list of recommendations for strategic planning processes. The researchers of this scientific paper were directly involved in strategic planning process of observed organization. That provides more opportunities for informal observations and interviews, both formal and informal. The research was conducted in multimethod research choice, collecting data through in-depth interviews both with experts and with the company's management and surveys. The first two components were conducted separately and then integrated together to develop usage of strategic planning process in observed company. The third component was based on first two and is aimed on the development of strategy-as-practice approach and agile methodology as planning process development tools. This type was chosen for exploratory-quantitative part.

Based on the chosen methodology, the research design was divided into 12 steps:

1. Find research gap. It is needed to analyze literature on different topics, including: strategic planning in companies, strategy-as-practice approach in general, its already observed aspects in different spheres, agile planning, scientific works on mentioned topics, which were done by Russian researchers.
2. Set up first-level hypothesis. Accordingly, to analyze theoretical views, it is needed to set up general assumptions about research topic.
3. Create a questionnaire for interviews. With usage of grounded theory method, there is a need to create a list of questions, the answer to which will cover the problem.
4. Conduct interviews with experts. To receive needed insights, there is a need to ask experts of strategic planning, agile methodology, and business process management about their views on agile, strategic planning and aspects of strategy-as-practice approach.
5. Analyze received data. Using received insights, there is a need to emphasize some common ideas.
6. Set up second-level hypothesis. Accordingly, to analyze insights, there is a need to state new hypothesis, which will be implemented in the case study.

7. Gather information in observed company, and conduct interviews with the management. It is necessary to provide analysis via two ways—informal observation and interviews. Firstly, as author of this paper is a strategic analyst in the company, he is able to conduct some informal analysis, to gather the data via small talks with other employees. Secondly, there is a need to conduct interviews with key participants of strategic planning process.
8. Build model of planning process and analyze it. To generalize received information, there must be built model of planning process through strategy-as-practice approach, which then must be analyzed in order to find gaps and potential problems.
9. Provide recommendations. To make positive practical impact, it is needed to suggest ideas on how to solve potential problems and gaps.
10. Create a questionnaire for exploratory survey. Then, it is needed to observe how strategic planning process is organized in other different companies. In order to do it, it is necessary to create a list with questions, basing on insights from experts and found problems during case study.
11. Conduct survey among practitioners.
12. Analyze data and set further direction of research. Then, there is a need to provide some basic correlation analysis. After it, interpret results. With all this ready, it is needed to set different ways of further development of topic in scientific works.

## **4 Data Collection and Data Analysis**

As it was mentioned above, this research is mixed in methods. Therefore, data collection and analysis are also diversified in order to cover the problem deeper. Strategic planning in some companies is low efficient due to its non-agility and unclear organization on microlevel. The analysis through strategy-as-practice approach and agile methodology implementation for strategic planning can solve such problem, fill the gap, and even develop a new research field. For analysis of this field, research is divided into three subsequent parts.

### ***4.1 Qualitative Exploratory Part***

This part consists of suggestion of first-level hypothesis and conducting in-depth interviews among specialists in strategic planning and agile methodology for strategy. Thus, university scientific workers, thematic conference participants, and agile methodologists were invited for these interviews. It must be noted that these interviews were conducted in semi-structured format in order to provide the most appropriate gathered insights and analyze qualitative data. The major ideas were

defined and formulated in the form of hypothesis, which was called “second-level hypothesis” in the research structure.

## **4.2 Case Study**

With gained theoretical knowledge from literature analysis and received insights from eight experts, strategic planning process within the real company was observed. The case study was providing an observation of St. Petersburg-located software development company. This organization is one of the Russian leaders in the field of software-defined data storage systems and has large partners and clients both in domestic region and abroad. However, the company has potential non-agility and unclear organization on microlevel of strategic planning process. On this stage of the research, case study with following development, the list of recommendations was needed to be conducted.

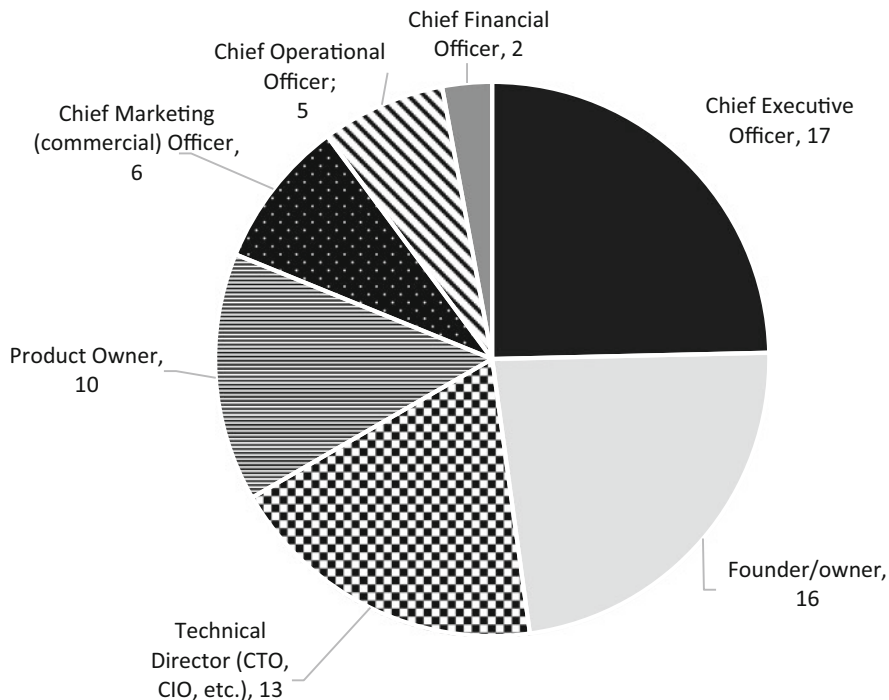
This part of the research has consisted from two main types of observation: informal observation and in-depth interviews. The first of them was possible as one of the authors took the position of strategic analyst in observed company and then had the ability to analyze the company’s processes during informal talking with other employees. The second type of observation was conducted among seven strategy practitioners in the company, including the chief executive officer (CEO), chief strategist, chief marketing officer (CMO), director of innovation laboratory, director of production, director of system integration group, and HR director.

## **4.3 Quantitative Exploratory Part**

The survey was conducted among 73 specialists, who are involved and responsible for strategic planning process in IT organization in Russia (Fig. 1).

The following questions (factors) were asked:

1. How do you evaluate your involvement in the strategic planning process?
2. How do you rate the effectiveness of the planning process in your organization?
3. Do you use agile methodologies in your organization?
4. Do all participants of strategic planning episodes have common vision about strategic goals equally well after strategic events?
5. In your opinion, how effectively are internal communications organized in the company?
6. Does it often happen that departments conflict with each other due to misunderstanding of strategic goals?
7. Can ordinary employees suggest strategic initiatives?
8. If ordinary employees can put forward ideas, do they fear additional workload



**Fig. 1** The position of the respondents. Source: authors' own work

and responsibility?

9. Is there a system for generating and collecting ideas from employees?
10. Is there a reward system for strategic initiatives?
11. Are strategic planning meetings recorded? (Is there an audio recording, text recording, or the others?)

The next step of the research was devoted to data analysis via conducting correlation analysis (Table 1).

As it could be seen, there is no strong association of any factor with another. However, there are some intersections of factors, where values are closer to at least "average correlation meaning" by the Chaddock scale (Chaddock 1925). The most "strong" association can be observed between factors 4 and 5. There is the value, equal to 0.535, and on mentioned scale values higher than 6 are considered to be "average correlation mean." So, with some limitations, it can be stated that some participants, who evaluate common vision of strategic plans in their organizations, also evaluated high effectiveness of organization of communications in their companies.

Also, pretty close to this meaning are the values in next intersections: factors 1 and 7, factors 2 and 5, and factors 8 and 9.



**Table 1** Correlation analysis

Factors	1	2	3	4	5	6	7	8	9	10	11
1	1.000										
2	0.353	1.000									
3	0.138	0.144	1.000								
4	0.202	0.369	0.151	1.000							
5	0.114	0.428	0.240	0.535	1.000						
6	-0.138	0.225	-0.027	0.209	0.213	1.000					
7	0.411	0.226	0.132	0.137	0.161	-0.016	1.000				
8	0.116	0.245	0.138	0.399	0.285	0.254	0.251	1.000			
9	0.187	0.123	0.275	0.278	0.153	0.056	0.089	0.476	1.000		
10	0.091	0.257	-0.029	0.124	0.064	0.184	0.155	0.194	0.483	1.000	
11	0.184	-0.007	0.271	0.196	0.051	-0.054	0.144	0.157	0.274	0.234	1.000

Source: authors' calculations

Thus, the next three ideas can be stated: first, there can be association of how people evaluate their involvement in strategic planning with the fact that ordinary employees can suggest ideas; second, there can be association of how people evaluate effectiveness of strategic planning process with how they evaluate effectiveness of organization of internal communications; and, third, there can be association of how ordinary employees feel about suggestion of strategic initiative and whether there is a motivation system in their company.

At the same time, there are some intersections of factors, which previously were supposed to have higher values. Among them, there are factor 3 and factors 4, 5, 6, and 7; factor 11 and factors 4, 5, and 6; and factor 8 and factor 10. Thus, the results of this research also indicate that the use of agile methodology does not necessarily correspond to well-organized communication, a common vision, and low frequency of conflicts between departments.

## 5 Discussion and Future Research

During the last two decades, the group of scholars developed the strategy-as-practice approach to research the strategic planning process, which analyzes it on microlevel. It involves aspects of strategic planning, providing analysis of practitioners, practice, and praxis of strategy. Another concept described in the article is agile methodology. Albeit since these concepts appeared a lot of managerial issues in them were analyzed, their intersection was never discovered. This mixed-method research is aimed to cover such gap through qualitative, quantitative, and model-building approaches. Firstly, with usage of grounded theory methods, in-depth interviews were conducted with eight experts in agile methodology, business processes, and strategic planning. Then, with received insights, hypotheses were developed, which in a consequence were implemented in case study on Russian IT company. There, informal observation was conducted, and seven managers were interviewed. Based on results, the model of strategic planning was developed. In the last part of research, some ideas from interviews and case study were tested, and further ways of research development were stated.

In this research, an attempt to analyze and develop strategic planning processes in Russian IT companies was made, bringing both practical and academic values. Being divided into three parts, this research met its objectives and discovered research field on a significant level. After analysis of theory and received insights from experts, several ideas were stated, which can be tested in further researches. They include:

- Usage of agile must be done in short-term planning.
- Optimal frequency of activities—one to two times in a week.
- Agile requires participation of different actors.
- Final decision must be made by one person.
- Chief strategist or product owner—key strategists in agile.

- Non-agility in information transfer ruins integrated work of departments on strategic aims.
- Common vision and communications must be developed.
- Ordinary workers are afraid of stating strategic initiatives and ideas.

However, these ideas can be implemented not only in the observed company. They can be tested in any other contemporary companies, which use agile. That brings basis both for researchers and practitioners. The first can take some ideas as objects for critical analysis, making new researchers in relative scope. The second mentioned group can use this hypothesis as basis for analysis of strategic planning process in their companies.

## 6 Conclusion

According to results of this research, there are some gaps and potential problems for agile-organized IT companies in Russia. Among these problems, there are:

- Not enough integrated work of departments, leading to weaker achievement of strategic aims.
- Lack of common vision on strategic plan.
- Low communication development.
- Low development of idea generation from employees.
- Basing on insights from experts and theoretical foundation, there were suggested ideas to solve this problem, including:
- Recording conversation during strategic episodes.
- Product owner as a linking unit.
- Setup of motivation system for idea generation.

These ideas were suggested to the management of the company, who subsequently agreed with them as with the way of solving existing and potential problems. However, these recommendations are not universal and cannot be implemented to any other company. Surely, under deep analysis and consideration, there is an opportunity to apply them but only partially.

Exploratory quantitative results also met its goals. It was found that there is some association of high evaluation of common vision of strategic plans in organizations with high level of effectiveness of organization of communications in companies. Also, some other associations were found, which have lower value but still are interesting to observe:

1. There can be association of evaluation of practitioner involvement in strategic planning with the fact that ordinary employees in their organization also can suggest ideas.
2. There can be association of evaluation of effectiveness of strategic planning process in practitioners' company with his/her evaluation of effectiveness of internal communications organization.

3. There can be association of feeling of ordinary employees about idea generation and fact that there is a motivation system in their company.

At the same time, some nonassociated factors were observed, which previously were supposed to correlate. For instance, it was observed that the presence of agile methodology does not necessarily correspond to well-organized communications, common vision, and low frequency of conflicts between departments. It should also highlight that the results of this research itself are applicable and useful not only for scholars but for practitioners too and the mixed-method of research and model which was developed by the authors can be successfully implemented not only in IT companies but in other contemporary industries.

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# Business Model Analysis of Veterinary Clinic: The Case Study



**Karolina Beyer**

**Abstract** In the article, the theoretical and empirical considerations about business models in veterinary clinics were taken. There are two main objectives of the article. The first aim is to present the results of the research conducted on the business model used by a veterinary clinic in Poland, and the second is to present proposed recommendations to management problems in veterinary practices. To achieve the objectives, an analysis of the business model used in the veterinary clinic was conducted. The method used in the research was the business model canvas, interviews with the clinic owner and manager were carried out, and online survey with customers was conducted. The research hypothesis is that the changing conditions of the economic environment necessitate a change in the business model of running veterinary practice. There is no universal business model for a veterinary practice. This model must be adapted to the specifics of the functioning of entities in formal and legal terms. As a result of the completed research, a holistic image of the veterinary clinic was created, as well as an analysis of its business model. As a part of the study, the clinic's offer and value proposition were analyzed; also the client segment and key partners were identified. In the research, the analysis of key activities and resources of the company was conducted, and sources of revenues and costs of the examined entity were determined. As a result of the study, the author proposed some recommendations of management activities to implement in veterinary clinics.

**Keywords** Business model · Business model analysis · Management in veterinary units · Veterinary business

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## 1 Introduction

The contemporary environment of enterprises, its dynamics and conditions, forces enterprises to use new, more effective, and often more sophisticated management tools. Veterinary clinics, as economic entities, also feel the need for change. The discussion on business models is undertaken both by managers and researchers in the field of management sciences. A business model is often perceived as a tool supporting the growth of an enterprise and increasing its economic efficiency. Analyzing the available definitions and types of business models, it was noted that, so far, no business model has been developed which would be adequate to the specifics of veterinary units, which differ significantly from typical enterprises.

It should be emphasized that the specificity of veterinary clinics differs from typical enterprises and typical business models do not correspond. In addition, there is an increase in the expectations of animal keepers regarding the scope of the offer and the quality of services provided. That is why there is a need to build adequate business models that can be implemented in veterinary units. In order to increase their competitive potential, today's veterinarians must, on the one hand, expand the scope of provided services; on the other hand, they require specialization in specific diseases. Currently, the range of veterinary services does not focus solely on treatment but also on prevention, comprehensive medical examination using modern equipment, and providing, among others, dietetic, rehabilitative, or animal psychological services. A modern veterinary unit is also a shop with animal products.

The aim of the article is to present the results of the research conducted on the business model used by a veterinary clinic in Poland, as well as to present proposed recommendations to management problems in veterinary practices. So far, researchers on business models have not studied such a dynamically developing business as veterinary clinics. The literature on the subject includes articles on the analysis of various enterprises; however, their results cannot be directly implemented in veterinary clinics. This article is a response to the need of the veterinary market and presents an analysis of business model of animal healthcare entity and proposes recommendations for veterinarians to improve management activities in their clinics. The article contributes to management literature with an approach how to create and use a business model which is appropriate for veterinary clinics. The article also presents the state of the veterinary sector in Poland.

As a result of the conducted research, information on the veterinary market in Poland was obtained, and a business model of the veterinary clinic was built, taking into account information about the offer and value suggestions. Customer segments, key partners, main resources, and key activities of the surveyed company were indicated. The sources of revenues and costs were also analyzed.

The article consists of four main parts. The first part bases on literature review among the issues of business model definition. The second and third part concerns the analysis and results of Polish veterinary market research. And the fourth part of the article is a case study which describes business model canvas of the veterinary unit and presents recommendations how to increase its business potential.

## 2 A Business Model Definition: Literature Review

The concept of business models appeared in the mid-1990s, with the spread of the Internet and the development of new industries and technologies. Despite the growing interest in this field, this concept has not been clearly defined. The presentation of the business model essence is not an easy task. The analysis of literature and definitions allows to accept the claim that it is difficult to talk about the business model as a coherent and mature concept, but it is possible to indicate its specific elements and features (Drzewiecki 2011). It can be assumed that a business model is an excellent tool for describing and analyzing a company, which should explain the way the company creates and captures value and explain the mechanism of generating profits (Drzewiecki 2013). A business model is a tool that shows how a company creates, delivers, and captures value. It can be added that the business model is a model of action for acquiring, servicing customers, and transforming these activities into profits.

One of the first definitions of the business model that took root in the literature is Timmers' view (1998), according to which the business model is an architecture for the product, service, and information flows, including a description of the various business actors and their roles, and it is a description of the potential benefits for the various business actors and a description of the sources of revenues, while Magretta (2002) emphasizes that business model's great strength as a planning tool is that it focuses attention on how all the elements of the system fit into a working whole. Another view presents Afuah (2004), who understands the business model as the activities, methods, and time of their implementation in the enterprise, using resources in such a way as to create the highest value for the client and to provide the company to get value.

Another popular definition of the business model is Teece's view (2010), according to which business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers. It also outlines the architecture of revenues, costs, and profits associated with the business delivering that value. However, it should be emphasized that despite numerous definitions of a business model in the literature, this term is often understood, due to Osterwalder's and Pigneur's concept (2010), according to which a business model describes the way to create value and provides and derives profits from this generated value. They present a business model in graphical form, creating a business model template called business model canvas, indicating its nine elements, which are part of the logic of the process of making profit by a company: value proposition, customer relationships, customer segments, channels, key activities, key resources, key partners, cost structure, and revenue streams.

Obłój (2002) defines the business model as a total concept of the company's operations: as a combination of the company's strategic concept and technology of its practical implementation, understood as building a value chain that allows for effective exploitation and renewal of resources and skills. According to Falencikowski (2013), a business model is relatively isolated multicomponent



conceptual object describing business, by articulating the logic of creating value for the customer and capturing part of that value by the company. An interesting definition is presented by Jabłoński (2008) who pointed out that business model is the mapping of factors in a given place, time, and business space that guarantee meeting the current internal stakeholders' needs, which gives the enterprise an opportunity to achieve competitive advantage and creates the future platform for enterprise growth and development, ensuring business continuity. On the other hand, Jabłoński (2013) defines the business model as a specific, authorial shape of the relationship between various resources and activities involved in the enterprise, in which the revenue is based on permanent pillars thanks to the proposal of appropriate value for clients. It can be concluded that despite differences in understanding this concept, some common elements appear. The concepts of the business model are based on the creation of values, in particular values for customers and for an enterprise.

### 3 Polish Veterinary Market and Veterinary Units

Healthcare units for animals are economic entities subjected to different legal rules than standard enterprises. It can be assumed that business models formulated for enterprises will be inadequate for entities providing veterinary services. Veterinary units in Poland are determined in detail by the provisions of, inter alia, the Act on Animal Healthcare Facilities, Act on the Profession of Veterinary Surgeon and Chambers of Veterinary Medicine, Regulations of the Minister Competent for Agriculture, Resolutions of the Polish National Veterinary Chamber, and others.

The definition of an animal treatment facility is specified in the Act on Animal Healthcare Facilities (original: *Ustawa o zakładach leczniczych dla zwierząt*) established on December 18, 2003 (Animal Healthcare Facilities Act 2003, art.1.1.): “An animal healthcare facility is an animal health and welfare establishment set up to provide veterinary medicine services, hereinafter referred to veterinary services, . . . , equipped with assets, and in particular, premises, apparatus and equipment suited to the scope of services provided.”

It should be emphasized that veterinary services can be provided only by a veterinary doctor who has the right to practice the profession (Animal Healthcare Facilities Act 2003, art.2.2.). The Animal Healthcare Facilities Act 2003, art.4.1., defines the types of veterinary units, which in general are determined by the size of entities and the type of services provided. Also other individual regulations specify the requirements which need to be met when running a small veterinary unit or large clinics, e.g., requirements for premises, equipment, apparatus, and veterinary equipment.

According to data from the Polish National Veterinary Chamber (PNVC) (2018), there are about 7.5 thousand of veterinary units in Poland. Figure 1 presents the number of entities in different voivodeships.



**Fig. 1** Veterinary services market in numbers. Source: own study based on records kept by the Polish National Veterinary Chamber (2018)

The largest number of veterinary units (1261) is operating in the Mazowieckie Voivodeship. 774 animal healthcare institutions are registered in the Wielkopolskie Voivodeship; in the Silesia Voivodeship, despite its small area, about 535 entities operate. The smallest amount of veterinary units operates in the Lubuskie (163), Świętokrzyskie (217), and Opolskie (194) Voivodeships. When analyzing the veterinary market, it is also necessary to characterize the customer's side. The main difference of the activity of veterinary units in relation to typical enterprises is the client's specificity. In this case, the services provided have at least two recipients. In the first place, it is a patient—animal; on the other hand, it is a payer for the service—owner/carer of an animal. On the Polish market, it is estimated that there are approximately 8 million dogs and 6 million cats (TNS Report 2014). In terms of the number of dogs, Poland is in the third place in Europe, after Great Britain and Germany. At the same time, according to the TNS Report (2014), 91% of respondents believe that caring for an animal is a big responsibility. About 94% of animal carers declare that in the event of health problems, they will visit a veterinary unit with their animals, and 24% of carers treat preventive visits as an element of care for the health and well-being of their pupil (Frączak-Rudnicka 2015).

The veterinary services market has recently undergone dynamic changes; the increase in interest of veterinary services is of particular importance. In addition, there is an increase in the expectations of animal keepers regarding the scope of the offer and the quality of services provided. Today, veterinarians in order to increase their competitive potential must, on the one hand, expand the scope of provided services; on the other hand, they require specialization in specific diseases. The range of veterinary services currently does not focus solely on treatment but also on prevention, comprehensive medical examination using modern equipment, and provision of, among others, dietetic, rehabilitation, or animal psychology services. A modern veterinary unit is also a shop with animal products.

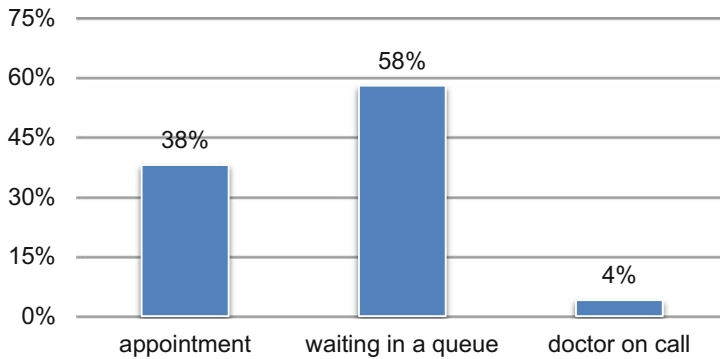
An important role on the veterinary market is also played by producers of pet food, accessories, or veterinary medicines. The value of the pharmaceutical market for small animals in Poland is estimated at over 190 million PLN, while the value of accompanying services is estimated at about 480 million PLN (Frątczak-Rudnicka 2015). In addition, expenses on pet food increase, about 20% of owners feed their animals only with ready-made meals, and there is the possibility of further growth, for example, in the UK it is 65% and in Denmark 95%. The market is growing faster than the number of animals, which means that expenses for an average pet grow. In 2015, the market for dog and cat food alone exceeded 2 billion PLN. It is estimated that in the next few years this market will grow at a rate of around 15% annually (Frątczak-Rudnicka 2015).

The shape and dynamics of the modern veterinary market induces activities in the field of management of veterinary units in order to optimally use the opportunities appearing in the environment, giving the opportunity to generate economic values. The above is a premise for analyzing business models for animal healthcare institutions, which in turn will allow the development of business models for veterinary entities taking into account the specificity of their activities.

## 4 Results of the Veterinary Market Research

The research was conducted on September 2019 and consisted of three steps. In the first place, conditions and regulations defining functioning of veterinary clinics were analyzed. Next, the online survey of animal owners was carried out. The survey was conducted on September 15, 2019, and 55 respondents took part. Third part of the study was the interview with owner and manager of one of the biggest veterinary clinics located in Szczecin in Poland.

According to the first part of the conducted research, there were found main issues of veterinary practices. First of all, the restrictions of legal regulations were analyzed, according to which, for example, advertising activities by veterinary units are prohibited, which largely limits the marketing activities that can be used by veterinarians. There are also many other regulations that determine animal healthcare units such as: veterinary practice is obliged to care for environmental protection and to record and store waste in accordance with the relevant regulations. Next is the



**Fig. 2** The way of making an appointment for a visit. Source: authors own study

limitation that veterinary doctor may only manage one veterinary unit. But not only law regulations constitute barriers for veterinary clinics, there are also organizational barriers, such as:

- A little knowledge and management skills of veterinarians, because of the lack of business courses during studies.
- Lack of specialized equipment (X-ray, ultrasound, etc.), as a result of a lack of financing.
- Veterinary units use management software, but they use it in a limited way; they do not use many features, e.g., the management and financial analysis, scheduling, etc.
- Lack of managers, receptionists, and support staff.

The next part of the research was the online survey which was conducted on September 15, 2019, on the group of 55 animal owners. In the study, respondents were asked what kind of problems they met while using veterinary services. The main problems pointed out by customers are:

- Lack of competences according to different diseases and animal species.
- Lack of specialist among veterinarians (usually in smaller units) like dermatologists, cardiologists, neurologists, etc.
- Lack of trust.
- Lack of 24/7 clinics.
- Lack of help in emergencies after office hours.
- The way of making appointments—usually customers have to wait in a queue for a visit. Lots of practices do not schedule visits.
- Long waiting time in a queue.

The main issue pointed out by customers was the way of making an appointment for a visit. The results are presented in Fig. 2.

About 38% of respondents declare that they can make an appointment at the vet for a specific hour. But almost 58% of customers pointed out that their veterinarians

do not make planned visit and customers have to wait in a queue. Only 4% of respondents declare that their vet has service called “doctor on call” which means home visits.

## 5 Business Model Canvas in Veterinary Unit: The Case Study

Why is analyzing a business model crucial for veterinary units? Mainly, to remain competitive in an ever-changing business environment, veterinary unit owners must be able to learn about business models and be able to constantly adapt them not only in a changing business environment but also to adapt to the ever-changing needs of veterinary service customers.

Business model canvas is a strategic management tool for developing or documenting existing business model of a company (Barquet, et al. 2011). As it was mentioned above, the concept of Osterwalder’s and Pigneur’s (2010) business model consists of nine elements. They proposed a visual chart with elements describing a firm’s or product’s value proposition, infrastructure, customers, and finances. Business model canvas design a template, which is presented in Fig. 3.

The aim of the research was to analyze a business model of veterinary unit. To achieve this objective, the business model canvas was used. To build business model, the interviews with veterinary clinic owner and manager of one of the biggest clinics in Szczecin/Poland were conducted. The interviews took place in September 2019. As a result, the whole image of veterinary unit was created. The specific elements of an analyzed business model are presented below. First of all, the offer of veterinary clinic was analyzed. The offer of examined veterinary clinic is as follows: consultations concerning animal welfare and health issues; diagnostics, treatment, and prophylaxis against animal diseases; temporary animal accommodation and care in terms of treatment in the veterinary service supplier’s premises; emergency procedures; animal marking; identification of animal death causes; etc. Next, the value proposition of the veterinary unit offer was analyzed, according to which the main

Key partners	Key activities	Value propositions	Customer relationship	Customer segments
	Key resources		Channels	
Cost structure			Revenue streams	

**Fig. 3** The template of business model canvas. Source: based on Osterwalder and Pigneur (2010)

four elements were pointed out: the newest medical knowledge, equipment, availability, and convenience.

After describing the firm's offer and its value proposition, the customer side was analyzed. It was crucial to indicate customer segments, customer relationships, and channels. Two main customer segments can be distinguished in examined veterinary unit: keepers of different pets (dog, cats, rats, guinea pigs, rabbits, etc.) and customers searching for medical help as well as preventive help and rehabilitation. The customers relationship is built by specialist medical knowledge; animal safety; availability of services (convenient opening hours and way of appointment); personal assistance; communication; a wide range of services from diagnosis to treatment, operations, and rehabilitation; and a wide range of medical products, veterinary diet, medicines, and supplements. Examined veterinary unit to reach its customers uses channels such as direct selling, Facebook channel, website, and grapevine.

On the left side of business model canvas, we have elements to describe an infrastructure of a company. Here the key activities, key resources, and key partners should be indicated. In the examined enterprise, the key activities include patient examination; prophylaxis; analyzing blood test results; surgical operations; emergency procedures; sale of medicines, supplements, animal food, etc.; warehouse management; human resources management; and finance management.

The study identified also the key resources of the veterinary clinic, which are human resources—staff knowledge; equipment and technology; brand; localization; and contracts with drug and pet food suppliers, while the clinic's key partners are drug suppliers, medical equipment suppliers, medical laboratories, larger and better equipped clinics, and pet food suppliers. The business model canvas also focuses on finances, especially on the firm's cost structure and revenue streams. The analysis of cost structure indicates what are the most important costs. Which key resources and key activities are the most expensive? According to the study, the cost structure is as follows: drug costs, equipment costs, rents, and salaries. Revenue streams show the way a company makes income from each customer segment. The main revenue streams in the examined veterinary clinic include sale of veterinary services—medical examination, vaccination, and consultation; surgical procedures; sale of drugs and supplements; and sale of pet food.

Summarizing the results of the study, it should be indicated that main factors essential to the veterinary practice are quality (customers' expectations must be met and exceeded); cost (goods/services must be valuable and at price the customer is willing to pay, and veterinary units must keep costs under control to allow to set fair prices that cover costs and achieve profit); innovation (strive to create new competitive goods/services to stay ahead of the competitors); and speed (practices must respond to the changing marketplace by being aware of new products/services and responding promptly to customers' needs).

In addition, a doctor with high level of knowledge and skills in veterinary medicine is crucial, and an appropriate range of high-quality equipment for diagnostic and treatment is needed. The following personal veterinary service suppliers' characteristics/qualities are the key element of successful entrepreneurial activities

(Asmenskaite and Astromskiene 2015). Appointments need to be available when clients want them, and doctors need to increase the amount of quality educational time they can spend with clients. Veterinarians should also delegate more tasks to the support staff to better focus on their medical activities.

The aim of the article was also to give some recommendations on how veterinary units can increase their potential. One of the actions needed to be considered and undertaken is specialization. Veterinary clinics should employ specialized doctors (in proper diseases or different animal species). So during appointment process, the customer will be directed to the proper doctor. Cooperation with other specialized clinics is important, and exchanging experiences or redirecting customer to the specialized unit is recommended to create veterinary clinic network. Veterinarians should start to manage their practices or employ a manager. It is important to identify what makes the clinic unique and decide if those attributes are important to clients. Veterinarians should also use software for scheduling, analysis, and management, e.g., for cost and revenue analysis. The software will also help with appointment strategy and the ability to go online to make an appointment or refill medication. On the other hand, veterinarians are obliged to do regular updates about a hospitalized or boarded pet's condition, should respond quickly to questions, communicate promptly the lab results, and use, for instance, email or text messages to communicate with clients. It is also crucial to determine why the pet's owner likes or doesn't like the clinic. For this purpose, the staff of veterinary clinic has to check online reviews and regularly survey clinic's customers about their experience. It is also recommended to create positive association for the customer which bond client to the clinic, for example "happy visit" which is a free visit for customer that generates long-term relation and revenues.

## 6 Conclusion

Although there is a lack of consensus regarding definition of business model, it can be assumed that business model is a tool to analyze company and its sources of value creation. There is also the lack of analysis of business model of veterinary clinics. Therefore, there is a need for deeper examination and systematization of terms related to the business model and the possibility of its use in veterinary practices. The analysis of the veterinary services market indicates high dynamics and increased interest in comprehensive veterinary services. New conditions dictated by the environment require changes in the functioning of animal healthcare facilities. Unfortunately, the specificity of the activities of veterinary clinics differs from typical enterprises, and typical business model does not correspond to the specificity of veterinary activity. According to the above, there is a need to build adequate business models that can be implemented in veterinary units.

This article concentrates on considerations regarding business model and the possibilities of its use in veterinary units, as well as presents results of the research of Polish veterinary market and analyzes the business model of the veterinary clinic

which operates in Szczecin in Poland. The result of conducted study allowed to present main factors which are essential to veterinary clinics and recommendations for future business activities. The importance of the subject and the complexity of the concepts in question prompt to undertake more detailed research on the topic, results of which the author will present in subsequent scientific studies.

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# Is Higher Level of Trust in Organizations Always Positively Correlated with Higher Economic Results? Evidence from Estonian Farms



Mare Kurvits and Angela Jarvis

**Abstract** Social capital and economic performance, especially the connection between social capital and economic success, has been a challenging subject since the 1980s. The researchers mostly agree that a high level of social capital impacts the economy positively. According to the OECD study (OECD, 2015), it is suggested that an increase in social capital can be the driver of economic growth in Estonia. Trust is considered an essential factor of both social capital and organizational success. The objective of the study was to investigate the relationship of trust and organizational performance as well as the financial results of the organizations based on Estonian farms. A sample of 89 farms was studied. To investigate trust and organizational performance, the instrument with three parts, management trust (MT), organizational trust (OT), and organizational performance (OP), was used. The measures of MT, OT, and OP integrated a Likert-type scale. The data of annual reports were used as indicators of economic results. Both MT and OT positively contributed to organizational performance, but no positive correlation was found between trust indices and economic indicators. The additional study was carried out among the farmers of 32 companies to indicate the possible reasons for no correlation. The main causes pointed out were connected with external conditions like weather, political events (sanctions to Russia), and price level at the stock market.

**Keywords** Management · Trust · Organizational performance · Economic results

## 1 Introduction

In recent years, interest in the trust on the organizational level, especially its relationship with companies' productivity, has increased considerably. Various studies have mentioned trust in the organizations as a resource of higher productivity

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already since 1986 (Early 1986). Some authors (Algan and Cahuc 2010; Tabellini 2010) consider trust having a positive impact on economic growth. Meanwhile, trust is the most crucial component of social capital. High level of social capital supports economic growth. Westlund and Adam (2010) summarized in the meta-analysis of 65 studies that in most of the publications (46) social capital was connected to a positive impact on economic growth. After the financial crisis in 2008, Estonia economy recovered notably slowly. In OECD (2015) study, it was suggested that Estonia must increase cooperation between institutions and people to boost economic growth. However, authors have a vastly different understanding of trust. Some consider trust equal to social capital (Fukuyama 1995), and some see it as a source of social capital (Putnam 2000), while others regard it as a form of social capital (Coleman 1994). Every economic transaction is built on trust. All transactions that involve handing goods over to the buyer before payment are based on trust (Knack and Keefer 1997). Lower levels of mutual trust or insufficient social capital mean excessive resources spent on performing background checks on partners, which slow down economic transactions or even prevent them from happening. Mutual trust as the primary source of the benefit of social capital creates the opportunity of sharing knowledge, reduces transaction costs, solves conflicts quickly, and creates higher coherence in collective activities (Fukuyama 1995). The acknowledgement of trust as a driver of economic growth is a step toward supporting sustainable development.

Nevertheless, is it always so? The industries are different, and there are many aspects of the external environment like economic and financial conditions, political decisions, changing regulations, and even weather conditions that can influence the financial results of the company.

The article aims to study the connection of organizational trust to organization performance and financial results in one particular industry, i.e., agriculture. There was no positive correlation determined between the trust level of the organization and the organization's economic results. Meanwhile, hypotheses 1 (H1) and 2 (H2) are applied in this industry, and there was determined positive correlation between both, trust in management (TM) to organizational trust (OT) and also organizational trust (OT) to organizational performance (OP). Unlike many previous articles emphasizing the importance of trust as a driver of economic growth, this article shows that a positive relationship between the level of trust and economic results is not typical in every industry, e.g., in agriculture.

In the article, Sect. 2 contains a discussion of different understandings and economic effects of trust. Sections 3 describes the research design, including hypotheses and sampling. Section 4 discusses the results and the explanations of why hypothesis 3 (H3) does not apply in the agriculture industry. Section 5 concludes the results and adds recommendations for future studies.

## 2 Theoretical Framework: Trust Effects on Economic Performance

There are many different definitions of trust. Psychologists define trust, pointing to positive expectations of the intentions of others (Rotter 1972). Trust is the situation where one person is ready to rely on the intentions of others. Cook and Wall (1980) explain trust as faith in trustworthy intentions and confidence. Sociologists view trust in connection with social relationships among people or with the institutional environment (Paliszkievicz et al. 2014a).

In the economic context, trust is seen as the presumption of a healthy economy. Fukuyama (1995), in his book *Trust*, argues that trust is significant in social relations and fundamental to a flourishing economy. Various positive impacts of trust on economy and business like a better spread of information, better business contacts and selling opportunities (Leeves 2014), promotion of social efficiency, better investment climate (Zak and Knack 2001), higher innovative activity (Kaasa 2009), and prevailing of informal and low-cost business arrangements (Lindsay 1996) have been discussed during last decades. All the arguments implicate on lower transaction costs, and Fukuyama (1995) resumes that if people who have to work together trust each other, the business costs less.

In recent years, interest in the trust on the organizational level, especially its relationship with companies' productivity, has increased considerably (Appendix 1). Trust is mainly studied on three levels—firstly, its constructive effect on reducing transaction costs between organizations; secondly, the role it plays in spontaneous sociability between members of organizations; and, thirdly, how trust influences communication with management bodies (Kramer and Cook 2004).

The 2019 report published on the Edelman Trust Barometer website revealed that trust had changed fundamentally in recent years—people have transferred their trust in relationships they can control, above all, to employers. Globally, 75% of people trust their employer in terms of activities that seem right to them. Trust to employers is considerably higher than trust in nongovernmental organizations (57%), companies (56%), and media (47%) (Edelman 2019).

Trust in a company begins with management. Managers create an environment of trust, which extends to all employees of the company. As trust grows, employees' satisfaction with the organization also grows. Management should set an example and provide support upon establishing a high trust environment, but employees' attitudes are also important. Employees can contribute by responsible behavior, speaking the truth, supporting other employees, or by other trustworthy behaviors (Paliszkievicz and Koohang 2013). At the workplace, trust facilitates the creation of a positive working environment by increasing efficient cooperation and knowledge-sharing (Paliszkievicz 2013).

Covey and Merrill (2008) have pointed out many positive aspects coming up in organizations with high trust level. People share information openly, talk straight, and confront real issues, and there are few “meetings after meetings.” The organization's culture is innovative and creative, mistakes are tolerated and encouraged as

a way of learning, people are loyal to those who are absent, and transparency is a normal value. In such organizations, there is a high degree of accountability and palpable vitality together with the energy that people feel positively (Ibid).

The negative aspects of low trust level in organizations are highlighted side by side positive ones. All the above listed positive aspects are reversed. For example, instead of innovative organization culture, in organizations with low trust level, new ideas are openly resisted and stifled; people manipulate or distort facts and withhold and hoard information. People pretend bad things are not happening; they spin the truth to their advantage, and mistakes are covered up or covered over. Concerning communication, most people are involved in a blame game, bad-mouthing others; there are numerous “meetings after the meetings,” but still many “undiscussables.” The energy level in the organizations is low (Covey and Merrill 2008).

To increase trust in the organization, managers have to create a strong sense of trust that makes employees feel safe, informed, treated with respect, and valuable for the organization (Armour 2007). According to the theoretical model proposed by Paliszkievicz et al. (2014a), essential components of trust in an organization are management trust (MT) and organizational trust (OT). Management trust describes a manager’s behavior and employee’s trust in the top managers. Organizational trust is trust people have not in any individual but in the company itself. Organizational trust is vital for effective leadership and employees’ engagement (Ibid).

Trust can be understood in different ways and depends on the situation, individual, and the broader context. It may seem surprising that trust can bring about exclusion. All members of an organization who relate to one another in some way tend to take it for granted. Those who are perceived as different or who behave differently may be partially or fully excluded (Knorr 2016). Knorr’s research proved that over 90 percent of excluded or perceived as different employees were not involved in decision-making. They were also not promoted, although they had required competencies and education. Due to that, enterprise loses valuable knowledge, and employees are less devoted and motivated and can quit the company (Knorr 2018).

Thomson (2017) pointed out that many employees working in subsidiaries are more vulnerable than those working in the head office. People know less about them and form a subconscious opinion that they are lucky even to have the job (Ibid). Trust can sometimes feel like control. In the case of a conscientious employee, this could lead to increased workload and stress. Managers can subconsciously have great trust in their employees. Great trust, in turn, places responsibility or an obligation on employees not to betray this trust, which could lead to an increase in workload. Employees may not speak about this with their employer, because they feel that they must give something in return for the trust placed in them. Before trusting employees with risky tasks, managers should think about whether or not employees can cope with the pressure (Knorr 2018).

### 3 Research Design

On the one hand, as described in the theoretical part of the study, a higher level of trust in organizations should trigger better performance of organizations and economic growth. On the other hand, there are several other factors and external conditions that influence the financial results of the company. The purpose of the study was to determine the existence of links between trust in the company and economic performance in the agriculture industry. In this regard, the following hypotheses were proposed:

**H1** Trust in management (MT) is positively related to trust in an organization (OT).

**H2** Trust in an organization (OT) is positively related to the organization's performance (OP).

**H3** The level of trust in the organization and the organization's economic performance are positively interrelated.

This study uses the theoretical model proposed by Paliszkievicz et al. (2014a). The model assumes that MT significantly and positively contributes to OT and OT significantly and positively contributes to OP. To use the model, the authors had to check the hypothesis H1 and H2 at first. However, the main interest of the study was the hypothesis H3.

To test the hypotheses H1 and H2, the quantitative survey among Estonian agricultural producers was conducted. The standardized indices of trust values for 89 companies were calculated and compared to the financial results of the companies.

The questionnaire to measure three different dimensions, MT, OT, and OP, has been developed by Paliszkievicz et al. (2014a). The reliability test of the questionnaire was performed with Cronbach's alpha. To this end, dispersion, total variability, and individual variability were calculated for all responses by question groups. The goal was to leave questions that differ considerably from the group out of the analysis. The internal reliability in the MT group was quite marginal, but as values over 0.7 are acceptable, all questions were included.

The sample consisted of 280 Estonian agricultural producers. It was a stratified sample with the following limitation criteria:

- Company is a private limited company or joint-stock company, i.e., private companies that are accountable to the Estonian Commercial Register.
- Annual report submitted to the Estonian Commercial Register (as the economic markers used in the study were obtained from the submitted reports).
- Than 50% of the company's activity is (1) crop type of farming, (2) dairy type of farming, (3) horticulture and permanent crop type of farming, or (4) grazing livestock and granivore type of farming.

The limitation criteria were necessary to exclude companies whose economic activities involved agriculture to a small extent and, conversely, to include

companies whose primary business was agricultural production. This limitation allowed selecting the companies by the Estonian Classification of Economic Activities (EMTAK) that is the Estonian national version of the international harmonized Nomenclature of Economic Activities. EMTAK is the basis for determining the field of activity. The division into areas of business enables international comparability within the respective field. The questionnaires were sent to 280 agricultural producers. The producers were selected on a random basis according to the main activity, 20 respondents in each EMTAK code group. Thirteen companies immediately refused to respond, citing the small size of the company, only seasonal activities or plans to close down. Finally, the total number of respondents was 89. The respondents formed a representative group as they belonged to all four agricultural activity sectors and were located in different regions of Estonia. To test the hypothesis H3, the sample was divided into different groups (Appendix 2), at first, into four groups according to their field of activity: (1) crop type of farming, (2) dairy type of farming, (3) horticulture and permanent crop type of farming, or (4) grazing livestock and granivore type of farming. Next, to perform additional comparisons and to reduce the possibility of error, the companies were divided into two groups: animal-related and crop farms. Finally, all 89 respondents were grouped.

Starting points of the survey:

- Likert scale of the questionnaire from one to five was used: 1 “strongly disagree” and 5 “strongly agree.” In the case of trust in management (MT), the scale is reversed in the case of negatively worded questions.
- Investigate the dependence of the correlation on the type of activity, the respondents were grouped into two and four groups based on the companies’ primary production type.
- Analysis of economic performance used the following economic markers: the increase of added value in 2016–2017, the return on assets (ROA), the return on equity (ROE), and the increase of sales revenue in 2016–2017 as markers.
- Final analysis involved comparing the trust score and selected economic performance markers.

The integration of MT, OT, and OP measures on a Likert-type scale was based on the studies developed and tested by Paliszkievicz et al. (2014a, 2014b). Annual reports of 2016 and 2017 were the most recent reports available in the Estonian Commercial Register database at the time of the survey. The fact that the agricultural sector is seasonal and depends heavily on external factors became a decisive factor when selecting the economic performance markers. It was considered not to use economic performance markers per employee or per production unit. The division of different indicators with the number of employees does not provide sufficient information, because smaller organizations may not have employees at all or use seasonal employees. It is also difficult to conclude the whole sector based on production, because a part of it is perishable and must be sold, even if it is for a minimum price, in the production year to avoid losses. So, using the markers calculated per number of employees or production unit was excluded.

## 4 Results and Discussion

Firstly, respondents were divided into four groups based on the company's main activity according to the sample's limitation criteria (Table 1). In addition to companies being divided into four groups, the calculations were also performed for the companies divided into two groups: crop production and livestock farming and, finally, all of the companies in one group.

To study the connection between organizational trust level and economic performance, standardized trust indices were calculated. The correlation was assessed with a p-test, which allows determining statistical significance. The correlation coefficient  $-1$  means that it is an ideal negative correlation: if one variable increases, the other decreases in proportion. The correlation coefficient  $1$  means it is an ideal positive correlation: if one variable increases, the other also increases in proportion.

Upon testing the hypotheses H1 and H2, it can be concluded that management trust (MT) contributes positively to organizational trust (OT), calculated correlation  $r = 0.304$ , and organizational trust (OT) contributes positively to organizational performance, correlation  $r = 0.126$ . Both correlation values indicated a weak positive correlation. The third hypothesis H3, which stated that the level of trust in the organization and the organization's economic performance are positively related, was not confirmed. Table 1 shows the results of the correlations and the p-test.

**Table 1** Results of the Pearson product-moment correlation

	Number of companies in a group	Increase in added value (2016–2017)	Increase in turnover (2016–2017)	ROA 2017	ROE 2017
<i>Companies in four groups</i>					
Crop production	31	0.126	-0.311	0.111	-0.072
<i>p</i>		0.498	0.088	0.550	0.698
Horticulture + permanent crops	14	-0.277	-0.603	-0.109	0.196
<i>p</i>		0.337	0.022*	0.710	0.502
Milk production	23	-0.314	-0.061	0.022	-0.002
<i>p</i>		0.144	0.780	0.920	0.990
Livestock farming + other	21	0.085	-0.080	-0.465	-0.426
<i>p</i>		0.713	0.730	0.034*	0.054*
<i>Companies in two groups</i>					
Crop production	45	-0.038	-0.375	0.084	-0.028
<i>p</i>		0.803	0.011*	0.585	0.853
Livestock farming	44	0.002	0.084	-0.273	-0.300
<i>p</i>		0.992	0.588	0.073	0.048*
Total	89	-0.016	-0.204	-0.018	-0.093
<i>p</i>		0.882	0.055	0.865	0.385

\*Statistically significant result:  $p < 0.05$

Source: Compiled by authors



No statistically significant ( $p < 0.05$ ) positive correlation was detected in the case of division of the companies into four groups. Instead of that, a statistically significant negative correlation was detected in two groups: (1) between the increase in turnover and trust index ( $p = 0.022$ ) in the horticulture and permanent crops group and (2) in the livestock farming + other groups in the case of ROA (return on assets) ( $p = 0.034$ ). In the same group, a remarkable negative correlation was also detected between ROE (return on equity) and trust, but statistically  $p$  was a little higher than 0.05 ( $p = 0.054$ ).

Next, the respondents were divided into two groups, “crop production” including all crop producers (i.e., crop production group + horticulture and permanent crops) on the one hand and “livestock farming” including milk production together with livestock farming, on the other hand. In this case, the following statistically significant but weak negative correlations were detected: (1) in crop producers group between the increase in turnover and trust index ( $p = 0.011$ ) and (2) in livestock farming group between ROE and trust index ( $p = 0.047$ ).

Finally, all the respondents were included in one group to increase the number of responses in the group and to reduce the likelihood of statistical errors in calculations. In this case, all the studied correlation values were negative. The correlation between the increase in turnover and the trust index was of marginal statistical significance ( $p = 0.055$ ). At the same time, the correlation itself was also weak.

The study shows that in the agriculture industry connection between trust level and financial results of organizations does not become evident. Agriculture differs from usual industries, mainly because of its relationship with nature. Even though it is a strategically important industry, it depends a lot on the weather and other natural conditions and also different price levels.

For getting explanations to the results, an additional questionnaire was carried out among 32 companies. The managers of the companies were asked about their opinion of the factors influencing the economic results. Eight respondents considered weather conditions the most important. Political reasons such as the economic sanctions to Russia because Russia is an essential market for Estonian agricultural products, EU quotas for dairy production, and price level at the stock market were the next in the ranking. No one pointed to problems with employees.

In the dairy industry, 2016 was a complicated year for Estonian dairy farms—milk prices dropped, and many producers ceased or were planning to cease their activities. Animals of high breeding value were sold to meat processing plants. In 2017, milk prices increased again, but this did not have a significant effect on the increase of added value in such a short period. Livestock production group also includes pig farmers, where the companies' economic results are still influenced by the African swine fever and its consequences. Concerning this, there was a need to make unexpected expenses to strengthen security measures and prevent external bio-contaminants and pathogens from spreading into buildings. Crop producers have a large machinery fleet owing to the specific nature of their production. Still, it may not be in their possession or recorded in the company's balance sheet under assets. Larger machines are often leased under an operating lease, are paid for in lease payments, and returned to the lease company at the end of the period. Horticultural

goods are often perishable—all of the harvested plant material must be sold in the same year and as quickly as possible to get a better price.

Based on the above results and arguments, the study provides implications that a higher trust level is not always positively correlated with companies' economic outcomes. Nevertheless, the longitude study is planned for more thorough future research.

## 5 Conclusion

After evaluating the results, it can be said that even though hypotheses H1 and H2 were proved to be valid, i.e., that organizational trust supports the performance of the organization, a higher level of trust cannot be expected to lead to better economic outcomes. Hypothesis H3 stating that the level of trust in the organization and the organization's economic performance are positively related was not valid. The study did not confirm the common perception that a higher level of trust in an organization leads to an increase in economic performance. The explanation can be that the agricultural sector is in a unique situation compared to the usual processing or creative industries, as it depends to a considerable extent on external factors like weather conditions, the spread of animal and plant diseases, political sanctions, and others. Bad weather can ruin the whole harvest, and if the cost of harvesting is high, the result of one bad year can be crucial for several years to come. As the link between trust and the organization's economic performance is not very clear in this sector, to obtain more robust results and to confirm or refute the existence of associations, it is necessary to carry out studies over a more extended period. Studies of extended period compensate for errors and inconsistencies that may arise from the external conditions. In addition, to make broader generalizations about the relationship between trust level and economic performance, researches in other areas would be useful.

## Appendices

### *Appendix 1: The Positive Impact of Trust on the Organization's Performance*

No.	Connection of Trust with the organization's performance
1.	Interpersonal Trust between managers and subordinates improves performance and productivity.
2.	Interpersonal Trust between managers and subordinates influences high organizational commitment and morale; and low turnover and absenteeism.

(continued)

No.	Connection of Trust with the organization's performance
3.	Improving behavior and enhancing the quality of communication are other positive characteristics when interpersonal trust between managers and subordinates is present.
4.	Trust is crucial to successful knowledge sharing, and it appears to influence organizational performance.
5.	Trust is enhanced when quality relationships are present among leaders and workers.
6.	Organizational Trust is very important for effective leadership.
7.	Organizational Trust is a very important factor in shaping employees' engagement.
8.	There is a positive connection between organizational trust and knowledge sharing.
9.	Organizational Trust is faith in the positive intentions of others.
10.	Described organizational trust as a belief that employers will follow the rules.
11.	Trust in organizations involves employees' willingness to be vulnerable to their organization's actions.
12.	An important source of information is the employee's immediate social environment, which largely comprises co-workers.
13.	People can trust only others who also are willing to trust them.
14.	Lack of interpersonal Trust in an organization will give rise to higher supervision costs.
15.	Trust is related to quality relationships, clear communication, knowledge sharing, and a clear understanding of expectations.
16.	Reported a causal, positive effect of trust on growth and economic development.
17.	Increased trust has a positive effect on productivity.
18.	Trust has a positive effect on investment and the accumulation of physical capital.
19.	When subordinates trust their managers, they should be more willing to provide benefits in the form of extra effort toward job performance.
20.	When managers trust their subordinates, the subordinates are likely to be the recipient of more favorable benefits and to experience feelings of self-esteem.
21.	As a result, subordinates should be motivated to perform well and should be more committed to the exchange relationship.

Sources: Paliszkievicz et al. (2014a, 2014b); Bjørnskov (2009) and Brower, Lester et al. (2009); Compiled by the authors

## ***Appendix 2: The Basis of Grouping Companies According to the EMTAK Code***

Type of production	EMTAK code	EMTAK code explanation	Number of enterprises
Field crops	01111	Growing of cereals (except rice), leguminous crops, and oilseeds	30
	01199	Growing of fodder crops and grasses and other non-perennial crops	1

(continued)

Type of production	EMTAK code	EMTAK code explanation	Number of enterprises
Horticulture + permanent crops	01131	Growing of vegetables (including gourds), roots, and tubers, including mushrooms	6
	01281	Growing of spices, aromatic, drug, and pharmaceutical crops	1
	01301	Plant propagation	2
	01241	Growing of pome fruits and stone fruits	1
	01251	Growing of other tree and bush fruits and nuts	3
	01291	Growing of other perennial crops	1
Milk production	01411	Raising of dairy cattle	23
Grazing livestock + pig and poultry farming + others	01421	Raising of other cattle and buffaloes	7
	01461	Raising of swine/pigs	9
	01471	Raising of poultry	2
	01491	Beekeeping	2
	01501	Mixed farming	1

Source: compiled by the authors

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# Ideologies at Work in Organizations: An Emerging Critical Perspective and Reflexive Research Agenda



Severin Hornung, Thomas Höge, and Christine Unterrainer

**Abstract** This article reviews conceptual and empirical building blocks of an emerging research agenda on ideology in work organizations. Ideologies are discussed with reference to interests, institutions, and identities, reflecting societal, organizational, and individual perspectives. Societal issues are addressed in the critique of the political-economic ideology of neoliberalism, system justification theory, and historical ideological transitions. On the organizational level, ideologies are examined in the context of management control systems and employee responses to power, drawing on downsizing research as an example. Individual-level psychological mechanisms and consequences of ideological control are addressed in theorizing on social character, subjectification, governmentality, and the entremployee concept. Denaturalization, reflexivity, and anti-performativity are suggested as research principles. Operationalizing anti-performativity, a suggested counter-model of humanistic ideals, positions individuation, solidarity, and emancipation against neoliberal ideologies of individualism, competition, and instrumentality. Discussed research needs include theoretical elaboration, empirical investigations, and practice-oriented applications.

**Keywords** Ideology · Critique · System justification · Neoliberalism · Management control

## 1 Introduction

Ideology has been described as one of the most elusive concepts in social science (Eagleton 1991; Jost et al. 2009; Seeck et al. 2020). This, however, applies mostly to value-neutral conceptions. According to these, ideology refers to integrated sets or configurations of mental models, ideas, attitudes, values, and beliefs, interconnected

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or “tied together” by an overarching narrative, framework, or interpretive scheme, shared among individuals or members of social groups. “Grand ideologies,” such as political, philosophical, and religious systems, provide a comprehensive worldview. Narrower occupational, organizational, communal, and family ideologies target specific social domains. Value-neutral conceptions emphasize descriptive, orienting, and prescriptive functions. Accordingly, ideologies provide individuals and groups with frames of reference regarding how to perceive, interpret, and evaluate their environment. Some definitions focus on interpretative functions of ideologies, as sets of beliefs explaining the environment in cause-and-effect relations; others emphasize prescriptive or normative aspects, regarding how the social environment ought to be structured and how this order is best achieved or maintained (Jost et al. 2009). In psychology, most scholars have adopted value-neutral conceptions, abandoning important definitional features of ideology—hence the complaint that the concept is elusive and lacks explanatory power. Since its inception in social critique, and reflected in everyday language, “ideology” is inherently not a value-neutral term but implies controlling, manipulating, and deceptive elements and intentions. Based on Marx, critical scholars have focused on these dominating functions (Seeck et al. 2020). Ideological systems strive to be perceived as “unideological,” the taken-for-granted “natural order,” common sense, the embodiment of reason. Thus, neutral conceptions not only miss the point but risk falling prey to the “ideology trap” themselves. Concluding that value-neutral definitions are incomplete and compromised (ideological), this review suggests a critical perspective, which aims to sharpen, more fully utilize, and develop the analytical scope and explanatory power of the concept. The main objective is reviving and (re-)introducing critical views of ideology into organizational psychology, which has either neglected or reframed the concept in value-neutral ways. Unlike previous attempts, approaching this issue in abstract and theoretical ways, interdisciplinary streams of research are identified, reviewed, and compiled toward an improved understanding of ideology in work organizations. The structure of the article resembles societal, organizational, and individual levels of analysis. The role of ideologies on these levels is discussed with reference to the domains of interests, institutions, and identities. Each subsection identifies three exemplary research streams. Subsequently, suggestions are made on how future research can integrate principles of critical inquiry by challenging ideology through denaturalization, transcending ideology through reflexivity, and counteracting ideology through anti-performativity. Finally, some concluding thoughts are offered.

## 2 The Power of Ideologies: Ideologies of Power

“Ideology is meaning in the service of power”—this laconic definition (Thompson 1990, p. 7) expresses a critical understanding of ideology with similar fortitude and clarity as the famous Marxian dictum: “The ruling ideas of each age have ever been the ideas of its ruling class” (Marx and Engels 1955/1848, p. 30). However,

conceptualizations of ideology are diverse. In a review of the use of ideology in the social sciences and management studies, Seeck et al. (2020) identify seven functions or roles of ideology: domination, legitimation, interpretation, integration, normative logic, object of critique, and fantasy structuring social reality. Four of these conceptualizations express a critical understanding of ideology, specifically domination, legitimation, object of critique, and fantasy. The other three, interpretation, integration, and normative logic, emphasized by value-neutral approaches, appear somewhat redundant and included in a critical approach encompassing the former categories. Adopting an explicitly critical approach, this article stresses the classic conceptualization of ideology as domination and object of critique, reviewing relevant streams of literature from societal, organizational, and individual perspectives.

## ***2.1 Societal Perspectives: Ideologies and Interests***

What makes ideologies “ideological” is that they are driven by particular interests at the expense of the majority or groups taken advantage of by the advocated social order. Reviewing and synthesizing research from political psychology, Jost et al. (2009) describe the proliferation of ideologies as an interplay of top-down and bottom-up social and psychological processes at the intersection of the “discursive superstructure” of society and the “motivational substructure” of individuals. Bundles of ideologies, socially constructed by political and economic elites, are disseminated top-down through the discursive superstructure using various communication channels, such as the media, political parties, interest groups, the educational and legal system, and other institutions. This top-down propagation of ideology is met with bottom-up processes emanating from a motivational substructure predisposing individuals to specific ideological positions. The term “elective affinities” describes forces of mutual attraction, creating resonance between the structure and contents of disseminated ideologies and the needs and motives of the broader population, social groups, and individuals endorsing these explanations, norms, and belief systems—frequently against their own objective interests. The notion of elective affinities implies a systemic interaction of self-selection and socialization. However, while individuals are attracted to ideologies that fit their epistemic, existential, and relational motives, these motives do not resemble independent individual predispositions but partly result from broader and longer-term socialization processes. These are subject to dominating social, political, and economic ideologies, driven by a fundamental psychological tendency (motive) to accept and defend the prevailing social order. Such a dynamic view of the power of ideologies is a core feature of the research approach suggested here. The following section focuses on the interest-guided nature of ideologies as a form of control and domination at the societal level, reviewing the critique of neoliberal ideology, system justification theory, and the historical analysis of ideological transformations.



### 2.1.1 The Social Critique of Neoliberal Ideology

Manifesting in significant changes in postindustrial societies since the 1990s, the current politico-socioeconomic configuration is variously labeled neoliberalism, American corporate capitalism, financial capitalism, or managerialism (Plehwe et al. 2007; Lerner 2000). Controversies over terminology and connotations notwithstanding, the concept of neoliberalism provides a framework to critically analyze the current political-economic system. Accordingly, neoliberalism denotes the dominant doctrine of money and markets, prioritizing particular economic interests over the welfare of the majority—specifically “the policies and processes whereby a relative handful of private interests are permitted to control as much as possible of social life in order to maximize their personal profit” (McChesney 1999, p. 40). At the surface, neoliberalism is a theory of political-economic practices. Proposing that human well-being is best achieved by maximizing entrepreneurial freedom, neoliberalism propagates “rational” self-interest, private property rights, unregulated markets, and free trade (Harvey 2005). Advised by private corporations, the state provides optimal conditions for expanding and unbounding market transactions without interfering into the “free play” of market forces or redistributing resources—instead executing “de-democratization” through privatization (education, prisons, healthcare, etc.), market deregulation (labor and environmental laws), and deconstruction of social welfare systems (Wacquant 2009). Arguably, neoliberal ideology promotes “market radicalism,” prioritizing “profits over people” and spreading across all areas of society, its institutions, and the human psyche—as societal and mental “colonization” (LaMothe 2016). Neoliberal doctrine claims that almost anything (anyone) can (and should) be commodified and that human greed, on aggregate, serves the common good. Critics argue that neoliberal principles are socially, morally, and psychologically corrosive, undermining social-communal and humanistic values by establishing a system of superiority and inferiority (social dominance), legitimating social-economic inequalities, and expanding the normative reach of economic rationality, assimilating personal, public, and political spheres (LaMothe 2016). In the field of work and organizational psychology, recently, a debate on the biasing role of neoliberal ideology has ignited, providing a backdrop for the present research. Initiating this discourse, Bal and Dóci (2018) propose a model of the influences of neoliberal ideology on organizational practices and scholarship. Accordingly, neoliberal ideology pervades both domains via reciprocally cascading (mutually reinforcing) normative effects of political (abstract), social (manifested), and “fantasmatic” (psychological) logics, infusing workplaces and their academic representation, assessment, and evaluation with dogmatic principles of individualism, competition, and instrumentality. In this context, individualism refers to an ideology of self-reliance, maintaining that individuals should be held entirely responsible for their life situation, including education, employment, and health—irrespective of societal conditions and risks, such as structural unemployment, unequal opportunities, and economic crisis (e.g., employability and proactivity). Competition among individuals and organizations is advocated as the

primary means to ensure performance and societal advancement, pitting self-interest, rivalry, and winner-looser mindsets against social cohesion, collective welfare, and resource sharing (e.g., external and internal labor markets). Instrumentality degrades humans to means, commodities, or resources for economic ends, justifying objectification, utilization, and exclusion of employees for employer interests (e.g., personnel assessment, performance management). Bal and Dóci (2018) make several contributions for future research to elaborate, specifically the content dimensions of neoliberal ideology, different logics or levels of ideological influence, and a self-reflexive component, challenging theories, methods, results, and recommendations of organizational research.

### 2.1.2 Ideologies as System Justification

System justification theory explains why dominant societal systems—paradoxically—tend to be endorsed and defended by those who benefit least and would gain the most from social change (e.g., opposition to wealth taxes; support for authoritarian regimes). Developed in political social psychology, extensive empirical research confirms assumptions of system justification theory (Jost 2019). Accordingly, there is a strong motive to defend and justify the status quo, among both advantaged and disadvantaged groups in a social system. A range of system-justifying ideologies have been investigated, including political conservatism, right-wing authoritarianism, power distance, protestant work ethic, and belief in a just world. More directly related to neoliberalism are fair market ideology, meritocratic ideology, social dominance orientation, and opposition to equality. These ideologies ascertain that market procedures are efficient, fair, and without alternatives; that economic outcomes and inequalities are just, deserved, and reflect individual motivation, abilities, and efforts; and, further, that some groups (capital owners, managers) are superior to others and, therefore, social hierarchies are justified, inevitable, and desirable. In contrast, social and economic equality is deemed unattainable, illusory, utopian, or even detrimental to society, stifling entrepreneurial initiative, progress, and performance. Research has established individual (need for cognition, political socialization) and situational antecedents (system threat, group pressure) of the tendency to embrace system-justifying ideologies (Jost 2019). Consequences of system justification partly differ for advantaged versus disadvantaged groups. For both, internalizing system-justifying ideologies results in weakened support for social change and redistribution of resources, as well as increased positive and decreased negative affect. The former aspects reflect indoctrinating and normalizing effects, and the latter indicate the palliative (i.e., relieving) function of system justification. However, for those disadvantaged by the status quo, reduction of cognitive dissonance incurs psychological costs in the form of reduced well-being and self-esteem, less favorable views of one's own group, and increased idealization of privileged social elites. Endorsement of system-justifying ideologies thus stabilizes and reproduces the existing power structure “from below.” Despite extensive

research on the societal level, the relevance of system justification for organizational phenomena has yet been fully developed.

### 2.1.3 Societal Ideologies and Structural Strains

Societal ideologies are dynamic phenomena adaptive to historical change—contributing to their resilience and hegemonial power. Focusing on sociocultural orientations toward individualism, Greene (2008) analyzes dynamic transformations of societal ideologies in justifying and defending political-economic systems against the contradictions and inequalities the prevailing order creates and exacerbates. Following a critical dialectic approach, this author traces historical developments and exposes the hidden mechanisms of transitioning ideologies of individualism in the United States from the post-civil war reconstruction period until present. This includes the analysis of social and psychological processes in response to objective structural strains, such as unequal distribution of resources, risks, responsibilities, and opportunities, underlying emergence and proliferation of new ideological configurations, or “makeovers,” obscuring and justifying societal antagonisms, perpetuating and reproducing social inequality and its acceptance. Identified are three interrelated individualistic ideologies, propagated to normalize social inequality, specifically individualism as an ideology of self-willed wealth or success in the post-civil war period; individualism as complete self-reliance, since the first half of the twentieth century; and, starting from the 1970, individualism as an ideology of high self-esteem. Each variation reflects a response to structural strains in different historical phases, such as lacking advancement opportunities, eroding welfare and support systems, and increasing inequality, marginalization, and exclusion. Emerging in different phases of societal development, these ideologies serve to uphold valued individual beliefs, promote compliance, moderate expectations directed at society, and normalize austerity and injustice. In a dialectical process, each new form of individualism includes the former, such that the current version is an amalgamation of all three and their combined functions of system justification (Jost 2019). When an ideology of self-willed success became untenable due to blatantly unequal advancement opportunities, self-reliance was propagated as a positive frame for shifting risks and responsibilities from societal institutions toward individuals; when it became clear that the current form of neoliberal laissez-faire capitalism results in a growing number of citizens who are exploited, marginalized, and excluded from societal achievements (standard of living, education, healthcare), an ideology of high self-esteem was prescribed as a compensatory mechanism with palliative and pacifying functions (Archibald 2009; Wacquant 2009). People were “educated” to draw self-esteem and pride from not posing demands on society in coping with socioeconomic insecurity, risks, and hardships, imposed by recurring waves of capitalist crisis, austerity, and deconstruction of societal welfare and support systems. The application of Greene’s (2008) analyses to ideologies in work organization is still outstanding.

## ***2.2 Organizational Perspectives: Ideologies and Institutions***

Based on the work of Marx, critical scholars distinguish dominant modes of control over the production process during different phases of industrial development as forms of subsumption of labor under capital (Koloğlugil 2015; Vercellone 2007). Formal subsumption refers to the establishment of contractual wage labor relationships at the advent of the capitalist production system. Real subsumption describes the development in which workers have, de facto, lost command over the production process, dominated by employer strategies of division of labor, functional hierarchies, and adoption of sophisticated organizational control and compliance mechanisms, perfected in systems of scientific management. The terms of ideological and normative subsumption express the tendency of external control to become psychologically internalized or introjected, resulting in an indoctrinated state of general intellect, addressed in concepts such as false consciousness, subjectification, and governmentality (Larner 2000; Lemke 2002). Critical theorists have associated this new quality of worker (self-)domestication with the use of refined psychological techniques in modern human resource management, designed to manipulate workers' minds and emotions and shape their occupational and personal identities. According to some analysts, the normative power of ideological subsumption eventually reverts into a genuinely formative tendency, affecting psychological and physiological properties of the governed subjects. Below, associated structures and processes on the institutional level are reviewed, including theorizing and research on management control, power and involvement in organizations, and the role of ideologies in managerial decision-making.

### **2.2.1 Technocratic and Socio-Ideological Management Control**

Ideological control plays an important role in modern management systems and organizational practices. Alvesson and Kärreman (2004) present a qualitative study on the interactions and “synergistic effects” of technocratic and socio-ideological control mechanisms in the human resource practices of a consultancy firm. Management control is conceptualized as power to mobilize and coordinate individual and collective action toward predetermined ends, using an apparatus for specifying, monitoring, evaluating, and sanctioning outcomes. Technocratic control directly targets objective aspects of behavior or output through formal systems, plans, or regulations. Output control uses performance indicators, such as production quantity and quality, revenues, or profits (cybernetic controls); behavioral control includes direct supervision, operating procedures, rules, and policies (behavior scripts). Both types are enforced through a combination of simple (direct supervision), administrative or bureaucratic (policies, reward systems), and technical (work pace, surveillance) forms of control. Further, these authors discuss occupational control, where professional norms define appropriate work behavior, and worker self-control, where employees are allowed a high degree of discretion in accomplishing their

work goals, as hybrid forms of control. Socio-ideological control affects behavior indirectly, targeting the minds and emotions of workers, persuading them to subscribe to organizationally desirable values, norms, and ideas, specifying what is true, important, or desirable, thus stimulating certain attitudes and behaviors while discouraging others. Core to this advanced mode of control are social relationships, processes of identity formation, and internalization of managerial ideologies. Similar processes have been discussed as normative, symbolic, cultural, informal, or clan controls (Malmi and Brown 2008). Alvesson and Kärreman (2004) analyze how socio-ideological control is exercised, based on a combination of the calculations (manipulative intent) and convictions (indoctrination) of managerial actors. Rather than reflecting independent or alternative modes, socio-ideological control is embedded in, contextualized, and reinforced by technocratic forms, developing systemic effects (Kärreman and Alvesson 2009). Ideological control is confirmed as an integral component of contemporary management systems and a core concept for understanding organizational behavior, including compliance with and collusion in, but also resistance to indirect control and indoctrination.

### 2.2.2 Power and Involvement in Organizations

A cornerstone in the study of institutional control is Etzioni's (1975) micro-sociological theory of power and involvement. Distinguishing between remunerative, coercive, and symbolic or normative power, specific forms of psychological attachment are assumed to develop in response to dominant forms of exercised control. Remunerative reward systems emphasizing pay and material incentives allegedly evoke calculative involvement, where organizationally desired behavior is displayed for its instrumentality in attaining inducements (pay for performance). Drawing on Marx' theorizing on alienation, coercive power, such as direct supervision, punishments, or threats (pay cuts, job loss), promotes alienative involvement, a negative affective type with similarities to loss of control, powerlessness, and learned helplessness (Hornung 2010). Control systems emphasizing immaterial or symbolic rewards, shared values, and personal responsibility target moral involvement, characterized as positive-affective attachment and internalization of performance expectations, behavioral norms, and organizational goals. Symbolic or normative power corresponds with socio-ideological control. Etzioni initially theorized that organizations rely primarily on one form of power and involvement (professional work organizations, the military or prisons, and religious or charitable organizations). However, subsequent research has found various hybrid forms within the same organizations (Penley and Gould 1988), resulting from the combination of remunerative, coercive, and symbolic elements in control structures, varying for different groups of employees (rank-and-file, managers, etc.). The power-involvement model provides a theory-based alternative to mainstream taxonomies of commitment. In addition to an inclusion of alienation, a distinctive feature is the conception of moral commitment not as an authentic response to social exchange but as a manifestation of ideological control. Parallels exist between

remunerative, coercive, and normative power and the critical concepts of formal, real, and ideological subsumption of labor under capital (Hornung 2010). Accordingly, identification with the organization and its goals is interpreted as an advanced symptom of domination, manifesting in estrangement of workers from their collective interests, as described in system justification theory, subjectification, and governmentality.

### 2.2.3 Ideologies as Managerial Rationalizers

Some research elucidates how ideologies affect managerial decision-making and employee responses to these decisions, that is, how ideologies “trickle down” to employees and elicit reactions that affirm ideology-driven managerial decisions. McKinley et al. (1998) theorize that organizational downsizing is proliferated by managerial endorsement of neoliberal ideologies of deregulation, de-bureaucratization, and employee self-reliance. Analyzing annual reports of US utility companies, Rust and McKinley (2016) show that the extent to which management communicated ideologies of market competition, shareholder value, and employees as assets predicted the occurrence and scope of downsizing. Theorizing and empirical results point toward employee self-reliance as a core ideological foundation of downsizing (McKinley et al. 1998). An ideology of employee self-reliance signifies the antipode to an ideology of employer reliance. Employer reliance reflects paternalistic notions of organizational responsibility for employee welfare and development, characteristic for the “relational psychological contract” of the late industrial era, offering long-term employment with broad employee benefits to qualified workers in exchange for loyalty and personal dedication. The neoliberal ideology of self-reliance posits that employees should be fully independent and self-responsible in their employment and careers, including qualification, training, and skill development (Edwards et al. 2003). Research on the “new” psychological contract shows a transition from a relational ideology of employer reliance toward acceptance of transactional and precarious work arrangements, justified as employee self-reliance. The health-impairing effects of widely perceived contract breach and violation indicate substantial human distress and suffering caused by the sweeping “haircut” employers have applied to their commitments (Robbins et al. 2012). Coping with and adapting to the “normative power of the factual,” employees themselves internalize ideologies of self-reliance. A study among downsizing victims showed that an ideology of self-reliance “inoculates” employees against experiencing psychological contract violation when getting laid off (Edwards et al. 2003). Research on the ideology of employee self-reliance demonstrates the “trickle down” effects through which ideologies are disseminated (top-down) by social elites (managers) and adopted (bottom-up) as psychological defense mechanisms against cognitive dissonance and threats to self-worth by those who are negatively affected (Jost et al. 2009). System justification theory refers to this as the palliative function of ideologies. In conjunction with the work by Greene (2008) on self-reliance as societal ideology, one gets an impression of the cascading

effects of dissemination and uptake of ideologies across societal, organizational, and individual levels. Ideologies serving particular interests form the institutions of work, which, in turn, shape occupational identities.

### ***2.3 Individual Perspectives: Ideologies and Identities***

Individual perspectives on ideologies focus on psychological preconditions, processes, and implications, that is, how ideologies interact with personal dispositions and belief systems, are internalized, shape identities, and influence behavior. Notably, individual-level processes are addressed in both societal- and organizational-level perspectives. For instance, aspects of the motivational structure and psychological mechanisms associated with the endorsement of system-justifying ideologies have been investigated (Jost 2019). From a dynamic perspective, however, investigating motive structures, individual orientations, and personal predisposition as antecedents of the endorsement of certain ideologies needs to take into account that these direct or short-term antecedents are, in fact, the outcomes of a longer-term and deeper psychological preformation through exposure to a broader and even less salient overarching ideological meta-structure. Individual identities reflect the psychological manifestation or crystallization point of socializing ideological influences on the societal and organizational level. Below, three prominent approaches to this phenomenon are sketched out, namely, social character theory, subjectification and governmentality, and the entrepmployee concept. Drawing on different theoretical traditions, these address internalization of societal and organizational ideologies into individuals' identities, which, in turn, stabilizes and reproduces the respective dominant ideologies from the bottom up via the everyday actions and communications of the affected persons and groups. Specifically, all three approaches address processes and consequences of the psychological impact of dominant societal interests and ideologically constructed institutions.

#### **2.3.1 Psychodynamic Social Character Theory**

Particularly relevant for interactions between societal ideology and personal identity is the theory of social character by psychoanalyst and social philosopher Erich Fromm (1976). In essence, social character theory posits that the socioeconomic structure of a historically given society shapes the formation of shared personal orientations and psychological character structures among the members of that society in a way that they want to do what they should to do. Social character theory combines the Marxian dictum that the material conditions of life determine human consciousness with the dynamic conception of character in Freudian psychoanalytic theory (Durkin 2014). The social character results from interactions between the socioeconomic structure of society and the socio-libidinous structure of individuals. Importantly, social character is not a deterministic concept but describes shared

tendencies that vary according to the socioeconomic status or social class the respective individuals occupy. The unique character of a person is assumed to result from dynamic interactions between collective social character tendencies and individual psychological predispositions, as well as person-specific socializing influences, most importantly familial circumstances (parents, siblings, etc.). Fromm (1976) identifies and analyzes ideal types of social character in different historical phases of the capitalist political-economic system, such as the hoarding, receptive, authoritarian, and marketing character. Societies are evaluated based on the extent that they permit or promote, respectively, inhibit, impede, or undermine the realization of human potentials with regard to comprehensive physical, social, and psychological well-being and health, personality development, higher levels of self-awareness, consciousness, and self-actualization. Advanced capitalist societies are assessed as psychologically “insane,” promoting destructive (egoism, greed, rivalry) and impeding “productive” behavior and character orientations (altruism, dedication, growth). Based on Fromm’s work, the self-focused marketing character of postindustrial societies converges with other critical sociocultural assessments, such as the critique of Sennett (1998), that a corrosion of character results from the need to constantly adapt to the demands of flexible jobs and labor markets. In mainstream organizational research, Fromm’s theory of social character is still largely neglected.

### 2.3.2 Subjectification and Governmentality

Psychological internalization and self-imposition of organizational performance criteria, behavioral demands, and prescribed job attitudes characterizes advanced forms of indirect control through “subjectification” (Höge 2011). Unlike the “objectification” inherent in the instrumental rationality of technocratic management practices, subjectification means that employees spontaneously and autonomously display organizationally desirable attitudes and behaviors, based on ideologically reinforced patterns of habitualized proactive compliance. Based on post-structuralist philosophy of power and discipline (Munro 2012), the processes whereby agency and autonomy are transferred to the individual in return for efficient self-management and self-directed pursuit of external (employer) interests have been described as governmentality and responsabilization (Pyysiäinen et al. 2017). Accordingly, subjectification is realized through changes in organizational control and compliance systems, paradoxically, as “control through autonomy.” Combining intrinsically motivating high-involvement work practices with work intensification through delegation, goal-setting, and self-management, such “subjectifying” management practices also tend to imply subtle threats of being deprived of privileges regarding autonomy and self-control. From a governmentality perspective, contemporary management practices, such as 360° feedbacks, total quality management, and workplace learning, reflect subtle forms of surveillance, combined with positive rhetoric to foster internalization and self-discipline. On a behavioral level, consequences of the associated psychological processes of indirect and internalized control underlie constructs of self-initiated work stressors, self-endangering work



behavior, and self-directed work intensification and extensification (Dettmers et al. 2016). Concepts of subjectification and governmentality are associated with broader theoretical frameworks of society and social change, constitutive bodies of literature, and extensive research, transcending the scope of this article (Larner 2000; Lemke 2002). A common denominator is the assumption that ideological control manifests in properties of “self-similarity” across scales, that is, repeating similar processes and structures on the societal, organizational, and psychological level. Figuratively, these parallels resemble fractals—self-similar kaleidoscopic patterns. Further, associated socializing processes are interpreted not as a positive form of adaptation but as ideological subsumption, that is, psychological indoctrination and introjection of “false consciousness.” Governmentality is a mental state dominated by external demands, which have become part of the acting subjects themselves, who are fully identified with associated interests and institutions. Going one step further, notions of biopolitics and biopower (Munro 2012) posit that subjugation and assimilation transcend the psychological level, manifesting in physiological preformation. Such dystopian notions attest an evolutionary “domestication” of the human species according to requirements of dominating particular societal interests, described as total subsumption under bio-cognitive capitalism.

### 2.3.3 The Self-Managing “Entreployee”

The “entreployee” proposition by industrial sociologists Pongratz and Voß (2003) provides an application of theorizing on subjectification, governmentality, and social character, to neoliberal workplaces in postindustrial societies. Based on labor process theory (Braverman 1974) and observed changes in the roles of control and autonomy in “post-Tayloristic” modes of production (Kern and Schumann 1987), the neologism of *entreployee* attests a fundamental transformation with regard to the entrepreneurial attitudes and behaviors expected from employees in contemporary market-based work environments. Formulated as an ideal type of “self-entrepreneurial labor power” from the organizational perspective, core characteristic of the *entreployee* is proactive compliance with employer requirements regarding flexible labor utilization. Defining features of subjectified “self-managing” employees are self-control, self-commercialization, and self-rationalization, reflecting habitualized “responses” to employer flexibility requirements (Höge 2011; Höge and Hornung 2015). Self-control means that direct managerial control is replaced by indirect modes, confronting employees with escalating requirements for self-organization and self-motivation. The second dimension describes self-commercialization, whereby economic and social-normative pressures cause individuals to experience and construe themselves as objects of market transactions, structuring their biographies and personalities according to market requirements. Finally, self-rationalization posits that post-Tayloristic, flexible, and boundaryless work challenges conventional routines of coordinating work and private life, forcing employees to “rationalize” their life in accordance with economic employer interests. Moreover, it is argued that—comparable to propositions of social character

theory—described developments and “new” requirements shape individuals’ work orientations (attitudes, needs, aspirations) via processes of adaption and internalization (Höge 2011). Accordingly, a small “social class of self-entrepreneurs,” highly qualified and mobile professionals, can use the market to their advantage, whereas, for most workers, opportunities are offset by escalating economic and labor market pressures. This reflects sociopolitical and economic developments of increasing polarization and stratification, mirrored at the organizational level in widening rifts between core and peripheral employees.

### **3 Research on Ideologies: Research as Ideology**

Differentiating between the domains of workplace practices and scientific research, the model of neoliberal ideology by Bal and Dóci (2018) introduces a self-reflexive component, prompting researchers to critically examine their unquestioned assumptions, implied value judgments, and inadvertently biased or one-sided theorizing. Accordingly, future research on ideologies needs to simultaneously pursue two directions: First, it needs to analyze, expose, critique, and challenge the role of ideology in contemporary organizations and work practices. Second, it needs to do the same with regard to the representation and evaluation of these practices in academic research. Arguably, the methods, constructs, and recommendations of mainstream scholarship are contaminated by similar ideological biases as the work and organizational practices it seeks to investigate (Adler et al. 2007). Doing research on ideologies requires recognizing and exposing research as ideology—that is, challenging the role of research in affirming, upholding, and disseminating ideologically biased interpretations of reality. Facing similar challenges, scholars in the field of critical management studies have suggested three principles of critical inquiry that research on ideologies at work can adopt to escape the vicious circle of ideological self-validation (Spicer et al. 2009). Below, principles of denaturalization, reflexivity, and anti-performativity are briefly reviewed, and their relevance for future research on ideologies at work is discussed.

#### ***3.1 Challenging Ideology through Denaturalization***

Core to any critique of ideology, denaturalization means de-normalization—challenging and problematizing what is conventionally unquestioned and taken for granted, as the “natural” order of things (Fournier and Grey 2000). Ideologies seek to obscure their function as interest-guided interpretations by ascertaining a status of common sense or obvious reason, above and beyond suspicion of ideological bias (Thompson 1990). Denaturalization requires a perspective-change toward a new and deeper understanding of social and psychological structures and processes, beyond the “conventional wisdom” of mainstream interpretations, which, in this view, inevitably are distorted by dominating ideologies that obscure and naturalize societal

phenomena (e.g., poverty, social stratification, ruling elites). One strand of future research should pursue radical (re-)interpretations of mainstream organizational research, unearthing how results and recommendations are determined by the respective research constructs, theories, and methods. An important pillar in this process of exposing, analyzing, and reframing ideologies and their manifestations is the principle of reflexivity.

### ***3.2 Transcending Ideology through Reflexivity***

Reflexivity means directing attention to and comprehensively taking into account the social, cultural, and historical context, conditions, and developments underlying observed phenomena, including own ontological and epistemological assumptions, limitations, and potential biases or “blind spots” (Fournier and Grey 2000). Accordingly, critical organizational research must not only identify and analyze detrimental trends in workplace practices embedded in their broader historical and political-economic context but also needs to be critical of itself, that is, self-reflexive (Guillemin and Gillam 2004), regarding its own role in potentially obscuring, perpetuating, and reproducing—rather than exposing, challenging, and transforming—socially and psychologically dysfunctional limiting or harmful interests, ideologies, institutions, and identities (Adler et al. 2007). The (self-)reflexive component aims at uncovering ideological biases in examined and adopted research paradigms, deconstructing counterfactual theorizing and tautological empiricism. Specifically, the model proposed by Bal and Dóci (2018) suggests that researcher need to critically examine the extent to which theories, concepts, and constructs in organizational scholarship embody and advance unexamined narratives of individualism, competition, and instrumentality, identified as socially, morally, and intellectually corrosive forces of the all-pervasive *Zeitgeist* of neoliberalism. Reflexivity, in this case, refers to analyzing and tracking the historical and intellectual roots, functions, and proliferation and of these ideological dogmas as well as their manifestations and reproduction in workplace practices and academic scholarship.

### ***3.3 Counteracting Ideology through Anti-Performativity***

Probably the most controversial principle, anti-performativity or non-performativity, means refusal to support utilization and valorization of human capabilities within managerial agendas of maximizing performance and profits. Rejecting this instrumental rationality, however, is in itself “performative,” seeking to transcend fixation on employer interests. Rejecting the anti-humanistic reduction of humans as instruments to achieve extrinsic ends, critical research must specify and pursue alternative goals and objectives aligned with the intrinsic interests of the acting subjects and genuinely contributing to their well-being. Reconciling notions of

anti-performativity and critical performativity, a model of humanistic ideals has been suggested as an antipode to content dimensions of neoliberal ideology (Hornung and Höge 2019). Based on dialectic theorizing, this model incorporates core concepts of critical and humanistic scholarship, specifically individuation, solidarity, and emancipation at work, as antagonistic counter-principles to logics of individualism, competition, and instrumentality (Reedy et al. 2016). As an antipode to neoliberal individualism, individuation refers to self-actualization, personality development, and growth, according to the unique personal needs, capacities, and potentials of the focal individual, including moral consciousness and social relatedness. The alternative to competition, solidarity implies social cohesion, shared use of resources, mutual support, and cooperation toward the common good, instead of pursuit of self-interest to the detriment of interrelated others. The counter-principle to instrumentality, emancipation, means freedom from limiting conditions, domination, and exploitation—a precondition for comprehensive well-being and higher levels of consciousness. Each of these three concepts is richer and more sophisticated than the limited treatment presented here. Future research needs to theoretically elaborate and empirically study these concepts, as a model of critical performativity, resembling an antithesis to the tripartite conceptualization of neoliberal ideology (Bal and Dóci 2018). First attempts are promising—Hornung and Höge (2019) have used this analytic device to differentiate flexible work practices in humanistic management from labor political rationalization and power strategies.

## 4 Conclusion

Ideological forces strive toward hegemony via complete social acceptance and domination. Yet, indoctrination, normalization, and assimilation are never total, stimulating dissent, resistance, and counter-movements. Critical research needs to denaturalize (identify and expose) and (self-)reflexively analyze interest-guided ideological influences on work-related institutions and identities but also develop and disseminate counterbalancing models of anti-performativity. Dialectically opposed to the meta-narrative of neoliberal ideology, alternative conceptions of social relationships and human nature, as the basis for alternative forms of organizing, are found in radical humanism and critical traditions in social philosophy, sociology, and psychology. Humanistic ideals can be used to analyze, contrast, and counteract socially corrosive influences of neoliberal ideology. The suggested taxonomy of individuation, solidarity, and emancipation provides an anti-performative counter-model to neoliberal ideological forces of individualism, competition, and instrumentality. Identities, institutions, and interests represent interdependent domains of analysis, corresponding with individual, organizational, and societal perspectives on ideological control. Adopting principles of denaturalization, reflexivity, and anti-performativity, future research should elaborate, integrate, and apply these taxonomies to work systems and organizational scholarship. This includes operationalizing and investigating the internalization of neoliberal

ideologies and humanistic ideals among organizational groups and examining psychological antecedents, correlates, and consequences for work behavior and practices. Aspiring toward engaged critical scholarship, theoretical and empirical insights should translate into practice-oriented contributions, promoting, supporting, and publicizing projects of social transformation. Core ingredients of transformative approaches challenging socially and psychologically limiting or dysfunctional ideologies are consciousness, commitment, and courage, as well as collaboration between academics and practitioners in developing and experimenting with alternative forms of organizing work.

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# Contemporary Research and Analysis of Food Industry: Case of Russian Restaurant Business Network Branch



Elizaveta Fainshtein, Elena Serova, and Pavel Vorobyev

**Abstract** This paper represents the results of a strategic SWOT analysis and its application to the Russian chain restaurant business market. It analyzes the innovative quantitative factors influencing the use of the SWOT model, identifies and classifies the strategic problems of chain restaurant business models, and studies regression and dispersion analyses of the data obtained during the survey to identify and solve problems of business process management. The paper focuses on the innovative quantitative model of SWOT analysis, taking into account the internal and external resources influencing the improvement of business processes and identifying problem areas for small- and medium-sized restaurants. The basis of the results is foreign and domestic research in the field of strategic management and represents the impact of internal and external resources on the management of a network enterprise. The empirical base of the study is survey data of Russian restaurant network representatives.

**Keywords** Network enterprise management · Strategic management · Quantitative SWOT analysis · Chain restaurant business

## 1 Introduction

In recent years, the sustainability of business development has been referred to as one of the most urgent strategic management issues (Al-Mashari and Zairi 1999; Furrer et al. 2008). This is the result of the growing demand for the ability to analyze large amounts of data, which are expandable using the same types of information processing algorithms for all participants in the market segment or the industry in general. This management problem can be traced by experts in markets associated with the provision of services, according to Elwood Williams and Tse (1995). The

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reason for this is for the direct dependencies on interaction with clients, where marketing interaction and a customer-oriented approach have a great influence on business modeling. Representatives of strategic management approaches argue that one of the main modern areas of management research is related to the influence of internal and external resources on the strategic management of business processes in the market for the provision of services analysis (e.g., Cacciolatti et al. 2015; Bresciani 2017; Santoro et al. 2018; Franceschelli et al. 2018). In practice, for network companies that operate in the provision of services, formation of a model that analyzes strategic problems has become a vital research question. Currently, high demand for the innovative strategic analysis tools is becoming increasingly important and can be implemented among similar companies.

Creating a competitive strategy based on an analysis of internal and external resources has become the core of the analytical investigation at the company's management system, as SWOT analysis models do, for example (Kotler et al. 2016; Pradabwong et al. 2017). The main explanations for this were based on the foundation of the theory of a qualitative analysis of the use of resources to develop a company's strategy, but modern research is transforming SWOT analysis, referring to the theory of information technology, innovative marketing, and game theory or network theory, which have been studied in recent years (e.g., Bulow et al. 1985; Dixit and Nalebuff 1993; Moliterno and Mahony 2011; Vivarelli 2013; Dosi and Nelson 2013; Serova and Krichevsky 2015). Studies in production management, sustainable strategic development, the analysis of resource flows, and the main elements of company management system have increased.

However, there is still no consensus regarding the systematization of approaches in determining the strategic quantitative assessment of the impact of internal and external resources on business process management of network enterprises (e.g., De Vries 2006; Kindstrom 2010; Pradabwong et al. 2017). Therefore, the research problem is the lack of a conceptually new quantitative approach using SWOT analysis (e.g., Helms and Nixon 2010; Gupta and Mishra 2016; Pandya 2017; Büyüközkan and Ilıcak 2019). For this reason, the core research question is, what constitutes the quantitative SWOT analysis model features and how can it assist in determining the factors influencing the results of the activities related to restaurant chain business management? The answer to this question fills the research gap according to the attempt to strengthen SWOT normative components and analyze at a model level the processes associated with identifying enterprise strategic development problem areas of chain restaurants. The research hypothesis is based on the assumption that the use of quantitative risk analysis tools to develop strategic decisions in a competitive environment allows a company to conduct a qualified SWOT analysis and plan management actions based on it. Since the demand for innovative quantitative analytical competitive advantages tools is rising, this article presents a quantitative SWOT model design, which fills the gap in scientific strategic management research, focusing on the role of internal and external resources, the impact of structural analysis, and company risks on business process management.

The research determines problem areas for managing restaurant chains and formulates a quantitative assessment of the diagnosed factors affecting the network

operators' strategic activities in Russia to predict their further development and competitiveness. The central objective is to consider the strategic problems of the restaurant network operators in Russia and analyze the application of the quantitative SWOT model in this economic sector. The theoretical research background is based on earlier works (e.g., Lee and Ko 2000; Ha and Jang 2013; Pandya 2017) dedicated to the study of quantitative SWOT analysis models. The empirical base of the study includes survey data from 458 respondents who operated in the Russian market of small- and medium-sized restaurant chains. The article presents the results of analysis based on the use of SWOT model quantitative methods, taking into account the expanded restaurant typology presented in Muller and Woods (1994). This paper contributes to the literature on strategic management by recognizing how quantitative SWOT analysis could be implemented, in particular (1) what are the features of the quantitative SWOT analysis model, (2) what are the problem areas for managing the restaurant chain business, (3) how can the quantitative SWOT analysis help to determine factors influencing the results related to the restaurant chain management, and (4) how do external and internal risks affect the strategic prospects of restaurant chains. This article introduces an innovative approach analysis model to SWOT application that gives us the opportunity to consider potential growth opportunities for competitiveness and risks that may affect the company's position.

The study is organized as follows: firstly, the SWOT analysis models are compared. Secondly, the survey results and the analytical data of the strategic development problem areas for the Russian chain restaurants are given. Then, the factors affecting strategic decisions, which can be used in practice, are identified. The article ends with the key results, limitations, and directions for further research.

## 2 Comparison of the Classic SWOT Model and Alternative Concepts

During strategy development, it is important to determine the profit formation sources in the field of the company's activity (Beane and Ennis 1987). For this, a mathematical apparatus identifying a causal relationship is needed. In solving this problem, logical, simulation, and mathematical-statistical models are often used (e.g., Dixit and Nalebuff 2008; Serova 2017; Dalziel et al. 2018; Teece 2019). These allow the quantification of the consequences of decisions within existing business processes.

On the other hand, since the problems of a direct competitor are identical to the company's own problems, to determine the most likely reaction of competitors, the top management needs to know the goals of the opponent, his possible actions (e.g., penetrating a new market, changing pricing policy), and the expected benefits of choosing a particular strategy (e.g., Legrand et al. 2010; Ha and Jang 2013; Perey et al. 2018). To use these approaches, certain research tools should be used to develop strategy scenarios that simultaneously include requirements for forecasting

the development of technologies, assessing the social and cultural consequences of the emergence and introduction of technologies, and focusing on large, long-term insoluble problems when technological forecasts are tied to the resolution options for these problems. For this reason, the problems become insignificant if orthogonal analysis matrices are used to build strategies.

A feature of orthogonal matrices is that they are logically, like any model, closed. As a result, the overall accuracy of the analysis and change of forecasting in matrix structures is increased. However, when making managerial decisions for one of the participants, the problem of determining a strictly dominant strategy which managers will not use because of rational behavior may arise (Sammut-Bonnici and Paroutis 2013; Bolisani and Bratianu 2017). To solve this situation, the participant needs to use a quantitative SWOT analysis.

The quantitative model of SWOT analysis usage has the advantage of complexity over other commonly used specialized analytical matrices, for example, the innovative concept of LISA (Pandya 2017; Desai 2019). Given the ongoing changes in business processes, which form more communications which are active and information dissemination flows, the initial SWOT analysis model has become irrelevant for making strategic decisions in the current period of global market development (Appiah-Adu and Bawumia 2016). Therefore, taking into account the lack of coverage of all impact factors in the classical model, an alternative concept of SWOT analysis is introduced (Lee and Ko 2000). In it, first, a rejection is made of dividing environmental trends into two extreme groups: opportunities and threats. Additional zones are formed from empirically obtained data (the selection and establishment of relationships between facts and their comparison) and theoretical methods and procedures (data analysis). The introduction of such zones and their formation on the basis of ties rather than “strength” allow managers to look at this problem from the point of view of finding the optimal solution for two rationally minded players: the company (player A) and the competitive environment (player B) (Rodriguez-Rodriguez et al. 2010; Hatchuel et al. 2010).

To differentiate the concepts, key factors were identified which influenced the creation of a new model, demonstrating the trend of a qualitatively different approach to the analysis of company information in the industry (Table 1). The difference between the innovative SWOT analysis techniques is that when it is applied, the bond strength in the analysis pairs is not measured. The methodology used by the authors determines the presence of a positive or negative effect on the functioning of the company between factors. In other words, the matrix is described through the logical elements  $\mu(\omega) \in \{0, 1\}$  (there is a connection or no connection, and this represents the logical structure of relations), a model of the internal and external factors that affect the business.

Any strategic analysis should take into account the actions of competitors who also seek to act in accordance with the changing key success factors. However, there is a problem of the rationality of choice when an attempt is made to explain a person's behavior in the face of uncertainty and risk and making a decision in difficult dynamic conditions (Lee and Dale 1998; Munive-Hernandez et al. 2004). The authors of this research developed a quantitative algorithm of the SWOT matrix

**Table 1** Comparison of classic SWOT analysis, LISA, and quantitative concepts

Application criterion	Classic SWOT analysis model	LISA concept SWOT model	Quantitative concept SWOT model
Model accent	Analysis of the external and internal environment has a vertical accent	Analysis of the external and internal environment has a horizontal accent	Search for “uncertain” factors opening up potentially new resources for the company, opportunities or threats when used by competitors
Result	Qualitative comparison of factors influencing the probability of implementation	Quantitative comparison of influential factors	Quantitative calculation of factors influencing the probability of implementation
Results orientation	Differentiation of conclusions on opportunities and threats	Assist to make strategic development processes more accurate	Obtaining indicators of the company’s adaptive reaction to potential development trends of external environment with its opportunities and threats
Form of factors taken into account	Orientation to significant internal and external factors of analysis	Communication orientation: strengths and opportunities; weaknesses and threats	Consideration of significant and unimportant factors having a development potential or a high probability of future occurrence
Methods of data assessment	Expert opinion, frequency of expert judgments, leading to variability of conclusions based on the same analysis matrix		Mathematical and logical methods of analysis and data processing, reducing the influence of expert opinion on the result of the SWOT matrix formation
Practical application form	Execution variability leads to the conclusions that creativity is the dependence of interpretation on the experts’ opinions, who analyzes results	Allows drawing conclusions more accurately and formulating strategic steps, increasing the sustainability of the company in the external environment	The clarity of the procedures for the execution, analysis, and formation of conclusions leads to a uniform interpretation of the results
Considered analytics	Total result of the values		Analysis results of causal relationships
Interpretation of the final index	Depends on the matrix construction features. Only with matrix symmetry does it allow conclusions of the type “better”/“worse” to be made		It is a parameter for optimizing strategies (choosing the best decision-making options) arising from the analysis of the matrix

Source: authors own study

analysis based on Johnson Research (Johnson et al. 2013), for the successful implementation of which the development of an alternative basis for SWOT analysis is required (Serova et al. 2019).

One of the problems in the classical matrix approach is the inability to take into account the multidirectionality of the considered criteria (Phadermrod et al. 2019; Houben et al. 1999). This usually indicates a lack of a matrix method, since there is no procedure for a semantic analysis of the criteria and their mathematical combination into a single whole, that is, a verification of the validity of the criteria for the task. Therefore, in this approach, the completeness and functional isolation in the matrix system remove the main problems of the description of the matrix analysis (Basset et al. 2018) and make the decisions more justified. In general, it should be noted that alternative SWOT includes classic areas where experts or analytical procedures clearly state these strong or weak factors and their value for the company and the market. However, factors may be significant, but not have an unambiguous interpretation. The reason for developing the concept is related to the behavior of these factors over time: in some situations, they can play a positive role, and in others, they can lead to negative consequences. These factors in time are very well described by nonlinear functions.

### 3 Methodology and Data Collection

To conduct an empirical study, data from a survey of 937 respondents were used. The final sample included 458 questionnaires from representatives of Russian chain restaurants of the small and medium segment. The remaining questionnaires were from representatives of individual restaurants and cafes and were not included in the analysis. The services provided by respondent companies met the main signs of compliance with the segment categories of the restaurant market, which were tested earlier in the Muller and Woods (1994) study of restaurant service typologies and practical studies of the National Restaurant Association (NRA) and the national marketing research company Consumer Reports for Eating Share Trends (CREST), which identified the typology of restaurants.

When determining the main directions and segments of restaurant chains and analyzing the respondents' answers, the data were processed to obtain a list of sustainable risk factors in accordance with the restaurant chain market segments (Table 2). As a result of the analysis based on the data of the survey, seven problem areas for managing a restaurant chain were formulated: cash flow predictability (P1), management system (P2), enterprise information system (P3), technological (P4), organizational and legal (P5), investment (P6), and staff problems (P7).

During the study, a questionnaire was developed to investigate the relationship between potential problem areas that affect the management of business processes and organizational activities of chain restaurants. The questionnaire consisted of several parts. The first part included demographic issues: gender, age, position, and tenure in the restaurant industry. In the second part, organizational problems that

**Table 2** Descriptive statistics of the characteristics of respondent chain restaurants

Chain restaurants ( <i>n</i> = 458)	Number of chain restaurants (units)	Percentage (%)	Average area (m <sup>2</sup> )	Average bill (₽)
<i>Restaurant chain class</i>				
High level (high-quality service)	33	7.2	274	1050
Medium level (restaurants focused on the average income level of the population)	261	56.9	298	978
Moderate quality level (affordability/price; business catering services)	114	24.8	283	985
Quick service level (self-service, fast food)	50	10.9	324	637

Source: authors own study

pose risks to management were assessed. The division into categories is based on the consumer value study results in the segments of the restaurant market and an analysis of key factors affecting competitive advantage (Ha and Jang 2013). Responses were measured using a five-point Likert scale from 1 (strongly disagree, no problems) to 5 (strongly agree, key problem). Participants were asked to answer questions related to problems of cash flow predictability; the management system; the enterprise information system; and technological, organizational, legal, investment, and staff problems. The selection of elements was based on previous studies (Etemad-Sajadi 2018; Scozzafava et al. 2017; Mhlanga 2018), which define resources for managing business processes in the restaurant industry.

## 4 Findings

Data from Table 3 summarize the demographic variables of the sample. Survey respondents included the following distribution: gender statistics (men (51.9%), women (48.1%)) and age group categories ( $\leq 35$ , 36–45, 46–55,  $\geq 56$ ). The majority of respondents (51.1%) hold the position of the highest level of management (director/deputy). 26.6% are middle-level representatives (financial directors/accounting staff), and 22.3% of respondents work at the lower level (employees/administrators/technologists). As for work experience, 10.9% worked in a restaurant for 3 years or less and 74.2% four to 10 years. The remaining 14.9% worked in restaurants for 11 years or more. In terms of the level of the position held, three management levels were distributed between senior management, middle management, and frontline levels in a percentage ratio of 51:27:22.

Based on the empirical data of a business management system in the restaurant market, it can be concluded that there are serious problems in the industry related to the implementation of modern corporate information systems, the lack of necessary investment, insufficient development of the management system, the lack of

**Table 3** Descriptive statistics of respondents' characteristics

The sample of respondents ( $n = 458$ ), people	Quantity (units)	Percentage (%)
<i>Gender</i>		
Male	238	51.9
Female	220	48.1
<i>Age</i>		
$\leq 35$	240	52.4
36–45	121	26.4
46–55	69	15.1
$\geq 56$	28	6.1
<i>Management level (position)</i>		
Highest level of management (director/deputy)	234	51.1
Mid-level management (CFO/chief accountant/accountant)	122	26.6
Management of the lower level (employee/administrator/technologist)	102	22.3
<i>Work experience in the restaurant business</i>		
$\leq 3$ years	50	10.9
4–10 years	340	74.2
$\geq 11$ years	68	14.9

Source: authors own study

stability, and low predictability of cash flow. This once again confirms the formulation of the problem described in the study, which is based on the lack of common management standards, while all of these problem sectors can be solved for companies using the quantitative SWOT analysis. Since the basis of business process management is market knowledge based on experience, obtaining and understanding such market information are the best risk reduction practice. The only obstacle will be the difficult collection of market data due to limited access to them. This is due to the specific features of the market (Fig. 1). To solve this problem, for the same audience of respondents in the future, after the survey, a brainstorming session was conducted to determine the degree of necessary changes in the structure of business management (Serova et al. 2019).

To assess market dynamics and identify problem areas for managing the restaurant chain business, an alternative SWOT analysis algorithm was applied based on the results of the survey conducted in this study. This made it possible to demonstrate the range of industry development opportunities and challenges in implementing strategic scenarios (Table 4). Each identified factor was associated with the problem areas and risks of managing the restaurant chain business (P1–P7).

In the face of increasing business costs, a strong brand becomes the only form of protection and business growth despite the weak use of affiliate programs and the slow updating of the range of related services in the restaurant business.

The result of SWOT matrix analysis shows that there is a need to focus on identifying weaknesses in enterprise management and finding innovations in partnerships. Taking into account the data of the survey, it was detected that in the

		O Opportunities			Environmental uncertainty			T Threats			Sum +	Sum -	Total
		The growing demand for the creation of new types of cuisine	The presence of new geographical markets attractive for this species	The growth in demand for the development of related areas	Changing consumer models in connection with the economic situation in the country	The emergence of new competitors in the market	Aggressive actions of competitors	Business cost rising	Price war between direct competitors	The need for technical re-equipment in the industry			
S Forces	External	1	1	2	-1	0	-1	*	0	*	4	2	2
	Internal	2	1	1	2	0	0	*	0	*	6	0	6
The uncertainty of intra-industry trends	High market share	*	2	1	*	0	0	-1	*	0	3	-1	3
	Strong brand Access administrative support	*	1	0	0	-1	1	-1	0	0	2	-2	1
	Flexible pricing, more than international competitors	2	-1	+2	*	0	0	-1	0	-1	4	-3	1
W Weaknesses	Stable financial position	*	*	2	-1	0	-1	-1	0	-2	2	-5	-3
	High quality products and services	*	-1	*	-1	-1	1	-2	-1	*	1	-6	-5
	Staff turnover, with a lack of willing to work in the industry	-1	*	*	-1	-1	-2	-2	*	-1	0	-8	-8
Sum +		5	5	9	2	0	2	0	0	0	23		
Sum -		2	3	0	-5	-5	-6	-10	-2	-5		-38	
Total		3	2	9	-3	-5	-4	-10	-2	-5			-15

Fig. 1 Russian restaurant network business alternative SWOT analysis matrix. Source: authors own study

restaurant market administration system, there are serious problems in managing business processes (P1–P7). According to the SWOT analysis, decisions usually lie in the formation of an assortment strategy or in the field of product marketing and an idea of the business itself, since it is the main one in relation to an information system unit.

In order to have a qualitative leap in the industry (not to continue the inertial development scenario), fresh managerial and organizational decisions are needed. During the survey, the quantitative SWOT analysis showed the following factors, which are the main dominant trends in the industry. Therefore, as can be seen from the empirical study, some of the trends cannot be attributed to either opportunities or threats to chain restaurant businesses. That is why the use of alternative SWOT



**Table 4** Factors affecting the restaurant network business management activities results in accordance with the results of the quantitative SWOT analysis

Factors of the chain restaurant business	Problem areas of restaurant network business management	
<i>Main factor</i>		
High local market share	P1 P5 P7	Cash flow predictability issues Organizational and legal issues The problems associated with the staff
Strong brand	P2 P6	Problems associated with the management system Investment issues
Access to administrative support	P2 P5 P7	Problems associated with the management system Organizational and legal issues The problems associated with the staff
<i>The factor is highly dependent on macro and micro situations</i>		
Flexible pricing	P1 P4 P6	Cash flow predictability issues Technological issues Investment issues
Stable financial position	P1 P2	Cash flow predictability issues Problems associated with the management system
High quality of products and services	P2 P3 P4 P5 P7	Problems associated with the management system Problems in the enterprise information system Technological issues Organizational and legal issues The problems associated with the staff
<i>The factor is not significant</i>		
Staff turnover, with a lack of willingness to work in the industry	P2 P4 P7	Problems associated with the management system Technological issues The problems associated with the staff
Slow product withdrawal from markets	P1 P2 P3	Cash flow predictability issues Problems associated with the management system Problems in the enterprise information system
Weak use of affiliate programs	P2 P5 P6	Problems associated with the management system Organizational and legal issues Investment issues

Source: authors own study

becomes justified for the formation of scenarios of possible development for companies in the industry. The impact of future demand as an alternative SWOT analysis shows that in the current environment, regardless of the accepted behavior scenarios, in the face of increasing business costs, a strong brand becomes the only form of protection and business growth, even despite the weak use of affiliate programs and the slow updating of the range of related services in the restaurant business. In the context of rising costs, the main weakness that determines the scenario behavior of industry enterprises is the lack of or weak affiliate programs use, which does not allow administrative resources to be used efficiently to create a stronger brand and a larger market share.

Table 5 shows that the most problematic of external implementation risks is problems of unpredictable administrative regulation and classic market investment

**Table 5** The structure of external and internal risks and the assessment of their strength in influencing strategic prospects according to the survey

No	Types of external risks	Value (N)	Probability (p)	(N × p) max10	No	Types of internal risks	Value (N)	Probability (p)	(N × p) max10
	<i>Unexpected measures of state control in the field</i>	5.3	0.26	1.4		<i>Disruption of work plans</i>	5.6	0.27	1.5
1	Logistics	5.7	0.26	1.5	1	Labor shortage	5.8	0.44	2.6
2	Environmental protection	6.6	0.32	2.1	2	Lack of materials and late delivery	2.8	0.11	0.3
3	Design standards	4.1	0.14	0.6	3	Poor quality of support services	5.6	0.38	2.1
4	Production standards	3.1	0.12	0.4	4	Change of partners' opportunities	7.2	0.46	3.3
5	Land	5.8	0.26	1.5	5	Changes in the ability of firms and organizations' operating facilities	7.8	0.44	3.4
6	Export and import	3.2	0.26	0.8	6	Lack of management coordination	4.4	0.24	1.1
7	Price formation	6.2	0.44	2.8	7	Leader change	5.7	0.44	2.5
8	Taxation	7.7	0.48	3.7	8	Changes in behavior management	5.4	0.40	2.2
	<i>Natural disasters</i>	3.8	0.17	0.6	9	The complexity of management training	3.1	0.23	0.7
9	Flood, floods, including due to utility problems	4.3	0.29	1.3	10	Errors, unrealistic planning	4.0	0.27	1.1
10	Earthquakes	3.3	0.08	0.3	11	Inflexibility of the management system	4.1	0.33	1.4
11	Storms	2.6	0.10	0.3	12	Disruption of work plans	5.0	0.16	0.8
12	Other natural disasters	5.1	0.33	1.7	13	Wrong software sales strategy	7.5	0.36	2.7
	<i>Crimes</i>	7.2	0.31	2.2	14	Unskilled staff	10.0	0.66	6.5
13	Vandalism	6.7	0.51	3.4	15	Pricing formation errors	5.7	0.34	2.0
14	Terrorism	7.8	0.32	2.5	16	Unaccounted factors	6.0	0.33	2.0
	<i>Unexpected effects</i>	6.1	0.38	2.3		<i>Technical risks</i>	4.8	0.23	1.1
15	Social conflicts	6.6	0.40	2.7	17	Change in equipment supplies	5.0	0.24	1.2

(continued)

**Table 5** (continued)

No	Types of external risks	Value (N)	Probability (p)	(N × p) max10	No	Types of internal risks	Value (N)	Probability (p)	(N × p) max10
16	Environmental disasters related to external factors	5.6	0.36	2.0	18	The lack of a uniform documentation and regulations, documentation errors	4.0	0.29	1.1
<i>Failures</i>									
17	In creating the necessary infrastructures	6.4	0.38	2.5	19	Deterioration in equipment quality and performance	7.1	0.35	2.5
18	Due to the bankruptcy of design, supply, and construction contractors	6.4	0.46	2.9	20	Specific risks of incomplete technology	3.3	0.23	0.7
19	Financing	5.7	0.34	2.0	<i>Legal risks</i>				
20	Due to an error in determining the goals of the organization	6.9	0.42	2.9	21	License and patent law	3.6	0.13	0.5
21	Due to unexpected political changes	5.7	0.36	2.0	22	Violation of contract and agreement	7.9	0.36	2.9
<i>Market risks</i>									
22	Deterioration in information availability	7.6	0.36	2.7	23	Competition uncertainty	4.0	0.11	0.5
23	Contact cost increase	6.4	0.36	2.3	24	Force majeure	2.3	0.20	0.5
24	Consumer demand change	5.8	0.29	1.7	<i>The use of direct or indirect damage to property</i>				
25	Economic change	3.9	0.16	0.6	25	Traffic accidents	6.8	0.34	2.3
26	Increased competition	7.9	0.57	4.5	26	Equipment	3.0	0.15	0.5
27	Loss of market position	8.7	0.61	5.3	27	Property	5.3	0.14	0.7
28	Reluctance of intermediaries to comply with trade rules	8.1	0.58	4.7	28	Violation of the planned rhythm of activity and work schedule	6.3	0.33	2.0
29		7.1	0.46	3.2	29	Change in required funding	5.3	0.24	1.2
30		3.1	0.18	0.5	<i>Damage to individuals</i>				
31							5.4	0.19	1.0

<i>Operational risks</i>	5.9	0.31	1.8	30	Infliction of bodily harm	4.5	0.16	0.7
29 Inability to maintain the proper level of organizational processes	6.8	0.36	2.4	31	Damage to property of individuals	5.6	0.13	0.7
30 Security breach	6.2	0.29	1.8	32	Replacement staff costs	6.0	0.36	2.2
31 Deviation from goals	4.7	0.30	1.4		<i>Direct loss of profit</i>	5.7	0.45	2.6
<i>Risks of environmental factors</i>	6.1	0.40	2.4	33	Indirect loss of profit	6.5	0.43	2.8
32 Change in exchange rates	6.8	0.53	3.6	34	Lost market opportunities	5.7	0.44	2.5
33 Unplanned inflation	5.8	0.43	2.5	35	Ineffective organization	5.4	0.46	2.5
34 Contradictions of current taxation	5.6	0.28	1.5	36	Management weaknesses	5.2	0.46	2.4

Source: authors own study

The value was evaluated using an expert system on a ten-point system. The probability of a unit shares

risks. Internal risks are dominated by risks associated with management and management systems. Overcoming these risks will dramatically improve the potential of industry enterprises and, therefore, the possibility of the more successful use of common macro trends.

The analysis of risk clusters showed that market positions could be complicated, since the general problems of managing a restaurant are also not solved. Managing the business processes of a chain restaurant requires a highly specialized range and scale of activity. However, the problems described above (Table 4), the existence of which creates serious additional risks for enterprises, does not allow them to compete successfully. The presence of complex risks forms their various interpretations in the formation of the scenario.

The analysis of the current situation in the Russian market made it possible to identify the main problem areas facing the industry and affecting its further development (Table 5). As a result, a classification of risks was carried out to form alternative strategic development paths in the chain restaurant segment.

## 5 Discussion and Conclusion

In the application of the proposed innovative quantitative model of SWOT analysis, taking into account internal and external resources influence on improving business processes, problem areas for small- and medium-sized restaurants were identified, improvement of which will reduce the negative impact of global factors and provide an opportunity to use the competitive advantages of network enterprises to realize both existing and emerging opportunities and minimize potential threats. This confirms the conceptual models proposed by innovative SWOT analysis approaches (Pandya 2017; Desai 2019) and provides the answer to the core research questions. The identification of significant problem areas for managing restaurant chains and the organizational effectiveness (Fig. 1) may assist restaurant operators in understanding managerial risks, improving organizational effectiveness, and developing strategies related to the management problem areas.

During the study, it was shown that the use of quantitative SWOT analysis provides an opportunity to determine the factors affecting the company's performance. This is consistent with the findings of other researchers. For example, Mhlanga (Mhlanga 2018) also indicates that a certain combination of macro-predictability and micro-uncertainty factors produces economic risks, which make it difficult for restaurants to achieve operational efficiency. Ha (Ha and Jang 2013) noted that what consumers really want from the gastronomic experience is for restaurant operators in each restaurant segment to develop effective marketing strategies, such as advertising or promotions which are completely different from other competitive restaurants. This is consistent with the search for problem areas of the management systems discussed in this study. The classification given in Table 4 demonstrates the relationship between the problem areas of management and the factors of the chain restaurant business.

The quantitative concept of SWOT analysis is based on the continuous monitoring of the quality of service. In conditions of mass individualization, when any sale is considered part of measures to implement a competitive strategy, the ability to effectively manage projects and programs comes to the fore. In addition, this makes it possible to intelligently manage the limited resources of the company. The dependence of internal and external resources on risks in business processes has a significant impact on determining the significance of factors in making strategic decisions, which was proved in this study (Table 2).

Limitations arising from the research methods include the lack of regional characteristics; therefore, in each specific region or group of regions, additional elements of strength and weakness inherent in business are possible. They can be taken into account in the basic model, but it is necessary to remember dimensionality in maintaining the ratio of factors as a whole. In further studies, additional local features and trends when using this approach should be considered. Companies coming from more developed markets will be stronger in this situation because they have reserves in other geographic markets.

The main contribution of this paper includes possibilities to improve management processes in companies, focusing on the service market in order to create additional competitive advantages in accordance with the following evaluation criteria: the systematization of resource flows (the appropriateness of the distribution of tangible assets), the adaptability of the business structure to external and internal changes (company's ability to quickly respond to changing market trends of competitors and consumers), the analysis of strategic potential (the quantitative assessment of the company's ability to change strategic development paths), and the presence of predetermined parameters, expressed in a coefficients system (formulated key management business criteria that systematize processing).

Prospects for further research are companies using the above quantitative algorithm of the SWOT model reduce their risks and reduce the cost of external market monitoring and data processing within the company. Quantitative SWOT provides an opportunity to evaluate the effectiveness of using marketing innovations in developing a value proposition, to introduce new services, to create new business models, and to increase sales efficiency. The further development of the concept of SWOT analysis in scientific research involves the formation of a dynamic model for the regular monitoring of potentially dangerous changes in the management of business processes in the digital economy.

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# Quality Audit Indicators for Inbound Tourism: A Qualitative Study on Malaysian Travel Agencies



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**Abstract** Quality assurance is fundamental to all business activities in the tourism sector as it is advantageous to market recognition and competitiveness. Awareness of the importance of quality assurance certifications is already in place in Malaysia; however, it is still under-researched. Thus, this study aims to investigate how local travel agency operators perceive suitable levels of quality audit indicators for inbound travel agencies. A semi-structured interview was conducted to explore the views and experiences of key industry players from five travel agencies involved in both inbound and outbound tourism businesses in the country. A content analysis of data acknowledged the industry's increased awareness of quality service delivery and the importance of rationalizing key quality audit indicators in assuring the lifelong survival of inbound Malaysian travel agencies. Also found was the need for systematic monitoring of the inbound travel agency's certification plan that continually reflects the demands of the clientele and uplifts national productivity as outlined in the initiatives undertaken by the Tourism Productivity Nexus, an industry-led establishment under the Malaysia Productivity Blueprint 2016–2020. The study finally outlines specific entrepreneurial strategies that will enhance productivity operations at the enterprise level.

**Keywords** Certifications · Inbound tourism · Quality assurance · Quality indicators · Travel agency

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## 1 Introduction

The tourism industry has received a very positive growth in recent years. In 2018, tourists' arrival was 25.83 million with MYR84.1 billion tourist receipts. The number of receipts from the tourists has considerably increased by 41% than it had just 10 years ago (Tourism Malaysia 2019). Through a travel agent, tourists are introduced to the right attractions of a country based on their interests, so they prefer a travel agent who has an in-depth knowledge of the country. In the emergence of the internet, the tourism sector can be sustainable through the involvement of inbound travel agencies for the human touch and real interactions the agencies have to offer. In 2018, local travel agencies have been identified as one of the main sources of information for inbound tourists to Malaysia. In January to March 2019, the Departing Visitors Survey recorded that travel agents played an important role, determined by 32.3% of the total source of information for the inbound tourism (Tourism Malaysia 2019).

Quality assurance for inbound tourism from the perspective of tourists can be measured from the services given. Singh et al. (2016) observed that the certification standards could have a significant impact in promoting the concept of sustainable tourism development. In Malaysia, the Tourism Productivity Nexus, an industry-led establishment under the Malaysia Productivity Blueprint 2016–2020, undertakes the effort in developing the standards for travel agencies as a support to the current policies regulating the business activities by the travel agencies in Malaysia under one of Tourism Productivity Nexus initiatives (Tourism Productivity Nexus 2019). Under the Nexus, stages and aspects in developing the industry standards and certification program for tourism products and services in Malaysia are adopted from a document by the World Tourism Organization (WTO) published in 2003 on recommendations to governments for supporting and/or establishing national certification systems for sustainable tourism (World Tourism Organization 2004). The document proposed the necessary steps toward building a certification program and guidelines on criteria, sub-criteria, and indicators.

On 8 May 2017, the prime minister of Malaysia launched the Malaysia Productivity Blueprint 2016–2020 which aims to achieve an annual labor productivity growth of 3.7% by 2020 (Azahar 2020). The Blueprint works at the national, sectoral, and enterprise level to address the challenges related to workforce talent, technology adaptability, incentive structures, business environment, and productivity mindset. At the sectoral level, the Blueprint has identified nine priority sub-sectors which cumulatively contribute to 30% of Malaysia's gross domestic product (GDP) and 40% of total employment (Azahar 2020). They are retail and food and beverages (F&B), electrical and electronics (E&E), chemicals and chemical products, agro-food, professional services, tourism, information and communications technology (ICT), machinery and equipment, and private healthcare. Sectoral-level initiatives under the nine sub-sectors are undertaken by the establishment of Productivity Nexus for the respective sub-sector, and they are led by industry players

**Table 1** Thirteen main areas under MyTQA

1. Culture and heritage	8. Parks and gardens
2. Nature and adventure	9. Agro parks
3. Man-made	10. Theme parks
4. Sports and recreation	11. Tourism restaurants
5. Shopping	12. Places of worship
6. Cruise and sails	13. Traditional market bazaar
7. Islands and beaches	

Source: Malaysia Tourism Quality Assurance (MyTQA) (2020)

supported by Malaysia Productivity Corporation, an agency under Malaysia’s Ministry of International Trade and Industry.

Tourism Productivity Nexus is one of the nexuses established to assist businesses to enhance productivity, increase innovation, and capture development opportunities within the tourism industry in Malaysia. Tourism Productivity Nexus’ priority initiatives as stipulated in the Blueprint are to:

1. Strengthen cooperative efforts between industry and academia to match industry needs
2. Establish a certification/accreditation program for tourism products
3. Review the pricing system
4. Review industry standards and regulations based on industry’s input,
5. Align marketing strategy according to market segments

Initiative number two, that is, to establish a certification/accreditation program, commenced its developmental stages in April 2019. Engagements with major stakeholders in the tourism industry and certification in the tourism industry have unveiled key issues in the certification of tourism products and services. One of the challenges is the inadequacy of standards or certification which tourism product and service owners can subscribe to in Malaysia. This is especially true for small and medium tourism enterprises and micro-companies.

Regulating tourism through certification schemes is now a strategy or a means for many countries particularly in encouraging sustainable services (Medina 2005). Certification is a workable tool to rally tourism industry players around the common aim of standard implementation to enhance the sustainable development of the tourism industry (Font 2005). In Australia, certification and accreditation of tourism products and services are centralized within its Quality Tourism Framework (Australian Tourism Industry Council 2019).

In Malaysia, the Ministry of Tourism, Arts, and Culture Malaysia (MoTAC) has developed Malaysia Tourism Quality Assurance (MyTQA). MyTQA covers 13 categories as demonstrated in Table 1.

Despite such efforts, MoTAC’s official website listed only 39 companies who have voluntarily subscribed to MyTQA since it was launched (Ministry of Tourism, Arts and Culture Malaysia 2020), and there seemed to be no specific quality assurance standards and certifications for travel agencies. Furthermore, the

national-level standards currently include 14 standards specific to the tourism industry, but none has covered the travel agency.

Studies have shown the consensus reached by travel agencies on the potential increase of the predictive power and positive implications of certification and standardization toward the management, marketing, and finance of the travel business (Mak 2015; Singh et al. 2016). However, in Malaysia, there seemed to be inadequate standards and certification programs for inbound travel agencies. Travel agencies in Malaysia are currently regulated by the MoTAC, but there is no specific standard or certification program by which the agencies can refer or subscribe to in standardizing their operations and management. In addition, rules and policies exist to provide the legal foundation for travel agencies' operations, but there is still a lack of standardization on how their activities and services may be performed.

It is thus timely that the initiative to establish a tourism certification program be extended to services provided by travel agencies through standards development true to their operations. The industry-level standards for inbound travel agencies are expected to strengthen and standardize the operations of travel agencies, enhance their service quality, and expand their businesses to the next level. Despite this, the lack of indicators in order to serve the demands of specific certification in the travel agency in general is paramount. Thus, this study aims to investigate local travel agency operators' perception of suitable quality audit indicators for inbound travel agencies in Malaysia. This paper is organized as follows: Section 2 will review relevant literature based on the objective of the study, followed by the research method that was undertaken in Sect. 3. Then, Sect. 4 presents and discusses the findings of the study, while Sect. 5 concludes the paper with a summation of the main outcomes, recommendations, and implications of the study.

## 2 Literature Review

### 2.1 *Quality Audit Indicators in Tourism*

A considerable amount of literature has been published on quality audit indicators as means to highlight the importance of good service delivery standards and assurance (Budimir et al. 2016; Teng et al. 2012; Xin and Chan 2014). Quality assurance certification is the outcome from quality performance indicators, which are set as the measurement to improve service delivery through standard, evidence-based measures and highlight quality improvement over time. Good quality indicators are thus useful to assist in decision-making, risk awareness, business forecast, and performance measurement (Xin and Chan 2014). As stated by the World Tourism Organization (2004), indicators allow stakeholders access to information crucial for them to be accounted for in the business, based on a monitoring system or certification that can be developed for continuous improvement.

Teng et al. (2012) reported 11 indicators as the common standards for certification programs in Taiwan for a green hotel to operate. The criteria of the indicators are

compliance to water, energy, waste, corporate environmental management, staff involvement, guest information, indoor environment quality, hazardous substances, social involvement and communication, purchasing, transport, and food and beverage. A study by Xin and Chan (2014) on tour operators' perspectives to develop responsible tourism indicators at Kinabalu National Park in the state of Sabah in Malaysia found four themes of indicators and 17 core indicators, which included the management of the destination as well as economical, ecological, social, and cultural value and aspects. The study aimed to take into consideration the importance of obtaining stakeholders' input to develop quality indicators for responsible tourism for sustainable development.

In Norway, the country experiences a visible certification schemes on green travel options. The tourism industry is principled on sustainability and green environment (Norway 2020). Certification is seen crucial; for example, over 100 strict indicators were set for Ecotourism Norway on environmental performance, host role, local community integration, and purchasing. In the case of Star Ratings Australia, the indicators are determined by more than 200 indicators which have been ranked by travelers on quality accommodation which reflects cleanliness, quality, and condition of facilities (<https://www.starratings.com.au/>). In the United Kingdom, Mellina and Reino (2019) found that online review rating or electronic word-of-mouth (eWOM) plays a significant role in the hotel's classifications.

## ***2.2 Suitable Quality Audit Indicators for Local Travel Agency Operators***

It is mainly important to understand how local travel agency operators perceive suitable levels of quality audit indicators as they lead the industry. For example, performance and management play important roles in the tourism business quality. In China, the policy and strategies from the government-led travel agency formed the organizational behavior in the country (Huang and Chen 2016).

Business information is another important indicator. Perramon et al. (2015) stated that customer-driven companies must adapt to the demands of the market. Thus, the travel agency companies require a complete and efficient information system to monitor workers' performance, cost-benefit analyses, benchmarking, or identification of new business opportunities. Virtual presence of inbound travel agencies is important, and online platforms allow for customer reviews by understanding their demands.

Inbound travel agencies are mainly small and medium enterprises who also need competent manpower. The recruitment of competent staff is essential physically and virtually. Besides ground operations, travel agencies must also be alert to the growing needs of customers via online technology. Kalbaska and Cantoni (2018) in their study on the e-learning strategies among travel agents in the United Kingdom, India, and New Zealand showed how travel agents are perpetually strategizing

themselves online. The study used phone interviews for education and certification in the travel trade. Hiring competent staff will expedite the operation of travel agencies, but it is also crucial for the staff to be able to act as if they are the business owner.

Also pertinent to the inbound travel agency is their local guide's quality and expertise. The travel agency needs to make sure their guides are abreast with issues pertaining to the travel business, changing rules and regulations, and trends for absolute customer satisfaction. In recent developments, which are in line with IR 4.0, the interactive electronic guides are a great help for the tourism business (Tarantino et al. 2019). Most challenges faced by travel agencies are the constraints in safety and security issues in the visited destinations. The acts of political and social turmoil, terrorism, military conflicts, or epidemics issues may be predicted in unstable countries. However, tourists may also face risks while travelling. In the case of Malaysia, AlBattat and Mat Som (2014) found that Malaysian tourism and hospitality industries are not fully ready to deal with the disasters. The study also emphasized the power of online media to help the marketing activities to work on the publicity for safe inbound tourism. Unsafe reports by the media can influence tourists negatively; hence, the state government and industry players need to take proactive approaches to the crisis and disaster management (Mat Som et al. 2015).

Basic facilities like an office, technology, and transportation are the bases for the inbound travel agency. Unlike manufacturing and other industries, tourism and hospitality industries are highly dependent on information service management. A study has proven the mediating effects of the facility on the quality practices and financial performance in the travel agencies (Perramon et al. 2015). Technologically enhanced analytical capabilities (artificial intelligence) and rich media (virtual and augmented reality) are creating smart environments that are transforming industry structures, processes, and practices. Accurate systems and quality training of staff should henceforth be in place at the travel agencies.

In a highly competitive business, first impression matters. Travel agents are expected to be experienced and knowledgeable as to best match the personality of clients to the most suitable options and destination. As the travel agency is selling travel services on behalf of the operators for hotels, airlines, tours, cruise lines, and other travel providers, the agency has no control over many situations. However, they can make sure that the physical and virtual information like signages, reservations, and itineraries are set to avoid potential problems so customers would continue on their choices with the least amount of difficulty or stress. This personality may give the first and last impression on the travel agency.

The last but not least indicator is the sustainable practices. Sustainable practice is a social practice and about the occupant behavior engaged in the office building (King 2019). This contemporary practice may be associated with the design of the office buildings in relation to the technological, physical, and economic aspects as well as to the social and psychological considerations (Hoffman and Henn 2008). The rise of personal computers within nine to five working hours, for instance, led to hot-desking and, therefore, requires appropriate office space, light, air quality, temperature and controlled noise. The ambience in the travel business creates

value co-creation and enriches the customer experience. These elements need to be consistent based on suitable sustainable best practices for the long-term survival of the tourism industry. The travel agencies that work on sustainability apparently score better on customer satisfaction, staff motivation, and business efficiency, with positive effects for their competitive advantage (Chan 2010).

These studies have highlighted some important criteria expected from travel agencies, but the lack of research on the development of standard indicators that can be used for inbound travel agencies as a whole is discernible. Hence, the study aims to gauge suitable quality audit indicators for inbound tourism agents from the Malaysian travel agencies' perspective as part of ensuring the future of continuous quality service in the sector for market recognition and competitiveness.

### 3 Research Methodology

The research design undertook a qualitative approach via focus group interviews. Focus groups are regarded as a collaborative research method, "as the outcome is dependent on the interactions of group members as well as interactions with the facilitator" (Cater and Low 2012, p. 354). In addition, according to Picken (2017), interviewing methods are very useful to get a deeper understanding of a topic dealing with probable and relevant differences in perception, attitude, impacts, behaviors, and practices. These variances are seen between groups of people (like stakeholders) or between individuals. Semi-structured interview questions were employed in the study to elicit insightful opinions of respondents and develop a descriptive content of inbound tourism quality criteria and indicators. The open-ended questions or items were formulated based on the available literature on quality indicators research in tourism. This also enabled the interview to be more inductive, reflexive, and flexible in nature to allow for possible content to be covered or emerge. Basically, the interview addressed questions on the nature, scopes, and guiding principles in developing the criteria and sub-criteria/indicators for Malaysian inbound travel agencies as well as the future of quality service monitoring in the sector.

The main target groups for the standards and certification program developed by Tourism Productivity Nexus were small-medium tourism enterprises and micro-companies. Small-medium tourism enterprises account for about 85% of tourism businesses in Malaysia (Set 2013). Currently, there are 4790 registered travel agencies in Malaysia, and around 80% of them are small and medium companies (Ministry of Tourism, Arts and Culture Malaysia 2020). The sample interviewees included a chairman, chief executive officer, director, and general manager of four distinct Malaysian travel agencies as well as one secretary-general of the Malaysia Tourism Council. They have been the major players in the Malaysia tourism industry with more than 20 years of experience, which justified the sample selection. The focus group interview was digitally recorded and conducted in English. Data was transcribed and translated into English in cases where interviewees spoke in Malay.

**Table 2** Background information on participating organizations

Interviewees	Background of organization	Job position of interviewees
1. Interviewee A	Local company which was established in 1985 dealing with tourism and hospitality business services A member of the Malaysian Association of Tour and Travel Agents (MATTA), the International Airlines & Tourist Association (IATA) and the Malaysian Bumiputra Travel Agent Association (Bumiputra Malaysia)	Chairman
2. Interviewee B	A licensed, private limited travel and tours company established in 1986 for inbound and outbound tours, by the MoTAC Malaysia. It is an accredited agent of IATA and member of MATTA. It is also an authorized agent for ticketing by several airlines including Malaysia Airlines	CEO
3. Interviewee C	A licensed, private limited travel and tours company established for more than 20 years for inbound and outbound tours. It is an accredited agent of IATA and a member of the Malaysian Inbound Tourism Association (MITA)	Director
4. Interviewee D	Committee for Tourism Productivity Nexus (industry-led establishment under Malaysia Productivity Corporation)	General manager
5. Interviewee E	Malaysian Tourism Council (MTC), the main registered tourism association in Malaysia	Secretary-general

The interview lasted for approximately 120 minutes. Table 2 shows the background information of the interviewees.

They were named as Interviewees A, B, C, D, and E, respectively, for anonymity purposes. Data were subjected to systematic content analysis in which the transcripts were read several times for overall understanding. This reflexive, nonlinear, and reiterative process is needed to identify and establish codes or categories while ensuring the meaning is retained (Erlingsson and Brysiewicz 2017). Coding of data was conducted by identifying themes or categories based on the predefined categories from the literature. Inter-rater validity and reliability of data analysis and interpretation were established by coming to a consensus for the findings to minimize or reduce bias.

## 4 Results and Discussion

### 4.1 *Suitable Quality Audit Indicators for Inbound Tourism Travel Agency Operators*

Findings showed that the first quality criteria agreed upon by the interviewees are related to the first impression of the agency. This was further divided into two sub-criteria, namely, the signages at agency entrance as well as at the office of the



agency. In terms of the first sub-criteria, everyone agreed that the signages and directions to entrances and departments of agencies should be maintained in good condition and clearly shown to all. Interviewee A stated that “Certain things we need like signage to be well-maintained,” and Interviewee A said, “My office must maintain the condition of signage.” The interviewees positioned the office of the agency as sub-criteria 2, with indicators like cleanliness and orderly and welcoming entrance to the attraction. Most importantly, all the directions to the agency and various departments of the office have to be clearly indicated or labelled. As stated by Interviewee A, “All departments signages must be clearly labelled at the office. But follows the tour, tour department. We actually got only a big travel agency. Inbound, outbound, ticketing departments.” This indicator on the importance of proper information and communication of company sites is also mentioned by Xin and Chan (2014).

The second criterion is the business information of the travel agency as means for good product marketing services to customers. The first sub-criteria refer to telephone inquiries with promptness in answering calls and mention of the company’s name with a wide knowledge of its products or tour packages as the indicators. According to Interviewee B, “. . . maybe telephone inquiries for this should be picked up at three rings.” This is followed by the second sub-criterion which is the availability of leaflets, brochures, website, or social media presence of the travel agency. The quality indicators mentioned were having the images to represent the product and display of authorized contact details like telephone, website, email, social network services, QR code, and addresses; e.g., “Information on location, opening hours . . . contact details are displayed. Everything should be included. Including location map” (Interviewee C).

Other indicators include usage of suitable graphics and/or photographs to describe the activities and facilities at the attraction (e.g., “There is a need to focus on images that represent the attraction’s unique selling points” (Interviewee A)), availability of product and services (e.g., “it is good to put availability of transport service. But as availability of services. Because we don’t only offer transport services but we offer other services too as travel agents” (Interviewee B)), and usage of suitable language for the target market pointed out by Interviewee D as part of marketing (e.g., “Foreign language is very important as staff needs to be fluent in English and or other appropriate languages. That’s why we put simple appropriate language because it depends on what is marketing. For Arabs, he must talk Arab. So I may need someone speaking Arabic. If Korean, you have to have Korean”). The interviewees also approved the need for obtaining information on data and privacy protection and provision for customer review and frequently asked questions (FAQs) sections as important sub-indicators under business information which concur with the study by Perramon et al. (2015) on customer review importance.

The third sub-criteria under business information refer to booking and confirmation procedures. According to the findings, it is important for travel agencies to have proper booking and confirmation procedures to ensure reliable and trustworthy services to customers. Six indicators were mentioned, namely, the need to have an

organized and systematic booking procedure (e.g., “We should put the booking procedure as an indicator. Must be organized. Booking and confirmation under one title” (Interviewee E)), a comprehensive itinerary (e.g., “Comprehensive itinerary already includes time to gather, what time departure, where to, what to do, what will be served etc. Quite a comprehensive itinerary needed” (Interviewee C), suitable activities according to age, medical fitness and others, clear information on risks of activities for customers, and suitable attire or apparatus for activities (e.g., “Agree that customers need to be informed of the tour itinerary, level of difficulty, possible hazards, safety precautions and regulations or rules that apply to their conduct on the tour” (Interviewee A)).

In addition to that, three more indicators are mentioned, that is, the need to attain confirmation of booking from customers and their data via email/social media such as their contact details apart from stating the terms and conditions of the package booked. For example, Interviewee B mentioned how social media is important as a means to communicate with customers on their visa application services; e.g., “Actually, social media like Facebook is something we fully utilize to communicate with customers. We recently used social media to inform us that we are doing Visa services.”

The third criteria for inbound travel operators have to do with the facilities at the travel agency, namely, office, technology, and transportation, as its indicators. For the office, interviewees agreed that the agency office should follow the guidelines set by MoTAC. According to Interviewee C, “To register as a travel agent, you must have an office. This is all set in MoTAC’s rules or terms and conditions for all registered travel agencies or operators. Like how many square meters. The office. You need to have signboards too.” In addition, cleanliness of the premise is important as well, as it reflects the quality of the business and first impressions by customers. As mentioned by Interviewee A, “Because we deal with inbound customers, we go on local requirements for cleanliness. Must take care of cleanliness. You can’t charge too high a price but not clean. So services include clean offices. This shows quality.” This mention of facilities and their conditions as indicators echoes the important findings by Perramon et al. (2015). The second sub-criteria refer to technology and how travel agents should leverage digital marketing technology to promote their business and services. This understanding seems to relate to the need to have product digital applications for customers to easily access; as stated by Interviewee B, “I meet this Maybank guy ‘do you have our apps? Give me your phone’ he said. He downloaded the app and gave it to me. So, now, I don’t need to type [www.maybank.com.my](http://www.maybank.com.my). So, I just go to Maybank, I get my Maybank.”

As for sub-criteria 3, e.g., transportation, findings from the interviews revealed that there is a need for travel agents to ensure inspections are met out on safety equipment accessibility and functionality at the premises. This indicator needs to be coupled with evidence of permit, insurance, and inspections by the local authorities like Puspakom, the local vehicle inspection company, e.g., “Combined together. The bus needs a scheduled inspection by PUSPAKOM. Then a valid bus permit and road tax. Don’t forget insurance too” (Interviewee C). The need for all agency drivers to have a clean record and valid driving license poses the final indicator under

transportation; e.g., “At least you must put that the bus driver must have a clean record. If he has a summon, he can’t drive surely” (Interviewee A).

The fourth criteria for quality indicators for inbound tourism by travel agents are linked to the staff code of conduct with four sub-criteria agreed upon. The first sub-criteria relate to staff attitude. Indicators include politeness, courteousness, patience, friendliness, integrity, enthusiasm, proactiveness, and attentiveness. As mentioned by Interviewee C, “Honesty is very important for us.” The second sub-criteria are self-appearance and self-presentation of the staff. Indicators agreed include being well-dressed, clean, and tidy as well as recognizable by others, e.g., “Polite, warm, enthusiastic, honest, passionate, attentive, provided with the Do’s and Don’ts. Okay . . . physical, dressed and clean. Neat and tidy. Easily recognized by clothing, nametags” (Interviewee B). The third important sub-criterion is communication skills with indicators such as being effective listeners and accurate in addressing customers’ needs and requirements apart from fluency in English and other important foreign languages. Quality of employment is thus vital for the performance of travel agencies and adopted by Xin and Chan (2014). The importance of competent employees is also covered in the next criteria.

The final sub-criteria present the actual job of the tour guide and also the staff on duty. It is interesting to note that this is regarded as a sub-criterion on its own which shows how important this role is in the travel business as it is required by law; e.g., “It’s a law, right? The tour guide is under the law” (Interviewee D). Indicators for the tour guide include legitimacy and certification of job appointment by the agency. For example, as mentioned by Interviewee B, “But, if I am an inbound tour operator, I am going to take a tour guide. That tour guide, we check if the tour operator is taking the right tour guide or not. As long as the tour guide has a license, that means passed already . . . And as long as he got a license from MoTAC. Got a license, more than seven passengers, to me as a travel agent, that’s sufficient.” The tour guide should also assume an animated, lively, and friendly persona besides being clean and presentable. He also needs to be able to explain attractions properly. Another sub-criterion listed is the presence of the staff on duty. Indicators such as availability and attentiveness of the staff to tend to customers are deemed crucial. The staff should also be alert and obliging at all times, e.g., “Friendly surely. Alert and helpful. Because sometimes, like my office too. 5.30–6 o’ clock they want to close already. . .” (Interviewee E).

The fifth criterion mentioned is the performance and management of inbound tours. Results revealed that there are 13 indicators developed altogether under these criteria. To start, all tour activities are bound by the regulations set by MoTAC. For example, as stated by Interviewee E, “The highest level is MoTAC. Any activities conducted by the state will have to report to MoTAC. I’m sure they have their own activities. So MoTAC allowed them to promote their state like that. So, in any case, MoTAC will refer to the state if any activity and what not This goes to mean that the ministry holds the highest say in terms of regulations for inbound tourism activities by local travel agencies.” This was supported by Interviewee 2 who said that “If MoTAC doesn’t control, then, everybody will do their own things. When they want to do activities, they must have the approval, or some form of green light is given. If

not, the MoTAC has no control already.” Other indicators include ensuring services or activities are detailed and clear in terms of itinerary, price, booking confirmation, records of time schedules, risks or hazards, and safety information and precautions. These are important as to ensure that the travel agency is in compliance with the standards given; e.g., “These are all important as a requirement too by MITA. So, we should emphasize this. Yes.” (Interviewee D).

In terms of performance criteria of inbound tours, the interviewees agreed that tour guides should be trained and certified as part of continuous quality improvement of the tours. However as mentioned by Interviewee A, training should not be just for the tour guides but for all involved in the business; e.g., “But I think relevant training for the tour guide, staff and companies are very important. Besides training an individual in the companies, the companies itself must be trained like a rule of the engagement. Like, what the company does when they meet people. The company must have some standards, the criteria. The company itself. Not the individual, the company, the company.” Since the focus group aims to come up with a certification program, in the end, the criteria set would be a standard for travel agents to know the rules of the game; e.g., “We will tell them the do’s and the don’ts. We have to tell them what the certification is all about ensuring best practices and quality of services. We have to explain. Rather than you buy and take and then just you go. So, there must be quality in our services” (Interviewee E). This also relates to the quality of customer or visitor feedback process which is important for continuous improvement (Vázquez-Casielles et al. 2009).

Responsible tourism was also highlighted in terms of making sure that inbound tourism activities and tours uphold the preservation and conservation of local cultures and natural habitats. This is relevant to Tourism Productivity Nexus’ aim stated by Interview A: “It is good that tours or activities ensure customers’ satisfaction and needs, at all times, and also observe the approved guidelines for interacting with the culture, natural environment and people of the community.” This finding supports the study by Xin and Chan (2014) on tour operators’ agreement that responsible tourism must be in a position to safeguard the ecological, social, and cultural state of the destination. This is also foregrounded in next criteria, e.g., local guide quality and expertise. It pinpoints the substantial necessity for guides to be sensitized to the tour experience and ground operators with regard to the protection and management of the environment, local people, values, and cultural resources.

This sixth criterion is different from the mention on tour guide in the sense that the local guide is the expert local or native of the destination. As stated by Interviewee E, “There’s a tour guide and there’s a local guide. The local guide is the one on-site . . . from the local community who knows the place at the back of his hand. So he should also be fit and licensed or certified.” This was justified by Interviewee B who said that the local guide must also be trained and knowledgeable about “sustainable tourism” where “he must know the place very well, passionate in taking care of the place. His customer service and communication must be good . . . on local traditions and environmental protection matters.” This parallels Chan’s (2010) description of sustainable tourism as “the preservation of the tourist destination and the capacity to satisfy tourists” (p. 30).

The seventh criterion mentioned is on safety management at the travel agency. Two sub-criteria were listed, namely, equipment and general safety. Indicators posited under equipment involve providing adequate and practical safety equipment like fire extinguishers and first aid kits. Nonetheless, when it comes to safety, there is already a standard; as mentioned by Interviewee C, “This is standard. You follow. Safety cannot be compromised. You have to follow the standard procedures.” Usage of the alarm system and CCTV is also important indicator under safety as well as prominent positioning of emergency exits or signs. Under general safety which is the second sub-criteria, the importance of training staff in first aid to handle emergency cases or crises and observe safety measures are laid down; e.g., “Staff needs to know how to handle emergencies . . . to be trained in first aid” (Interviewee B). Safety measure compliance and preparedness comply with findings by Mat Som et al. (2015).

The final eighth criterion is related to sustainability practices of the travel operators. This links to the earlier-mentioned sustainable tourism in criteria six on local guides’ role. The indicators are based on socioeconomic grounds like involving local communities in designing the itinerary of the tour, hiring them as local guides, hiring suppliers from the local community, and promoting locally made products and delicacies. This is supported by Interviewee B’s statement: “Inbound travel agency describes the requirements for Tourism Productivity Nexus in the tourism industry to boost productivity through sharing and promoting of resources, enhancing quality customer services and ensuring customer’s trust, . . . all types of sustainability practices for the local destinations.” This finding parallels Chan’s (2010) argument on the need for more stakeholder input on how inbound tourism can benefit from sustainable tourism development.

As a whole, the results of the study revealed the interviewees’ optimism toward developing standard indicators for better quality assurance certification for inbound tourism in general. As mentioned by Interviewee B, the development of the assessment for certification will benefit the inbound tourism business competency, e.g., “The idea of the assessment is not only to gauge the competency in their business. But, also to give the benefits to do the business. If they follow us [follow the certification], definitely they’ll be successful.” They also agreed on the fact that any kind of early certification should be led by the industry for the industry and on a voluntary basis. Hence, the certification must be affordable, easy to implement, and accepted by the small and medium industry players especially; e.g., “Okay any application fees should be at minimum cost. Application cost must be cheap” (Interviewee E). Findings also revealed the need for systematic monitoring of the inbound travel agency’s certification plan that continually reflects the demands of the clientele and uplifts national productivity as outlined in the initiatives undertaken by the Tourism Productivity Nexus, under the Malaysia Productivity Blueprint 2016–2020. As said by one of the interviewees, “This action requires continuous monitoring for quality services First, the subject is monitoring quality service. That means the person whom we have already given the inbound travel agency.” This supports the World Tourism Organization’s (2004) stand on a monitoring system or

**Table 3** Total number of criteria, sub-criterion, and indicators

No	Criteria (total number of sub-criteria and indicators)	Weightage (%)
1.	First impression of the agency (5)	5
2.	Information (20)	20
3.	Facilities (6)	6
4.	Staff (20)	20
5.	Performance and management of inbound travel agency (12)	24
6.	Local guide quality and expertise (5)	10
7.	Safety and security (10)	10
8.	Sustainable practices (5)	5
	Total (83 indicators)	100

certification that can be developed for continuous improvement based on the indicators.

In sum, the findings of this study showed eight main categories or criteria established. Within these criteria, sub-criteria were also mentioned as well as important indicators. Table 3 presents the eight criteria and 83 emergent sub-criteria and indicators.

## 5 Conclusion and Recommendation

This study discusses the possible quality indicators for Malaysian inbound travel agencies and how important they are for quality improvement in the service delivery standardization, from the perspective of Malaysian travel agency operators. The compliance with the minimum industry requirements and guidelines in the operation and management of the inbound travel agency is hoped to help improve the overall business process. These quality audit indicators for inbound travel agencies have been presented to members of Tourism Productivity Nexus and Malaysia Productivity Corporation for review. Tourism Productivity Nexus is the owner of the standards and the subsequent certification program. Tourism Productivity Nexus chartered the general principles for the standards: (1) target group: tourism small and medium companies and micro-players, (2) minimum requirements for indicators, (3) standards and certification programs to be developed are from and by the industry and for the industry. The standards to be developed should prepare the companies for higher-level standards, for instance, the national-level MyTQA, national-level standards, and international standards such as ISO.

Thus, it is expected that micro, small, and medium enterprises especially can implement the standards and subsequently get certified. Findings can be regarded as entrepreneurial strategies that will enhance productivity operations at the travel enterprise level. Global government officials can also adopt the findings in terms of their impact toward cultural, economic, ecological, and social outlooks. The

recommendation from the key players is the establishment of an industry-level national certification awards to businesses and operators that hold high compliance level to the indicators set for certification. Inbound travel agencies must meet requirements with regard to suggested criteria of the quality audit by the industry experts as part of their positive contribution to the tourism business. As highlighted by the participants, the award will encourage the inbound travel agencies in the inbound business itself as it has been practiced by IATA for the outbound tour.

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# **Part III**

## **Marketing**

# Supportive Elements of a Long-Term B2B Communication: The Case of a Norwegian SME



Karoline Hjelmeland and Elena Panteleeva

**Abstract** A successful relationship marketing requires a company to manage the communication with its customers in a way that it creates value for all parties. Therefore, the strategic role of communication has become a managerial priority for firms in all industries. Even though the concept of communication process has been thoroughly studied, the issue of long-term B2B communication between industrial companies has been scantily represented in the literature. Responding to the call for more examination of this issue against empirical evidence, this paper examines the long-term B2B communication process established by the industrial company, using the case of one Norwegian small- and medium-sized enterprise (SME) communicating with its international customers. The purpose of the paper is to reveal and describe elements which are supportive and contribute to a successful long-term cooperation. The paper is based on primary data collected from the interviews with the company representatives. Secondary data collected from public sources was used as well. The case company chosen for the study is a world leader in the polyurethane foam market, family-owned SME. It was assumed that the key elements of the communication process in this company are prominent and accessible for empirical examination. The empirical description is structured around the interactive communication model. The study traced the communication process in a case company and revealed that (1) actors providing communication, (2) the subject for communication, and (3) the stages of the sales process configure and modify elements of the communication process and ways these are applied.

**Keywords** B2B communication · SME · Communication process

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## 1 Introduction

Industrial marketing had always been treated as a subfield of mainstream marketing with a little interest in customer relations and long overshadowed by consumer goods marketing. The emphasis in this business has been on raw materials, bulk shipments, pricing mechanisms, and relational buying models where marketing and relationships have played a marginal role (Egan 2011). While in the previous four decades the marketing mix was dominant in almost every aspect of marketing literature, the relationship marketing perspective has gradually established itself as an alternative view particularly in industrial marketing (Houman Andersen 2001; Finne and Grönroos 2017; Maull et al. 2012). Researchers have suggested that firms should leverage firm-customer relationships to gain privileged information about customers' needs and thereby serve them better than competitors (Ndubisi et al. 2008). The shifting focus from short-term goals to long-term relationships means that marketing is currently seen not only as a source of making more profit (Palmatier et al. 2006) but also as an instrument to generate good references and favorable word of mouth (Grönroos 2004), increased market share, profitability, and reduced costs (Ndubisi et al. 2008). These advantages become central elements in an era of ever-increasing competition. This has culminated in the advent and popularity of the concept of relationship marketing. This has been defined as the process of attracting, maintaining, and enhancing customer relationships, where both parties—the buyer and the provider—establish an effective, efficient, enjoyable, enthusiastic, and ethical relationship, one that is personally, professionally, and profitably rewarding to both parties (Poovalingam and Veerasamy 2007; Håkansson and Wootz 1979).

Successful relationship marketing requires a company to manage the communication with its customers in a way that creates value for all parties (Lindberg-Repo and Grönroos 2004). In this regard, communication is at the forefront as a concept emphasizing the prominent role of interaction between the parties where this interaction leads to improved connectedness and value creation (*ibid.*). In these interactions, communication is now seen as playing a central role in providing the understanding of exchange of the partners' intentions and capabilities and forming the groundwork for relationship development (Houman Andersen 2001; Veljanovska and Cibreva-Jovanovska 2014). Through these dialogic processes, participants are able to obtain information about the customer's needs and to learn how satisfied the customer is or whether the customer has an unspoken complaint (Poovalingam and Veerasamy 2007) and, as a result, establish deeper contact (Lindberg-Repo and Grönroos 2004). This strategic role of communication is becoming a managerial priority for firms in all industries.

It is clear that for most companies, the issue of communication is not whether to communicate, but rather what to say, to whom, how and when, and where to say it (Poovalingam and Veerasamy 2007). Organizations fulfil the roles of communicator and promoter to form the groundwork for long-term relationships with their customers (Poovalingam and Veerasamy 2007; Kotler 2001). While an integral view of communication encompasses a process applied to establishing, maintaining, and

managing sophisticated marketing communication systems with their customers, distributors, suppliers and various other groups (Williams and Spiro 1985), at the industrial B2B level, communication is initiated, maintained, and terminated on a person-to-person basis. This communication is therefore a human act of transferring a message to others and making it understood in a meaningful way while believing that communication is the glue that holds together an interorganizational channel of distribution (Houman Andersen 2001; Mohr and Nevin 1990).

Even though the concept of communication in general and the communication process in particular has been thoroughly studied (Agnihotri et al. 2009; Danaher and Rossiter 2011; Halimi et al. 2011; Houman Andersen 2001) with a main focus on B2P communication, the issue of long-term B2B communication between industrial companies has been scantily represented in the literature. We still know little about how industrial companies build their long-term relationships with their customers. What are the basic, supportive elements of this communication? What are the instruments used to build successful long-term interrelations? What are the motives and rationales behind the communication process adopted? What are the antecedents, pitfalls, and outcomes of long-term B2B communication? *Responding to the call for more examination of this issue against empirical evidence, the present study contributes to the literature on B2B communication by describing and analyzing supportive elements of the long-term B2B communication process established between two industrial companies, using the case of one Norwegian company communicating with its international customers.*

The case company for examination is a Norwegian, industrial, family-owned SME with over sixty years' history and traditions. The SMEs as a research setting have recently received a considerable attention among researchers all over the world (e.g., Bołkunow 2019; Horchani and Zouaoui 2019; Mikić et al. 2019). In recent decades, the company has demonstrated stable growth according to the main financial indicators, having successfully survived the recent national and international financial crisis. The company occupies a leading position in the global polyurethane foam market. It is worth noting that a limited number of participants characterizes the polyurethane foam market, where customers' relationships, word of mouth, and reputation have an especially powerful effect on new, potential, and existing customers. The company is among the few Norwegian industrial companies that has kept a hundred percent of its production located in Norway. It has extensive experience of establishing successful long-term relationships with its customers all over the world and is constantly looking for new ways to improve and strengthen communication with existing customers as well as attract new ones. As this is a family-owned SME with a long history of successful operation and maintaining its traditions, as well as being a world leader in its segment, operating internationally, it was assumed that the key elements of the communication process would be prominent and easily detected.

*The study traced the communication process in a case company and revealed that (1) the actors providing communication, (2) the subject for communication, and (3) the stages of the sales process configured and modified elements of the communication process and the ways that these are applied. The rest of the paper is*

organized as follows: first, the framework adopted in the study is presented, followed by the research method. Next, the main empirical findings are outlined and the analysis and discussion of the findings, followed by the conclusion in the final section.

## 2 Communication Process: Frame of References

The concept of the communication process has been thoroughly studied by many researchers (Schramm 1971; Duncan and Moriarty 1998; Lindberg-Repo and Grönroos 2004; Jones Jr 2015), which extended the view on communication from a traditional linear model to an interactive two-way circular communication between the sender and receiver, with a main focus being put on interaction (Jones Jr 2015). The purpose of this paper is to trace the communication process between two industrial companies as well as to highlight and analyze supportive elements pertinent to this communication. For the purpose of empirical analysis, we adopt an “interactive communication model” (Sutherland 2012) where communication is viewed as a two-way process whereby information (message) is sent from one person (sender) through a channel to another person (receiver), who in turn reacts by providing feedback.

The model was developed as an interactive communication model where communication starts with a source or a communicator that could be either a person or an organization that has information to share with another person, organization, or a group. The “source” initiating communication is further labeled as a sender, while a recipient of information or a message is a receiver. The sender frames the communication in a certain way (Jones Jr 2015). As the initiator of the communication process, the sender is assigned the primary responsibility for the success of the communication. The sender also needs to make sure that the content of the communication is accurate and framed in a way that will most likely achieve the desired outcome (Fitsimmons 2014). Therefore, in order to facilitate communication, the sender has to design and send a message that goes in line with the perceptions of the sender as well as with the expectations of the receiver (ibid.). Moreover, an interactive communication model implies that participants alternate their positions as sender and receiver and generate meaning by sending messages and receiving feedback within physical and psychological contexts (Jones Jr 2015). In this regard, the communication channel plays the role of a medium transmitting a message and



**Fig. 1** Interactive communication model. Source: Developed based on Sutherland (2012)

feedback between counterparties. Figure 1 depicts the main elements of the communication model that are of particular interest in this study.

Therefore, the communication in the case company is traced by looking at the interactive communication model (Sutherland 2012), where the main focus is on three elements: (1) a message, (2) a channel, and (3) a feedback. The message represents the content of communication, while the channel represents the medium of the message being physically transmitted (Guffey and Loewy 2010), and the process of sharing ideas, concerns, and suggestions from the receiver to the original sender is labeled as feedback (Sullivan 2009). The following subsections briefly outline these three elements, which have been empirically studied in the case company.

## **2.1 Message**

The message is defined as the verbal or nonverbal content being conveyed from sender to receiver. Duncan and Moriarty (1998) state that companies are interested in being more customer oriented and in building relationships, where the focus is on communication rather than persuasion. They further state that the key to managing the point of perception is to deliver and receive messages on a platform of strategic consistency. Strategic consistency means that messages are appropriate for their audience, while there is a consistency in the way corporate values are presented, how products are presented, and how the brand is identified and positioned (Duncan and Moriarty 1998; Danaher and Rossiter 2011).

Williams and Spiro (1985) investigated persuasiveness of messages focusing on such dimensions as experience versus expertise and on issues and problems, as well as nonverbal communication. They state that companies need to focus less on delivering a particular message and more on interaction communication skills such as careful listening and speaking clarity. This is especially important in an interaction communication model, where building and maintaining relationships with customers are central elements. The communication-based model of relationship marketing recognizes that everything a company does sends a message that can strengthen or weaken a relationship (Duncan and Moriarty 1998). Communication failures can occur, and this is where the receiver bears some responsibility in the communication process. By giving full attention to the sender, the receiver can verify the understanding of the message with the sender. This will be the effect if the receiver believes that the sender is sending the message in good faith with a desire to understand the message correctly (Fitsimmons 2014).

## 2.2 *Channel*

The communication channel is the medium over which the message is physically transmitted (Guffey and Loewy 2010). The choice of communication channel for B2B communication has its peculiarities that differ it from B2P communication (Danaher and Rossiter 2011). A channel that still has an important and significant role in a B2B communication process is the salesperson's voice. Both businesses and consumers agree that voice is still dominant as a channel of choice, particularly for issues that are time sensitive or complex. Ashford and Cummings (1983) showed that customers believe that the manufacturer's salesperson was the most trusted source of information. Danaher and Rossiter (2011) found that senders in the business market rate e-mail more negatively than receivers do, which pinpoints that business receivers view e-mail in a positive light but senders are more cautious. They also concluded that the business receivers rate e-mail as being trustworthy and reliable, in addition to being very efficient in sending important messages. However, with regard to developing relationships between the communicators, it may not be sufficient to choose only e-mail as a channel for communication. For effective communication, the sender should match the channel that the receiver prefers. Danaher and Rossiter's (2011) research demonstrates that the receivers have distinct preferences for the channels. These preferences differ for certain types of messages, how they are used, and how the receiver replies to these messages (Danaher and Rossiter 2011; Payne and Frow 2004). The reply to these messages is called feedback and will be the next element studied in this section.

## 2.3 *Feedback*

Bartol and Martin (1997) define feedback as a receiver's basic response to the interpreted message. Furthermore, Sullivan (2009) specifies this definition and describes feedback as a process of sharing ideas, concerns, and suggestions between people in an organization or organizations with the intention of improving organizational performance. The verbal and nonverbal responses of the receiver create feedback, a vital part of the communication process. This response is a message or a set of messages where the source of the feedback is the original message in the communication process (Foulger 2004).

Positive feedback implies constructive praiseworthy behavior within the organization. It amplifies divergent possibilities and allows growth and evaluation within an organization (Sullivan 2009). Senders can encourage feedback by asking follow-up questions. The sender can improve feedback by timing the delivery appropriately and by providing only as much information as the receiver can handle. The best feedback is descriptive rather than evaluative. An evaluative response is judgmental and does not tell the sender whether the receiver actually understood the message (Guffey and Loewy 2010). Feedback is a reversal of the communication flow, an

opportunity for communicators to react quickly to signs resulting from the signs they have put out (Duncan and Moriarty 1998; Walsh et al. 2009; Shamma and Hassan 2009).

### 3 Method

This paper is a qualitative single-case study. According to Yin (2012), case study is a useful approach for highlighting the context-dependent issue and developing a theory or theoretical statements from observations and descriptions. Therefore, this paper intends to provide a description of elements of a long-term B2B communication process established between two industrial companies and, in doing so, highlights the way an interactive model of communication can be applied in a specific setting. The empirical examination is set in the context of an SME located in Norway and communicating with its international customers. The time span for the fieldwork conducted in the present study was limited to January to April 2018. The study is mainly built on primary data obtained from qualitative interviews with representatives of the case company and its customers. However, secondary sources were also used in the study.

In total, ten respondents participated in the research project representing two groups. One group represented the case company and included the CEO, chief financial officer (CFO), service manager, sales coordinator, and sales director. The other group consisted of representatives of customer firms. Among these five respondents, one occupied the position of general manager and the other four had the position of managing director. The informants from the customer firms operated in different geographical regions all over the world: two from Uganda and one from Hungary, Italy, and Spain. The duration of business cooperation with the customer respondents varied from 2 to 20 years.

The case company provided a list of potential respondents for the interviews. To arrange the interviews and gain access to interesting primary data, letters requesting cooperation were sent out to the potential respondents. The letters contained information regarding the aims of the research project and the expected results. Further, the selection of the respondents for the interviews was based on their willingness to participate. Throughout the data collection process, one of the authors had several opportunities to communicate informally with interviewees in the case company, as well as to directly observe internal communication processes such as informal communication and e-mail exchanges. Information obtained from these informal conversations was also very helpful in obtaining a more comprehensive picture of the issue under consideration. Secondary data obtained from official web sites and from internal reports from the company were studied in order to strengthen the reliability of the study. A great deal of valuable information was obtained from marketing reports regarding the polyurethane foam industry (Marketsandmarkets.com 2016, 2018).



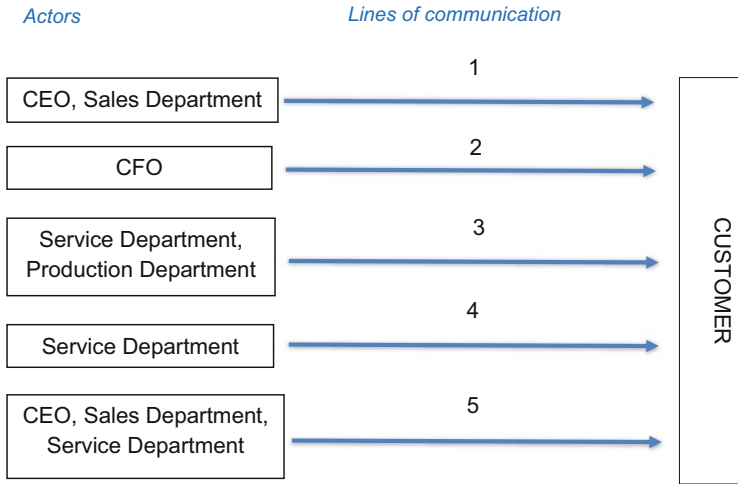
The main data collection technique was semi-structured interviews. The research strategy for conducting the interviews was based on the framework constructed for the study. The interview guide contained a general list of topics to be discussed with interviewees. Questions addressed the relationship between the company and its customers, general descriptions of the communication process as followed from the framework, and, further, more detailed inquiries of the elements in the communication process. Interviews were voice-recorded, with the prior approval of respondents. Written notes were taken as well during the interviews in order to develop follow-up questions. Two interviews were conducted via e-mail as requested by those respondents.

Soon after the interviews, empirical data was transcribed and then translated into English when required. This was further a subject for analysis and interpretation. The empirical data representation and subsequent analysis were organized from two perspectives, that is, both company and its customers. This was meant to bring more interactive representation of the study object, as well as to give a thorough picture of the model of the consideration.

## 4 Findings

This section presents the results of the empirical examination of the long-term B2B communication process adopted in the case company. The case company is a Norwegian family-owned SME, which has 52 employees and delivers machines to 90 different countries including Europe, Africa, Middle East, and Asia. The organizational structure encompasses CEO, CFO, and financial, technical, sales, service, and production departments. Business units mainly involved in communication with customers are CEO and service and sales departments. The CEO spends 70 percent of his daily work building new and existing customer relationships. The service director has responsibility for after-sales and coordinating the work of fitters, and the sales director has an overall responsibility for sales in the company, which includes sales facilitation.

The empirical study revealed that the communication in the case company occurs at different stages of a sales process, as depicted in Fig. 2, that is, when (1) finding new projects or customers, (2) selling machinery, (3) delivering machinery, (4) providing service, and (5) building post-sales relationships. These are further labeled as the *five lines for communication*. Line 1 concerns finding new customers. Actors mainly responsible for this process are the CEO and the sales department. Further, when the customer is ready to buy, a new line for communication (Line 2) appears. In this line, the sales department, represented by sales coordinator and logistics coordinator, together with the CFO handles payments, shipment, and other agreements with the customer. Production and technical departments are in charge of initiating and providing communication at the stage of producing and delivering machinery to a customer and, therefore, configure communication Line 3. The machinery delivered to the customer requires service support concerning among

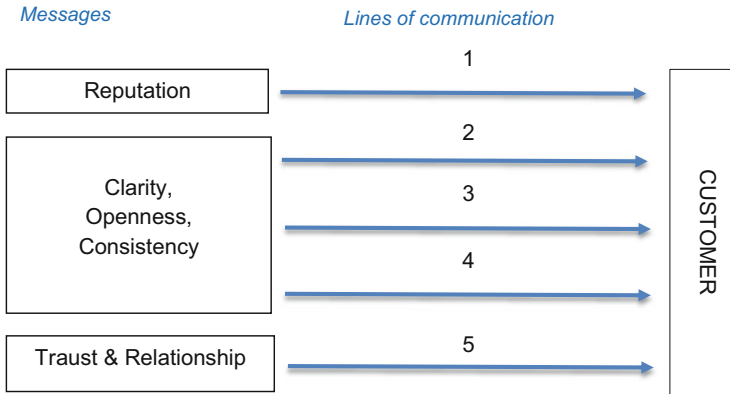


**Fig. 2** Stages of sales process and actors involved in communication. Source: Developed by the authors

other things installation, adjustment, and tuning in order to get it up and running. This stage of the operational cycle is the general responsibility of the service department, represented by the service director and fitters who run and configure communication Line 4. The final line of communication (Line 5) concerns development and improvement of post-sales relationships with the customer. Actors responsible for communication at this stage of the operational cycle are the CEO and sales and service departments. The following subsections outline the main elements of the communication process highlighted in the frame of reference.

### 4.1 Message

The content of the communication that moves between the sender and the receiver refers to the message that is transmitted (Mohr and Nevin 1990). This content needs to be developed or encoded by the sender, and the decision is based on what the sender believes about the receiver’s knowledge and assumptions, along with additional information that the sender wants the receiver to have (Hall 2006). As has been demonstrated earlier, there are different lines of communication representing the different stages of the sales process. *It was found that messages sent via different lines of communication differ according to subject and content, as presented in Fig. 3.* At the stage of finding new customers (Line 1), the message developed by the company is based upon the expectations of the customer. These expectations are formed by the company’s reputation that flows in the market. It was seen from most of the interviews that the case company has a very strong and good reputation in the market. One of the respondents put it as follows:



**Fig. 3** Messages sent at different stages of the sales process. Source: Developed by the authors

By talking to customers and other players in the market, we believe that our reputation includes that we are trustworthy when we communicate with customers and that we keep our promises. We communicate that we have a high-quality machine that can run for decades, that has a very flexible system, which we believe that they get. Our perception is that customers value our quick response time and that we follow-up our existing customers.

The case company has a name established in the market, and a particular reputation is attached to it. Therefore, when building a new contact and/or starting a new project, the company's reputation is enclosed in the content of the messages sent to a potential customer at the first stage of the sales process. The content regarding the company's reputation inevitably configures and steers communication at this stage. This creates and supports particular customers' expectations concerning the quality of a product and services, which the company wants to meet and develop. Therefore, at the first stage of the communication process, the message concerning the company reputation is supported and extended by information about the high-quality product, a quick response time, follow-up, additional competences, flexible solutions, etc.

During the next three stages of the sales process when machinery is being sold, delivered, and serviced, the issue of customer satisfaction is at the forefront. Therefore, the content of messages at these stages is directed to providing a customer with necessary information at the right time. As Duncan and Moriarty (1998) state, the key to managing the point of perception is to deliver and receive messages on a platform of strategic consistency. What is meant by this is that messages can vary from one customer to another; however, it highlights that strategic consistency presents corporate values, how the company performs, and how the brand is identified (Duncan and Moriarty 1998). It was found that at these stages of the sales process, the main subjects of communicated messages were to underline openness, clarity, and consistency in a relationship being built. While openness and clarity imply that actors in a case company are ready to provide additional information at any time and ensure that this information is received and understood by the customers, consistency is able to enhance communication flow. The case

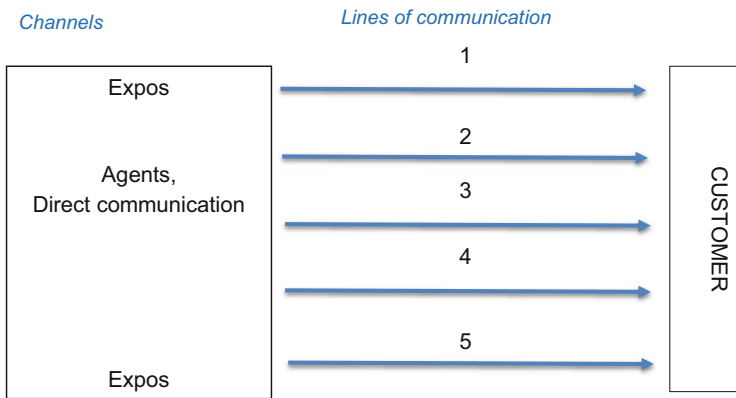
company highlights the importance of being easy for customers to contact. This includes the possibility of contact via several channels and topics that are beyond delivery or installation. It is believed that sending this message to customers will demonstrate the importance of the relationship both before and after a machine has been bought. Therefore, at the last stage of the sales process when post-sales relationships are developed (Line 5), the main focus of communication is on emphasizing the importance of maintaining trust and relationships in the long term. A respondent from the case company puts it in the following way:

We want to build relations beyond the technicalities of the machines. We stand here with open arms. . . .

### 4.2 Communication Channels

The next stage of the communication process, after identifying the messages to be sent from the sender (company) to the receiver (customer), is to select channels for transmitting the messages. *Communication channels adopted at different stages of the sales process in the case company which were identified during the fieldwork in the study are depicted in Fig. 4.* Some messages are most efficiently and effectively delivered directly or via a mediator, as well as orally, while others should be written, and still, others are best delivered electronically (Guffey and Loewy 2010). For the case company, the channels adopted are (1) agents, (2) direct communication, and (3) expos.

The case company is partnered with 18 international agents, where the majority are big corporations. According to a nonexclusive agency agreement between an agent and the case company, the agent acts in the name and for the account of the company and promotes the sale of the products in the best possible manner by



**Fig. 4** Communication channels adopted at different stages of the sales process. Source: Developed by the authors

establishing contact between the company and its customers in the area. Furthermore, the representatives of the case company believe that these agents are a primary channel in building continuous relationships with the customers, recruiting new customers, and collecting information about the industry in the international market. Therefore, this channel is widely used during all stages of the sales process (Lines 1–5).

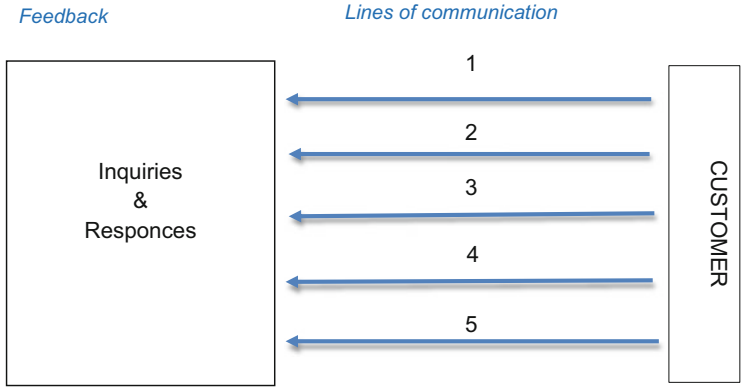
Another central channel is direct communication, which in the case company encompasses direct sales conducted by the CEO and sales department and services conducted by service department. Both businesses and consumers agree that the salesperson's voice is still dominant as a channel of choice, particularly for issues that are time sensitive or complex, which both the case company and its customers agree upon. It was found that direct sales as a communication channel is used less intensely than agents, while the efficiency is much higher when it comes to coding and decoding (interpreting) the messages sent. Therefore, this communication channel is adopted during all stages of the communication process (Lines 1–5). It is in particular valuable when used for contacting new customers and building post-sales relationships (Lines 1 and 5). Communication concerning installation, service, and adjustment of machinery sold (Line 4) is the main responsibility of the service department in the case company and is performed by fitters. The fitter travels to the customers and often stays for several weeks providing extensive formal and informal direct communication with customers.

The third, main communication channel used by the case company is expos. An expo is a global event that aims to educate the public, share innovation, promote progress, and foster cooperation. The case company participates in three to four expos a year and invests a great deal of resources on this channel. From a company's point of view, the expos provide several opportunities for communication, such as meeting new customers, information sharing, and building on the already existing customer relationships in both a formal and casual setting. Concerning the importance of looking at the degree of formality highlighted by Guffey and Loewy (2010), respondents stated that expos created a fruitful environment for informal communication. The case company appreciates informal communication during the expos and extends its profile by including visual information connecting the case company to its country of origin. The company believes that this approach is able to increase the efficiency of communication at Lines 1 and 5, as one of the respondents from the case company stated:

It is essential to show the customers that relationships are not only about the technicalities of the machines, but that [the company] is open to having relationships beyond that. . . .

### **4.3 Feedback**

The concept of feedback includes messages sent in response to other messages. It also includes a more complex understanding of the communication process and its



**Fig. 5** Feedback messages received at different stages of sale process. Source: Developed by the authors

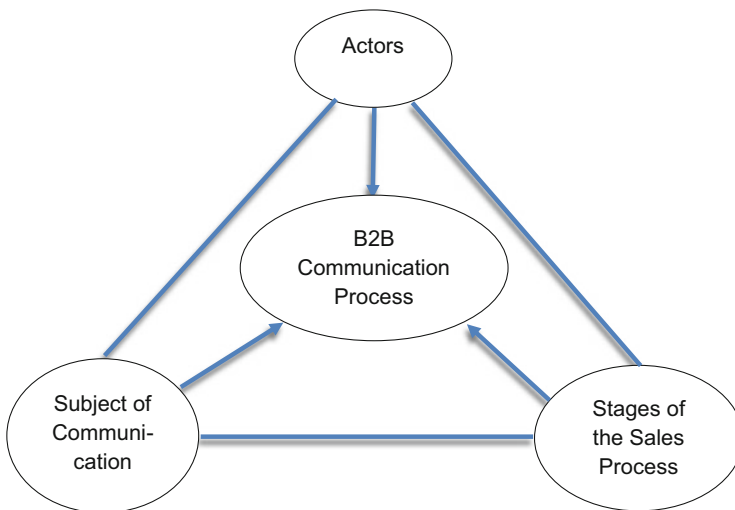
roles. Some define feedback as a sub-process in the communication process where one shares ideas, concerns, and suggestions between two parties (Sullivan 2009). The communication process is a two-way circular communication, where feedback is sent back to the sender on a regular basis. This means that the company can receive multiple and diverse feedback from the same customer in one communication process. As it is evidenced from the study, the feedback for the case company occurs at different stages of the sales process and varies depending on the message that has been sent and received. This process is depicted in Fig. 5 and described in further in this section. As evidenced from the study, feedback received from customers represents two types of messages: (1) inquiries and (2) responses. A multiple feedback messages are sent by the customers and received by the company during all stages of the sales process. Both inquiries and responses occur in all communication lines (1–5) and concern new machinery, contract handling, spare parts, or other preliminary responses. Feedback is handled in different ways. Inquiries regarding any technical issues concerning machinery, the contract, or errors in computer systems that customers cannot handle themselves are directed to a service team or a support system. The support system is an online service available for customers 24 hours a day, 7 days a week, and free of charge. Agents, as representatives of the case company in the country where the customer operates, are in charge of collecting and transmitting feedback messages from the customer in the form of responses, which may also include complaints and suggestions. Feedback that has been received, either directly from the customer or via agents, is a subject for discussion by the top management once a week. During these meetings, all feedback messages are prioritized, and a treatment plan is developed.

## 5 Concluding Remarks

The general purpose of this paper is to describe and analyze the communication process adopted in one industrial company and by doing so shed new light on elements pertinent to long-term B2B communication. The paper employs an example of one Norwegian industrial SME company operating in the global polyurethane foam market and that has achieved good results during recent decades. Through empirical research, this study has traced the communication process in this case company and revealed that actors involved in communication, subjects for communication, and the stage of the sales process can configure and modify the elements of the communication process and ways that these are applied as depicted in Fig. 6. For analytical purposes, we adopted an interactive two-way communication process (Sutherland 2012) to gain a better understanding of the elements supporting communication in the case company.

Empirical findings from the study revealed that the case company puts considerable efforts into supporting and improving communication with its customers. Moreover, communication is used as an instrument to build stable and fruitful long-term relationships with customers that would create a positive word of mouth. This was considered particularly important as the company operates in a market with a limited number of participants, where reputation is highly important for expanding both sales and market share and for attracting new clients.

Empirical evidence highlighted that the communication with customers in the case company occurs during the sales process, which consists of five stages, which were further labeled as lines of communication. These are different stages of the



**Fig. 6** Elements supporting communication in the case company. Source: Developed by the authors

sales process, that is, when (1) finding new projects or customers, (2) selling machines, (3) delivering machines, (4) providing service, and (5) building post-sales relationships. The company configures and modifies its communication process for each line of communication. By focusing on the organizational structure of the case company, the study revealed actors involved in communication process at different communication lines and their role in initiating and providing communication by formulating, coding, and sending messages to customers. Messages sent via different lines of communication differ according to subject and content. While at the initial stage of the sales process the company is interested in emphasizing its reputation to the customers, the messages sent via this line of communication highlight the way the company's reputation can meet expectations from the customers. During the lines of communication supporting the sale of machinery, messages sent to customers intend to provide clarity, openness, and consistency of communication. At the final stage of the sales process when the sale is completed, the messages sent to customers intend to build post-sales relationships with customers and emphasize the importance of building trust and connectedness. Therefore, at each stage of the sales process, different actors involved in providing communication as well as the subject of communication differ, which has certain implications for the communication process by configuring and modifying ways in which communication is applied and implemented.

Thus, the present study provides a detailed description of a B2B communication process in the case of a Norwegian SME operating internationally. The case company operates in a specific industrial niche where players are few and communication is essential and results in word of mouth that comes from this communication. Word of mouth and reputation have a powerful effect on customers in the polyurethane market where the case company operates, and the process of reaching this positive effect is through relationship marketing, focusing on the communication process. Therefore, a better understanding of the communication process and its supportive elements is of particular importance. With this regard, the present study highlights the importance of further studying communication as an integral part of relationship marketing with a particular focus on its separate elements.

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# Differences in Consumer Behavior from the Viewpoint of Education and Gender



Tatiana Pethö, Robert Štefko, and Ivana Ondrijová

**Abstract** The aim of the research study is to analyze selected factors of consumer behavior (consumer ethnocentrism, consumer materialism, and compulsive buying) of secondary education and university education of employees in relation to gender. The research sample consisted of 160 employees aged between 20 and 65. The sample included 82 women, 78 men, 97 employees with secondary education, and 62 employees with university education. Data collection was carried out by means of the methodology Consumer Ethnocentric Tendencies Scale (CETSCALE) to determine the level of consumer ethnocentrism. Consumer behavior was also found in two sub-scales, namely, the subconscious of consumer materialism and the subconscious of compulsive buying. The research results were assessed by two-way mixed analysis of variances (ANOVA). Analysis of research results showed that women with secondary education expressed a significant higher level of compulsive buying than women with university education. On the other hand, men with secondary education did not express a significant higher level of compulsive buying than men with university education. The limitation of study is an occasional choice of research sample.

**Keywords** Consumer ethnocentrism · Consumer materialism · Compulsive buying · Education · Gender

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## 1 Introduction

Consumer behavior can be described as determining why and who buys selected products or services. From the psychological and marketing perspective, it is important to find differences in purchasing decisions and consumer orientation. Jacoby et al. (1976) define consumer behavior as the acquisition and use of goods and services by ultimate consumers. It is important to evaluate and understand the patterns and motives behind shopping attitude (Cordun 2015). Research study focuses on three areas of consumer behavior (consumer ethnocentrism, consumer materialism, and compulsive buying). The main contribution of the research study was to compare three aspects of the consumer behavior in regard to education and gender of respondents. The research study was realized on the sample of Slovak consumers. Gender differences and differences in education were compared with previous researchers in discussion. Slovak consumers with secondary education expressed a significant higher level of compulsive buying than women with university education. Men with secondary education did not express a significant higher level of compulsive buying than men with university education.

The presented study is divided into four main areas. First area is focused on literature review about consumer ethnocentrism, consumer materialism, and compulsive buying in regard to gender and education. Research methodology provided description of research sample and research methods. Research results presented findings and were compared in discussion with previous findings.

## 2 Literature Review

### 2.1 Consumer Ethnocentrism

Ďaďo et al. (2006) stated that consumer ethnocentrism is based on the general concepts of ethnocentrism, based on the belief that our group is superior to another group. Ethnocentrism is a form of behavior that protects one's own group from other groups, contributes to identification with one's own group, and is an important mechanism of social integration. Shimp and Sharma (1987) have created an instrument, termed the Consumer Ethnocentric Tendencies Scale (CETSCALE), to measure consumers' ethnocentric tendencies, which has been applied in many further studies and has been validated in different countries (Netemeyer et al. 1991; Herche 1992; Sinkovics 1999; Luque-Martínez et al. 2000; Balabanis and Diamantopoulos 2004; Bawa 2004; Balabanis and Diamantopoulos 2004; Jiménez-Guerrero et al. 2014; Jerzyk and Wyczynski 2016; Wang et al. 2020). Consumer ethnocentrism in the Slovak environment was studied by Vilčeková (2014), Sedláková et al. (2007), Táborecká-Petrovičová and Gíbalová (2014), Gajdoš and Dziváková (2010), Saffu et al. (2010), and Lesáková (2016).

## 2.2 *Consumer Materialism*

Another specific area of our analysis was consumer materialism. There were many studies examining materialism as the phenomenon of modern life (Fournier and Richins 1991; Cleveland et al. 2009; Ger and Belk 1996; Flouri 1999; Richins 2004). Goldsmith and Clark (2012) state that materialism is characterized by the acquisition of property to increase social status and prestige. According to Dittmar (1992), “a core aspect of materialism is the use of possessions and consumer goods to communicate an individual’s personal identity.” Flouri (1999) created an integrated model of materialism. Researcher examined correlation between materialism and religious service attendance, economic socialization, neuroticism, and also family structure. Richins and Dawson (1992) created the questionnaire that measures three aspects of materialism. Schiffman and Kanuk (2004) indicate the following characteristics of materialistic consumers:

- They accumulate and display property for admiration.
- They are closed and selfish; their lifestyle is full of wealth.
- Their large property does not satisfy them.

Cleveland et al. (2009) have shown that some demographic variables (age and nationality) are related to materialism and some are not (gender, income, and education). We have examined these effects in Slovak conditions.

## 2.3 *Compulsive Buying*

Last area of our research is the problem of compulsive buying. This relatively new phenomenon has been studied in psychological (Christenson et al. 1994; Black 2007; Lejoyeux and Weinstein 2010) as well as in marketing studies (Litavcová et al. 2015; Shoham and Makovec Brenčič 2003; Wang et al. 2020). Faber and O’Guinn (1992) defined compulsive buying as a “chronic, repetitive purchasing that becomes a primary response to negative events or feelings.” Compulsive consumption is a case of abnormal behavior; it is addictive; and in some cases, consumers do not control themselves, and their actions have devastating consequences for them and their surroundings (Schiffman and Kanuk 2004). Billieux et al. (2008) indicate that this kind of purchasing is generally known as “impulsive buying”. According to generally known personal traits and prior research (Weaver et al. 2011), we can expect gender differences in compulsive buying. Mueller et al. (2011) on the basis of the research assume women are more prone to impulsive shopping and tend to shop to alleviate their negative feelings.

### 3 Research Methodology

The main goal of the research study was to compare employees with secondary education and employees with university education in the level of consumer ethnocentrism, consumer materialism, and compulsive buying in the context of gender. The partial goals of the research were focused on the following:

- The existence of statistically significant differences between employees with secondary and university education in the level of consumer ethnocentrism, consumer materialism, and compulsive buying.
- The existence of statistically significant gender differences in the level of consumer ethnocentrism, consumer materialism, and compulsive buying.
- The existence of statistically significant differences between employees with secondary and university education in the level of consumer ethnocentrism, consumer materialism, and compulsive buying in the context of gender.

#### 3.1 Research Sample

The research sample consisted of 160 participants, 95 women and 65 men aged from 18 to 65 years ( $m = 35.621$ ,  $SD = 2.578$ ). The research sample consisted of students and employees with secondary education (84 participants) and employees with university education (56 participants). The survey instrument was administered in print form to students enrolled in the marketing and management programmers in University of Prešov, Faculty of Management, and employees working in private and public sector in Prešov and Košice County during January and February 2018. Students were asked to complete the questionnaire after classes, and employees completed the questionnaire during work break. It took approximately 20 minutes to complete the questionnaire.

#### 3.2 Research Methods

The questionnaire CETSCALE by Shimp and Sharma (1987) in Schiffman and Kanuk (2004) was used for research purposes. The original 17-item CETSCALE model was more oriented to American customer and focused on four areas related to the country's economy, unemployment, patriotism, and product availability. The whole model is based on the assessment of respondents' responses to statements related to these areas. The individual entries are rated on the scale 1–7 (ranging from "strongly disagreement" to "strongly agreement"). It is important to note that the CETSCALE model measures only the overall consumer ethnocentrism (Cronbach's  $\alpha = 0.868$ ); the product type cannot be measured, but only the place of production.

Consumer materialism was examined using Consumer Values Orientation methodology by Richins and Dawson (1992), which was represented by 16 items with a seven-point scale (ranging from “strongly disagreement” to “strongly agreement”) with Cronbach’s alpha = 0.586.

Compulsive buying behavior was determined using Compulsive Buying Scale by Valence, d’Astous, and Fortier (1988) which was represented by five items with a seven-point scale (ranging from “strongly disagreement” to “strongly agreement”) with Cronbach’s alpha = 0.714.

## 4 Research Results

The objective of research is to analyze and compare consumer ethnocentrism, consumer materialism, and compulsive buying among employees of secondary education and university education in relation to gender. The research results were assessed and processed using IBM SPSS 20.00 Statistic (statistical program) with two-way mixed ANOVA (analysis of variances). Table 1 illustrates descriptive data of consumer ethnocentrism, consumer materialism, and compulsive buying, which are dependent variables, and also descriptive data of education and gender, which are independent variables.

Levene’s test of Equality of Error Variances had reached value higher than 0.05 in all cases. *F*-ratio value was highly significant. Results analysis of research showed significant differences between employees with secondary education and employees with university education in the context of gender. For research purpose, multivariate analysis was used, specifically two multivariate tests. Table 2 illustrates significant differences between employees with secondary education and employees with

**Table 1** Descriptive statistics of dependent and independent variables

Dependent variable	Independent variable	Independent variable	<i>N</i>	Mean	Standard deviation
Consumer ethnocentrism	Secondary education	Women	52	2.639	0.621
		Men	45	2.646	0.614
	University education	Women	26	2.568	0.646
		Men	37	2.615	0.612
Consumer materialism	Secondary education	Women	52	2.876	0.446
		Men	45	3.008	0.361
	University education	Women	26	3.034	0.461
		Men	37	2.865	0.398
Compulsive buying	Secondary education	Women	52	3.563	0.723
		Men	45	3.168	0.593
	University education	Women	26	2.934	0.806
		Men	37	3.102	0.603

Source: own proceedings

**Table 2** Interaction effect of education and gender—multivariate tests

Independent variable	Tests	<i>F</i> -ratio	Sig.
Education	Pillai's trace	2.599	0.054
	Wilks' lambda	2.599	0.054
Gender	Pillai's trace	0.838	0.475
	Wilks' lambda	0.838	0.475
Education * gender	Pillai's trace	4.008	0.009***
	Wilks' lambda	4.008	0.009***

Source: own proceedings

**Table 3** Interaction effect of education and gender in the level of consumer ethnocentrism, consumer materialism, and compulsive buying—tests of between-subject effects

Independent variable	Dependent variable	Mean square	<i>F</i> -ratio	Sig.
Education (secondary and university)	Consumer ethnocentrism	0.184	0.476	0.491
	Consumer materialism	0.002	0.011	0.918
	Compulsive buying	2.184	4.737	0.031**
Gender	Consumer ethnocentrism	0.184	0.476	0.491
	Consumer materialism	0.002	0.011	0.918
	Compulsive buying	2.184	4.737	0.031**
Education * gender	Consumer ethnocentrism	0.000	0.000	0.984
	Consumer materialism	0.847	4.908	0.028**
	Compulsive buying	5.607	12.161	0.001***

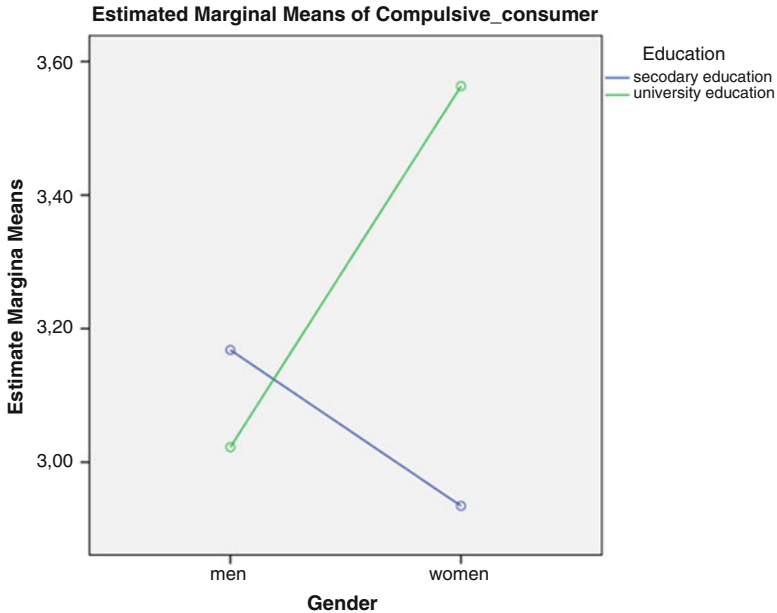
Source: own proceedings

university education in the context of gender. Table 2 shows interaction effect between education and gender.

Tests of between-subject effects showed significant differences in level of compulsive buying between employees with secondary and university education ( $p = 0.031$ ). Using ANOVA, significant differences were found in the level of compulsive buying between men and women ( $p = 0.031$ ). Test of between-subject effects also showed significant differences between employees with secondary education and university education in relation to gender of employees ( $p > 0.001$ ). Table 3 shows interaction effect of education and gender, specifically tests of between-subject effects.

Using two-way mixed ANOVA, statistically significant differences were found between employees with secondary education and employees with university education in the level of compulsive buying ( $p = 0.031$ ). Employees with university education showed significantly higher level of compulsive buying than employees with secondary education. Women expressed significantly higher level of compulsive buying than men. On the other hand, statistically significant differences were





**Fig. 1** Interaction between education and gender in the level of compulsive buying. Source: own proceedings

found between employees with secondary education and employees with university education in relation to interaction effect of gender in the level of compulsive buying ( $p \leq 0.001$ ). Figure 1 illustrates interaction effect between education and gender in the level of compulsive buying.

Comparison of estimated marginal means in the level of compulsive buying showed that women with secondary education ( $M = 3.563$ ) expressed a significantly higher level of compulsive buying than women with university education ( $M = 2.934$ ). On the other hand, men with secondary education ( $M = 3.102$ ) did not express a significantly higher level of compulsive buying than men with university education ( $M = 3.168$ ). Research results are compared with previous research in discussion.

## 5 Discussion and Conclusion

Research results did not show statistically significant differences in the level of consumer ethnocentrism. Research results are not consistent with previous researches, because Caruana (1996), Pharr (2005), and Shankarmahesh (2006) report that sociodemographic characteristics as age, gender, or income are not clear in the context of consumer ethnocentrism. Selected sociodemographic characteristics (gender, education) in our research were the first prerequisite for a better

understanding of the research construct. Research realized in Poland and in Slovakia indicates that local brands are purchased more often than foreign brands.

Furthermore, Gibbs and Boguszak (1995) found that for Slovakian consumers, the quality of products was no longer the preserve of advanced countries. Our research results are not consistent with previous research, because research results did not show statistically significant gender differences in the level of consumer ethnocentrism.

Research results did not show statistically significant differences in the level of consumer materialism. Research results are not consistent with previous research (Hat 2016; Cleveland et al. 2009; Schaefer et al. 2004), where consumer materialism has been found to be related to age, nationality, and other sociodemographic factors (e.g., income, gender, and education). Previous research by Zelizer (1994) also found statistically significant gender differences in the level of beliefs and attitudes about money. Attitudes related to perception about money were not the subject of the research, but they are related to the research issue. Researchers (Limbu et al. 2012) found that women were interdependent and tried to maintain and establish interpersonal relationships with people, who were part of organization. On the basis of previous research, we have assumed that women and men differ in the level of consumer materialism. The research assumption in our case was not confirmed, because research results did not show statistically significant differences between women and men in the level of consumer materialism.

Research results showed statistically significant differences in the level of compulsive buying. Researchers O'Guinn and Faber (1989) alert the severity of the physical consequences, which are an important distinction in abnormal consumption behavior, and the social, psychological, and economic consequences of compulsive consumption. Research results showed statistically significant differences between men and women in favor of women in the level of compulsive buying. Our results are consistent with previous research (Chiger 2001; Marks 2002; Otnes and McGrath 2001) where gender differences have been shown in the context of preference for purchasing and behavior.

Our research results showed statistically significant differences in the level of compulsive buying in the context of education. Employees with university education showed significantly higher level of compulsive buying than employees with secondary education. Previous research by Wood (1998) showed a relationship between impulse buying and educational experience, which is one of person-related variables. Analysis of research results showed that women with secondary education expressed a significant higher level of compulsive buying than women with university education. On the other hand, men with secondary education did not express a significant higher level of compulsive buying than men with university education. Research results are not consistent with previous research realized by Wood (1998) who found that education and age were related to impulse buying, but gender was related weekly.

Research analysis was focused on gender and education of employees that can be considered as a limitation of research study. On the other hand, it is important to

include more person-orientated variables related to socioeconomic and psychological characteristics of employees.

Limitation of the study is measurement of consumer behavior (consumer ethnocentrism, consumer materialism, and compulsive buying) using self-reported questionnaires. A second limitation of this study is that two sociodemographic characteristics were taken into account and also research study used an occasional choice of research sample. The results of this study suggest that women and men differ in the level of compulsive buying in the context of education (secondary and university education). Compulsive buying is, from a psychological point of view, a form of addiction that traders use for their own benefit and perceive positively. The results of the research study create various opportunities for future research with regard to sociodemographic characteristics from the viewpoint of consumer behavior. It can be stated that the field of consumer behavior is multidimensional and can be accessed from several perspectives.

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# Omnichannel Strategies Under the Marketing 4.0 Paradigm: Conceptual Structure and Current Applications



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**Abstract** The transformation in the field of marketing from the past to the present is quite remarkable. In short, this transformation can be summarized as follows: “Marketing 1.0” approach, which is expressed as product-centric marketing; then “Marketing 2.0” approach, which considers customer requests and expectations and is based on consumer-centered marketing; and followed by “Marketing 3.0” approach, which is based on human-centered marketing. The last stage of the change in marketing activities is “Marketing 4.0” applications. While this journey that started with Marketing 1.0 continues with Marketing 4.0, the concept of omnichannel marketing ranks high among the prominent concepts in this process. Omnichannel marketing applications, which overlap well with Marketing 4.0 applications and create the opportunity to bring together all the online and offline assets of businesses, enables not only physical communication channels but also web-based channels to be used in critical marketing areas such as finding customers and creating customer loyalty. Many of today’s modern businesses consider these practices as an important marketing strategy that will provide competitive advantage over competitors. In this study, it is aimed to provide detailed information about Marketing 4.0 implementations during the transition from traditional marketing to digital marketing. With this aim, some conceptual information about omnichannel marketing activities have been given, examples of brands which present omnichannel marketing experience both in Turkey and in the world have been presented, and some proposals have been given for better competitive strategies for the companies in today’s competitive environment. To achieve these goals, the literature review method was used in the study.

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## 1 Introduction

“Marketing” is developing day by day. Changing trends, lifestyles, and usage habits cause businesses to constantly develop new marketing strategies. In addition to this, a rapid increase is observed in the market shares of the companies that give importance to the consumer demands with the increasing focus of consumer-oriented marketing since the 2000s. Businesses that follow the rapid change and development in the field of technology contribute greatly to the development of consumer-oriented marketing understanding by implementing marketing strategies that enable the use of online and offline communication channels together. In the digital economy, it is imperative to use all the communication channels together for finding new customers/markets and retaining the customers. Traditional communication channels may be inadequate in the digital age that we are in. In this case, it is obligatory for companies to keep in touch with the customers to keep up with the changes in the market and not to lag behind the competition. Research has shown that today’s consumer bears brand loyalty to businesses that offer them an excellent buying experience. Today’s consumer, who wants to see more alternatives at the same time by visiting a store virtually while making the most appropriate purchase decision for him, can choose to buy the product by seeing or touching and sharing his positive/negative comments through social media after sale. In business terms, it is possible to successfully present all these experiences to customers through the correct use of omnichannel marketing strategies. It is possible for customers to access any product from different alternatives under the Marketing 4.0 paradigm, which aims at human-oriented use of technology and is based on bidirectional communication in marketing. In this sense, Marketing 4.0 that facilitates the transition from traditional marketing to digital marketing and enables interactive marketing experience enhances the participation and advocacy of customers and offers a brand-new marketing experience.

Therefore, in the conceptual framework of the study, it is aimed to give information to the readers about the role of omnichannel marketing strategies in marketing. In this direction, successful examples of omnichannel marketing strategies implemented by businesses are tried to be demonstrated in the context of competition. In this respect, the study is a literature research that reveals the theoretical structure of omnichannel marketing strategies and successful strategies.

## 2 Marketing Evolution from 1.0 to 4.0

The increase in new tools, technologies, and communication channels and the fact that consumers become more competent and informed have been effective in the radical changes in marketing practices. Advances in technological activities have accelerated the developments in marketing in a way to increase consumer satisfaction. In the early days, the concept of marketing, which can be expressed as the change of hands of the product, can be attributed to many different meanings today. The transformation of product-oriented sales approach into consumer- and human-oriented marketing has changed the form of competition among enterprises. Many companies that desire to reach more customers through different communication channels closely follow technological developments and strive to use all communication channels from traditional to digital. Submitting the right product at the right time, in the right place, through the right distribution channel and at the lowest cost; placing people in the focus of marketing; creating benefits for the customer; developing the concept of customer relations; and taking into consideration the competition are the concepts that help explain the point of marketing today. In the process of transition from traditional marketing to today's new marketing understanding, it is very important to understand the impact of technological developments on activities. In this context, it is possible to divide the marketing processes into four main phases starting from Marketing 1.0 to Marketing 4.0. Marketing 1.0 is the first marketing period that includes production, product, sales, and marketing concept developed as a result of the industrial revolution; Marketing 2.0 is the second period covering the understanding that the customer is king; Marketing 3.0 is the third period in which consumers are treated as all human beings with mind, heart, and brain and focuses on providing them with physical, emotional, and spiritual benefits; and Marketing 4.0 is the fourth period in which the consumer is the center of marketing under the intense global competition and comes to the fore technologies such as internet of objects and cloud technologies.

Table 1 summarizes the historical development of marketing from past to present.

### 2.1 Marketing 1.0

This period, which started with the industrial revolution, is generally the period in which one-dimensional segmentation based on product needs and past acquisitions is aimed and harmonizing the brand value suggestion on traditional channels. Again, in this period, there are purposeful data collection and descriptive analyzes such as "what you have done." Marketing 1.0 refers to the period in which the product is generally in the center and can be sold easily, industrial machineries are at the center of technology, the factories assume important tasks, and the products are sold with simple and mass marketing activities (Erdem 2018). Marketing 1.0 refers to the efforts to create a product's superior performance (Akar 2010; Lefebvre 2009). The



**Table 1** Development stages of marketing from past to present

Features	Marketing 1.0 (product-oriented understanding)	Marketing 2.0 (customer-oriented understanding)	Marketing 3.0 (value-oriented understanding)	Marketing 4.0 (virtual marketing-oriented understanding)
Aim	Selling products/services	Customer satisfaction and loyalty	Making the world a better place	Creating the future from today
Actuating force	Industrial revolution	Information technology	New-wave technology	Cybernetic revolution and web 4.0
Key marketing concept	Product development	Differentiation	Values	Just in time and customized production
Value propositions	Functional	Functional and emotional	Functional, emotional, and spiritual	Functional, emotional, spiritual, and self-creativity
Interaction with customers	From single source to multiple users	One-to-one relationship	Collaboration from multiple sources to multiple users	Collaboration and creativity from multiple sources to multiple users
Market seen by businesses	Mass buyers with physical needs	Smarter consumers who move with their mind and heart	All human beings moving with their mind, heart, and soul	Fully conscious customer community, creating common products
Business marketing guides	Product features	Corporate product positioning	Corporate mission, vision, and values	Values, vision, and expectations

Source: Based on Tarabasz (2013), Kotler et al. (2010)

famous sentence of Henry Ford, which was dedicated to the customers of the time, “You can have it in any color you want, as long as it is black” was said in this period. In Marketing 1.0, customer demands and needs have always been of secondary importance. The most important objective of this period is to reduce the cost and increase customer expenditures as much as possible by standardizing and producing the product to a large extent.

## 2.2 *Marketing 2.0*

This period, which covers the last 30–40 years of the twentieth century, is a period in which two-dimensional segmentation based on value is aimed at the integration of capacities on many channels. There are systematic data collection and explanatory analyzes such as “why did you do.” This second phase of marketing emerged in today’s information age. Consumers become more informed, can easily compare similar products, and create alternatives. Marketing 2.0 refers to a period in which the number of factories increased rapidly, market conditions became more

competitive, and the focus of marketing turned from product-centered to consumer-centered. The presence of consumers at the center of marketing necessitates the product presentation in various alternatives (brand, quality, color, variety, etc.) in order to meet the demands and needs of marketers. While printed media, TV, and radio are among the advertising channels of the period, the first times of the computer can be considered in this period (Murat 2014). In Marketing 2.0, it can be said that “emotional dimension” is added to the marketing efforts of enterprises in order to increase their customer potential (Lefebvre 2009). In short, this period refers to a time in which marketing for people who have easier access to information is not as easy as before.

### ***2.3 Marketing 3.0***

It is the period in which most people think of the current period as Marketing 3.0, where there is a multifaceted segmentation based on rational and emotional behavioral processes and the aim of optimizing experiences on superior/elite channels. There is continuous, automated, integrated data collection and evaluation of return on investment and predictive solutions “what you will do next.” Marketing 3.0 refers to a period in which “human spirit” factor was added to marketing efforts (Lefebvre 2009). According to Marketing 3.0, the center of marketing is no longer the consumer but the human being. The concept of profitability loses its importance, and the concept of corporate social responsibility comes to the forefront. Concepts such as emotion, reason, and spirit are used frequently in this period. New-generation consumers think that brands should not be silent about social issues but should express their thoughts and convincingly express that they care about these issues in their applications. The fact that customers are so effective and powerful demonstrates the necessity of Marketing 3.0 for brands. However, it can be said that companies that implement Marketing 3.0 have larger vision and mission and greater values (Kotler et al. 2010: 192).

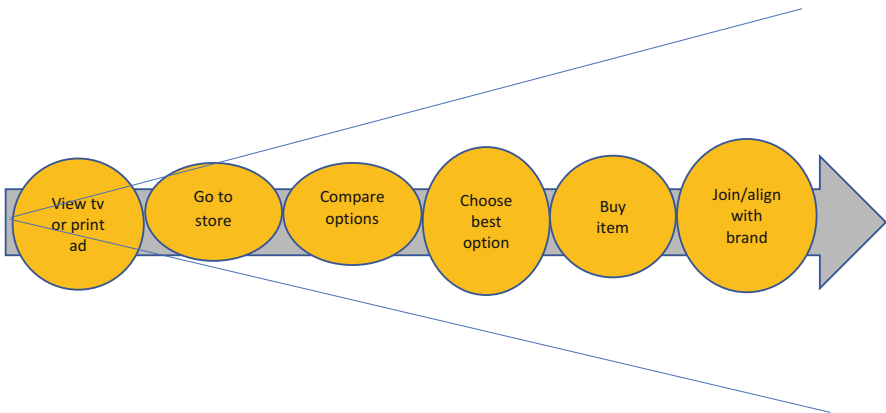
### ***2.4 Marketing 4.0***

Marketing 4.0, which is the natural result of Marketing 3.0, refers to a marketing approach that combines online and offline interactions between businesses and customers (Kotler et al. 2017). Continuous or intermittent integration of digital technologies with marketing activities has accelerated the transition to Marketing 4.0. However, the development of technology transforms marketing organizations and reshapes the marketplace (Vassileva 2017: 47). In the Marketing 4.0 period, which is an effort to look at marketing from a different dimension, big data management has come to the fore, and online consumer behavior tracking and data collection and analysis have been used to predict the future behavior of

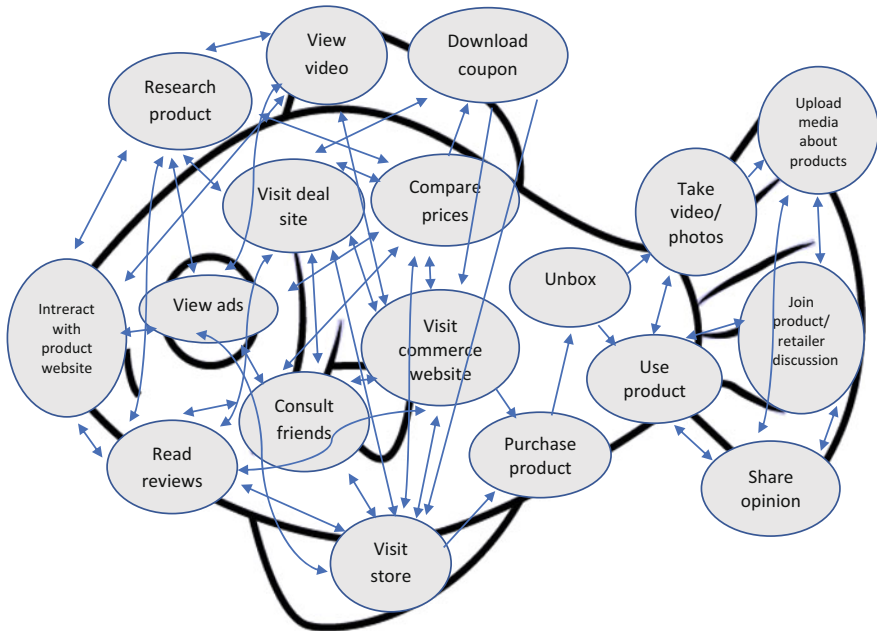
consumers. As a result of the developments in information technologies, traditional trade first turned into e-commerce and then to m-commerce; thus, cyber technologies settled at the center of life and caused fundamental changes in the elements of marketing mix (Başyazıcıoğlu and Karamustafa 2018). According to Kotler et al. (2017), Marketing 4.0 is a marketing approach that combines online and offline interaction between businesses and customers and style and essence in brand development and ultimately completes the machine-to-machine connection from person to person to increase customer engagement. In Marketing 4.0, digital marketing and traditional marketing must coexist, but the goal is to win customers' advocacy.

## 2.5 The Rise of Omnichannel Marketing in the Digital Age

The transition from a multichannel strategy to an omnichannel marketing strategy has been accelerated by recent technological advances. The radicalization of digitalization in every aspect of life has forced businesses to revise their marketing strategies. Businesses that previously used a multichannel strategy tend to implement the omnichannel strategy, which is now much more comprehensive (Fig. 1). Briefly speaking of multichannel strategy, in the face of developments in technology and changes in consumer expectations, businesses are now able to sell through catalogs, telephones, social media, the internet, SMS, online stores, mobile applications, etc., rather than selling through physical outlets and communication tools. In other words, it is expressed as a multichannel strategy for enterprises to communicate with consumers by increasing the number of channels (Huseyinoğlu 2017; Rangaswamy and Van Bruggen 2005). In this approach, each channel has a separate communication strategy, pricing strategy, and so on, although each channel thinks that the customer relationship starts with itself and builds its strategy accordingly



**Fig. 1** Unilateral communication model. Source: The Association of Category Retailing (2018)



**Fig. 2** Multilateral interaction model. Source: The Association of Category Retailing (2018)

(The Association of Category Retailing 2018). In a multichannel strategy, the most important thing is the channel not the customer. But meeting the needs of today's consumers perfectly does not seem to be possible only by implementing a multichannel strategy; also, it is compulsory to implement omnichannel marketing activities. The development of technology over time and the widespread use of social media and the unilateral communication, which has been replaced by uncontrollable multilateral interaction, have transformed the purchasing experience of consumers from being in the form of a tunnel or funnel to a multidimensional structure expressed in Fig. 2.

Omnichannel marketing applications, which aim to enable consumers to benefit from all shopping channels interactively, use many channels and contact points to reach the consumer and provide an uninterrupted shopping experience to the consumer (Kazancoglu et al. 2017). In short, omnichannel's marketing strategy can be defined as the marketing distribution strategy by using all channels together and without interruption (Lazaris and Vrechopoulos 2014). The omnichannel marketing strategy, where the main point is the customer and the channel, is a strategy for sales and service that creates an integrated and connected customer experience, regardless of how and where a customer accesses the product or service. The omnichannel approach is a trans-channel approach where customer experience starts from one channel, continues to another, results in another, and flows frictionless in line with customer-oriented process design principles (The Association of Category Retailing 2018).

Omnichannel marketing has become one of the most popular marketing strategies with recent customer trends and technological opportunities. Kotler et al. (2017) summarized these trends as focusing on mobile commerce, moving webrooming technology (search on the internet and buy from store) to offline channels, and moving showrooming application (search in store and buy from the internet) to online channels. The fact that customers become more mobile and channel-free requires the use of applications that enable businesses to omnichannel marketing. Thus, enterprises that meet customer demands can gain competitive advantage. For example, under the assumption that a customer sees a product in a banner ad on the internet, the customer can then search for more detailed information on the product via his smart phone, direct a social media message to a product comparison site where he can quickly examine and ultimately decide that the product is the best option in the market, and find the closest store where that brand is sold, go there to buy it, and perform the purchase action (Kotler et al. 2017). By combining all these online and offline channels, it becomes possible to offer them to the customers within the scope of Marketing 4.0.

## ***2.6 Literature Review of Omnichannel Marketing Strategy***

The concept of omnichannel was first used by Rigby. Rigby emphasized the necessity of integrating the channels instead of thinking that these two channels are independent, emphasizing the advantages of online channel facilitating shopping and the experience of physical stores for experience in his article on the subject (Rigby 2011).

Gao and Su (2016) study how retailers can effectively deliver online and offline information to omnichannel consumers who strategically choose whether to gather information online or offline and whether to buy products online or offline. They found that (a) physical showrooms may prompt retailers to reduce store inventory, which increases availability risk and discourages store patronage; (b) virtual showrooms may increase online returns and hurt profits, if they induce excessive customer migration from store to online channels; (c) availability information may be redundant when availability risk is low and may render physical showrooms ineffective when implemented jointly; and (d) when customers are homogeneous, these mechanisms may not exhibit significant complementarities and the optimal information structure may involve choosing only one of the three.

Huseyinoğlu (2017) tried to determine how holistic channel management is implemented in the retail sector, and as a result of the research, four main components effective in the implementation of this strategy are retailer point of view, retailer consumer point of view, big data and contact points, and logistics and optimization. In a study by Mosquera et al. (2017), it was concluded that in order to be successful in the omnichannel, retailers should focus on creating a holistic customer experience and investing in an effective technological infrastructure. Yumurtacı Hüseyinoğlu et al. (2017) investigated how retail companies use social

media and local and mobile commerce in their holistic channel strategy. As a result, they determined that similarities and differences between social media and local and mobile commerce at the omnichannel marketing strategy changed according to the product at the retailers operating in Turkey and Germany.

In the research conducted by PWC (2017) on a global scale, the main problems that the retailing companies encountered in their omnichannel experience that they presented to their customers were identified. According to the findings, these problems are budget constraints, many legal transactions that need to be changed and the difficulty of integrating existing systems, the lack of priority at the top management level, the lack of expertise/experience, and the lack of internal resources. Aydın and Kazançoğlu (2017) evaluated the ideas of the students who were surveyed within the scope of the extended technology acceptance model (UTAUT2) in their study on one of the leading companies trying to use the omnichannel marketing strategy effectively in the clothing sector. In the results of working, performance and effort expectation, facilitating conditions, habit, price value, and innovation have been identified as variables that may be influential in consumers' acceptance of omnichannel marketing strategy. Sopadjiewa et al. (2017) studied the shopping behavior of just over 46,000 customers who made a purchase during the 14-month period from June 2015 to August 2016. Their findings showed that omnichannel customers loved using the retailer's touchpoints, in all sorts of combinations and places. Their study's results show that the retailer's omnichannel customers are more valuable on multiple counts. Marangoz and Aydın (2017) examined the effect of omnichannel marketing strategy on consumers' decision-making process and made recommendations to businesses within this approach. In their study, Berman and Thelen (2018) tried to reveal the difference between multichannel marketing and omnichannel marketing. In this study, it is also aimed to reveal the factors that impede omnichannel marketing practices. Hendriyani and Chan (2018) revealed that the businesses operating in Indonesia have effectively utilized omnichannel marketing strategies in order to gain competitive advantage and expand their market shares as a result of their qualitative research in Indonesia. Kang (2019) found that social-local-mobile (SoLoMo) consumers' perceptions of the value of showrooming and webrooming were antecedents of their omnichannel shopping intention, which had an influence on their intention to share product reviews.

### **3 Brand Examples Offering Omnichannel Experience in Marketing 4.0**

In the Marketing 4.0 environment, businesses tend to focus more on mobile internet, cloud technology, big data analysis, and the internet of objects, thus providing the customer with a flawless shopping experience. At this point, it is extremely important for businesses to successfully implement the omnichannel strategy, which can

**Table 2** Omnichannel marketing implementation steps

Step 1	Map all possible contact points and channels on the customer path	Contact point; any direct or indirect interaction of customers with a brand and/or brand with other customers on an online and offline level. The channel is the online and offline intermediary that customers use to interact with the brand. A touchpoint may require one or more channels
Step 2	Identify the most important contact points and channels	Any customer may choose to experience a different point of contact composition in various channels in a specific order. Business resources should focus on creating a smooth and consistent experience across the most important contact points and channels
Step 3	Improve and integrate the most important contact points and channels	This is the most important step in determining the success of omnichannel marketing. Businesses should create a structure that prepares the strategy for use to deliver a true omnichannel customer experience

Source: Kotler et al. (2017)

be defined as bringing together online and offline channels. Kotler et al. (2017) stated that in order to develop a good omnichannel marketing strategy, the companies should consider all the points of contact with the customer very well considering all the details. According to Kotler, what businesses should do in order to develop a successful omnichannel marketing strategy is shown in Table 2.

In today's competitive environment, there are many contact points where the customer can communicate with brands from the awareness stage to the after-sales promotion stage. Companies that can successfully communicate with the customer at these points, in other words, which can effectively implement the omnichannel marketing strategy, gain significant advantages in creating brand loyalty. In this context, there are many businesses that implement the omnichannel marketing strategy successfully in the world and Turkey. Some of the businesses included in the Omnichannel Report of the Association of Category Retailing (2018) are given.

### 3.1 *De Facto*

It applies "flexible order management" between online and offline channels, which will provide convenience to the customer in terms of orders. For this purpose, the management of the stock was provided from a single place with the adaptation of eCommera, ERP, and sales and trading platform. It has implemented multiple channel management functions such as "Buy online, send to store"; "buy from store, send to home"; and "save the sale." This resulted in a 15% increase in online orders and saving time and costs thanks to the "click and send to store" orders. "Send

from store” and “reserve the product-buy in store” functions are successfully implemented at 200 points (AdminEditor 2017).

### **3.2 Teknosa**

Within the framework of the Teknosa omnichannel strategy, the share of “Click & Collect” application, which was implemented in order to enable customers to quickly access the product they ordered from the internet, increased to 30% in e-commerce sales in 2017. The share of the traffic coming from mobile platforms within the total e-commerce traffic has reached 65%. While reaching 1.5 million people with its mobile applications, it has created a large ecosystem with more than 3.5 million followers on social media. It provides customer feedback from the rich customer data collected from multiple contact points (Teknosa 2017).

### **3.3 Ciceksepeti.com**

It uses “Web-chat Order Tracking System.” [Ciceksepeti.com](http://Ciceksepeti.com), which is fully online, is a successful example in order to get to know the customer, especially in order management. The customer can also order from the call center. Customer can follow the order from the order tracking section of the website or directly via web chat with a personal web assistant. The customer’s history can be viewed in 360 degrees on all channels, and the customer is provided with a seamless customer experience. It also offers online personalized campaigns and product offerings on the flower products that the customer is interested in while browsing the website.

### **3.4 Steve Madden**

Clothing retailer Steve Madden emphasized the importance of data and the importance of quality customer relationship management (CRM) in omnichannel strategy in his strategic goals. The most important missions are the consistency of the data contained in the customer experience they offer and their availability among different channels. To accomplish this mission, Steve Madden analyzed customer data collected through different channels and succeeded in establishing more meaningful and personalized communication. For example, if a customer is inactive, he sends an inactive customer-specific message (Virgillito 2017).



### **3.5 Starbucks**

Starbucks's loyalty app is a good omnichannel example of in-store mobile app use. First, customers earn points for each purchase through this application. When the balance on this application runs out, customers can update their balances via their phones, website, in-store or via the application. Any changes you make to your loyalty card from any channel are updated in real time on all other channels (Fontanella 2020).

### **3.6 Disneyland**

Disney, which is one of the largest entertainments and media companies in the world, starts its omnichannel activities with its mobile-compatible website and offers unlimited entertainment experience to its customers with its "Disney Experience" car. In the park, the customer can use the mobile application to find the places of interest he/she wants to see and see the estimated waiting time for each. The entertainment company's MagicBand program serves as a hotel room key, as well as a photo storage device and a food-ordering tool for pictures taken with Disney characters. This device also has the quick pass integration for customers who wish to continue their holiday (Altan 2018).

### **3.7 Macy's**

Macy's, which has more than 800,000 stores in the USA, has managed to increase its sales on the website by 40% by digitizing the user experience of its customers in physical stores. With the kiosks they placed in the stores, customers were able to access their product reviews on the website and the nearest store location information where the products were not in stock. In addition, users benefited from promotions with the special Macy's badge created in Foursquare and earned in-store check-in (Aslantas 2018).

It is very important that the mentioned brands and many other brands who want to maintain successful omnichannel marketing activities correctly identify the points of contact that are especially important in contacting customers and support the employees' omnichannel marketing strategy.

## 4 Conclusions and Recommendations

In the twenty-first century, the traditional marketing approach has been long gone. Under changing competition conditions, the viewpoints of businesses and customers toward marketing have changed considerably. Until recently, the unilateral communication of managers with consumers has been transformed into a multilateral interaction with the development of technology in the Marketing 4.0 environment. Marketing 4.0, which emerged as a result of the combined use of traditional marketing and digital marketing, is an active marketing system that enables the foreseeing of marketing activities based on future developments. Today's customer wants to live the shopping experience independently of place and time and can continue the experience that he started from any other shopping channel and finish it with another channel. For this reason, it is important for marketers to follow every step through physical and online channels precisely and provide good guidance to their customers, because, in today's competitive environment, only enterprises that can meet customer demands in the right place and time as they are desired get significant advantages in creating competitive superiority and brand loyalty. Competitive market structures lead businesses to service models that will create added value in addition to meeting customer needs and demands completely. The omnichannel approach, which appears as an innovative model, can be said to be a model based on consumer satisfaction and having competitive advantages. In this context, the omnichannel marketing strategy is an extremely comprehensive strategy designed to give retailers a flawless and fast customer experience. In particular, the development of electronic commerce activities, accelerating the transformation from electronic commerce to mobile commerce, and the changing role of the customer have made it compulsory for businesses to use this competitive strategy. For this reason, it is extremely important to provide the customer with a perfect shopping experience both in physical stores and online environments through online and physical channels.

It is critical for the omnichannel marketing strategy and customer satisfaction that the enterprises achieve the harmony between the channels that reach customers and manage them successfully. In order to implement the omnichannel marketing strategy, effective use of data (Zhang et al. 2010), meeting the expectations of different customers (Bell et al. 2014), providing uninterrupted shopping experience (Panigrahi 2013; Kozlenkova et al. 2015), and acting independently between customer channels (Beck and ve Rygl 2015) should be able done (Huseyinoğlu 2017).

With this study, it is recommended that business managers should closely follow technological developments in order to meet constantly changing and developing customer demands, and invest not only in physical stores but also in internet-based virtual stores that can reach customers. However, one of the issues that managers need to focus on is that they manage the channels that reach the consumer in an integrated way, rather than independently, in order to provide a seamless shopping experience. It is extremely important for businesses to allocate resources and time to properly meet the requirements of this approach and to relate these efforts to the

wishes of their target audiences. In addition, since each customer's demand and need for consumption may be different from each other, customer personalization within the scope of the omnichannel marketing approach should be designed very accurately, and the consumer should be able to communicate smoothly with the enterprise at all possible contact points. In this context, the establishment of the technological infrastructure that will ensure the smooth transition between the channels and the continuation of the omnichannel strategy successfully will provide important advantages for the consumers in order to maintain the shopping experience completely.

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# The Relationship Between Logo Changes and Brand Equity in Creating Brand Awareness



Meltem Diktaş and V. Özlem Akgün

**Abstract** The rapid transformation in technology has led to an increase in options and similar products for consumers, and therefore, consumers have the chance to access products faster and easier. For this reason, branding is an important concept for marketing activities that affect consumers' purchasing decisions. In product and service marketing, brands' logos are among the main distinguishing features of that product or service. Logos become the brand's identity and play a role in helping consumers distinguish the brand from other competitors. In this study, the question of how the brands with high brand value applied the logo design change in the context of simplification strategies was started. For this purpose, logo design changes of the most valuable brands in different segments of the world have been investigated in order to obtain data about the role of brand value on brand logo redesign. In order to collect the products of the luxury segments under a single logo, they chose simple, large font, and legible designs, and global brands choose a logo that minimizes the risks that may arise in the global competition, and food businesses use designs consisting of lively, colorful, and brand products.

**Keywords** Brand awareness · Brand equity · Logo restructuring · Simplification strategies

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## 1 Introduction

Large enterprises that know the importance of brand equity in today's big competitive battles aim to differentiate from their competitors and achieve higher profitability by increasing this value to attract consumers' attention and to be preferred more because they can be easily imitated and followed. With the fact that products that have a much more well-known brand than their competitors will be preferred over other products, the acceleration of transformation experienced by the effect of technology, the change in the buying behavior of consumers, and the effect of brand preferences force businesses to develop some strategies. Businesses are in the process of influencing, changing, and transforming consumer attitudes in their favor through various strategies they develop. In this context, by making the right branding in order to provide competitive advantage, even if they do not present very big differences from the products and services offered by the competitors, businesses use the communication tools of today and get a good position in the minds of consumers by working toward emotions.

Brand, as a marketing function that helps establish an emotional and logical link between consumer, product, and business, plays a role in helping consumers to distinguish their preferred businesses from other businesses through trust and communication. In this respect, the importance that companies attach to brand and branding is increasing day by day, and they are looking for strong, sympathetic, unique, and distinctive ways that will remain in the minds of consumers. Businesses increase their sales volume by providing brand loyalty as targeted through consumers through these ways, and the costs incurred return to the business in the form of profitability. Considering brands as an indispensable element in their lives (Fournier 1998) and consumers who have strong relationships with their brands, consumers tend to see strong connections between themselves and the brand with which they show strong loyalty (Escalas and Bettman 2003). It has a different meaning. Brand logos, seen as a visual cue, may be the basis for triggering relationships and thoughts about the brand in consumer memory (Keller 2005). Given that businesses are starting to place great emphasis on brand aesthetics, which includes evaluating the visual elements of the brand today, the costs they make to play a role in distinguishing logo designs from other businesses must be met. However, the possibility of rejecting the changes made by the consumers should be taken into consideration. Since consumers identify the logos with themselves, they are likely to see each change in the logo, brand associations (Escalas and Bettman 2003), and relationships (Fournier 1998) as threats. In this sense, consumers who show high brand loyalty can monitor and react to every step of the brands. In addition, the redesign of the logo will be able to produce positive attitudes about the brand.

With the idea that logos, which are a central visual element of the brand, will trigger relevant brand relationships, we see that brands with high financial value need logo changes in line with current consumer trends. Despite explanatory research on logos and attempts to classify logo design elements, any research has not systematically examined changes in logos belonging to brands with high

financial value. Therefore, in the conceptual framework of the study, logo design changes and strategies used in the restructuring process used by the companies whose brand equity increases in terms of technological developments and new marketing trends to express themselves beyond a name and create brand awareness will be evaluated. The backbone of the study consists of logo exchange strategies and literature review of the brands with high brand value among the most valuable 500 brands in the world in 2019. The general structure of the study consists of the brand, brand awareness, two basic perspectives of brand value definitions, the importance of the logo in branding, logo changes, and the evaluation of the brand value. Then, it is planned to develop the study on the axis of the question of how the changes made in the visual elements of the brands with high financial-based brand value affect consumers differently depending on the level of brand loyalty.

## 2 Literature Review

### 2.1 Brand

A brand is a name, term, sign, symbol, design, or a combination of these, which is used to identify, promote, and differentiate and distinguish the goods or services of one or a group of manufacturers or sellers of products (Kotler 1997). These compositions, such as names, logos, emblems, mascots, and colors, assume a function of identifying, promoting, and differentiating the brand's products and services from those of its competitors (Mucuk 2001) while providing a form of assurance that minimizes the possibility of imitation. Since the brand also consists of price, packaging, quality, warranty, or after-sales services which are effective on the consumer's choice of product in their purchases, it is inevitable for the enterprises to consider the perception of their target audience regarding the brand (Sönmez 2010). In this context, it is possible to evaluate the brand as consumer perception (Wang et al. 2012).

According to Kotler (1997), the brand has six different meanings:

- **Qualifications:** The brand first presents the qualities of the existing product to the consumer. For example, the Mercedes brand is integrated with features such as cost-effectiveness, durability, high prestige, and speed.
- **Benefit:** The qualities of the product associate with the well-known brand in the consumer, and consumers remember the qualities and buy the benefit of the existing product; this is the second stage. It has more meaning than the first ones that come to mind as brand qualities. Therefore, the qualities of the product need to be transformed into functional or emotional benefit in the mind when the consumer sees the brand. For example, the durability of a Mercedes-branded car can be turned into a functional benefit, while an expensive feature can be turned into an emotional benefit.



- Value: The brand represents a value from the manufacturer's point of view. For example, Mercedes means high performance, safety, and prestige. Therefore, when buying a car, the company should find the consumers that make up the target market group looking for these values.
- Culture: The brand is influenced by the elements and dynamics of a particular culture. For example, Mercedes reflects German culture with efficient, effective, and high quality.
- Personality: The brand also reflects a certain personality that can be defined by human personality traits.
- Customers who are loyal to the brand and customers who use the brand reflect the values, culture, and personality of the product. Emblems contribute to the reinforcement of the desired value or location in the customer's mind. For example, the emblem of the brand Ralph Lauren is the man who plays polo. Polo is a sport played by members of the royal family as it signifies high status and economic power (Tek 1997).

Having become an integral part of the product after becoming a brand identity, the brand has an influence that guides the strategic decisions of the business and its efforts to increase sales. Businesses attempt to brand their products for three different reasons (Karadağ 2013):

- Physical Identification: It is important to make the physical identification of the products owned by the enterprise in terms of product lines, transportation, stocking, sorting, labeling, and inventories of various products.
- Legal protection: The trademark granted to a company's products and all values of the trademark are protected by law.
- Fundamental to marketing efforts: Branding is a way of defining a product, and thus, a meaningful marketing program can be implemented.

A successful brand offers many benefits for consumers and ultimately for businesses. While it means stability and assurance in terms of quality, price, and after-sales services for consumers, it leads to results such as inability to be imitated for enterprises, expansion of target audience, high profit margin, and high sales volume. Logo, name, slogan, packaging, and jingle, which are seen as brand elements, are effective in creating brand awareness, strengthening the brand, and creating a unique, pleasant connotation and positive brand perception and sense (Keller 2008). In the selection of brand elements, it will be beneficial for the enterprises to be catchy, meaningful, charming, open to development, adaptable, and maintainable. For consumers who do not do much research when making a product purchase decision, remembered, meaningful, and cute logos and brands are likely to have a positive impact on the buying decision for the consumer.

## 2.2 *Brand Awareness*

Brand perceptions, ideas, and awareness are a prerequisite for a brand to be fully formed; through the creation of awareness, basic recognition of the brand is achieved, and highly positive effects are created in the decision-making process of consumers (Keller 1993; Molinillo et al. 2017; Aaker 1996). As a result of the positive effects created in the minds of consumers, products or services against the risk of unwanted features, consumers begin to choose brands to make decisions.

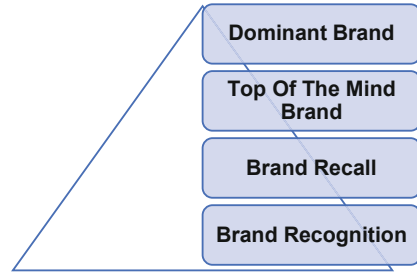
Brand awareness, which is a component of the brand equity shaped in the mind of the consumer, plays a role in the purchasing process of the consumer, and the marketing performance of the company is affected by the brand's name, logo, mass media, and sponsorships (Ye and Raaij 2004; Radder and Huang 2008; Clark et al. 2009). Since consumers tend to purchase goods and services that they are aware of, it is important for businesses to deliver brand messages to the right audience at the right place and time.

Brand awareness, which is one of the parameters that make up brand equity, is related to the status of the brand to be recognized and recalled. Recognition is not sufficient for brand awareness alone; however, it should not be ignored that recalling is also important. Recognition is to reflect familiarity in the past. Factors that prevent familiarity are the fact that they can become obscured against more known and visible brands (Aaker 2009). Factors affecting brand awareness are grouped under six headings. These are brand name, logo, symbols, personality traits, packaging, and slogan (Scott 2002). If all of these factors can be used together and in harmony, the level of awareness about that brand increases. Brand awareness is the reflection of the prominent elements of the brand in the minds of customers.

The logo of the brand, which plays an important role in brand formation and especially in brand awareness, also plays an important role in positioning the business in the market by ensuring the integration of the brand with today's consumers. Brand name selection in brand management symbolizes and institutionalizes the brand. Awareness and perceived quality are also particularly important on the basis of activities that increase the perceived quality of customers. As the awareness increases positively, customer- and financial-based brand equity will increase. In the awareness pyramid, the possible levels of awareness that consumers have on brands are shown. Brand recognition, brand recall, top of the mind brand, and dominant brand are shown in Fig. 1 (Aaker 1996).

Brand recognition means that the consumer can select and evaluate the brand from the category of other products. Brand recall is when the consumer recalls a brand; when the relevant product category is said, the relevant company must remember the relevant brand (Aaker 1996). In this case, the remembered brand will get a competitive advantage over other brands when consumers do not think too much when they buy the product or when it ranks high among the brands that come to mind. Top of the mind brand that comes to mind means being the most noticed brand when the relevant category is told to the consumer. Dominant brand is at the top of awareness levels. At this level, when customers are asked about the relevant

**Fig. 1** Brand awareness pyramid. Source: Aaker (1996)



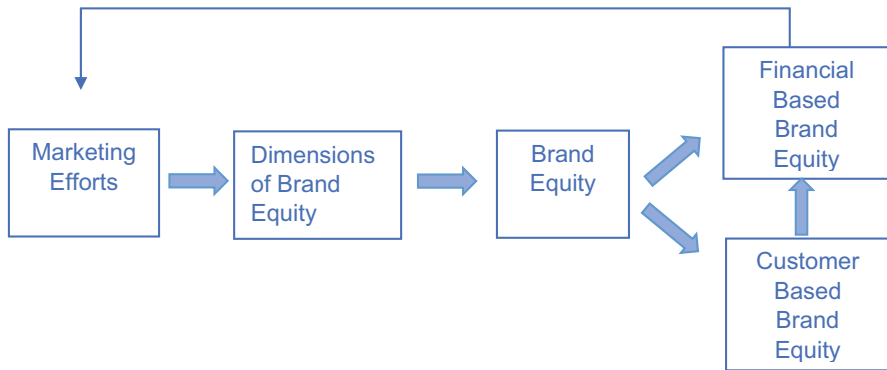
category, it is the level where almost all of them express the same brand (Aaker 1996).

Brand awareness, with the feeling of brand recognition, can go up to the only brand belief that does not compete in the product category (Aaker 2009). While creating brand awareness at the beginning of the branding process, logo design, character, brand name, and emblem are among the first issues to be considered in order to create a positive perception in the minds of consumers. After that, the essence of the brand has been presented to the customers with a clear opening; repeated purchases of consumers have started; and if the promise of continuity of this success has been promised, the process of creating an awareness for the customer is working correctly.

### 2.3 Brand Equity

Definitions of brand equity are generally based on two main perspectives. While the first financial perspective emphasizes the firm value, the second marketing perspective is based on the value of the brand in the eyes of consumers (Pappu et al. 2005). Brand equity is a value created by the brand of a product or service that creates customer perceptions about that brand (Shabbir and Rehman 2013), the set of benefits perceived by customers. It is emphasized that customer-based brand equity is dependent on high brand awareness and brand predisposition of customers and that brand equity emerges when the brand has a strong, positive, and unique perception in memory (Kakati and Choudhury 2013).

While brand equity is defined as attitude, awareness, image, and information from a customer-based perspective, it can also be defined for financial purposes consisting of outputs such as price, market share, income, and cash flow from the business perspective (Ailawadi et al. 2003). Yoo et al. (2000) defined consumer-based brand value as the added value or increased benefits to a product by the brand name. Accordingly, consumer-based brand value is created with the marketing efforts of businesses. The dimensions that constitute consumer-based brand value are brand awareness/associations, perceived quality, and brand loyalty from the brand. Brand value is developed through perceived quality, brand loyalty, and brand awareness/



**Fig. 2** Conceptual framework of brand equity. Source: Yoo et al. (2000)

associations that can be created in the long term with carefully designed marketing investments to provide sustainable competitive advantage (Yoo et al. 2000) (Fig. 2).

From a customer-based perspective, brand equity, value added to a product by brand name, or increased benefits (Yoo et al. 2000) are the different ideas that a brand creates as a result of marketing activities by another brand (Vazquez et al. 2002). The brand equity from a financial-based perspective is a financial information as the present value of the brand in the market and is expressed as the present value of the future benefits that the brand owner will benefit from the use of a brand (Özgüven 2010; Pappu et al. 2005). Financial methods are criticized as insufficient in explaining the brand equity because they do not cover customer behaviors and tendencies. Since the financial and marketing perspective of brand equity is a whole and both affect each other, in this study, the logo change processes of the brands which are in the list of the most valuable brands for many years and the most preferred brands by consumers are investigated.

#### ***2.4 The Role of Logo Changes and Brand Equity in Creating Brand Awareness***

The logo acts as a mirror for the business consumer and helps in identifying and promoting the business and its products. It is a unique signature consisting of signs, symbols, letters, and pictures used to distinguish and differentiate business name from other businesses. The product that the companies put forth in order to gain a competitive advantage in the market and to be distinguished from other enterprises has a tangible meaning with a functional benefit for consumers. However, the abstract meaning of the product consists of names, symbols, logos, and designs, which are visual elements added to this functionality thanks to the brand. (Uztuğ 2002; Mucuk 2001). Because of the characteristics of products and services, branding becomes insufficient over time due to the differentiation and searchability of its

competitors. Therefore, companies need to place some signs or symbols on the brand name to distinguish them from their competitors.

In the literature, as a rebranding, logo change is a strategic approach in which brand elements are readapted to create a new and different position (Muzellec and Lambkin 2006). In the process of creating brand identity through awareness in order to fully establish the brand of the enterprises in the competitive market, when they are told to the customers in the target market, they use words that evoke another positive word in their minds, slogans that are almost hypnotic and subconsciously affect the brand image, and colors and symbols and logos in their communication with customers (Aaker 1995).

A strong brand logo is like a piece of a puzzle that contributes to the brand's development and easier recognition and remembering while strengthening the brand's identity. Logos, which are a visual component of brand aesthetics (Monsef et al. 2011), provide clues about the corporate culture of the company, target audience, and the sector where the brand is located. The pictures are perceived in memory faster than words (Edell and Staelin 1983). For this reason, pictures can be easily perceived instantly in the consumption process, and their persistence and continuity affect brand awareness. Logo design has become a very important issue for today's businesses.

Consumers who see the brand name and logo of long-standing brands together perceive this as harmonious (Aaker 1996) and establish an uninterrupted communication link with the brand and strengthen their loyalty through repeated purchases. This positive situation in the same direction with the wishes of large business management to create a strong, popular, and unique brand image is a way to strengthen their brands and the logo that represents it (Korkmaz et al. 2009). Businesses apply logo change for various reasons such as creating positive emotions for their brands, loading meaning, attracting attention, or providing better recognition (Henderson et al. 2003). Decisions to innovate and adapt to change in the digital age, changes in management or strategy, entry into new markets and sectors, and mergers and acquisitions are among other reasons for restructuring logos. However, there are risks, such as customers' response to change or the loss of confidence in their brands after rebranding.

According to Schechter (1993), logos make a significant difference in image transfer and brand recognition, and logos do not make a difference compared to the first case only when the brand name is shown. Consumers who see the brand name and logo of brands with a long history of activity perceive this as a positive sign (Aaker 1996). Hem and Iversen (2002) show that successful logos provide recognition of the brand by creating the right connotations and establishing a connection with the product easily in memory. According to Doyle and Bottomley's (2004) research on the compatibility between fonts and brand names, consumers prefer the brand twice more when the brand is in a suitable font. Buttle and Westoby (2006) show that in repeated blind tests of consumers (repetition blindness) by exposing the logo to the name of the logo, logo brand name has been found to perform quickly, while the study of Pimentel and Heckler (2000) concludes that consumers do not generally welcome logo changes but are tolerant to small changes. According to

Grohmann's (2008) research on the effect of logo design on brand personality perception, logo design elements have a strong influence on the perception of all brand personality dimensions. Walsh et al. (2010) argue that the greater the degree of change in the roundness of a logo, the more strongly determined consumers are to evaluate the redesigned logo (in terms of branding) more negatively. Logo evaluations of consumers mediate the common effect of logo redesign and loyalty on overall brand behavior. Weak affiliated consumers, on the other hand, were found to react positively to these changes. The difference between the average emotional attitude of the brand's old logo and the average attitude of the new logo was found to be statistically significant with 95% confidence (Toklu 2013). Shabbir and Rehman find that brand awareness is the most important factor determining brand equity (31%) on the mobile phone market and that there is a positive relationship between these two concepts. For the case of Malaysia, Worlu and Ahmad (2019) reveal that rebranding to renew customer loyalty after the brand crisis significantly reclaimed the customer and significantly restructured its post-brand reputation.

When brand logos are examined in the context of new trends in logo change or rebranding, clear lean designs that express the business more clearly and on a flat ground are noteworthy. There are a lot of changes made in the logos of the luxury segment brands in recent years. Yves Saint Laurent removed the "Yves" part of the brand's name in 2012 and rearranged the logo accordingly. With the big change that the brand has entered into, the logo of the brand has gained integrity with the brand name and has become more clearly readable and simplified. Similarly, in 2018, Diane Von Furstenberg and the Balenciaga and Celine brand logos were redesigned. The letters were thickened to increase brand awareness and the accent above the letter E was removed; this change was made as a way to overcome the difficulties that may be accepted by all languages and that may occur in the global market (Bursaligil Egili 2019). With the idea that the logos of the luxury segment brands in the showy texture are arrogant and repulsive, the decision to replace them with younger, simpler, and lean alternatives is aimed at raising the value of customer-based brands and creating brand awareness. The logo of the first Dior cosmetic products is the abbreviation "Christian Dior" or "CD." In recent years, the Dior cosmetic design and boutique combination has changed to the logo "DIOR" to merge with the Dior boutique. All the products of the brand Dior in the luxury segment are collected under a single logo and replaced with a simple alternative. This change made without leaving the line is a step taken to create a different position for the target audience of the brand.

When the brands whose brand equity increases according to the financial-based perspective are examined, Amazon ranked first in the World's Most Valuable 500 Brands survey, increasing the brand value of \$150.8 billion in 2018 by 24.6% to \$187.9 billion (Haigh 2019). Since the day it was founded, it has chosen a simple, legible design that makes it easier to recognize and remember the brand's name. Facebook, a social network that aims to make people communicate and exchange information with other people, has a brand value of 83.2 billion dollars as the seventh largest company in the World's Most Valuable 500 Brands (Haigh 2019). The growth rate was 8.7% compared to the previous year. With the change in its logo

in 2015, the details of the brand's letters are designed with more rounded lines, and the use of a simple font stands out. In the research of the 500 most valuable brands in the world, Google, the third largest company in the world, developing and hosting internet-based services and products, grew by 18.1% in 2019 to reach 142.7 billion dollars (Haigh 2019). In the logo, preferring to use its own "Product Sans" tip font, Google has made many changes in its logo in the last 21 years. In the last change made in 2015, it has kept the usual logo colors, but by changing the font, it has made the logo more rounded, simpler, younger, and lively than before (Eyidilli 2015). Google offers dynamic logo designs to its users. Valentine's Day, Teachers' Day, important events, and people's birthdays have been included in many topics covered in the Google logo with this trend consisting of symbols that can appear at different times, enter different appearances, and cannot be predicted how they will appear to their users. As the world's second largest company in the 2019 World's Most Valuable 500 Brands survey, Apple, the technology giant, grew by 5% over the previous year, reaching 153.6 billion dollars of brand value (Haigh 2019). Other than the radical logo change in the year it was founded, the changes emphasized the stability of the brand. In time, only the colors have changed, and the logo has been simplified, and the stability of the brand has been tried to be conveyed to the consumer.

Microsoft, a US-based multinational technology company, is the company with the highest percentage increase in brand value among the top ten companies in the 2019 World's Most Valuable 500 Brands survey. In 2019, the brand value, which was 119.5 billion dollars, grew by 47.4% compared to the previous year (Haigh 2019). Since 1987, the logo has been changed in 2013, and the new logo, which is very simple and concise, has only four different color squares. Each of the colors in the logo represents a different Microsoft product. This change, made after 25 years, can be considered as a new logo design that represents the brand better, that is, alive; emphasizes its products; and is integrated with its products.

In 2008, Pepsi released the latest iteration of its logo, rotating the circular icon and adding a smile to the design. Pepsi's logo has undergone many changes since the establishment of the brand. The competition with Coca Cola, which is still continuing today, is seen in the logo of its first establishment. In 2019, Pepsi's brand value decreased by 7.6% compared to the previous year. With the logo changes that the brand has made over time, it has followed a simple line away from the complexity.

### 3 Conclusions

Considering that consumers hold the key of a door that many brands are waiting for in order to make a purchase decision, it will be possible for awareness-raising brands to enter the door in the competitive market. Consumers who remember, recognize, or preserve the messages they are exposed to through their brand members are attracting the attention of businesses in order to create a new and different position. This interest arises from the fact that consumers tend to choose a product with a high

brand awareness regardless of quality and price. For this reason, today's businesses use the logo as a tool in creating brand equity by introducing the brand and increasing the loyalty and accelerating the decision-making process of consumers.

Businesses need to rebrand for reasons such as entering into new business areas, mergers, acquisitions, changing corporate image, and changing management or strategy. If a company's brand awareness is high or even the first brand that comes to mind, loyalty to that brand increases, and its position in the market is much more advantageous than its competitors. Within the scope of this study, according to the customer-based and financial-based perspective, logo changes made by brands with high brand equity in the direction of new trends were investigated.

Changes in the font, color, and shape of the renewed logo designs of the brands were observed. It was concluded that the text characters used were presented to consumers with a simple design with more legible and simpler characters. It was understood that the features such as roundness, naturalness, difference, and attractiveness were preferred instead of angular characters or inscriptions in the redesigned logo designs. It can be said that the logo preferences of many brands are benefited from the meaning of colors, they are clear enough to introduce the business as a whole, and changes have been made in order to create a cute, vivid, young image perception. It is seen that the brands in the luxury segment category have chosen simple, large font, single color, and legible designs in order to gather the products of the brand under a single logo and that food companies use designs that consist of vivid and colorful product of the brand. Global brands prefer a logo selection that minimizes the risks that may arise in the global competition due to the difficulty of pronouncing local languages in the global market and their different meanings in different languages.

When the transformation caused by today's technologies is taken into consideration, logo designs are very important decision for the enterprises because of the risks such as cost, negative consumer perception, waste of resources, and not paying attention to logo designs in the design process in terms of their effects on the perception process of consumers. The company's logo change decision should be made in accordance with its main objectives, and the current marketing trends should be taken into consideration in the axis of change that led to the logo change decision.

In future research, consumers' brand awareness toward local and global brands can be evaluated by quantitative data analysis within the scope of logo and brand equity. In addition, consumers' attitudes toward logo change can be investigated by comparing different sectors. In consumers who see logo change as negative, purchase intention is determined by quantitative data analysis. The perception of consumers on the logo change of brands in the luxury segment can also be researched.



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# Framework of Marketing Performance Measurement and Management



Asta Kamandulienė and Lina Pilelienė

**Abstract** A topic of marketing performance measurement is gaining its popularity in marketing and managerial scientific discussions and attracting extent attention among practitioners. However, going deeper into a topic, it can be stated that, despite a body of literature and various insights, the topic still lacks a proper substantiation. The research aims to elaborate a conceptual framework for marketing performance measurement and management. To achieve the aim, the research provided the following steps: First, the existing scientific literature is analyzed to establish a theoretical framework for the research; based on the results of scientific analysis, the key and most important dimensions of marketing performance are determined and the questionnaire is composed to assess the importance of the determined dimensions in practice (the executive officers and managers of business companies are surveyed to substantiate the importance of the dimensions). After obtaining the results, it can be stated that a unified structure for marketing activity measurement in Lithuanian companies is missing. The evaluations provided by experts indicate that the most important indicators are financial- and consumer-related, as well as the future growth possibilities. Based on the research results, managerial implications for marketing performance measurement and management are provided.

**Keywords** Marketing · Lithuania · Performance measurement

## 1 Introduction

Properly managed marketing function enables companies to develop and implement business-oriented methods and measures to improve the overall business' effectiveness (Lipnická and Ďaďo 2013). However, as the complexity of the contemporary market environment is growing, the organizational marketing performance

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evaluation process has also become more systematic to deal with the dynamic market (Vaňa and Černá 2012). Marketing performance measurement has been a fast-evolving research area, which is emphasized by Pimenta da Gama (2012). Although performance management is often applied in the fields of logistics, manufacturing, and product development (Kuznecovs and Tambovceva 2016), marketing performance measurement still lacks the attention of academic researchers (Lamberti and Noci 2010). According to Pimenta da Gama (2012), marketing performance measurement based on both financial and nonfinancial measures is seldom analyzed in the literature.

Thomas (2000) denoted two terms that are considered as the core in the debate on marketing performance measurement: (1) efficiency (used to describe the relationship between input and output) and (2) effectiveness (used to describe the conformity of outcomes with the objectives of the company). Pimenta da Gama (2012) added that in contemporary competitive environment marketing activity had to be both effective and efficient, thus leading to an achievement organization's market and financial goals. Analyzing the efficiency of the performance of marketing function, Hawkins et al. (1987) came to the idea that certain means were needed to assess it because marketing costs were often obvious, while their relationships with output were doubtful. Back in the 1980s, Thomas (1984) suggested using marketing productivity analysis for the evaluation of marketing department performance by measuring the efficiency with which marketing inputs were used to generate target levels of marketing outputs. Therefore, marketing productivity was generally calculated as a ratio of output from marketing activity to the input required by that activity (Hawkins et al. 1987). Pimenta da Gama (2012) denoted that, while marketing productivity analysis was traditionally applied achieving to assess marketing performance from an efficiency perspective, to get an understanding of marketing effectiveness, a marketing audit was performed. Lipnická and Ďaďo (2013) emphasized that marketing audit as a tool for measurement of marketing performance effectiveness provided "a marketing mirror" to a company because it enabled reviewing company's marketing structures, contributing to the streamlining of the overall business and improving not only marketing but also the overall performance of the company. Therefore, marketing audit could be considered as a generally accepted method of evaluation and control of marketing performance (Vaňa and Černá 2012).

The essential background for the topic development has been laid during the decades of its analysis. However, going deeper into a topic, it can be stated that, despite a body of literature and various insights, the marketing performance measurement still has the potential to be explored. This paper attempts to provide a generalized framework for marketing performance measurement which could be used as a tool by managers to evaluate the efficiency of their marketing-related decisions. The scientific problem solved by the research is stated as a question: what dimensions are of the key importance while measuring marketing performance? Consequently, the aim of the research is to elaborate a conceptual framework for marketing performance measurement and management. In order to reach the aim, the paper is organized as follows: To establish a theoretical framework for the research

and determine the key and most important dimensions of marketing performance, the existing scientific literature was analyzed in Sect. 2. Based on the theory, a research questionnaire was composed to assess the importance of the determined dimensions in practice. The research methodology is described in Sect. 3. The questionnaire survey with the experts (representatives of top management of Lithuanian companies) was provided to obtain the full view of the situation of marketing performance measurement in Lithuanian companies—the results of the research are analyzed in Sect. 4. The research limitations and guidelines for future research are provided in Sect. 5, whereas managerial implications for marketing performance measurement and management are given in Sect. 6. The article ends with concluding remarks provided in Sect. 7.

## 2 Literature Review

Marketing performance measurement and the construction of appropriate metrics for it are emerging in marketing science and practice (Grewal et al. 2009). Discussing marketing performance measurement, Keh et al. (2006) emphasize that, if the company achieves high efficiency (resulting in doing things right) and high effectiveness (resulting in doing the right things), its marketing can be called “productive”: low marketing costs and satisfied customers will be the markers. Therefore, to establish a background for marketing performance measurement, both efficiency and effectiveness indicators have to be considered.

Marketing efficiency is often understood as the ratio between input and output (Thomas 2000). According to Šalkovska and Ogsta (2014), marketing input or investments are often considered as costs in the business world. Ambler (2008) argues that marketing efficiency is usually quantified as “return on investments” or ROI. Šalkovska and Ogsta (2014) emphasize that managerial myopia leads to increased demands for the financial evaluation of marketing activities and a fast return on marketing investment (ROMI). As it was mentioned before, marketing productivity analysis is often performed as a measure of ROMI. Grewal et al. (2009) highlight the importance of developing metrics to justify marketing investments, as the pressure for marketing managers to show greater accountability for their own specific marketing investments is growing (O’Sullivan et al. 2009).

Grewal et al. (2009) argue that marketing performance consists of the cumulative impact of various marketing processes and activities, overcoming those metrics based on output-input only. Explaining the complexity of marketing efficiency measurement, Ambler (2008) emphasizes that there are often activities (i.e., marketing activities) that work better together than separately (e.g., in-store promotions combined with advertising campaign); therefore, the determination of a contribution of certain activity is sometimes almost impossible. Further developing marketing productivity analysis (see Thomas 1984), Thomas (2000) suggests calculating marketing productivity ratios by adapting contribution margin accounting that relates the responsiveness of sales and profits to marketing activities. Contributing

to a discussion, Hacıoglu and Gök (2013) emphasize that, despite the traditional viewpoint that marketing performance metrics have to be based on financial measures, the interest related to nonfinancial measurement tools (i.e., customer satisfaction, channel satisfaction, customer loyalty, economic value added (EVA), brand value, customer lifetime value (CLV), customer value, relationship value, and the success of new product development) is also growing. Khantimirov (2017) emphasizes that recently “scholars have started to look at initial marketing activities (inputs) that lead to intermediate outcomes (customer-oriented measures) that in turn lead to financial outputs.” Therefore, the complex measurement system is necessary. Analyzing marketing performance measurement from the efficiency perspective, Thomas (2000) suggests classifying the measures into the following:

- Sales performance.
- Profit performance.
- Market share performance.
- Brand strength performance.
- Customer retention performance.
- Customer acquisition performance.

As can be seen, only sales and profit performance refer to financial metrics; all the remaining measures reflect the organization’s intangible assets. Supporting the idea, Sheth and Sisodia (2002) emphasize that customer retention and acquisition have to become the primary marketing objectives of an organization. Measuring marketing performance in Turkish firms, Hacıoglu and Gök (2013) use seven performance metrics, namely, customer attitudes, brand competitiveness, consumer behavior, trade customer, innovation, basic financial, and advanced financial.

Based on the essence of the metrics used, all the provided dimensions can be grouped into three categories: customer performance, brand performance, and financial performance. However, the latter suggestions do not include market share-related metrics. Khantimirov (2017) emphasizes that “among different measures of performance, market share is a key indicator of market competitiveness, i.e. how well a firm is doing against its competitors.” Moreover, the competitive situation in the market is also important and may affect the company’s marketing performance. Kaleka and Morgan (2019) provide a scale enabling to measure marketing performance in a framework of international markets; authors suggest measuring seven core dimensions, also using the number of employees and number of export markets as control variables:

- Customer relationship capability.
- Informational capability.
- Product development capability.
- Current market performance.
- Intended cost efficiency.
- Intended marketing differentiation.
- Competitive intensity.

The suggested scale provides an insight that also employees are important. Complimenting the latter point of view, analyzing problems of unit performance assessment, Spangenberg and Theron (2004) suggest eight performance dimensions to be used:

- Production and efficiency.
- Core people processes.
- Work unit climate.
- Employee satisfaction.
- Adaptability.
- Capacity (wealth of resources).
- Market share/scope/standing.
- Future growth.

As can be seen, the suggested metrics involve several metrics related to the internal environment of an organization itself, while previous suggestions were supposed to assess marketing performance in a framework of external or market environment. Therefore, another group of indicators reflecting internal performance can be identified. According to Ambler (2008), before measuring marketing, it has to be clear what the activity is supposed to do. Therefore, the compatibility with pursued goals has to be measured; the necessity of marketing effectiveness measurement comes to the arena. A famous idea by Drucker (1974) puts things into an order: efficiency provides the conditions for the company's success, whereas effectiveness is success itself. If the organization's success considers reaching the goals set, then effectiveness will be expressed by compatibility between goals and results. Therefore, the final group of marketing performance indicators can be established, naming it "goal performance." To attain the final picture and establish a direction for marketing performance measurement, Sheth and Sisodia (2002, p. 349) conclude, "marketing must focus on delivering effective efficiency: delivering greater value to customers and the corporation at lower cost."

### 3 Methodology

In the theoretical part, six categories of marketing performance indicators were established: financial performance, customer performance, brand/product performance, competitor performance, internal performance, and goal performance (see Table 1). Moreover, it can be argued that the final group (goal performance) reflects the success of all the remaining five categories.

Therefore, the overall marketing performance evaluation scorecard was constructed to reflect ten categories (including subcategories) of indicators. To determine the most important indicators, the questionnaire survey was provided. The questionnaire was composed of two parts: the descriptive part and the evaluative part. In the descriptive part, respondents were asked to provide the information about the company they were representing: the sector it operates, annual turnover, number

**Table 1** Marketing performance measures

Performance category	Subcategory	Indicators	Code
Financial FINA	Basic	Sales (revenue, volume, growth) Gross margins Profitability (of a product, customer, sales outlet) Cost-effectiveness	FIBA
	Advanced	Customer lifetime value (CLV) Economic value added (EVA) Return on investments (ROI) Revenue of new products The margin of new products	FIAD
Customer CONS	Consumer attitudes	Perceived quality Perceived value Customer satisfaction Relevance to consumer	CONAT
	Consumer behavior	Number of new consumers Loyalty/retention Sales predictability Conversions Number of complaints	CONBEH
	Customer relationship	Understanding consumer requirements Customer relationship management	CONREL
Brand/product BRAN	Brand competitiveness	Awareness Brand/product knowledge Brand personality Brand value	BRACOM
	Product competitiveness	Number of new products Innovation in progress	PROCOM
Competitor COMP	–	Market share/scope/standing Perceived differentiation Relative customer satisfaction Relative perceived quality Competitors' performance measures New markets entered	COMP
Internal INTE	–	Experienced/trained personnel Work unit climate Employee satisfaction Adaptability Employee competences	INTER
GOAL GOAL	–	Financial goal compatibility Customer goal compatibility Brand/product goal compatibility Competition goal compatibility Internal goal compatibility Future growth	GOAL

Source: Elaborated based on Thomas (2000), Spangenberg and Theron (2004), Hacıoglu and Gök (2013), and Kaleka and Morgan (2019)



of employees, and also the department they worked at. At the evaluative part of the questionnaire, seven questions regarding the six categories of indicators (six questions—one per category) and each category performance in regard to main competitors (the seventh question) were provided. The respondents were asked to evaluate the provided indicators (provided in Table 1) on a five-point evaluation scale. The answers were as follows: (1) “Haven’t heard about such indicator”; (2) “Have heard about the indicator; however, it is not used in the company”; (3) “The indicator is used at the company; however, it is not useful”; (4) “The indicator is used, monitored, and controlled in the company; it is considered in decision-making”; and (5) “It is one of the main indicators used in decision-making.”

The research was provided in Lithuania, in August of 2019. The main focus while choosing the respondents was their qualification and position in the company. In order to get reliable results, the representatives of top management were chosen to participate in the survey. Sixty respondents participated in this research (see Table 2): 12 respondents came from finance (most of them were CFOs); 14 and 16 respondents from sales and marketing, respectively; and 18 respondents were executives (CEOs, project managers, manufacturing executives, etc.). In previous research (e.g., Hacıoglu and Gök 2013), data about companies were collected on the basis of a single person from each company. The research strategy chosen in this research was to question more than one person from each company to ensure accuracy and reliability; employees representing the main top management positions were surveyed.

For most of the respondents, the indicators for marketing performance measurement framework were known, but still, oral explanation was needed. The inaccuracy of the survey was the uncertain distinction between the survey’s goal to analyze marketing performance effectiveness and company’s performance effectiveness on the whole. For example, sales managers were confused if specified indicators in the survey were for marketing performance assessment, as far as the same indicators seemed very suitable for sales department performance assessment. The companies were grouped according to what field they were operating: services, retail, manufacturing; 60% of respondents were from manufacturing companies; 83.3% of the companies had 100 and more employees and more than 100 million euro annual turnover.

## 4 Results of the Research

The questionnaire based on a five-point evaluation scale lets identifying the most important indicators from each indicator group. According to Brown (1996), the most common mistake that organizations make is measuring too many variables. This leads to consequent data ignorance or ineffective usage (Franceschini et al. 2019). The research aim was to select the most relevant indicators from each set of indicators’ group/performance category—financial, customer, brand/product, competitor, internal, goal. The subjective decision of the authors was to select three

**Table 2** Descriptive statistics of the sample data

Annual turnover (MEUR)	<i>f</i>	%	Sector	<i>f</i>	%	Number of employees	<i>f</i>	%	Department	<i>f</i>	%
0–10	4	6.7	Services	10	16.7	0–10	4	6.7	Marketing	14	23.3
11–50	2	3.3	Retail	14	23.3	11–50	2	3.3	Finance	12	20.0
51–100	4	6.7	Manufacturing	36	60.0	51–100	4	6.7	Sales	16	26.7
101–250	38	63.3				101–250	38	63.3	Management	18	30.0
>251	12	20				>251	12	20			

Source: survey results

**Table 3** Financial indicators

Indicators	Expert’s field				
	Marketing	Finance	Sales	Management	Average
Sales (revenue, volume, growth)	4.571	4.167	4.375	4.667	4.445
Gross margins	3.857	3.500	4.250	4.444	4.013
Profitability (of product, customer, sales outlet)	4.143	4.167	4.375	4.000	4.171
Cost effectiveness	4.000	3.833	3.500	3.778	3.778
Customer lifetime value (CLV)	2.429	3.167	2.875	3.111	2.895
Economic value added (EVA)	3.143	3.833	2.750	3.556	3.320
Return on investments (ROI)	3.857	4.000	3.750	3.333	3.735
Revenue of new products	3.286	4.000	4.250	3.889	3.856
Margin of new products	2.857	3.833	4.125	3.889	3.676
Average	3.571	3.833	3.806	3.852	3.766

Source: survey results

indicators from each group to make the marketing performance measurement framework not overloaded with unnecessary data, which could lead to a loss of focus and missing the important information.

Based on the responses obtained on the five-point scale, mean evaluations of each question group were derived. For financial performance-related indicators (see Table 3), the three most important indicators were found to be sales (revenue, volume, growth), gross margins, and profitability (of product, customer, sales outlet). The other indicators that were identified as important more than average were cost-effectiveness and revenue of the new product. The most incomprehensible indicator was customer lifetime value (CLV); the latter indicator needed to be clarified to respondents.

For consumer performance-related indicators (see Table 4), the three most important indicators were relevance to a consumer, perceived quality, and customer satisfaction. The lowest mean values obtained for indicators were the number of complaints (3.477) and conversions (3.181). The latter results might be explained by respondents’ opinion that these indicators were to be linked to customers, but not exactly to marketing performance.

For brand performance-related indicators (see Table 5), the three most important indicators were brand/product knowledge (4.358), awareness (4.278), and innovation in progress (3.910). The lowest average value was observed for the indicators brand personality (3.553) and the number of new products (3.481). According to the respondents, the first one was more unusual and the second one depended more on the business model.

For competitors’ performance-related indicators (see Table 6), the three most important indicators were found to be market share/scope/standing (4.213), perceived differentiation (4.137), and new markets entered (4.106). Moreover, all the evaluation means in the category were obtained higher than 3.5, indicating the high importance of the category in marketing performance measurement.

**Table 4** Consumer indicators

Indicators	Expert's field				
	Marketing	Finance	Sales	Management	Average
Perceived quality	4.000	4.000	4.250	4.222	4.118
Perceived value	4.143	3.833	3.875	4.222	4.018
Customer satisfaction	4.286	3.833	4.500	4.000	4.155
Relevance to consumer	4.429	4.667	3.875	3.889	4.215
Number of new consumers	3.714	4.000	3.375	3.889	3.745
Loyalty/retention	4.000	4.333	3.875	3.444	3.913
Sales predictability	3.571	3.333	3.750	3.556	3.553
Conversions	3.000	3.000	3.500	3.222	3.181
Number of complaints	3.714	4.000	2.750	3.444	3.477
Understanding consumer requirements	3.714	4.500	3.875	4.111	4.050
Customer relationship management	3.857	3.833	4.125	3.778	3.898
Average	3.857	3.939	3.795	3.798	3.847

Source: survey results

**Table 5** Brand indicators

Indicators	Expert's field				
	Marketing	Finance	Sales	Management	Average
Awareness	4.571	4.333	3.875	4.333	4.278
Brand/product knowledge	4.571	4.500	4.250	4.111	4.358
Brand personality	3.286	3.833	4.125	2.889	3.533
Brand value	3.714	4.000	3.500	3.333	3.637
Number of new products	3.286	4.167	3.250	3.222	3.481
Innovation in progress	4.000	4.333	3.750	3.556	3.910
Average	3.905	4.194	3.792	3.574	3.866

Source: survey results

**Table 6** Competitors indicators

Indicators	Expert's field				
	Marketing	Finance	Sales	Management	Average
Market share/scope/standing	4.143	4.833	3.875	4.000	4.213
Perceived differentiation	4.286	4.167	3.875	4.222	4.137
Relative customer satisfaction	3.857	3.667	3.625	3.667	3.704
Relative perceived quality	3.143	3.667	3.500	3.778	3.522
Competitors' performance measures	3.714	3.833	3.875	3.333	3.689
New markets entered	3.714	4.500	3.875	4.333	4.106
Average	3.810	4.111	3.771	3.889	3.895

Source: survey results

**Table 7** Internal indicators

Indicators	Expert’s field				
	Marketing	Finance	Sales	Management	Average
Experienced/trained personnel	3.857	4.455	3.938	4.667	4.256
Work unit climate	3.714	4.182	3.875	3.778	3.883
Employee satisfaction	4.000	4.273	4.000	3.333	3.917
Adaptability	4.143	4.636	4.375	4.222	4.352
Employee competences	4.000	4.636	4.375	4.667	4.427
Average	3.943	4.111	3.771	4.133	4.167

Source: survey results

**Table 8** Goal indicators

Indicators	Expert’s field				
	Marketing	Finance	Sales	Management	Average
Financial goal compatibility	4.286	4.167	4.375	4.444	4.318
Customer goal compatibility	4.143	4.333	3.750	4.000	4.057
Brand/product goal compatibility	4.286	4.167	3.625	3.889	3.992
Competition goal compatibility	3.429	4.333	3.625	3.778	3.791
Internal goal compatibility	3.143	4.167	4.000	4.333	3.911
Future growth	3.714	4.167	4.250	4.111	4.061

Source: Survey results

For the internal performance-related indicators (see Table 7), the three most important indicators were employee competences (4.427), adaptability (4.352), and experienced/trained personnel (4.256). Working unit climate and employee satisfaction were less important than average (4.167) for the representatives of management but remained important for marketing, finance, and sales representatives while assessing the marketing performance.

Finally, for goal performance-related indicators (see Table 8), the three most important indicators were financial goal compatibility (4.318), future growth (4.061), and customer goal compatibility (4.057). Respondents from finance emphasize all goal indicators (all the observations were higher than average (4.061)). A bit surprising was the results obtained from the experts of the marketing field: even two indicators (competition goal compatibility and internal goal compatibility) were evaluated below 3.5, meaning that the latter factors are perceived as providing no benefits for a company.

The next step of the analysis was to determine if there were statistically significant differences between two or more groups of an independent variable on a continuous or ordinal dependent variable. The Kruskal-Wallis H test was used. It is a rank-based nonparametric test. The three indicators from each indicator group were chosen with the highest respondents’ evaluation means. Kruskal-Wallis H Test was expected to confirm that there were no significant differences between the evaluations for each group of indicators provided by respondents from finance, marketing, sales, and

**Table 9** Kruskal-Wallis H Test results

Indicator category	FINA	CONS	BRAN	COMP	INTE	GOAL
Kruskal-Wallis H	2.064	0.283	1.776	0.339	7.094	3.318
Df	3	3	3	3	3	3
Asymp. Sig.	0.559	0.963	0.620	0.952	0.069	0.345

Source: Survey results

management. There were six calculated iterations for each indicator group (FINA, CONS, BRAN, INTE, and GOAL).

Applying the SPSS (see Table 9) at the significance level 0.05, there was no significant difference (Asymp. sig. >0.05) found between evaluations of most important indicators between groups (representatives of finance, marketing, sales, or administrative department). Thus, reliable conclusions about the importance of the indicators from each group (FINA, CONS, BRAN, COMP, INTE, and GOAL) based on calculations of the means can be provided.

## 5 Limitation and Future Research

According to the survey results, the framework for marketing performance measurement was constructed. However, interviewing respondents from different areas has led to some confusion. Several sales managers explained that they wouldn't separate sales and marketing activities, as marketing indicators were very useful for analyzing the sales department's performance as well. To have a complex framework for marketing performance assessment, the latter activity could be integrated into the assessment of all company's activities performance identifying similarities and differences.

The other limitation of the research was that, although respondents were chosen to represent different departments, namely, marketing, finance, sales, and management, the group sizes were not equal. Future research could analyze top management groups from one company and compare the results in a contrast of other activities' performance measurement.

The activity's performance measurement itself has no sense since there is no connection with the company's development, compliance with strategy, and financial results. Therefore, it would be useful to analyze if there was a significant linkage to the company's ability to implement performance measurement of different activities.

The research was provided in Lithuania; therefore, the results mainly reflect the attitude of Lithuanian managers. The replication of the same survey in other countries and comparing the results would enable elaborating a scorecard for a worldwide application.

## 6 Managerial Implications

The research results enabled determining the most important indicators used for marketing performance measurement. Therefore, 18 indicators to be assessed were established in six categories:

1. Financial performance-related indicators: sales, gross margins, and profitability.
2. Consumer performance-related indicators: relevance to consumers, perceived quality, and customer satisfaction.
3. Brand/product performance indicators: brand/product knowledge, awareness, and innovation in progress.
4. Competitors performance-related indicators: market share/scope/standing, perceived differentiation, and new markets entered.
5. Internal performance-related indicators: employee competences, adaptability, and experienced/trained personnel.
6. Goal performance-related indicators: financial goal compatibility, future growth possibilities, and customer goal compatibility.

Based on the research results, it might be suggested that, in achieving to gain leading positions in the market, companies have to primarily focus on fulfilling their financial goals as well as meeting consumer requirements. In such perspectives, the prospective new markets have to be constantly considered. Moreover, consumer markets have to be constantly assessed by providing panel surveys in terms of service quality (e.g., SERVQUAL), customer satisfaction (e.g., CSI), and product's relevance to consumer measurement. Based on the results of the latter indicators, marketing communication campaigns have to be elaborated to ensure brand/product knowledge and consumer awareness; moreover, relevant innovations have to be constantly offered to consumers. As a result of the proper performance of consumer-related and brand-/product-related indicators' measurement, the company's performance in a framework of competitors will be reinforced.

Considering the company's internal performance, special attention has to be paid to selecting qualified and properly trained employees. Moreover, constant employee trainings have to be performed in order to be able to manage and adapt to changing market requirements and situation.

## 7 Concluding Remarks

Marketing performance measurement is a fast-evolving research area; however, it still lacks the proper attention of scientists as well as practitioners. Being crucial for business success, the latter activity is gaining too limited attention in the literature. Moreover, different researchers suggest measuring different indicators to assess the whole picture. All the suggested indicators of marketing performance measurement can be classified into six main categories: financial performance, customer

performance, brand/product performance, competitor performance, internal performance, and goal performance. However, the theoretically suggested categories are broad; therefore, measurement of all the possible indicators would be time-consuming and would not lead to the optimal result. The establishment of a scorecard containing the most important indicators is necessary.

The research results indicate the absence of a unified structure for marketing activity measurement in Lithuanian companies. The evaluations provided by representatives of different fields of expertise (i.e., finance, marketing, sales, and management) were found to be different, indicating the absence of a clear system of performance measurement. Based on the evaluation means, it can be stated that most important indicators are financial- and consumer-related, as well as the future growth possibilities. In the latter framework, all the other indicators have to be assessed and managed.

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# Consumers' Influence in Online Social Networks Regarding Recycling Habits



Camelia Delcea, Liviu-Adrian Cotfas, Rafal Mierzwiak, and Mihai Orzan

**Abstract** The rapid growth and use of the online social networks have generated an increasing interest in different research areas, while a series of studies have shown the importance of the consumers' influence in these networks on other users' decisions and attitudes. In this context, the current research focuses on the recycling habits' influences that might be exerted on the online social networks. As a starting point, based on the current researches, a questionnaire has been created and validated. During the validation process, the questionnaire has passed the unidimensionality, feasibility, convergent, and similarity validity. Three hundred seventeen respondents have taken part in this study. The questions have tried to extract the respondents' attitude toward recycling and the online media exposure in relation to the recycling habits. Most of the questions have been evaluated using a 5-point Likert scale. Among the results, the potential frequency for the recycling process based on the users' activity in online social networks has been determined. Knowing this frequency and the type of online social networks interactions related to the recycling habits, the interested organizations can conduct a series of campaigns in online environments in order to reduce the duration needed for a full adoption rate of the recycling attitude.

**Keywords** Online social networks · Consumers' influence · Recycling attitude · Structural equation modeling

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## 1 Introduction

The online social networks are a part of our everyday life, and their usage has faced a continuous increase in the last years (Ortiz-Ospina 2020). According to Ortiz-Ospina (2020), Facebook is the largest social media platform in the world, counting for 2.26 billion users in 2018, with an increase of 0.22 billion users compared to 2017. Even more, from an approximate population worldwide of 7.7 billion people, 3.5 billion people are online, while one in three people in the world uses social media platforms (Ortiz-Ospina 2020). Even more, the time spent on digital media has increased in the last years, a lot of the internet users deciding to get the needed information from the online environments rather than from the classical information channels. According to Meeker (2019) in 2018, in the USA, an average of 6.3 hours has been recorded for the digital media usage per day, 3.6 hours being spent by a mobile connection, 2.0 hours by laptop or desktop, and the rest of 0.7 hours by other connected devices. Frequency of connecting is another aspect to be considered. According to a study made by Pew Research Center (2019), 74% of the American Facebook users connect daily to the social platform, while 17% connect on a weekly basis.

Given this high number of online social media platform users and the number of hours they spend on the internet, the influence of the messages, videos, and pictures posted on them has been addressed in a series of papers in the literature, regarding different aspects such as, but not limited to, smoking attitudes and intentions (Yoo et al. 2016), individual's well-being (Fan et al. 2019), customer satisfaction (Agnihotri et al. 2016), government-public relationships (Hong 2013), attitude toward eco-friendly products adoption (Delcea et al. 2019), company's image and reputation (Delcea et al. 2015a), and consumers' decisions (Delcea et al. 2015b).

On the other hand, the resources management plays an import role in the nowadays economy due to the population growth and the limited resources available. Continuous high demand for better and newer goods produces a series of consequences among which one can mention the overloaded landfill due to a rising volume of trash generated on a daily basis (Budhiarta et al. 2012).

A report regarding the recycling trends (United States Environmental Protection Agency 2017) showed that for a series of items, the recycling rate, determined as a percentage of generation, has faced a slight decrease of up to 1% from 2015 to 2017. In 2017, only 8% of the plastic has been recycled, 27% of the glass, and 66% of the paper and paperboard, even though the efforts have been made and signals have been shown to different media channels. According to a survey made upon the UK citizens' recycling behaviors on a 3239 sample (WRAP Report 2017), it has been determined that the highest level of missed captured items (viz., items placed in the general rubbish rather than in the special containers accepted by the local recyclers) is recorded for the persons aged between 18 and 34 years old (65%), while the group of 55+ years old score a 45% of missed captured items for the dry recycling category. The same situation is recorded even for the levels of contamination: 83% for the 18–34-year-old category versus 73% for the 55+ years old (WRAP Report 2017). By

contamination in this case, one understands the products that are not recyclable and that are put in a recycling container.

In this context, the current study aims to analyze whether the social influence made upon different online social media environments can have a role in determining a positive recycling behavior of the users of these platforms and whether this can have a positive influence on the users' responsibility and attitude toward recycling. To this aim, a questionnaire has been created, and a series of elements such as convenience, online social influence, responsibility toward recycling, and attitude regarding the recycling process and recycling intention have been analyzed by considering the answers received from the respondents. In addition, the time and frequency of interactions having as central point the recycling habits have been extracted. Knowing this time and the frequency of the online social networks interactions related to the recycling habits, the interested organizations can conduct a series of campaigns in online environments in order to reduce the duration needed for a full adoption rate of this environmentally friendly attitude.

The paper is organized as follows: The second section focuses on providing a short literature review from the recycling field. The third section presents the assumptions made upon building the proposed model, along with the information related to respondents' descriptive statistics, the answers they have provided to the questions, the questionnaire validation, and the data analysis. The last section summarizes the paper and introduces possible future research directions.

## 2 Literature Review on Recycling

The recycling issue has attracted a series of researchers worldwide, which have tried to address in their studies different aspects such as recycling practices (Dias et al. 2019; Ravindra and Mor 2019; Sajid et al. 2019; Kumar et al. 2017), determinant factors in recycling behavior (Kianpour et al. 2017; Fami et al. 2019; Wang et al. 2011), environmental impact (Sandin and Peters 2018; Scherhauer et al. 2018), normative feedback and changing behavior (Schultz 1999), and recyclers versus non-recyclers' behavior (Tiew et al. 2019). Some of these aspects are shortly discussed in the following text with the purpose of giving a general picture over the field.

In a recent research, Ng (2019) presents the solid waste problem in Hong Kong and analyzes the behaviors of the multifamily dwellings. A series of elements are considered such as convenience, the type of housing, and the property management initiative. A survey has been used for extracting the needed data, and a structural equation modeling approach has been used for analyzing them. As a result, the author identified a connection between the attitude and recycling behavior and no influence between knowledge and attitude or behavior (Ng 2019). On the other hand, convenience has been found to have a significant impact on the recycling behavior. Tiew et al. (2019) consider the recycling behavior of the regular recyclers and have compared them to the non-regular recyclers by conducting a survey on Malaysian

respondents. Starting from the idea that the success of recycling process can be due to the community recycling behaviors, the authors evaluate the factors that determine the communities to practice recycling behavior in their daily lives. Among the factors, attitude, subjective norms, and perceptions are considered. For the perceptions category, a series of sub-factors are measured: easy access to recycling facilities, home recycling practices, recycling cost, willingness to adopt recycling practices, environmental impacts, role of religion, presence of rewards, and charity (Tiew et al. 2019). As a result, the authors underline the fact that the gap between recyclers and non-recyclers is quite small, both of the groups considering the rewards to be less attractive to recycling (Tiew et al. 2019). Among the most attractive factors, the authors pointed out to willingness to adopt recycling practices, environmental impacts, and attitude.

The influence of social norms on the recycling behavior has been considered by Sorkun (2018). The study has been conducted on Turkey respondents, and the results have shown that social norms influence the recycling behavior and that convenience is a key element when deciding to recycle. Household waste recycling is considered by Knickmeyer (2020). The author provides a comprehensive literature review on the good practices and highlights the fact that understanding social factors which influence the household recycling behavior is a major aspect in improving the recycling process.

### **3 Case Study**

The data for the study have been gathered through a questionnaire posted on different social media platforms. The considered assumptions and the data-collecting process are presented in the following text, along with the questionnaire validation and data analysis.

#### **3.1 Assumptions**

Considering the posts made on online social media platforms, it can be observed that they can reach a wide range of audience. By analyzing a series of posts made on Facebook which discuss the recycling process of the electronic products, it can be observed that it has been visualized by a large audience. Also, in the literature, it has been shown that the social media posts generate a positive attitude toward eco-friendly products adoption and recycling behavior (Delcea et al. 2019). Based on the emotions expressed in the online environment through the comments or by using the “like” option, it can be seen that the post dealing with recycling and eco-friendly products is well received by the large population.

In this context, the online social media users are assumed to manifest a positive attitude regarding recycling as a result of watching videos or reading posts in these environments.

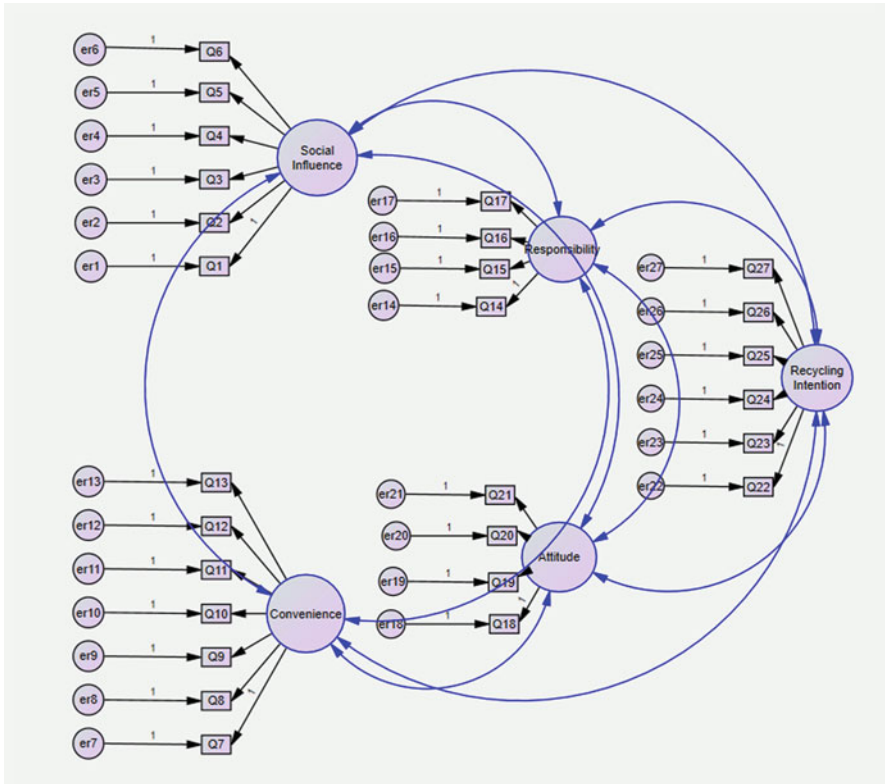
### 3.2 *Data Collecting*

A questionnaire has been created and made available online, containing both demographic personal data and questions related to the recycling attitude as a result of using online social media environments. The filling-in period has been 9–23 March 2019, and only the questionnaires without missing answers have been considered in the following: A number of 317 questionnaires have been declared valid after checking the missing data. Regarding the demographic data of the respondents, 209 respondents have been females (65.93%) and 108 males (34.07%) and 159 have ages below 30 years old (50.16%), 112 between 30 and 50 years old (35.33%), and 46 over 50 years old (14.51%). Most of the respondents come from urban area, representing 73.50% of the respondents, while the rest of 26.50% from the rural area.

### 3.3 *Questionnaire Validation*

Regarding the recycling behavior exerted as a result of social media contact and influence, five main components have been considered, social influence, convenience, responsibility, attitude, and recycling intention, and a series of questions have been formulated based on the literature. The initial structure to be validated is presented in Fig. 1. By applying a structural equation modeling approach, the construction presented in Fig. 1 has been tested, and due to the validation process, the construction in Fig. 2 has passed the imposed criteria for unidimensionality, feasibility, convergent validity, and similarity validity (performed through the goodness of fit).

Regarding the goodness of fit of the validated construction presented in Fig. 2, the following values have been received for the main indicators: the minimum discrepancy over the degrees of freedom (CMIN/DF) is 1.604, lower than the imposed value of 5.0, which indicates a good similarity validity; the comparative fit index (CFI) is 0.974, above the imposed threshold value of 0.9, indicating a good validity; and the normed fit index (NFI), the relative fit index (RFI), and the incremental fit index (IFI) are 0.935, 0.919, and 0.975, also above the 0.9 imposed value, showing once more a good model validity. As requested by Brown (2015) and Byrne (2010), additional measures can be considered, such as Tucker-Lewis index (TLI) which should exceed 0.9. In our case, this index is 0.968, indicating a good model validity. Another indicator to be considered is the root mean square error of approximation (RMSEA), which, according to Hu and Bentler (1999) and Harrington (2009), should be below



**Fig. 1** Main components to be validated. Source: authors own study

0.06 in order to indicate a good model fit. As the recorded value for RMSEA is 0.048, the model can be considered validated and ready to be used in the following analysis.

### 3.4 Data Analysis

Based on the answers received to the remaining questions in each of the categories, it can be observed that the respondents are aware of the recycling habits of the other persons they met in online environments as they often see messages and/or videos on the social media platforms (72.87% of the respondents agree or strongly agree) and that they might change their behavior due to the informative character of the read posts or watched videos (67.51%).

Convenience is a key point in the recycling process as only 39.12% of the respondents have marked that they know some recycling centers, while 11.67% haven't express they neither agree nor disagree regarding the knowledge of such

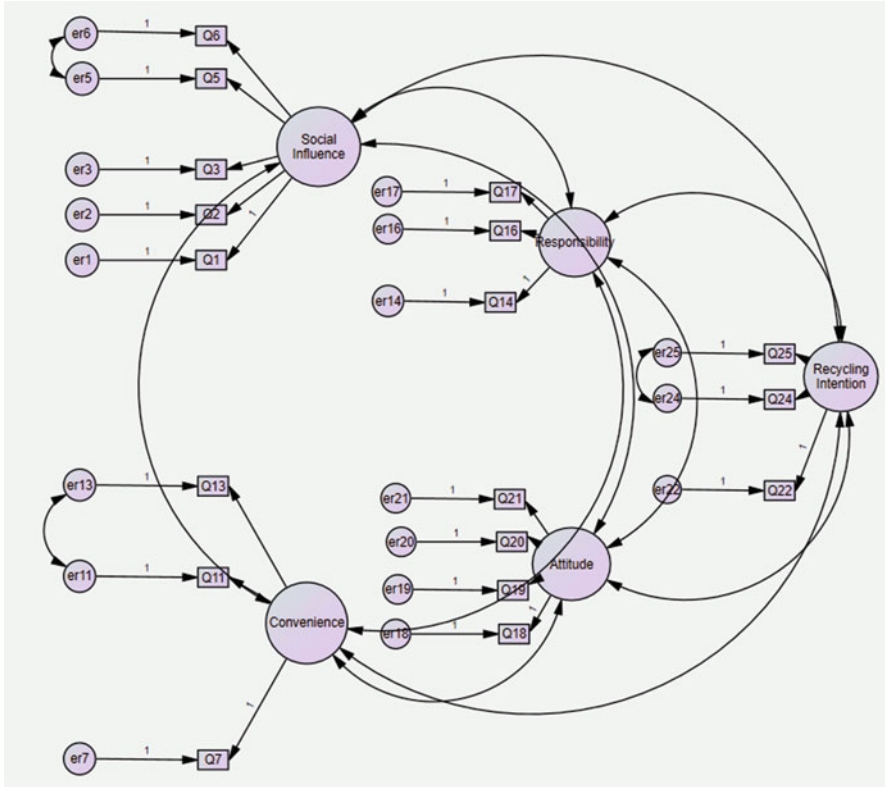


Fig. 2 The validated model components. Source: authors own study

centers. Also, related to the convenience, 62.46% of the respondents have marked that they believe that the recycling products take up too much space in their house, while 11.99% have no opinion regarding the space occupied by these products. The respondents' responsibility reflects the fact that 78.55% are aware of the fact that their everyday actions contribute to a sustainable environment, while only a reduced number of 58.99% believe that they are directly responsible for affecting the environment.

As for the recycling attitude, 91.8% of the respondents believe that a pro-environment behavior is necessary in the nowadays climate change conditions, while 63.72% agree or strongly agree to the fact that they can contribute to the development and maintaining of a healthy environment.

The recycling intention shows a positive view toward future recycling plans: 86.44% of the respondents agreeing on the fact that in the future, they plan on recycling more and 60.25% aiming on being constants to recycling decision even though this won't be an easy action due to various limiting issues.

Lastly, the time and frequency of interactions having as central point the recycling habits have been extracted, and it has been determined that, on average,



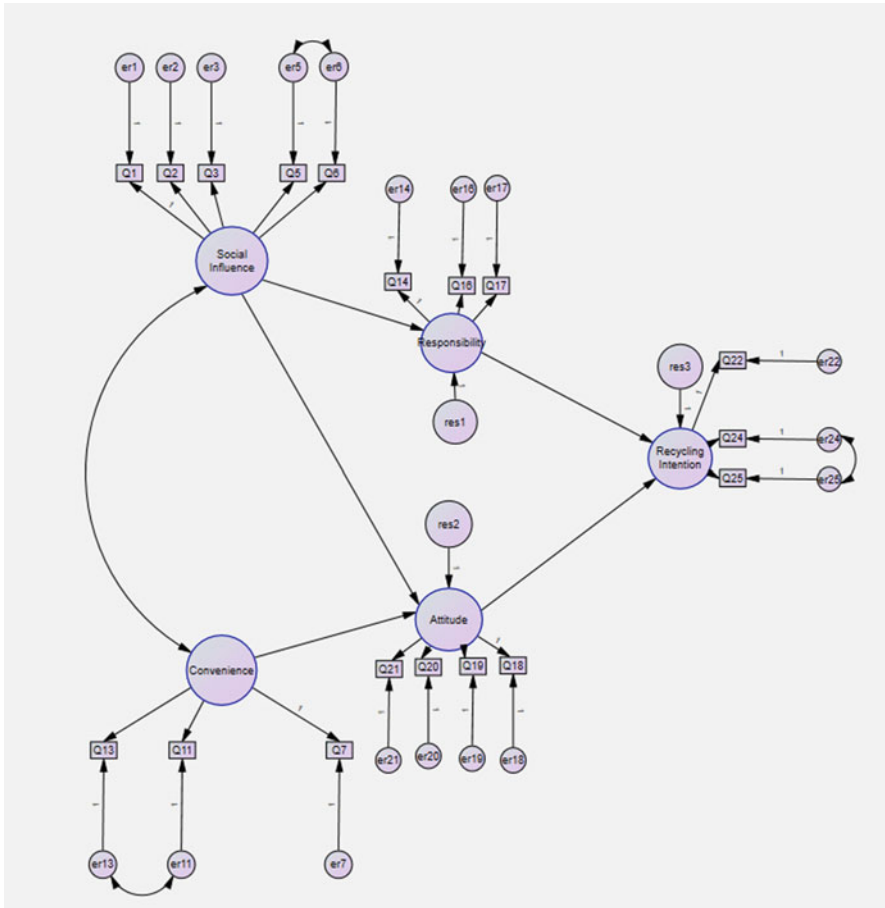


Fig. 3 The considered model. Source: authors own study

the respondents have said that the frequency is less than once a month, most of the interaction coming from watching posts than from actively being involved in conversations regarding the recycling habits.

Based on the received answers and the literature associated to the field, the model in Fig. 3 has been built and tested for validity. After running the model, the following has been observed: the convenience is the most influencing factor for the attitude (with a scored value of 0.85), while the social influence has a positive and significant influence of the recycling responsibility (with a scored value of 0.38).

Furthermore, the social influence in online environments has a positive impact on the recycling attitude. The positive impact of the social media usage has been underlined by Sujata et al. (2019). Among the two main underlying factors of the recycling intention, responsibility plays the most important role, scoring 0.75. Thus, by increasing the number and by varying the content of the messages and videos

posted in online environment, a positive outcome related to the recycling intentions can be obtained. Being aware of the influence manifested in the online social media, the interested organizations, such as government or nongovernmental organizations, can adapt their policies in order to support more the recycling process.

## 4 Conclusion

Due to rise of the online social media platforms and the influence manifested on them, the current study aimed to analyze whether the social influence made upon different online social media environments can have a role in determining a positive recycling behavior of the users of these platforms. On this regard, a questionnaire has been used for extracting and analyzing the attitude, responsibility, online social influence, and convenience over the recycling intention.

By analyzing the results gathered through the proposed model, it has been observed that all the four considered components, namely, convenience, online social influence, responsibility toward recycling, and attitude regarding the recycling process, have a positive influence on the recycling intention. The most influencing factor is the recycling responsibility which has the main trigger in the online social influence.

As the recorded frequency of the recycling habits interaction in these online environments has been recorded at a low level, less than once per month, and given the fact that the major influencing aspect is related to online video watching or post reading, rather than engaging in online discussion related to recycling habits, a series of campaigns can be organized in these environments with the purpose on increasing the people's awareness.

A further research direction may include the analysis of the role of the government and its adopted policies on the recycling habits, which can be simulated in an environment created using an agent-based approach.

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# From the 4 Ps to 5 Ps: Prompt, a New Element for the Marketing Mix: A Specific Analysis of the Coffee Market: The Portuguese Market



Sílvia Faria and Pedro Ferreira

**Abstract** The goal of this study is to test the introduction of a new variable in the marketing mix—prompt—and how it may impact on consumers’ satisfaction and brand loyalty. Coffee was chosen to test this new variable since it is one of the most preferred and consumed drinks all over the world. It is also the basis of a dynamic sector with a constant introduction of new products, blends, and formulas. A literature review was conducted based on the traditional 4 Ps model, namely, its importance for consumers’ buying behavior, specifically consumers’ satisfaction and brand loyalty. The empirical study was based on a survey of 220 coffee consumers, with the aim of understanding if having the product available impacts on satisfaction and brand preference. Despite some limitations, results seem to support the construct of “prompt” as an additional marketing-mix variable. Moreover, “prompt” seems to be a key element for satisfaction and loyalty. These findings are valid for Portuguese coffee consumers and should be validated in other cultural contexts and the consumption of other products and/or services. The 4 Ps remain as the most mentioned element of companies’ marketing strategy. The validity of a new marketing-mix variable, with confirmed impact on consumers’ outcomes, should be considered in the design of companies’ marketing strategy. This paper discusses the need to consider a new marketing-mix variable—prompt—in the actual accepted/recommended marketing-mix model.

**Keywords** Marketing mix · Coffee · Consumer behavior · Satisfaction · Loyalty

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## 1 Introduction

To sell any product or service, marketers must understand the concept of marketing mix, its main elements, and the way it must be managed in order to create value to both companies and clients, improve customers' satisfaction, and lead to loyal clients. As markets have evolved and the number of brands increased significantly, the marketing mix moved also to a kind of commercial philosophy, seeing the number of elements enhance. Competitive and dynamic markets lead marketing to constantly adopt new strategies to the continuous new challenges and changes.

The aim of this paper is to focus on the importance of properly managing the marketing-mix elements in order to better adjust offers to the market needs, enhancing positive experiences with brands, and getting customer attention and commitment. Specifically, this study looks at the relation that adding a new element to the original 4 Ps of the marketing mix—prompt—may have with consumers' satisfaction and brand loyalty, at a time when consumers are increasingly demanding and wanting everything in a hurry and less likely to be loyal. Despite the existing literature pointing to a natural evolution in the number of elements of the marketing mix, there is no research showing that promptness or the ability to respond quickly, meeting desired (short) delivery times, and avoiding failures are important variables to bear in mind.

We decided to develop our study in the coffee sector, since it is an example of a very dynamic and promisor market. According to the National Coffee Association of the USA (2018) and to El-Din (2018), the world loves coffee and this is something accepted worldwide. When considering the most important countries, as far as coffee production, Brazil is the highest producer of all, shipping about “5.7” bn pounds of grounds per year (National Coffee Association of USA 2018; El-Din 2018); it has been that way for more than 150 years, being the most important supplier. The second largest producer is Vietnam, followed by Colombia, Indonesia, and Ethiopia. If we look at coffee consumption, Finland is the country with the highest level, reaching 12 kg per person (El-Din 2018), immediately followed by Norway (9.9 kg per person), Iceland (9 kg), Denmark (8.9 kg), and the Netherlands (8.4 kg); anyway, coffee is in fact one of the most popular beverages in the world, and despite of some changes that have happened (e.g., capsules) and for sure some others that will appear, one thing that seems to be consensual is the fact that it is a very popular beverage and it will stay like that in the near future (El-Din 2018). The world coffee production for 2018/2019 was forecasted to “11.4” million bags, higher than the previous year; with a global consumption forecast at a record of “163.2” million bags, exports are expected up in response to strong demand (National Coffee Association of USA 2018).

According to the results of this research, the variable “prompt” seems to be perceived as an additional marketing-mix variable and a precedent for clients' satisfaction and loyalty. These findings are valid for Portuguese coffee consumers and should be validated in other cultural contexts and for other products. With the sample used and focusing the participants' attention on a specific product, future

research should also try to confirm the lack of relevance of “price” and “placement” for coffee customers’ satisfaction and brand loyalty. Considering the importance of the marketing-mix concept, comparative studies in some international markets are also crucial, before academics and professionals accept prompt’s importance and capacity to influence a company’s profit and a brand’s competitiveness through time.

This paper is structured as follows: Section 2 presents the theoretical framework, with related work on the marketing-mix subject. Section 3 presents conceptual model and hypothesis to be tested. In Sect. 4, we discuss the methods used for our study. Section 5 presents findings, and at Sect. 6, we present main conclusions, some limitations, and recommendations for future research.

## 2 Theoretical Framework

Starting with the traditional 4 Ps, our research intends to develop a different way to manage such a competitive sector as the coffee one, adding a new P to the already existent ones: prompt. Bearing in mind today’s very demanding customers, always connected and well informed about products and services and wanting everything in the moment, and centering our focus in the importance of satisfying and getting loyal clients to the product and/or brands, the capacity to quickly respond seems an important variable.

Marketing strategy always enhanced the importance of correctly managing all the elements of the marketing mix as a key to success and to develop a company’s competitiveness (Webster 1992; McDonald 2002). The marketing mix had its origin in the 1960s, with Borden (1965, 1984) mentioning twelve marketing elements that, when correctly managed, would increase the organizations’ probability of getting profit: product conception and planning, price, brand, distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finds and analysis. Borden (1965) claims, in fact, to have been the first to use the expression “marketing mix,” based on the analogy of how to cook: the manager activity is comparable to a cooker following a recipe: mixing the ingredients, sometimes following a recipe as he goes along, sometimes adopting the original recipe to the available ingredients, and sometimes making experiments with or inventing ingredients no one else has tried; Goi (2009) reinforced this idea. This analogy appeared because of some studies developed to understand the influence of variations in procedures and policies implemented by managers in their marketing programs and the implication in the companies’ costs and profitability (Borden 1984). It seems that choosing the right combination of procedures and strategies can influence consumers’ behavior, leading them to buy and prefer a brand, accepting to pay for higher prices that, in turn, lead to high profit margins (Borden 1984). So, the issue is to try to define the innumerable and possible combinations of marketing methods and policies that can be adopted by a manager (Borden 1984). Some other authors, however, also referred to the concept: Frey (1961) said that the marketing variables should be considered in two parts: the offer itself—product,

packaging, brand, price, and service—and the methods used to catch the consumers' attention—distribution, personal selling, advertising, sales promotion, and publicity. Lazer and Kelly (1962) and Lazer et al. (1973) suggested three elements of the marketing mix: goods and services, distribution, and communication. McCarthy (1964) was the first researcher to talk about the 4 *Ps*—product, price, promotion, and place—as the important elements to allow a company to satisfy their clients or target market.

In the 1980s, a considerable number of researchers started to propose new “Ps” into the marketing-mix idea. Booms and Bitner (1980) tried to add 3 *Ps*—participants, physical evidence, and process—adding the concept to services. Kotler (1986) talked about political power and public opinion to be considered also as important variables. Judd (1987) mentioned the *P* of people. It was Goldsmith (1999) that first got closer to the actual common accepted 7 *Ps*, suggesting, in fact, the existence of 8 *Ps*: product, price, place, promotion, participants, physical evidence, process, and personalization. Nowadays, it is generally accepted that the 7 *Ps* are the main elements managers shall pay attention to when defining strategies and designing business and marketing plans (Kotler 2003); Lovelock et al. (2015) enhanced the importance of services as powerful forces that are transforming markets and as a way to increase competitive advantages. People, processes, and physical evidence are, therefore, the three variables added and accepted to the original 4 *Ps* (Rafiq and Ahmed 1995; Kotler 2003; Constantinides 2006; Akroush 2011; Lin 2011; Lovelock et al. 2015). Betting on extraordinary customer service, a company can introduce different and improved services, allowing a superior customer experience that may induce brand loyalty and an increase on profits. Customers really expect more from brands as far as services are concerned (Tripathi 2009), and therefore, it is expected to add some elements to the original ideal of marketing mix.

The main idea to have in mind is that a considerable number of researchers and authors studied this concept and concluded that the original perspective, as a marketing management tool to be used—4 *Ps*—does not match the actual markets' complexity and, therefore, needs to be reviewed and adopted; in fact, the concept of 4 *Ps* has been criticized as being a product-oriented definition of marketing and not the so needed customer-oriented definition (Popovic 2006; Goi 2009).

Changes in consumer behavior need to be followed and understood since consumers are dynamic and progressive individuals that adapt themselves to the signs of time (George 2016). Studying the consumers' behavior focuses on how do persons decide to spend their incomes and resources (money, time, etc.) in buying products and services; that means to understand what they buy, when, where, how often, and how do they evaluate brands after buying and using their offers. It does not end here, since it is also part of the process to analyze the influence of these evaluations on future shopping intentions and purchases (George 2016).

Today's consumers have the highest access to information than ever (Sridevi and Kumar 2015; George 2016); always connected, they can easily compare the features and price of products and services available at different points of sale. They can be a member of some private groups with common interests and share relevant information; they are always very well informed and up to date (Sridevi and Kumar 2015).



High technology and easy and cheaper accesses to the internet spread information in an unthinkable velocity; consequently, actual consumers are divided between lots of information and lack on time to evaluate its quality (Marques 2014).

On the other hand, the actual consumers want to have an easy and healthy life, and therefore, they prefer the brands that help them do it, through easy products, practical equipment, well-planned services, and being at the right stores, with no failures; mindful is the new mainstream: that means that consumers are spending more time “with themselves” and go on complaining about time: lack on time makes them more demanding than ever, wanting brands that are capable to keep their promises (Marketeer 2018; ABIHPEC Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos SEBRAE 2019) and promote good and positive experiences. Such a demanding and well-informed client, always connected and ready to interact with the brands (Nielsen 2016), leads brands to not disappoint them, remembering that a negative experience creates 11 more comments than a positive one (Richins 1983, 1995) and putting all the efforts in keeping clients and getting more money from them in a long-term perspective, i.e., selling more to them (Marques 2014). Since customer satisfaction is recognized as a key factor to have successful businesses (Yang 2016), organizations must move from managing the traditional marketing mix to managing clients’ relationship (B2B and B2C). Therefore, we can no longer keep our eyes on the 4 or 7 Ps but enlarge our vision to embrace clients’ satisfaction and include one or more Ps that may lead to it.

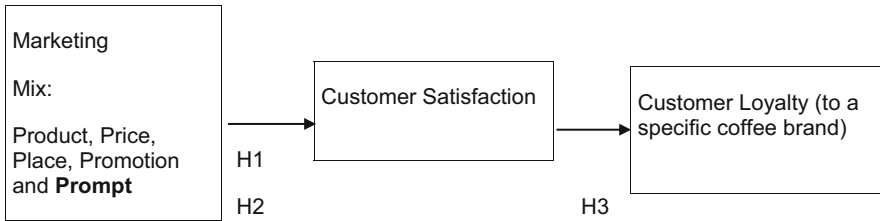
Lack on time is crucial at the information and technological age we are living (Marques 2014) and is a main issue for the individuals that seems to affect their commitment to brands and/or points of sale (Grimmer et al. 2016; Nielsen 2016). I need, I want it now, is an actual tendency as far as consumer behavior is concerned. Competitive and smart brands will focus, this year and in the next ones, on being capable to answer a simple and meaningful equation: innovative channels + nuanced contexts = right place + right time + right quantity (Kantar 2018); the main difficulty in measuring the cost of a stock out is that it varies as a function of the consumer’s response to the stock out. Consumers may choose to (1) substitute the initial item they were looking for, (2) postpone the purchase, or (3) forget the purchase or search for the item in another point of sale (Zinn and Liu 2001). It is generally accepted that managing in a proper way the product’s portfolio, avoiding missing products, is crucial for achieving competitive advantages and getting interested clients that are willing to come back (Zinn and Liu 2001; Cachon and Swinney 2008). A product failure at any point of sale may lead the consumer to choose to go away without shopping/consuming, making all the planned shops in another point of sale (Faria et al. 2012) or deciding to buy/consume a different brand (Faria et al. 2012). Regardless of the option, it will always mean an unsatisfied client and a negative image of the brand/product or service in absence and/or of the point of sale that allowed it to happen (Faria et al. 2012); it is what some authors refer to as QRS—quick response strategy (Chan et al. 2016): prompt answers are needed so that both companies and consumers get a win-win perspective of the relationship (Fera et al. 2017).

If consumers feel any way disappointed, that will make them think that the decision procedure followed was not the right one, and as a result, their confidence in the point of sale and/or in the brand will decrease; in the near future, they will tend to consider alternatives, as far as products, services, or stores are concerned (Faria et al. 2012). For some authors, a satisfactory buying experience leads to repeat purchases and may result in purchases by habit, trust, or even customer loyalty (Assael 1992; Oliver 1999; Bloomer and Kasper 1995; East and Hogg 1997; Tissier-Desbordes and Kimmel 2002; Molinero 2010). Consumers are lack on time, and they really want to get rapidly everything they want, feeling a positive buying experience (Marques 2014; Frontoni et al. 2014, 2017; Meios e Publicidade 2019); one may say that customers need to be satisfied before they really become loyal (Parasuraman et al. 1988; Wahab et al. 2016; Ali et al. 2019; Hung et al. 2019). And this relationship between satisfaction and loyalty, studied by many authors, indicates that customer satisfaction is a variable that impacts and may change the customers' intentions to become loyal or not (Wahab et al. 2016). Considering the high consumption of coffee and the fact that this is a very dynamic and competitive market, it is important for players to provide excellent services and products, on time, surprising and satisfying customers, avoiding any distraction, leading them to become loyal (Wahab et al. 2016).

Customer loyalty is an important goal in the consumer marketing community as it is a key component for a company's long-term sustainability (Chen et al. 2018). It is an important objective for any marketer, generally admitted by the consumer marketing academy as a key component for a company's long-term existence and sustainability (Yang 2016). Loyalty is important for companies, since it simplifies retaining clients and reduces costs to do it (Oliver 1999; Wahab et al. 2016), and therefore, any company needs to follow and measure how its marketing-mix strategy is or can contribute to customer satisfaction as well as customer loyalty (Wahab et al. 2016).

### 3 Conceptual Model

The research on marketing strategy literature showed a change in the marketing-mix elements through time and indicates that the 4Ps are not enough to create a complete and competitive marketing strategy that contributes to a satisfied, committed, and loyal client; adding 3 Ps from the service's mix is a clear example of that. This work is about adding a new P to the commonly accepted traditional Ps of the marketing mix—prompt—in the coffee sector. Understanding the actual consumer, always in a hurry and connected; able to find a lot of information about products, services, and brands (Oliver 1999; Frontoni et al. 2014); wanting everything for the moment; and being more demanding than ever (Marques 2014), seems to lead companies to rethink their mix. In today's competitive and mature markets, as the coffee sector is, there are too many brands selling very similar products and offering same services; managers need to pay attention to competitors and to get focused on the



**Fig. 1** Conceptual framework. Source: own source (PS prompt in bold since it is a suggested variable)

real customers' needs and desires, in order to establish long-term relationships with them. In order to make customer satisfied, business providers must know the elements in the marketing mix that they need to practice in order to attract customers and make them stay (Wahab et al. 2016). In other words, the four original elements of the marketing mix, acting as independent variables, seem to be incomplete for the coffee sector; meanwhile, we are defending the introduction of one more P—prompt—to support the dependent variables: customer satisfaction and loyalty. This is the same as saying that the right strategy and the right number of the marketing-mix elements positively relate to customer satisfaction and customer satisfaction positively relates to customer loyalty, as we considered in the conceptual framework in Fig. 1.

The goal of this paper is to test the introduction of the new variable prompt in the marketing mix. For this purpose, the conceptual framework considers the association of the traditional marketing mix and the new variable on consumers' satisfaction and brand loyalty toward a coffee brand. Thus, based in the literature review, the following hypotheses were developed:

- H1** Traditional marketing-mix variables (product, price, place, and promotion) are positively associated with customer satisfaction and customer loyalty.
- H2** Prompt is positively associated with customer satisfaction and customer loyalty.
- H3** Customer satisfaction is associated with customer loyalty.

## 4 Methods

This research follows a correlational study, trying to establish relations between variables (Wahab et al. 2016). Data collection was based on a questionnaire adopted from previous studies in different market areas, using previously tested scales on marketing-mix impact, satisfaction, and loyalty, as suggested and used by Yang (2016). The hypotheses articulate coffee marketing mix in 5 Ps, adding the importance of prompt (prompt answer, based on no stock failures and balanced presence, as an independent variable that also affects coffee customer's satisfaction and

**Table 1** Questions vs variables used

Questions 1–4	Product (variety)
Questions 5–7	Price
Questions 8–10	Place
Questions 1–12	Promotion
Questions 13–16	Prompt (no failures)
Questions 17–27	Satisfaction
Questions 28–31	Loyalty
Questions 32–33	Failures importance (reinforcement questions)

Source: own source

loyalty). Data was collected from May to August 2019, using a convenience sampling method. Participants are consumers that had bought coffee in the p month. We had 220 respondents within a total of 230 questionnaires applied. A preliminary version of the questionnaire was administrated to a convenient sample of 20 individuals, and consequent analysis leads to some improvements in the layout of the questionnaire but did not imply in any change regarding the variables. The final version of the questionnaire was structured as presented in Table 1.

Statistical analysis included descriptive statistics (means, standard deviation, Cronbach's alpha), paired sample *t*-test, data reduction techniques, and regression analysis. The sample is made of 55.5% female respondents, and 60.5% of respondents were less than 24. In terms of education, the large majority of the sample (78.1%) has higher education, and the majority of participants stated a monthly household income of less than 600.00 euros (Table 2).

## 5 Findings

Findings show that the traditional marketing-mix variable “product” and “promotion” impact on “brand loyalty.” A little bit surprisingly, “price” and “placement” are not associated with brand loyalty. This is probably explained by the nature of brand loyalty. Loyalty is related with the nature and duration of the consumer-brand relationship. Thus, it may be expected that this relationship is built based more on the product characteristics and the way the brand communicates with consumers. The new proposed variable “prompt” is related with “brand loyalty.” This means that, for coffee consumers, a prompt answer, based on no stock failures and balanced presence, is relevant to coffee brands in building a positive and durable relationship with consumers. When “customer satisfaction” is introduced in the model (block 4), “promotion,” “price,” and “prompt” lose statistical significance in the relation with “brand loyalty.” This means that “promotion,” “product,” and “prompt” are related with “brand loyalty” through “customer satisfaction” (see Tables 3 and 4).

Therefore, for coffee consumption, this research shows us that the marketing mix is positively associated with customer satisfaction, being product, promotion, and

**Table 2** Descriptive statistic

Demographic variables	Percentage
<i>Gender</i>	
Male	44.5
Female	55.5
<i>Age</i>	
Less than 24	60.5
25–35	9.2
36–46	7.6
47–57	17.6
58–68	4.2
More than 68	0.8
<i>Schooling</i>	
Secondary school	21.9
Higher education	78.1
<i>Income</i>	
Less than 600 euros	60.5
601–1200 euros	13.4
1201–1800 euros	13.4
More than 1800 euros	12.6

Source: own source

prompt the independent variables with higher impact (H1 is partially confirmed). The new suggested P—prompt—is positively associated with customer satisfaction, confirming H2. Customer satisfaction is related with brand loyalty, thus confirming H3.

## 6 Conclusion

The goal of this study was, as previously stated, to test the introduction of a new P to the already worldwide accepted 7 Ps of the marketing mix, in general, and to the 4 original Ps, specifically prompt. Based on the consumer behavior theory, it was assumed that a well-managed marketing mix and satisfaction are important for inducing positive feelings on consumers, making them want to repurchase a brand's products and services and, at the same time, feel committed to it (loyalty).

This research started by arguing the introduction of a new variable, or a new “P,” to the original 4 Ps. A prompt answer, based on no stock failures and balanced presence, can help the brand to keep up with actual consumers, since they are highly informed about brands, always connected, and more demanding and less prone to loyalty than ever.

According to the results of this research, the variable “prompt” should be considered as an additional marketing-mix variable. Moreover, prompt seems to be a key element for satisfaction and loyalty. These findings are valid for Portuguese

**Table 3** Correlation matrix

Mean	Cronbach's alpha	$\alpha$	Product	Price	Placement	Promotion	Prompt	Satisfaction
Product	4.25	0.821						
Price	3.71	0.595	0.309 <sup>a</sup>					
Placement	4.12	0.827	0.534 <sup>a</sup>	0.104				
Promotion	4.05	0.749	0.481 <sup>a</sup>	0.359 <sup>a</sup>	0.528 <sup>a</sup>			
Prompt	3.91	0.744	0.498 <sup>a</sup>	0.399 <sup>a</sup>	0.436 <sup>a</sup>	0.569 <sup>a</sup>		
Satisfaction	4.10	0.730	0.671 <sup>a</sup>	0.374 <sup>a</sup>	0.604 <sup>a</sup>	0.628 <sup>a</sup>	0.585 <sup>a</sup>	
Loyalty	0.419	0.839	0.481 <sup>a</sup>	0.314 <sup>a</sup>	0.477 <sup>a</sup>	0.539 <sup>a</sup>	0.495 <sup>a</sup>	0.632 <sup>a</sup>

Source: own source

<sup>a</sup>Statistical significance at 1%

**Table 4** Regression results from the loyalty equation

Dependent variable: loyalty	Model 1	Model 2	Model 3	Model 4
Constant	2.162 <sup>a</sup> (7.288)	1.419 <sup>a</sup> (3.947)	1.179 <sup>a</sup> (3.181)	0.579(1.489)
Promotion	0.539 <sup>a</sup> (6.916)	0.400 <sup>a</sup> (4.698)	0.313 <sup>a</sup> (3.365)	0.187(1.975)
Product		0.288 <sup>a</sup> (3.384)	0.229 <sup>a</sup> (2.595)	0.059(0.621)
Prompt			0.203 <sup>a</sup> (2.165)	0.124(1.354)
Satisfaction				0.401 <sup>a</sup> (3.655)
Observations	220	220	220	220
R <sup>2</sup> model	0.290	0.354	0.379	0.444
Adjusted R <sup>2</sup>	0.284	0.343	0.363	0.425

Source: own source

<sup>a</sup>Statistical significance at 5%; *t*-statistics are given in parenthesis

coffee consumers and should be validated in other cultural contexts and for the consumption of other products and/or services. Final considerations also serve as possible future research guidelines, since they are probably being affected by the use of a nonstatistically representative population sample. Additionally, future research should try to confirm the lack of relevance of “price” and “placement” for (coffee) customer satisfaction and brand loyalty.

Considering the importance of the marketing-mix concept, comparative studies in some international markets are also crucial, before academics and professionals accept prompt’s importance and capacity to influence a company’s profit and a brand’s competitiveness through time.

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# An Investigation on Voluntary Simplicity Movement in the Context of Sustainable Consumption Behavior Against the Overconsumption Tendency



Emel Celep and Meltem Diktaş

**Abstract** The main purpose of individuals in purchasing goods and services is to gain ego satisfaction and prestige, and the consumption style in which they believe that they will live a more comfortable life by consuming more and not content with what they have is explained as overconsumption and conspicuous consumption. This consumption style is accepted as a behavior that is among the barriers to sustainable living, distancing individuals from their selves, and causing social and environmental problems. It is recognized that voluntary simplicity movement develops along with the sustainable consumption tendency in order to prevent the personal and environmental negative effects of increasing consumption amounts as a necessity of the increasingly modernized world and business practices. Voluntary simplicity is also important as a way of life that has the potential to produce solutions to environmental losses, global problems, various economic problems, and consumer dissatisfaction due to overconsumption. The aim of this study is to consider the voluntary simplicity movement as the consumption dimension of sustainability, which is accepted as a solution to the consumption frenzy and adopted by individuals who want to reduce consumption as much as possible and to make changes in consumption habits.

**Keywords** Voluntary simplicity · Voluntary simplicity movement · Sustainable consumption · Overconsumption · Conspicuous consumption

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## 1 Introduction

In the dynamic marketing environment, it is seen that the priorities in consumers' buying behaviors take a different shape gradually. By using different promotional tools, goods and services are made attractive, and new products that are rapidly introduced to the market due to technological developments create the perception that existing products are old. In certain cases, the fact that individuals do not need a particular product but having another individual around them causes a need and demand for this product and as a result, purchasing behavior becomes a necessity.

In parallel with these developments, the reason why consumption concept has been used together with culture concept in recent years is the changes in consumption behaviors of individuals. While consumption basically explains the consumption of the products that should be used, the emergence of a sort of idea with industrialization after the nineteenth century that countless products provided to individuals and society must be consumed has changed the manner of consumption (İrgin 2016).

According to Clark (2007), two main problems that cause environmental concerns in the global sense are explained as overconsumption and underconsumption. Accordingly, while the increase in consumption is quite high worldwide, the number of people who cannot make enough consumption to meet their basic needs is quite high as well. At this point, while overconsumption of developed countries causes environmental problems, another factor affecting this result is the efforts of consumers to survive in the short term, who have difficulty in meeting their basic needs. At this point, conscious consumption behavior that excludes excessive and conspicuous consumption is defined as the fact that the individual does not buy more than he needs to sustain his life, while sustainable consumption is the consumption behavior which is in harmony with production and carried out by taking into account the individual needs in the coming years (İrge and Karaduman 2018). In recent years, it is seen that voluntary simplicity movement is a concept used to explain a new type of consumer and behavior. Consumers who adopt voluntary simplicity are defined as environmentally friendly and conscious consumers. Such consumers evaluate the product they buy not only with their functional characteristics but also with their abstract and concrete dimensions. This change in consumer behavior was influential in the emergence of a new trend in the field of marketing and, therefore, advertising. This change and understanding corresponded with the concept of simplicity marketing and started to be used in marketing communications by businesses and brands within the subjects such as organic/healthy nutrition, sports like yoga, and walking for a healthier life (İnceismail 2018).

It can be said that this study has some differences in terms of how the subject is handled compared to other studies on similar topics in the literature. In this sense, other studies frequently emphasize the factors that cause individuals to make overconsumption and conspicuous consumption, the factors that affect the changing consumer behavior, and the reasons that are effective in the emergence of unnecessary consumption in general. On the other hand, considering the simplicity of

understanding that has started to become widespread in every area of life as an alternative to this consumption style, it can be accepted as a feature that makes this study different from other studies. In addition to the studies focusing on the unnecessary causes of consumption in general, the study draws attention to the existence of individuals who do not adopt this type of consumption behavior, who do not find it right, and who want to maintain a simplicity toward this behavior. At the same time, this study is an original and exemplary study that evaluates overconsumption and conspicuous consumption not only as a concrete element but also all concrete and abstract dimensions, positive and negative; all the concrete and abstract results it offers; and volunteer simplicity activities aiming to minimize possible negative results. It can be said that the study has an original aspect due to these dimensions.

The main findings of this study are that individuals who participate in the stream of simplicity or individuals who perform activities related to the stream of simplicity seem to advocate reducing consumption as much as possible. At the same time, findings based on concrete examples suggest that these individuals or communities advocate for the protection of green, nature, and world balance; these activities are carried out in relation to the consumption of a wide variety of goods and services; and many different media are used to carry out the activities. It offers information such as the activities related to the stream of simplicity, with different names and formats.

As a result, developing technology, widespread use of social media, and individuals who become more knowledgeable about new goods and services can lead to many positive developments and bring along some unwanted negative situations. In particular, there are results such as technological developments revealing the hidden needs of the consumers, and the use of social media and the Internet reveals the need for purchasing, although it is not necessary for the consumers. In addition, it can be counted that individuals who have unnecessary consumption habits negatively affect the people around them and cause some unnecessary expenses. In addition to all of these negative results, the voluntary simplicity trend and the activities carried out in line with this understanding have the power to reduce unnecessary consumption; the announcement of such activities in areas where the interaction power is high, such as the Internet; and thus the widespread use of this understanding.

## **2 Overconsumption and Conspicuous Consumption**

Although consumption is seen as a necessity for businesses and social welfare in parallel at first glance, the consumption above a certain level may cause a problem in the balance of expenditure and income and may bring some dangers regarding social welfare (Goodwin et al. 2008; as cited in İrge and Karaduman 2018). When compared with the previous period, it is seen that one of the psychological ways used to convince people of consumption is to create fear. Consumption culture is what determines the role of the hero needed by people who are instilled with fear.

Encouraging production and consumption pioneers and their lives and the desire to increase the number of these pioneers are seen in mass culture. In addition, extravagant individuals can be shown as an example using promotion tools. The subject assessed at this point was the need for unnecessary and excessive spending potential (Baudrillard 2010).

It is pointed out that globalization not only causes positive results valid for many fields, but also causes some negative results. Among these results, the issue of consumerism, which is quite effective on individual behavior, draws attention. It is stated that individuals in different cultures are sometimes caught between the feelings of being themselves and taking care of other individuals, and this creates a different psychological situation. Depending on this psychological condition, individuals constantly feel the need to purchase and have difficulty reaching satisfaction. While the understanding that each individual can have similar objects is seen as a result of modernism, it has been pointed out that the possibility of having objects similar to other individuals can lead to excitement and happiness first and then negative emotions such as unhappiness and doubt (Dede 2015). Conspicuous consumption, which emerged in a similar way to overconsumption in consumption culture and has unusual features, is a type of consumption based on the appreciation of consumption by other individuals, hedonism, and making other individuals jealous. Individual needs, increase in product variety, desire to be appreciated and to have social status, increase in income level, change of environment, sense of luxury, hedonism, sense of fashion, and advertising are among the factors affecting the creation of conspicuous consumption. While conspicuous consumption behavior has a variable background, the belief that an individual exists with these emotions explains the positive critical point of view, and the belief that overconsumption is the result of some ambitions and conspicuous behaviors explains the negative critical point of view (Barut and Güneş 2018).

### 3 Sustainable Consumption Behavior

Sustainability is defined as the ability to maintain the processing or the continuity of any structure without interruptions or distortions and without overconsumption or overloading the primary resources which the structure has essential connections with (Çakılcıoğlu 2013). When the concept of anti-consumption and the way it takes place in the literature are evaluated, it is argued that the concept emerged with postmodern social order which was the opposition of this development and in which overconsumption was adopted. The fact that the postmodern society advocates a decentralized culture and it adopts much smaller group memberships, niche goods/services, and marketing is remarkable as the factors forming anti-consumption. In addition, individuals also took steps such as refusing brand domination and consumer boycotting as a form of opposing the negative effects of globalization, especially in areas such as the environment (Kırmızı and Babaoğlu 2012).

Consumption, rather than meeting the basic needs of individuals, is also an indicator that determines the place of individuals in the society. On the other hand, the voluntary simple lifestyle which developed within the framework of the sustainable consumption behavior, which assumes that the increasing consumption amounts due to the formations required by the modern world should be at the level that would not jeopardize the lives of future generations, began to come into the agenda in the twenty-first century. Voluntary simplicity is the voluntary selection of a lifestyle that aims to maximize the control of the individual in daily life by reducing the amount of consumption and consumption habits to the lowest possible level (Karaca and Gümüş 2018). Voluntary simplicity is regarded as a concept that is associated with fields related to psychology in practice and, depending on this, with various disciplines such as consumer behavior and marketing (Huneke 2005).

#### 4 Voluntary Simplicity and Voluntary Simple Lifestyle

The consumer culture, which began to change with the effect of the variety of goods and services in the markets in the late twentieth century, caused the individuals to become increasingly distant from simplicity and mobilized hedonic behaviors. The fact that individuals begin to reflect their position, status, and values in the society with their consumption patterns has brought the danger of having a belief that they will be evaluated according to their consumption patterns. With all these developments, the voluntary simple lifestyle, which supports simplicity in all areas of life, emerged as a movement that defends the spiritual richness in the inner world and the simplicity of matter in the outer world and tries to provide life satisfaction (Elgin 1993; as cited in Bayat and Sezer 2018). The individual's dream of escape from a fast-paced, complex, and consumerist world to a slow world is known by many different names, but the most well-known of these is voluntary simplicity (Sertoğlu et al. 2016).

The "voluntary simple" lifestyle, which can be expressed as a materially simple and inherently rich lifestyle, has become an alternative for some consumers (Erdoğan and Karapınar 2015). Voluntary simplicity lifestyle is an approach that does not accept excessive consumption and materialistic lifestyle and approves the so-called simple lifestyle (Aydın and Kazançoğlu 2017). Voluntary simplicity is often used by environmentally friendly consumption behavior. Voluntary simplicity is shaped by society and the individual, and interactions in the market generally affect simplified patterns of consumption (Shaw and Moraes 2009). The individual's dream of moving himself from a fast-moving, complex, and consumer world to a simple, slow-paced life is expressed with many different names, but the most well-known of them is voluntary simplicity.

While avoiding the use of certain brands, by evaluating negative situations or results for some other reasons, is defined as brand avoidance, voluntary simplicity is explained by the fact that consumers prefer buying some products less by being aware (Bozacı 2015). Those who adopt voluntary simple lifestyle are defined as

individuals who freely and voluntarily prefer a lifestyle in which products with lower negative impacts on the environment are selected and resources are used more cautiously (McDonald et al. 2006). It is seen that people come together in various ways—as in the case of the Simplicity Forum in North America and Austria—to make lifestyles better and more sustainable. It is seen that individuals who tend to simplicity movement pay less attention to material values and act more respectfully toward other individuals and the environment as in the case of cities acting unilaterally against the dangers of climate change. This movement, which is against overconsumption, represents a different culture which has an expectation apart from the limits of the consumer society as in the case of non-shopping day, which is against overconsumption (Müftüler 2013).

The concept of voluntary simplicity or simple life, by questioning the concept of living well which is the product of modern society, envisages a lower level of materialistic lifestyle that improves the inner worlds of individuals, offers social benefits, and advocates sustainability in environmental issues. In this context, there are five important values that are argued to be the basis of “voluntary simplicity” and “downshifting movement,” containing similar behaviors, which both present a lifestyle with less consumption: saving consciousness, material simplicity, saving awareness, small scale, and personal development (Babaoğul and Buğday 2012).

According to Elgin and Mitchell (1977), the five basic values of voluntary simplicity expressed as material simplicity, human scale, self-determination, environmental awareness, and personal development are explained as follows (İnceismaıl 2018):

- Material simplicity: It is the individual’s simplicity in material life and his ability to manage with the less.
- Human scale: It is the individual’s avoidance of everything on a very large scale and the tending to the human scale. At this point, the individual is avoiding crowded cities, human communities, and buildings with high ceilings, and the dominant view is that the small one is beautiful.
- Self-determination: It is the desire of the individual to have more control over his own life in the face of many factors.
- Environmental awareness: It is explained that the individual is aware of the ecological order and respects the order by protecting it.
- Personal development: It is the individual’s efforts to discover and develop himself and also to return and contribute to his own self which he is far from due to the influence of consumption culture.

A similar classification of basic dimensions of voluntary simple lifestyle is described by Shama (1985) as follows (Özgül 2010):

- Material simplicity: In addition to being an individual, the life of the individual is also simplified as a consumer.
- Decisiveness: It is the desire of the individual to have more control over his life and to become less dependent on other organizations.



- Ecological/environmental sensitivity: To be aware of the interrelation of individuals and resources interactively.
- Human scale: Small-scale institutions and technology preference are made with the manner that small is good.
- Personal development: It is the self-discovery and development of the individual's inner world.
- Suitable technology: Preferring the use of suitable technology to provide functionality, efficiency, and energy loss in the product to the automatic use of advanced technology.

According to those advocating *the concept of voluntary simplicity*, the fact that non-wealthy people consume less or avoid the opportunities offered by technology and science should not be perceived as the concept of voluntary simplicity. At this point, this movement explains how to achieve happiness with a simple way of life and how simple life and consumption will be realized (Alexander 2011). According to Özgül (2011), *the concept of voluntary simplicity*, surrounding a comprehensive social event, has not been able to manifest itself rapidly due to the effects of globalization and the idea of the pre-industrial society that overconsumption will lead to happiness.

There are many activities and communities expressed as the Simple Life Movement in the world (Kandemir 2013). *Voluntary simplicity movement* is considered as a movement initiated by Dominquez in the early 1970s. Dominquez decided to retire while working at Wall Street as a successful financial analyst at the age of 31, and he started the project "New Road Map for Money" which advocates a life that excludes material possessions, luxury, and conspicuous consumption. The purpose of this movement was to do more meaningful work and consume less. Slow City Movement-Citta Slow-Slow Cities Project emerged on June 20, 2000, when the leaders of 32 cities in Italy met. According to this movement, the city of Bra in the Piedmont region of Italy was organized according to a simple lifestyle. The fact that the people in the city went to their works on foot or by bicycle; there were no billboards, supermarkets, and fast-food restaurants on the streets; there was no television antenna on the houses; and so on were all remarkable features of the city.

Those who advocate the freeganism movement, which is an anti-consumption action and has recently begun to be named in the United States, collect the food thrown into the supermarket trash and use the goods thrown away. Advocates of this movement compare the waste containers of the rich regions to supermarket shelves containing fresh food and beverages which have not been opened yet. Organiponico/organic urban agriculture was started in 1989 by a Havanese teacher. She began to plant vegetables in every pot that she found to get rid of the economic problems that affected her country and consequently herself, and for a certain time, she started the organic urban agriculture movement in the country. It is stated that Cuba's annual production growth has reached 300%, and according to official figures, 65% of Cuba's rice needs, 46% of fresh vegetable needs, and 38% of fruit needs are met in urban farms.

It is seen that the practices of voluntary simple lifestyle aiming at coexistence and reminding the solidarity habits in Turkish culture have become widespread in the West. For example, voluntary gathering of individuals living in a particular area, supplying the foodstuffs they need both at the highest quality and at a cheaper price, and forming a tie between them even if they come together for the purpose of purchase and creating social spirit are good examples of this movement. In addition to this, it is seen that the individuals who adopt the voluntary simple lifestyle carry out some remarkable activities. Another example of these activities in different countries is as follows (Babaoğul and Buğday 2012): Since 1992, the last Friday of November is celebrated as “Buy Nothing Day” in thirteen countries of the world. On this day, it is seen that there are remarkable activities in different parts of the world that criticize overconsumption behavior. Another example of voluntary-simple-lifestyle-based activities is “TV-Turn Off Week” which was first applied in America in 1995 and celebrated in the last week of April.

In parallel with the development of voluntary simple lifestyle activities, continuous publications giving messages defending simplicity, especially in the United States, were introduced to the market one after the other. The magazines named *The Art of Simple Living*, *Simply City*, *Real Simple*, *Living Gently*, *Elegant Simplicity*, *The Simple Living Newsletter*, and *Adbusters* encourage and give an insight to those expecting a simple life. In addition to these, it was seen that many sites related to simple living were established on the Internet as well as in the print media. *Creative Simple Living*, *Live Simple*, *Real Simple*, *Seeds of Simplicity*, and *Simple Living* can be given as example to these.

Here is another example of these movements that have arisen as a voluntary simplicity response to consumer culture (Sırım 2010): *Why Shop? Week* movement consists of female students at the University of Colorado Boulder and conducted by a volunteer group called *Women’s Studies*. The main purpose of this community and movement is to ensure that women, in particular, have the knowledge to protect themselves against the potential adverse effects of the consumer culture. The *Enough* movement, which first emerged in Manchester, England, in April 1992, is a formation in which 15 young people from different professions come together to raise awareness against overconsumption.

Similar to these examples of voluntary simple lifestyle, it was revealed in the study by Ballantine and Creery in 2010 that reducing the number of various materials used by individuals and getting rid of unnecessary things in their lives were voluntary simplicity movement and this movement was the defining values of voluntary simple lifestyle. At the same time, it was shown that saving, which is one of the behaviors related to voluntary simplicity, is a very important step in the assimilation of voluntary simple lifestyle, and it is a basic behavior in adapting to this lifestyle (Ballantine and Creery 2010).

## 5 Conclusion

Consumption behavior, which is accepted as a means of survival of individuals who are an important part of the consumption society, can also be displayed by individuals for different purposes. Consumers' desire to use some products other than the main place of use and the purpose they serve, limits the lives of individuals instead of making them easier, and turns the products into objects that control the lives of individuals. Consequently, consumption has become a tool that causes individuals to feel deprivation rather than a tool that provides satisfaction and happiness. At this point, the concept of voluntary simplicity is defined as a concept that expresses the consumption of individuals with their own will and more consciously. In many studies, conscious and sustainable consumption tendency is considered as an important dimension of voluntary simplicity (İrge and Karaduman 2018). Individuals who are considered as anti-consumption generally avoid overdoing and buying certain products when they are not needed. Such individuals prefer more useful and durable products to luxury products. They do not hesitate to spend more on products that are recyclable, do not harm the environment, and do not deteriorate in nature; they also aim to buy quality products at an affordable price. For these, the expectation of efficiency and rational benefit gets beyond symbolic consumption behavior (Dülek and Cömert 2018).

Voluntary simplicity, which should not be understood as a complete abandonment of consumption, is to make more time for intangible values and self-development by eliminating the needs of individuals more in their lives. Pleasure and happiness such as being able to realize the world in which people live, to develop human relations, and to contribute to other individuals by leaving only the task of a consumer striving for himself are among the values of voluntary simplicity (Babaoğul and Buğday 2012). In addition to the sensitivity of those to the social environment who contribute to voluntary simplicity, the attitude toward the physical environment is highly human. The fact that the participants in this trend reduce consumption in their lives as much as possible, select products produced with the principle of protecting the green and nature, and try to remove all kinds of products that disrupt the natural balance of the world as a result of excessive consumption is among the signs of being more sensitive and respectful to the natural balance of the world. It is argued that each behavior related to avoidance of consumption, which is one of the basic values of voluntary simplicity movement, will make individuals friendly to natural environment (De Young 1996, as cited in Sırım 2010). As a result, the voluntary simple lifestyle and its practices, which reduce the tendency of each individual to possess material values and help him/her to gain spiritual value and ultimately achieve happiness, are considered very important in the construction of a desirable future for individuals (Bayat and Sezer 2018).

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# Students' Perception of Quality in Higher Education: Evidence from the Polytechnic in Croatia



Mirjana Jeleč Raguž, Verica Budimir, and Svjetlana Letinić

**Abstract** Quality assessment by service users or students is becoming increasingly important. Institutions in caring about quality should question students' satisfaction with service provided regularly. The subject of research in this paper is both students' perception of higher education quality (in general) and students' satisfaction with the quality of service on the example of Polytechnic in Croatia. The paper aims to explore what is the quality of higher education from students' perspective and how students perceive the quality of service at the selected Polytechnic. The research for this paper was conducted using an online questionnaire, compiled by the authors of this paper, in June/July 2019, on a sample of 102 full-time students. The research results indicate that, according to the students' perception, the most important determinant of quality in higher education process is quality of teaching staff, kindness of administrative staff, availability of teachers, and quality of study programs. On the other hand, the least important determinants of quality are quality of incoming students, visibility and demand for graduates, and schedule exam time without overmatching. Regarding the students' satisfaction with the quality of service at the selected Polytechnic, the research results indicate that students are very satisfied with quality of service provided (3.8 on scale 1–5) and, for the most part, they are satisfied with their choice of higher education institution (63%).

**Keywords** Higher education quality · Quality assessment · Students' perspective · Polytechnic's empirical evidence · The Republic of Croatia

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## 1 Introduction

Perception of quality from the students' perspective is very important for higher education institutions (HEIs). When defining the term quality, it can be found that quality is in the eyes of the beholder, i.e., the user of service (Mencer 2005; Sinković and Sinković 2008). Since the beneficiaries of service in HEIs are students, this paper aims to explore what is the most important determinant of quality in higher education (HE) and how the full-time students at the selected Polytechnic in Croatia are satisfied with the quality of service provided. The questionnaire for an online survey was created by the authors of this paper, after a detailed analysis of the literature. The aim of the survey was to explore students' perceptions of quality in HE in terms of teachers' quality characteristics, curriculum content, learning and teaching experiences, applicability of acquired knowledge in practice, institutional resources, assessment, etc. and the quality of those parameters at the selected Polytechnic in Croatia. The study population was full-time students at the selected Polytechnic because they are obliged to participate in classes and thus are more competent in evaluating quality in HE than part-time students.

Academic literature is full of papers on the topic of higher education quality. The common issue to all professional and scientific literature is the difficulties in defining and determining the quality of educational process. The literature review presents the papers that explore students' satisfaction with the quality of service at their HEI. As it is difficult to define what the quality of HE is and regarding the deficit of this research in the Republic of Croatia, the mentioned research was conducted to fulfil the literature gap as well as to gain a platform for further improvements in the quality assurance system in the Republic in Croatia.

The paper is structured into five chapters. After the introductory discussion, a brief overview of the literature on quality in higher education from students' perspective is provided. The third chapter presents the methodology of the conducted research and results of empirical research. The last chapter presents the main conclusions of the paper and some recommendations for lecturers and management of the selected Polytechnic.

## 2 Literature Review

When searching what the quality in higher education (HE) is, usually, we get an answer that it is not possible to give an unambiguous answer about it. Since it is hard to define what the quality in HE is, this paper makes an effort to explore what the literature says and what students think about it. Regarding that, this section presents the scientific and professional literature on what is considered as a quality in HE and the literature about the evaluation of HE quality from students' perspectives.

In his paper, Mencer (2005) concludes that insisting on finding a commonly accepted definition of quality is a waste of time. The conclusion is based on the fact

that quality of HEIs can be discussed from different perspectives, that is, depending on the perceptions of primarily interested users. The perception of quality, therefore, depends on the interest of a state, which has its view of quality. Then, it depends on the interest of students who experience quality in a completely different way, as a contribution to personal development and preparation for assuming the responsibility at work and in society. Then, it depends on teachers who define it as a good transfer of knowledge, learning conditions, and the like, and it depends on employers and the public. Given the complexity of the concept and the different meanings for different people, it is impossible to give a clear explanation of quality in HE.

Sinković and Sinković (2008) state that quality is defined by users and other stakeholders and that they are the basic criterion for determining quality. In the mentioned thesis, they argue with the same type of car and different degree of satisfaction of their users. Regardless of the product having the same characteristics, customer expectations were different, and therefore, their satisfaction was different. If the above logic transfers to higher education, when considering and defining quality in HE, it is necessary to take into account all stakeholders in the HE process, i.e., students, employers, teaching staff, society (locally and nationally), and beyond. This again leads to a situation of different perceptions of quality and sometimes opposed attitudes and expectations. There are different opinions about the student as a user of higher education. They are most often described as service users, with which some authors disagree (Dicker et al. 2017). Dicker et al. (2017) point out that it is wrong to consider students as users in HE process, considering them as active partners in learning and teaching process.

Hill's (1995) study briefly discusses a group of students' expectations and perceptions of service quality over time (in the United Kingdom). Their expectations at the beginning of the study and their evaluations beginning year three were examined. There appears to be a significant mismatch between students' expectations and the perceived quality they have experienced concerning many of the service factors, up to the beginning of their final year of study. This mismatch is most disturbing for the academic service factors such as course content, teaching quality, teaching methods, personal contact with academic staff, and feedback. On the other hand, it is interesting that service factors such as careers, counseling/welfare, health, and physical education appear to have exceeded students' expectations.

Oldfield and Baron (2000) showed on a sample of 333 undergraduate business and management students in the United Kingdom that students' perceived service quality has three dimensions: "requisite elements," which are essential to enable students to fulfill their study obligations; "acceptable elements," which are desirable but not essential to students; and "functional elements," which are of a practical or utilitarian nature. A comparison of the perception of service quality between first- and final-year students suggests that perception of service quality elements changes throughout the study, with "acceptable elements" having increased importance. Hill et al.'s (2003) main findings in their study (the United Kingdom) are that the quality of the lecturer and the student support systems are the most influential factors in the provision of quality education.



Douglas et al. (2006) conclude that physical aspects of university services are not important with regard to student satisfaction. It seems that a university's physical facilities influence only students' choices. Once a student has enrolled, the most important for them is the quality of teaching and learning experience. The quality of teaching and learning will cause their satisfaction or dissatisfaction. They conclude that regarding the international competitiveness and the aim to recruit and retain students, all HEIs should aim to enhance student satisfaction and reduce student dissatisfaction. "The students are the sole judges of whether or not this has been achieved therefore student satisfaction surveys should be undertaken regularly, and a university's service offering adapted accordingly" (Douglas et al. 2006, p. 264).

Sinković and Sinković (2008) analyze the results of students' surveys (regular student surveys) and the possibility of using those results to raise the overall quality in the educational process. The average grades (from students' survey) at the level of each question were analyzed, a total of 15 questions, and the students' attitudes about the importance of each question were subsequently examined. The paper compares the experience of conducting a students' survey in Italy, where some students' skepticism regarding the use of those surveys was confirmed.

Pavlina et al. (2011) emphasize the importance of examining students' opinions about the quality of the education process (teaching and curricula). They examine the perception of 104 students from the Faculty of Humanities and Social Sciences in Croatia—students were asked to rank by importance teacher and course characteristics. The results of that research were compared with results of the same research conducted in 2007 and 2009. Teacher quality characteristics are divided into three categories: teacher expertise, teaching competence, and personal qualities. The most important teaching expertise characteristic, identified by students, is "gives good examples and exercises." The most important teaching competence characteristic, identified by students, is "teaches course content clearly and self-explanatory." And the most important personal quality characteristic is "regards students properly and respectfully."

Using a questionnaire on a population of 500 students, Rahman (2013) surveys students' perceptions of quality at ten private HEIs in Bangladesh. He examined 500 senior undergraduate- and graduate-level students. The results of the analysis indicate that the students have a positive perception of the HE quality of private universities in Bangladesh. They have an overall positive perception of the service quality provided by the private universities of Bangladesh.

Klemenčič and Chirikov (2015) emphasize that student experience has become a central tenet of quality assurance in higher education. They also indicate that "attention has shifted from student experience to student engagement which conceives students as active partners in the educational process and as responsible for their learning and formation" (Klemenčič and Chirikov 2015, p. 361). They advocate caution when using students' survey results. The reliability and validity of student survey data as evidence in decision-making are questionable. An overview of the most influential student experience and engagement surveys, followed by a discussion of methodological limitations of survey research, is given in the paper. They

conclude with a set of recommendations on quality standards for survey design and the use of student survey data as evidence in decision-making.

Puška et al. (2015) present the results of research on students' satisfaction and loyalty at the eMPIRICA College. To improve the quality system, they needed to get feedback on the students' perception of the quality system. Therefore, they examine the relationship between perceived quality of higher education and student satisfaction and between student satisfaction and loyalty. The research results indicate a positive correlation between the analyzed parameters, that is, between the perceived level of quality and the level of loyalty and satisfaction, and between student satisfaction and their loyalty. The paper emphasizes the importance of students' perception of quality research to improve the quality system in HEIs.

Hrnjic (2016), according to her research results, recognized six factors associated with student satisfaction. The most important is teaching/learning process, and supporting processes at universities have the least impact in student satisfaction (such as administration/admissions office activities or university library services delivery).

Dicker et al. (2017) aim to identify what students at Kingston University identified as markers of quality and if discernible differences occurred based on these factors. A questionnaire consisting of 15 questions was made, which students could answer with agree, disagree, or unsure. Each answer was assigned with a certain number of points: agree with 1 point, disagree with 0 points, and unsure with 1 point. Students rated academic relationships most highly, followed by interactions with their peers and teaching and learning. By contrast, the lowest rating was given to the support category. In responses to the statement "I feel that I am getting a high-quality education," of the total responses, 19% were unsure, 6% disagreed, and 75% agreed that they were getting a high-quality education. The paper further analyses the differences in responses by gender, ethnicity, year of study, and the like.

Ghobehei et al. (2019) in their study emphasize a branding-based approach as a main factor in increasing the quality at HEIs. The results they have got from the Iran's higher education industry reveal that perceived brand orientation has a positive impact on trust, loyalty, and students' satisfaction, i.e., perceived brand orientation has a positive impact on perceived service quality.

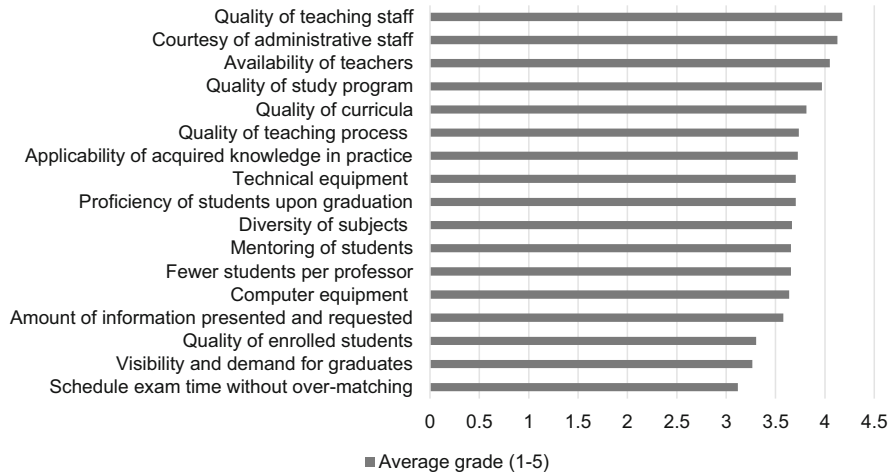
Allam (2018), on a sample of 91 students (Prince Sattam Bin Abdulaziz University, Saudi Arabia), explores students' perceptions of quality in higher education in terms of curriculum content, learning and teaching experiences, institutional resources, assessment, and outcome. According to research results, teaching and learning experiences maintain the highest meanings, followed by institutional factors, curriculum content, and so on.

### **3 Methodology and Results of Empirical Research**

#### ***3.1 Methodological Framework of Research***

The primary objective of this paper is to examine students' perceptions of quality in higher education (HE) in terms of teachers' quality characteristics, curriculum content, learning and teaching experiences, the applicability of acquired knowledge in practice, institutional resources, assessment, and outcome. After examining students' views on what they consider to be the quality of HE, their perception of particular determinants of teaching quality, curriculum content, and the like at the Polytechnic in Pozega (VUP) was examined. The population studied was the full-time students at the Polytechnic in Pozega. At the time of the research, there were 335 full-time students. Namely, the Polytechnic in Pozega provides classes for full-time and part-time students. For this paper, only full-time students were interviewed, as they must participate in classes, as opposed to part-time students. So, they are considered to be more competent in evaluating the quality of the educational process at VUP. An online questionnaire was created by the authors of this paper. It was structured after a detailed analysis of the literature on the searched topic. The survey was conducted online during June and July 2019. The questionnaire was uploaded to the LimeSurvey online survey tool, and it consists of five questions related to the researched topic and three general issues such as gender, course, and year of study.

There are five undergraduate professional courses (Accounting, Commerce, Administration, Food Technology, and Viticulture-Oenology-Pomology) at the VUP and one specialist professional graduate study (Trade Business). The online link containing the online questionnaire was forwarded to each group of students. At the time of the survey, 335 full-time students were enrolled at VUP, and 102 of them have answered the questionnaire completely, representing 30.5% of the total student population covered by the survey. Most students that responded are from the professional study Accounting (40.2%) and then Administration (22.5%), Commerce (11.8%), Food Technology (10.8%), Trade Business (7.8%), and Viticulture-Oenology-Pomology (6.9%). Most students who completed the questionnaire were from the second (34.3%) and third (34.3%) year of their undergraduate professional study (a total of 68.6%). From the first year of undergraduate professional study, the questionnaire completed 19.6% of students and from the first and second year of the graduate study 11.8% of them. That is entirely acceptable regarding the topic of the research since first-year students are less competent in judging the quality of VUP (though not incompetent) than more experienced second- and third-year students.



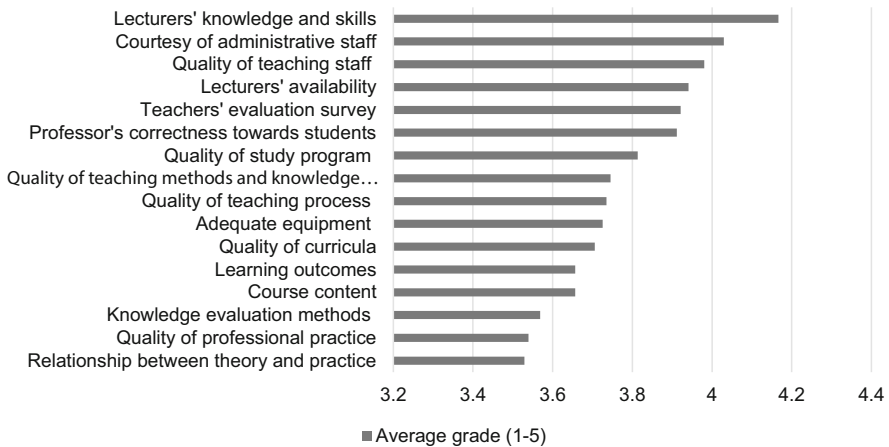
**Fig. 1** The importance of HE's quality determinants according to students' perception Source: Results of empirical research

### 3.2 Results of Empirical Research

Regarding the aims of this paper, the first part of the questionnaire examines students' perceptions of the most important determinants of quality in higher education (HE). Seventeen determinants of HE quality were offered to the students, and they could add something extra. Students were required to rate from 1 (least important) to 5 (extremely important) the importance of the quality determinant offered. The results of their evaluation are visible in Fig. 1.

According to Fig. 1, quality of teaching staff, their availability, courtesy of administrative staff, and quality of study program and curricula are the most important determinant of quality in higher education, according to the students' perspective. The least important features are quality of enrolled students, visibility and demand for graduates, and schedule exam time without overmatching. Interestingly, students consider teachers and administrative staff as the main determinant of quality, while they do not recognize their responsibility in creating the output of the educational process. It can be concluded that students see themselves exclusively as users of the HE service and less as partners in the process of teaching and learning. It is also surprising that courtesy of administrative staff, according to the students' evaluation, takes a high second place, immediately after the quality of teaching staff.

If the differences of the research results in what is most and least important as a determinant of the HE quality are analyzed, according to the year of study, no significant differences between the students of the first, second, and third year can be highlighted. It is common to all of them that quality of teaching staff, followed by kindness of administrative staff (second and third year), is the most important determinant, while to the students of the first year, the quality of teaching staff and



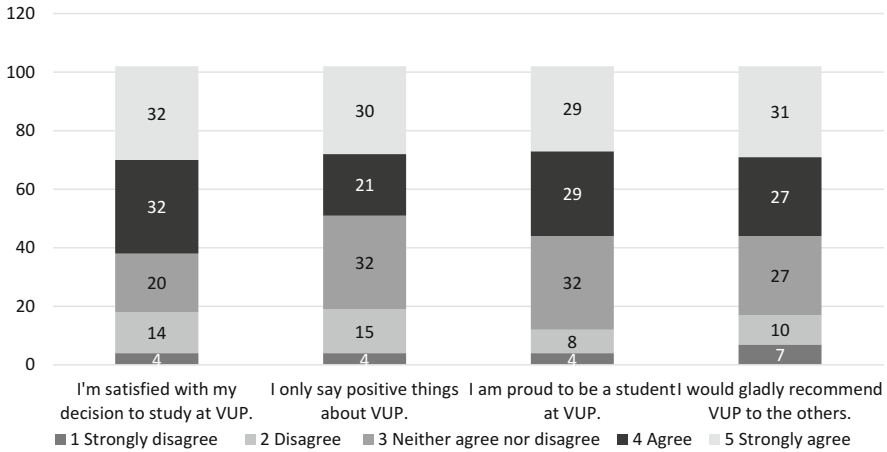
**Fig. 2** An average grade of quality determinants at VUP. Source: Results of empirical research

study program is the most important and then the kindness of administrative staff. It is also common to all respondents that the least important determinants are exam timetable, visibility, and demand for graduates and quality of incoming students. If the responses of students at undergraduate level are compared with responses at the graduate level, the ranking is also the same for both the most important and least important determinants. The only difference is that graduate students generally gave higher grades to all quality determinants than did undergraduate students. For example, it is common to all of them that the quality of teaching staff is the most important determinant of HE quality. Its average grade (on scale of 1–5) for the undergraduate students is 4.1 while for the graduate students is 4.66.

Along with the offered quality features, students were given the possibility of an open response. Among the answers received, the better organization of students' professional practice should be mentioned, in terms of institutional contracting of professional practice, rather than an independent selection from students. In general, a large number of students further emphasized the importance of teaching staff quality. In the open-ended answers, none of the students surveyed emphasized the importance of the quality of inputs, that is, enrolled students.

In the next question, students were required to grade from 1 (lowest quality) to 5 (highest quality) offered determinants of quality at Polytechnic in Pozega (VUP). They were offered 16 quality determinants. The results of evaluation can be seen in Fig. 2.

Analyzing the respondents' answers, it is evident that knowledge and skills of teachers, kindness of administrative staff, and quality of teachers are the best-evaluated determinants of quality at VUP. They are slightly less satisfied with courses and curricula, while they are least satisfied with knowledge evaluation methods (average grade 3.6), quality of professional practice (3.5), and connection between theory and practice (3.5). The analyzed responses should serve as an indicator of necessary reforms at VUP. A general conclusion is that quality at



**Fig. 3** Satisfaction and loyalty of VUP students (number of respondents, a total of 102). Source: Results of empirical research

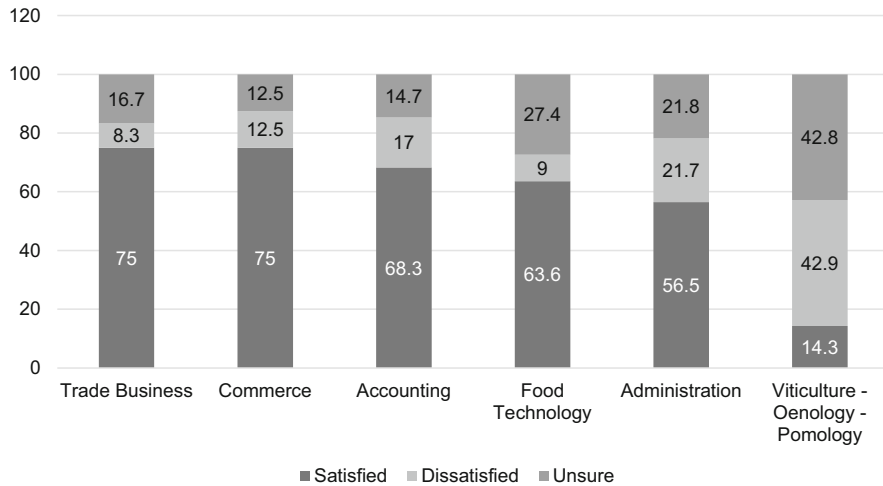
VUP, from the students' perspective, is very good since the worst evaluated determinants of quality are still rated with an average grade of 3.5. With this analysis, the weakest features of study programs and educational process at VUP were detected.

When analyzing the differences in respondents' answers, regarding the year and course of study, the situation is as follows. Students at graduate level, on average, rated all quality determinants with a higher grade. The percentage of graduate students who evaluated the quality of teaching staff with grades 4 and 5 (high quality) is 100% and, on the other hand, at the professional study of Commerce 75%, Food Technology 72.6%, Accounting 70.2%, Administration 60.8%, and Viticulture-Oenology-Pomology only 42.85%. This analysis highlights the directions in which additional efforts need to be done in terms of improving the quality of teaching, learning, and the accompanying processes at VUP.

The next question was aimed to explore the satisfaction and loyalty of VUP students since opinions and attitudes about the quality of HE process do not necessarily mean that students are satisfied with their choice. Students' satisfaction and loyalty were examined using four statements, which students were required to rate from 1 (strongly disagree) to 5 (strongly agree). The results of the evaluation are shown in Fig. 3.

Analyzing the satisfaction and loyalty of VUP students, it is evident that most students are satisfied with their decision to study at VUP; 63% of them choose rank 4 and 5 (I agree and strongly agree). In addition, 20% of them are unsure, i.e., they neither agree nor disagree, and 17% of the respondents are not satisfied with their decision. Likewise, as many as 57% of the surveyed students are proud to be a VUP student, 31% are unsure, and about 12% are not proud to be a VUP student.

Regarding the given analysis, management and staff of VUP may only partially be satisfied with students' satisfaction and loyalty. Satisfaction is not complete since there are 17% of students who are not satisfied with VUP. It is necessary to do some



**Fig. 4** Students’ satisfaction with their choice of the VUP according to the course of study (in %). Source: Results of empirical research

extra research to explore reasons for students’ dissatisfaction as well as students’ indifference (30% of the researched students’ population express neither their satisfaction nor dissatisfaction with their choice of VUP).

When analyzing the student satisfaction and loyalty by year of study, it can be found that the most satisfied are the first-year students (72%), then second-year students (70.73%), and only 50% of the third-year students (those who choose I agree and strongly agree). Students’ satisfaction according to the course of study is evident in Fig. 4.

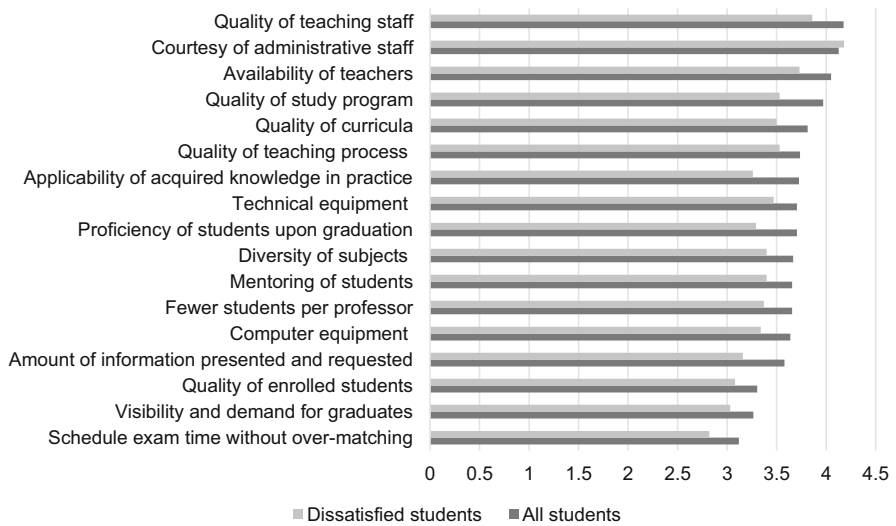
According to the course of study, the most satisfied students (75%) are from graduate study of Trade Business and students at undergraduate professional study of Commerce (75%). The least satisfaction is at the undergraduate professional study of Viticulture-Oenology-Pomology, only 14.3% of students. Based on the given analysis, it can be concluded that most students are satisfied with their choice of study and institution. Extra research should be done about the dissatisfaction of students at the undergraduate professional study of Viticulture-Oenology-Pomology.

Further analysis considered students who were not satisfied with their decision to study at VUP. Their answers about the importance of HE’s quality determinants and their average grades of quality determinants at VUP are analyzed. It is expected that those students rate with lower grades quality determinants at VUP (compared to the overall average) but that there is no significant deviation from the average ratings of importance of HE’s quality determinants in general. The results of evaluated quality at VUP from all students and dissatisfied students are presented in Fig. 5.

The results of the analysis indicate the expected. Dissatisfied students rated all quality determinants at VUP with lower grades than the whole sample. On average,



**Fig. 5** An average grade of quality determinants at VUP (dissatisfied and all students). Source: Results of empirical research



**Fig. 6** An average grade of the importance of HE's quality determinants (dissatisfied students and all students). Source: Results of empirical research

all quality determinants at VUP were rated with 3.37, while the average of all students was 3.8.



The importance of the HE's quality determinants according to the perception of dissatisfied students in relation to the perception of the whole sample is presented in Fig. 6.

Figure 6 indicates that students who are unsatisfied with their choice of VUP generally evaluated all HE's quality determinants below the overall average. It was expected that dissatisfied students will rate the quality of VUP below the average, but it was not expected that they will rate all quality determinants of HE also below the average. It is necessary to search the causes of students' dissatisfaction so that quality of educational process at VUP can be significantly improved.

The literature review in this paper presents papers that explore students' satisfaction with the quality of service at their HEI. Regarding the literature gap that exists in Croatian academic literature, a research for the purpose of this paper was conducted. The results of the research are very similar to Douglas et al.'s (2006) findings, i.e., the quality of teaching is the most essential part of HE quality. Unlike Klemenčič and Chirikov (2015), who indicate that attention has shifted from students' experience to students' engagement and students as active partners in the educational process, responsible for their learning, this is not the case with the awareness of the students surveyed in this study. Respondents in this paper do not see their responsibility in shaping the quality of the higher education process.

## 4 Conclusion

The main objective of this paper was to explore students' perceptions of quality in higher education (HE) in terms of teachers' quality characteristics, curriculum content, learning and teaching experiences, applicability of acquired knowledge in practice, institutional resources, assessment, etc. and the quality of those parameters at the Polytechnic in Pozega (VUP). Full-time students of the VUP were surveyed via an online questionnaire. 30.5% of the total surveyed student population has responded to the questionnaire.

The research results indicate that, according to the students' perception, the most important determinant of quality in HE process is the quality of teaching staff, the kindness of the administrative staff, the availability of teachers, and the quality of study programs. On the other hand, the least important determinants of quality are the quality of incoming students, the visibility and demand for graduates, and the schedule exam time without overmatching. Analysis of the responses by year of the study indicates that there is no significant difference in the evaluation and ranking of the various determinants of HE quality. The conclusion from the above analysis indicates that students do not see their responsibility in contributing to the quality of higher education since they evaluated their quality as the least important determinants (both when entering the HE system and their competence when leaving the HE system). It can be concluded, therefore, that students see themselves solely as users of the HE service and not as active partners in creating the output of the HE process, i.e., knowledge.

The results of the research, related to the evaluation of quality determinants of the VUP, indicate that all 16 offered quality determinants to the students were evaluated with an overall average grade of 3.8. The highest ratings were given to the lecturers' knowledge and skills, courtesy of administrative staff and quality of teaching staff in general. What has been observed as the least quality dimension at the VUP is the quality of professional practice and the relationship between theory and practice. The research revealed the weakest points of the educational process at the VUP, from the students' perspective.

Analyzing the results of research related to the satisfaction and loyalty of the VUP students, it can be concluded that 63% of students are satisfied with their decision to study at the VUP, 20% are unsure, and 17% are not satisfied. Likewise, 57% of respondents are proud to be a VUP student, 31% are unsure, and 12% are not proud to be a VUP student. Management and staff of the VUP can be satisfied since the vast majority of students are satisfied with their choice and loyal to the institution. However, there is a small number of dissatisfied students, and in this direction, it is necessary to make some additional efforts. Furthermore, about a quarter of respondents are unsure about their choice, and about a third of respondents do not feel proud to be a VUP student.

This research revealed some positive and less positive things about quality at the VUP from the students' perspective. The determinants of quality, which students have given the lowest grades, need additional attention and effort from management and staff. Similarly, further work is needed to raise the awareness of students about their responsibility when creating the quality in HE, because through their active approach to learning and teaching process they contribute to improving the quality of HE process. Students need to be aware that they are not passive participants in the HE process (users) but active partners in the learning and teaching process.

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# Rationalization as New Trend in Food Behavior of Polish Consumers



Gabriela Hanus

**Abstract** The main purpose of this research is to identify and characterize phenomena of rationalization in food behavior of Polish consumers and the factors shaping them. For this purpose, household budget surveys are conducted. It makes it possible to observe changes in food consumption over a period of 10 years. Moreover, direct surveys among 660 respondents using quantitative methods are used. The collected data are analyzed using factor analysis (main component method), Cronbach's alpha-factor, linear regression models, Pearson's  $\chi^2$  and Cramer's  $V$  coefficients, and descriptive statistics and structure indicators. The analyses show that the phenomenon of rationalization is clearly visible in food behavior of Polish consumers and is associated with higher food awareness of Poles, lower consumption of most of the food articles, higher importance of quality and consistence of food, development of phenomena of foodsharing and freeganism, and growing popularity of some diets such as vegetarian or vegan diet.

**Keywords** Rationalization · New trends · Food behavior in Poland

## 1 Introduction

Food is an essential condition for the proper functioning of the human body; therefore, nutritional needs are classified as viscerogenic needs and considered to be the most important needs of every human being, the fulfilment of which significantly influences the development of further needs (Zalega 2011). Food consumption is characterized by specific characteristics. On the one hand, the human body determines a certain minimum level of food consumption necessary for survival, and on the other hand, human consumption capacity is limited, so food consumption is distinguished by a certain degree of saturation. Moreover, the sociocultural

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environment in which people function expands their nutritional needs with elements related to prestige or imitation. Therefore, nutrition, besides satisfying hunger, satisfies many other needs, such as security, belonging, and respect (Gutkowska and Ozimek 2005). Consumers' nutritional behavior is one of the forms of consumption behaviors and means the attitudes and behavior of individuals directly related to meeting nutritional needs. They include the choice of food and meals; the way of buying, planning, and preparing it for consumption; and the place, time, and people with whom they are normally consumed (Goryńska-Goldmann and Ratajczak 2010).

The social, economic, and technological changes that took place in the last decade have significantly modified the nutritional behavior of consumers. Therefore, that topic is discussed in the literature. Analyses of the problem in Poland focus on specific types of products such as healthy food, alcoholic and nonalcoholic beverages, sweets, and functional food and on trends in food consumption in a structural perspective. There are also some researches focusing on the level of nutritional awareness and its influence on consumers' nutritional behaviors, the significance of particular factors and attributes of food in making purchasing decisions, and marketing aspects of food sales (e.g., Laskowski and Świstak 2014; Gębski et al. 2017). Moreover, the leading topics also are new technologies in food production and consumer attitudes toward these innovations, food safety, the role of mobile applications in shaping eating habits, the way children and young people are fed, and the problem of wasting food. Reports on changes in nutritional behaviors and factors determining them in selected countries of the world (most often in the United States, Brazil, Great Britain, Germany, France, India, China, and Japan) are also prepared (e.g., Kearney 2010; Justin and Rana 2012; Bigliardi and Galati 2013; Hoang et al. 2016; Hoek et al. 2017; Stranieri et al. 2017; Toselli 2017; Yang et al. 2019). Directions of long-term and lasting changes in the behavior of Polish consumers are largely determined by megatrends and new phenomena in consumption occurring mainly in the west and spreading through social imitation to the rest of the world. Rationalization is one of the trends in the consumers' food behavior observed in the world. Therefore, present study focuses on a comprehensive description of rationalization as new trend in nutritional behavior of Poles.

The main purpose of this research is to identify and characterize phenomena of rationalization in the food behavior of Polish consumers and the factors shaping them. One hypothesis is drawn up: Changes that occurred in the consumption of food in Polish gastronomy services in 2006–2016 testify to the rationalization of Poles' nutrition. The scope of the study covers the level and structure of household food expenditures and food consumption per capita expressed in natural units. The identification and characteristics of rationalization in the consumption of food products and nutritional behaviors of individual consumers, as well as its determinants and differentiating factors, are also considered. The subjective scope of the secondary research refers to households. The subjective scope of the primary research concerns individual consumers who independently decide about their diet (over 18 years of age). The temporal scope of the secondary research is from 2006 to

2016, while the direct research was conducted in the third quarter of 2018. The spatial scope of the research covered the whole of Poland.

## **2 Data and Methodology**

### **2.1 Data Collection**

The main secondary sources used in the work are household budget surveys. The household budget survey shall cover all individual one- or multiperson households. Households living in collective housing (e.g., boarding houses, student dormitories, monasteries, social welfare homes) and households of members of the diplomatic corps of foreign countries are outside their reach. These surveys, due to their representativeness, scope, continuity of implementation, and high methodological level, make it possible to generalize (with a certain error) the results obtained to all households in the country. The empirical information has been collected through the analysis of household budgets and through direct research using quantitative methods. When analyzing the consumption of food products using the results of household budget surveys, the author uses dynamics measures which are necessary to compare consumption dynamics over time.

In direct research using quantitative methods, individual consumers independently deciding on their diet (over 18 years of age) took part. The research was conducted in 2018 in the whole territory of Poland. The measurement tool in the primary research was a questionnaire, which consisted of an introduction, instructions for respondents, ten relevant questions, and five questions about demographic items. The main goal of the study was to identify new trends in Poles' eating behavior and factors determining them. It was possible by learning about the food choices of consumers (in terms of consumed selected types of food and restaurants), the importance of selected factors when purchasing food products (composition, price, calorific value, companies, packaging), ways of organizing food purchases (who most often buys food, where it is acquired), and planning and eating meals (regularity and frequency, method of preparation), as well as the overall quality of Poles' diets. A total of 660 people took part in the study, including 393 women (59.5%) and 267 men (40.5%). People aged 18–34 constituted about 42% of those surveyed, people aged 35–54 28%, and people aged over 55 31%. The structure of the sample in terms of age and gender resulted from the quota selection, which reflected the structure of the population in Poland as of 31 December 2016 (Table 1). Other characteristics of the research sample included education, income situation, and place of residence. Almost half of the respondents have secondary education (49.5%), over 1/3 have vocational education (35.3%), and every seventh person have higher education. Only 2.3% of respondents declare primary or lower secondary education.

Although the research is intended to identify many new trends in the behavior of Polish consumers, this paper focuses only on rationalization in Polish consumers'

**Table 1** Selected characteristics of consumers participating in the survey ( $n = 660$ )

Characteristics of respondents	Respondents	
	Quantity	%
<i>Sex</i>		
Woman	393	59.50
Man	267	40.50
<i>Age</i>		
18–24	103	15.6
25–34	166	25.2
35–44	102	15.5
45–54	84	12.7
55–59	50	7.6
60–64	50	7.6
65 and more	105	15.9

Source: own study based on the results of primary research

**Table 2** Operationalization and measurement of variables

Studied phenomenon	Scale position (questions) <sup>a</sup>	Cronbach's alpha-factor for the scale
Rationalization	Diversifying meals (7a)	Alpha = 0.8 <sup>b</sup>
	Dominance of low processed foods in the diet (7b)	
	Consuming a large number of meals throughout the day (7d)	
	Eating meals at fixed times (7e)	
	Eating low-calorie meals (7f)	
	Eating nutrient-rich foods (7 g)	
	Checking the expiry date of purchased food products (5a)	
	Purchase of food from a proven source, e.g., local grower (5c)	
	Bite-off crisps, chips, sweets, etc. between meals (8d)	
	Consumption of sweetened carbonated drinks such as Coca-Cola and Fanta (8e)	
	Consumption of alcoholic beverages such as beer and wine (8f)	

Source: own study

<sup>a</sup>Intensity scales from 1 to 5 are used in the questions; the ends of these scales described differently depending on the question asked

<sup>b</sup>Result confirming high reliability of measurement; measuring dependent variables on summary scales

food behavior. In order to examine the degree of occurrence of rationalization as a new trend in Poles' eating behavior, variables are operationalized. Table 2 presents how the phenomenon are measured.

Factor analysis (main component method) and Cronbach's alpha-factor are used as a measure of the reliability of scales to create measurement scales describing

consumer behavior. In order to verify the hypotheses concerning the relationship between consumer behavior and consumer characteristics, linear regression models are used. Additionally, Pearson's  $\chi^2$  and Cramer's  $V$  coefficients are used in the analysis of dependencies between pairs of variables. Descriptive statistics and structure indicators for single questions and summary scales are determined. The statistics used allow to learn about the discussed new trends in nutritional behaviors of Poles.

### 3 Empirical Results

The analyses carried out show that rationalization is clearly visible in the nutritional behavior of Polish consumers. The average of the assessments of behaviors closely related to the selected trend has about three or more on a five-grade scale (Table 3).

#### 3.1 Rationalization in Polish Consumers' Food Behavior

The analysis of the average monthly consumption of selected food products per person in Polish households by socioeconomic groups and place of residence in the years 2006–2016 clearly shows the phenomenon of rationalization of food consumption, confirming the first detailed hypothesis of the work. This is evidenced by the decrease in consumption of most of the analyzed foodstuffs and their groups, in particular carbohydrates, including bread and cereal products (decrease by 2.17 kg) and potatoes (decrease by 2.24 kg). The increase is recorded in relation to mineral and spring water (increase by 2.29 l), fruit (increase by 0.11 kg), and yoghurts (increase by 0.16 kg). These trends are clearly visible in the results of the dynamics of changes in relation to households in general (Table 4).

The results of the analysis of household budgets, proving the phenomenon of rationalization of food consumption among Poles, are also confirmed by direct research. It makes it possible to determine the level of rationalization in the nutritional behaviors of Poles. In the questionnaire, there are some questions related to their diet, i.e., whether they check the expiry date of purchased meals or they select meat from a reliable source, as well as how they organize their meals. The mean score of the questions asked is 3.58, the median 3.67, and the variation of answers

**Table 3** Descriptive statistics for new trends in nutritional behaviors of Poles<sup>a</sup>

Phenomenon	Average	Standard deviation	Median
Rationalization	3.58	0.94	3.67

Source: Own elaboration based on primary research results

<sup>a</sup>In the questions, the intensity scales from 1 to 5 are used, and the ends of these scales are described differently, depending on the question asked



**Table 4** Dynamics of changes in food consumption in the years 2006–2016

Description of product	Dynamics 2016/2006 (2006 = 100)
Bread and cereal products (kg)	73.0
Meat (kg)	98.5
Fish and seafood (kg)	76.2
Milk (l)	74.8
Yoghurts (kg)	143.2
Cheese and curd (kg)	95.5
Eggs (pcs)	83.0
Oils and fats (kg)	77.4
Butter (kg)	90.3
Fruit (kg)	103.1
Vegetables (kg)	77.7
Potatoes (kg)	60.8
Sugar, jam, honey, chocolate, and other sugar confectionery (kg)	91.8
Sugar (kg)	66.9
Coffee (kg)	94.7
Tea (kg)	62.5
Mineral and spring waters (l)	187.4

Source: own elaboration based on the results of household budgets surveys. CSO, Warsaw 2007, 2017

0.94, which indicates a significant level of rationalization in the behaviors of Poles. The analysis of the consumer's profile who most clearly manifests this phenomenon in their behaviors showed that these are much more often people aged 35–45 or 60 and more. People aged 35–44 declare a level of rationalization on average 0.210 higher than people aged 18–24. People aged 45–54 declare a level of rationalization on average 0.243 higher than persons aged 18–24. People aged 60–64 declare the level of rationalization on average 0.367 higher than people aged 18–24, while people aged 65 and more declare the level of rationalization on average 0.696 higher than persons aged 18–24. It is also shown that people with lower secondary education declare a level of rationalization on average 0.689 lower than people with vocational education.

Moreover, consumers who assess their income situation as bad declare a level of rationalization on average 0.965 lower than people who assess their income situation as average, while consumers who assess their income as very good declare a level of rationalization on average 0.221 lower than people who assess their income situation as average. It is worth noting that according to the research results, women have a higher level of rationalization than men (on average by 0.314). Also, people who declare healthy eating have a level of rationalization on average 0.342 higher than those who do not declare that they eat healthy (Table 5).

Similarly, consumers attributing greater importance to the composition of food products show a higher level of rationalization in their behaviors (the increase in the

**Table 5** Results of estimation of multiple regression models for rationalization

Dependent variable: rationalization	Coefficients
According to the “you are what you eat” principle, do you pay attention to what food products you choose? Yes	-0.006 (0.120)
What does packaging mean for you when choosing a food product?	-0.014 (0.033)
What does packaging mean for you when choosing a food product?	-0.001 (0.049)
What is the significance for your company when choosing a food product?	-0.054 (0.036)
What is the importance of quality for you when choosing a food product?	0.022 (0.062)
What is the importance of caloric content for you when choosing a food product?	-0.010 (0.042)
What is the significance of your composition when choosing a food product?	0.170*** (0.048)
Do you think you are eating healthily? Yes	0.342*** (0.093)
Has he used any diet (e.g., vegetable and fruit)?	-0.014 (0.087)
Has he/she broadened his knowledge of proper nutrition?	0.186* (0.100)
Used dietary supplements advertised in the media?	0.095 (0.107)
Sex_female	0.314*** (0.075)
Age_25-34	0.072 (0.107)
Age_35-44	0.210* (0.112)
Age_45-54	0.243* (0.132)
Age_55-59	0.207 (0.157)
Age_60-64	0.367* (0.153)
Age_65 and over	0.696* (0.135)
Primary education	0.172 (0.328)
Junior high school education	-0.689* (0.385)
Secondary education	-0.054 (0.127)
Higher education	-0.049 (0.128)
Very poor income situation	-0.481 (0.523)

(continued)

**Table 5** (continued)

Dependent variable: rationalization	Coefficients
Bad income situation	-0.965** (0.446)
Good income situation	-0.025 (0.077)
Very good income situation	-0.221* (0.133)
Place of residence_city	0.028 (0.081)
_Cons	2.358*** (0.275)
$R^2$	0.27

The average estimation errors calculated in brackets using the formula resistant to heteroscedasticity of the random component are given in parenthesis, \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

Source: Own study based on the results of primary research

**Table 6** Importance of selected factors in choosing a food product among Poles

	Packaging (%)	Price (%)	Company (%)	Quality (%)	Caloric value (%)	Composition (%)
It doesn't matter	15.6	6.6	8.6	4.4	4.3	1.2
I don't think it's important	32.4	16.8	16.1	7.4	5.2	2.2
It's hard to say	16.8	23.9	28.9	9.4	15.8	6.2
Important	31.8	44.6	32.2	61.4	39.3	44.3
Very important	3.3	8.1	14.2	17.4	35.4	46.2

Source: own calculations based on the results of direct research

importance of composition by 1 is accompanied by an increase in the level of rationalization by 0.170) than those attributing less importance to composition. As Table 6 shows, the composition is important or very important for about 46.2% of consumers; only 1.2% declare that it is not important for them. Almost 3/4 of Poles pay attention to the calorific value of products, but 4.3% of Poles do not pay attention to it at all. Nearly 80% of respondents believe that quality is important for them or very important when choosing food products, while almost 45% of consumers pay attention to the company. Over 50% of respondents admit that the price of products plays at least an important role in their choices. The least important for consumers is the packaging of the products: 15.6% of consumers answered "no matter."

Researches show that Poles eat a hot meal daily during the day and breakfast (84% of respondents indicate that they eat a hot meal every day and 80% that they eat breakfast every morning). Fruits and vegetables in the recommended amount are usually eaten several times a week; only 1/5 of the respondents respect this principle of healthy eating every day. Only a few percent of Poles admit to eating between meals on a daily basis and drinking sweetened carbonated or alcoholic beverages. Most often, they do not eat between main meals at all or hardly at all (30% of

**Table 7** Frequency of selected nutritional behaviors among Poles

Respondents' answers	I eat a hot meal during the day (%)	I have breakfast in the morning (%)	I eat the recommended amount of fruit and vegetables (%)	I'm eating between meals (%)	I drink sweetened carbonated drinks (%)	I drink alcoholic beverages (%)
Every day	84	80	19	8	6	4
Several times a week	14	13	40	17	12	16
Several times a month	1	4	24	26	20	34
Once a month or less often	1	1	9	18	18	20
Not at all or almost not at all	0	2	8	30	44	25

Source: own calculations based on the results of direct research

answers) or drink sweetened beverages (44%). In the case of alcoholic beverages, the respondents most often admit that they drink them several times a month (Table 7).

## 4 Discussion

Demographic change and, in particular, the ageing of the most developed countries' populations; higher life expectancy; and the desire to improve quality of life contribute to increasing the nutritional awareness of consumers (Doyon and Labrecque 2008), who begin to recognize that a balanced diet, physical activity, and resistance to stress have an important impact on their quality and longevity (Wansink 2010). Today, healthy eating becomes not only a way of preventing or minimizing civilization diseases and maintaining good physical and mental health but also an element of consumer image. Especially, wealthy and better-educated people, using a chosen diet, manifest an individual or collective identity in their nutrition (Patrzalek 2015). The growing nutritional awareness of consumers leads many of them to change their eating habits. According to the research conducted by the CBOS in 2014, almost one in three Poles follows a diet, and one in four is on a selected elimination diet, which consisted in eliminating or reducing specific products from the menu. Among the most frequently indicated reasons are the desire to lose weight, the desire to eat healthily, and disease and ailments (Omyła-Rudzka 2014). The most popular diets are flexitarianism, vegetarianism, veganism, slow food, clean eating, and dry January.

Flexitarianism is a partial abandonment of animal products, treated as an alternative to meat gourmets who want to eat more healthily. Vegetarian diet is based on the elimination of meat foods, concentrating the menu around products of plant origin, such as vegetables, fruit, mushrooms, nuts, legumes, and cereals (Raphaely

and Mainova 2014). Veganism, on the other hand, assumes a total resignation from zoonotic products, such as dairy products, eggs, cheeses, or honey. People who follow such diets are guided by ethical reasons (e.g., animal suffering, hunger), health (e.g., reduction of the risk of cancer and heart diseases and obesity), environmental (e.g., reduction of water consumption or lower carbon dioxide emissions), and cultural (e.g., religion) motives (Green et al. 2010). It is also worth mentioning the dry January diet, which consists in the elimination of alcohol in January, which is a result of the long Christmas and New Year celebrations. It is believed that even a month of total abstinence can have a positive effect on liver regeneration, weight loss, and proper sleep. Diet is becoming more and more popular, as well as the organization Slow Food, which has been founded at the turn of the 1980s and 1990s in Italy in response to the fast, nervous life and highly processed fast food, which have a negative impact on human life. The Slow Food movement focuses primarily on protecting the taste of prepared foods, using products from proven sources, celebrating meals with family and friends, promoting regional products and dishes in the country and around the world, and returning to traditional cooking (Paul 2014). It should be noted that traditional food is becoming increasingly valued on the Polish food market, as evidenced by the large number of fairs promoting this type of products and more store stands, where traditional products and product names associated with tradition dominate (e.g., grandmother's liquorice, grandmother's pasta, grandmother's yeast, or grandmother's biscuits). Consumers associate regional or traditional food with good quality and taste, which contributes to the growing interest of local food companies producing food "with history."

It is also worth noting the food cooperatives, urban gardens, or "RWS," i.e., community-supported agriculture, as a model of cooperation between small farms and consumers, where farmers receive fair payment for their work and consumers receive healthy, fresh, and cheaper food. These initiatives are developed wherever consumers consciously make decisions and try to find a healthier alternative to industrial food. They ignore intermediaries, buying directly from farmers and producers, which also promotes the social integration of people who share similar values. Products are ordered once a week from small local suppliers but in large quantities. All interested parties pick them up in a specific place. Products are of good quality and on average 40% cheaper, but often, each member has to work a certain number of hours or, as in the case of RWS, pay a subscription fee. These behaviors are part of the phenomenon of conscious consumption, manifested by making consumer choices based on knowledge of their social, political, and ecological consequences. The slow food trend is also associated with clean eating, which is based on the consumption of five or six regular meals per day, the purchase of products from a proven source, the consumption of at least two liters of water per day, and the avoidance of processed food and products with a large number of ingredients, as well as regular physical activity. In addition, many consumers go one step further, becoming prosumers on the food market by baking bread and producing butter, yoghurts, jam, plum jam, or vegetable products themselves, thus having an impact on the quality of the food they eat.

The phenomenon of rationalization of consumption in the nutritional behaviors of Poles is manifested in particular through greater attention to the composition, calorific value, and quality of purchased food products, as well as the purchase of food and above all meat and meat products from reliable suppliers. This phenomenon is also confirmed by an increasingly better quality of their nutrition and a decrease in the calorific and nutritional value of the daily food ration for all households in the period from 2006 to 2016, as well as a general decrease in the consumption of most food products, in particular fats and carbohydrates, including bread, cereal products, and potatoes. Consumption of meat and meat products also shows a downward trend. On the other hand, the consumption of mineral and spring waters, fruit, and yoghurts is increased. Consumers clearly take care to diversify their diets and reduce unhealthy snacks, sugars, and carbonated and alcoholic beverages in favor of nutrient-rich meals at appropriate frequency and regularity. They eat breakfast and a warm meal every day, trying to remember the recommended amount of fruit and vegetables. These changes are assessed by nutritionists as positive. However, nutritional education is still necessary, especially in the area of too low consumption of milk, eggs, fish, and water, with a still high share of sugar and meat in the daily diet of Poles. It is worth noting that Poles pay more and more attention to the problem of wasting food in the world by deciding to buy well-thought-out quantities of food products, as well as by checking the expiry dates on packaging.

In this context, two other trends in this phenomenon should also be mentioned: foodsharing and freeganism. It is noted that food waste is progressively seen as a social problem. The idea of foodsharing collaborative consumption is an attempt to reduce this societal problem. Foodsharing means sharing food that consumers prepare too much or bought too much of and do not have time to eat before the expiry date (Wahlen 2018; Morone et al. 2018). In 2016, the first foodsharing place was established in Poland, and currently, 26 of them operate in 14 cities, including Toruń, Kraków, and Warsaw. In a specially separated place, there is a fridge and a cabinet. There you can leave packed products or a dish with a description and date of preparation, such as cheese, cottage cheese, yoghurt, closed cans or soups, sandwiches, or dumplings. People do not put raw meat, dishes containing raw eggs, alcohol, or cakes with cream there. Consumers leave food and eat it at their own risk. All foodsharing places in Poland function thanks to volunteers who jointly finance the project and make sure that it works properly, checking its cleanliness, washing it, bringing food, and disposing of out-of-date products. It is worth noting that there are more and more specific online communities that are formed around free foodsharing created for the purpose of saving food from being wasted (Ganglbauer et al. 2014).

In the context of food wastage, freeganism, alternative consumption strategies, or anti-consumer lifestyles, which consist in taking and eating goods that have been thrown away, cannot be ignored. This is a diet in which food quality plays a secondary role, and it is essential that it is free. By following the 3R (reduce, reuse, and recycle) principle, freegans avoid buying unnecessary products, encouraging their reuse and disposal, thus contributing to the protection of the environment. Moreover, they practice this model of nutrition for ethical reasons associated with food wastage (Thomas 2010).

It should be noted that these conditions, which are part of the concept of sustainable consumption, influence the development of the voluntary simplicity (VS) movement. Elgin (1981) has already included the most general definition of this phenomenon in the very subtitle of his book, saying that voluntary simplicity means “a way of life that is outwardly simple, inwardly rich.” The most common microstrategies related to the voluntary simplification of life relate to food or diet, buying sustainable products, extending the life cycle of products, avoiding waste, recycling, and transport. It should be noted that, as in other Central and Eastern European countries, overconsumption and consumer lifestyle are relatively new phenomena in Poland; however, the occurrence of the international effect of social imitation, as well as the support of consumer behavior by the European Union and the Catholic character of the country, may contribute to the development of this phenomenon also in Poland. Zrałek (2015) points out, however, that an important barrier to promoting the principles of voluntary simplicity may be the fact that Poles do not have enough time to satisfy their needs under the conditions of a free market economy. Even if deconsumption behavior among wealthy consumers is observed, it would be difficult to call it a social trend, as they constitute a relatively small percentage of the whole society (Huneke 2005; Cherrier 2009; Alexander and Ussher 2012; Zrałek 2015).

## 5 Conclusions

The results of the conducted research indicate that after years of saturation with economic and social freedom and openness to western novelties, consumers are uncertain about the quality and health value of food produced on a mass scale by multinational corporations. This contributes to the development of rationalization in Polish consumers' food behavior, and across the studies covered by this paper, it is confirmed that the rationalization is clearly visible in the nutritional behavior of Polish consumers and is associated with higher food awareness of Poles. They eat less, reducing consumption of most of the food articles. Only the consumption of mineral water, fruits, and yogurts is increased, and it is positive change. However, it should be noted that some changes are negative, e.g., reducing consumption of eggs, milk, vegetables, or fish. Poles are looking for better-quality food. Moreover, nowadays, the prices of food are not the most important factor for Polish consumers during food choices. Rationalization is also associated with development of phenomena of foodsharing and freeganism and growing popularity of some diets such as vegetarian or vegan diet.

From the point of view of the application advantages of this paper, it is of key importance to identify new phenomena in consumer behavior, which can be used as kinds of indicator for the food and catering industry in Poland, as they clearly show which path should be taken in order to achieve a competitive advantage on the modern food market. The conducted research shows that in Poland, there is now demand for good-quality products with simple, healthy composition and low caloric

value. Moreover, the acquired knowledge can be used by entities shaping the country's health policy, verifying its effectiveness, and setting the current directions of social campaigns. In this area, special attention should be paid to increasing the consumption of vegetables, cereal products, eggs, fish, and milk, as well as to further reducing the amount of meat and sugars in the daily diet of Poles.

It should be noted that the considerations presented in the paper do not exhaust the entire catalogue of trends on the food market, but they allow for the presentation of one of the most clearly visible in the current conditions of a turbulent environment, which is rationalization. Further studies can be associated with the verification of the state of knowledge on types of food or comparison of rational food behavior or nutritional awareness of Poles with other countries. In addition, the research may be supplemented by other areas, such as the typology of consumers on the food market, which is also a very important research area.

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