

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/328737741>

Organizational Complexity and Uncertainty: A Conceptual Evaluation of Proactive Environmental Strategy on Organizational Competitiveness

Conference Paper · June 2018

CITATIONS

0

READS

1,099

3 authors:



Taiwo Temitope Lasisi

Eastern Mediterranean University

26 PUBLICATIONS 247 CITATIONS

[SEE PROFILE](#)



Kayode Kolawole Eluwole

Bahçeşehir Cyprus University

26 PUBLICATIONS 299 CITATIONS

[SEE PROFILE](#)



Ali Öztüren

Eastern Mediterranean University

46 PUBLICATIONS 288 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Food research [View project](#)



Quantile Regression vs. Fuzzy theory in Uncertainty Analysis: Economic Application [View project](#)



GLOBE

ADVANCES IN GLOBAL BUSINESS AND ECONOMICS

Editors

Dr. Cihan Cobanoglu

Dr. Abdulkadir Corbaci

2018

Editors

Dr. Cihan Cobanoglu

Dr. Abdulkadir Corbaci

**ADVANCES IN GLOBAL
BUSINESS AND ECONOMICS**

Editors

*Dr. Cihan Cobanoglu

University of South Florida Sarasota-Manatee, USA

*Dr. Abdulkadir Corbaci

Adiyaman University, Turkey

ISBN 978-1-7321275-1-7

© ANAHEI Publishing 2018 This work is subject to copyright. All rights are reserved by the Publisher, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, reuse of illustrations, recitation, broadcasting, reproduction on microfilms or in any other physical way, and transmission or information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed. The use of general descriptive names, registered names, trademarks, service marks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use. The publisher, the authors and the editors are safe to assume that the advice and information in this book are believed to be true and accurate at the date of publication. Neither the publisher nor the authors or the editors give a warranty, express or implied, with respect to the material contained herein or for any errors or omissions that may have been made. The publisher remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

This imprint is published by ANAHEI Publishing, LLC The registered company address is: 3934 South East Avenue, Sarasota, FL 34239 USA

Table of Contents

<i>Part 1: Consumer Behavior</i>	1
<i>Chapter 1: The Types and Motivation of Social Network Users: A Qualitative Study of Young Adults</i>	2
Jamil Hebali.....	2
<i>Chapter 2: New Digital Currency and Technological Transformation</i>	12
Massimiliano Minaudo.....	12
<i>Part 2: Economics</i>	20
<i>Chapter 3: Valuation of Public Goods in Agricultural Landscape: The Case of Slovakia</i> . 21	
Veronika Nambuge, Artan Qineti, Miroslava Rajcaniova, and Dimuth Nambuge.....	21
<i>Part 3: Education & Training</i>	30
<i>Chapter 4: Developing Global Leaders: A Study of MBA Programs in the Caribbean and Central America</i>	31
Paul Pounder and Rachael Ross.....	31
<i>Part 4: Finance & Banking</i>	43
<i>Chapter 5: One-Sided Linking of Mortgage Loans to the Price of Foreign Currencies</i>	44
Nahum Biger.....	44
<i>Chapter 6: Market Related and Market Independent Components of Company Stock Return in Bangladesh: Which is Stronger?</i>	55
Sumaiya Zaman	55
<i>Part 5: Hospitality & Tourism</i>	65
<i>Chapter 7: Demystifying Gender Bias Intensity in Service Based Organizations</i>	66
Noel Criscione-Naylor and Jane Bokunewicz.....	66
<i>Chapter 8: Progress on Food and Gastronomy Research in Tourism, Travel and Hospitality in Turkey</i>	77
Abdülkadir Çorbacı ¹ , Gökhan Yılmaz ² , Adnan Öztürk ³ , and Gencer Sömbül ⁴	77
<i>Chapter 9: Self-Efficacy and Job Outcomes Among Tour Guides</i>	93
Jennifer C. H. Min.....	93
<i>Chapter 10: Determination of the Contributions of Local Authorities to Develop Gastronomy Tourism: Adana Sample</i>	104
Hulya Tastan, Kemal Enes, and Elanur Sahin.....	104
<i>Chapter 11: The Effects of Personality Traits of Employees on Their Socialization Levels: A Research in Hospitality Establishments</i>	113
Eda Ozgul Katlav ¹ , Nilufer Sahin Percin ¹ , and Muhittin Cavusoglu ²	113

Chapter 12: The Evaluation of Influence Tactics Perception of Hospitality Establishment Employees in Terms of Demographic Variables	122
Gaye Deniz ¹ , Nilufer Sahin Percin ¹ , and Muhittin Cavusoglu ²	122
Part 6: Human Resource Management.....	128
Chapter 13: Demystifying the Antecedents of Presenteeism in Hospitality Industry.....	129
Kayode K. Eluwole, Taiwo T. Lasisi and Turgay Avci.....	129
Part 7: Innovation & Entrepreneurship.....	135
Chapter 14: Strategic Flexibility as a Key to Innovativeness: Theoretical Framework....	136
Dmytro Shestakov.....	136
Part 8: International Trade & Management.....	148
Chapter 15: Firm’s Competitiveness in Global Economy and Cost (Structure) Management.....	149
Mehmet Hanifi Ayboga ¹ , Asaf Murat Altug ² , and Ersem Karadag ³	149
Part 9: Strategy & Global Trends.....	158
Chapter 16: Organizational Complexity and Uncertainty: A Conceptual Evaluation of Proactive Environmental Strategy on Organizational Competitiveness.....	159
Taiwo T. Lasisi, Kayode K. Eluwole, and Ali Ozturen	159
Part 10: Technology, E-Business & Social Media.....	169
Chapter 17: Customer Engagement With Social Commerce: A Motivation Analysis.....	170
Tingting Zhang and Po-Ju Chen.....	170

Part 1: Consumer Behavior

The Types and Motivation of Social Network Users: A Qualitative Study of Young Adults

Jamil Hebali

Ecole hôtelière de Lausanne, HES-SO
University of Applied Sciences Western Switzerland

Abstract

The objective of this research is to understand the motivation of social network users aged 18-24. Based on qualitative research and content analysis, this study proposes to understand their behavior and what motivates them to use social networks. Our main finding in this research is a motivation-based typology of social networks users and their psychological profile.

Keywords: users networks typologies, consumer behavior, qualitative research

Introduction

Social networks have grown significantly as users interact more and more. Social networks are considered an extremely powerful tool for communicating and managing customer relationships. The number of users and amount of content generated through interacting, sharing and publishing on social networks have grown considerably in the last few years (Boyd & Ellison, 2008). Worldwide, there are over 2.16 billion monthly active Facebook users for Q4 2017 which is a 14 percent increase year over year. (Statista, 2018). Every 60 seconds on Facebook: 510,000 comments are posted, 293,000 statuses are updated, and 136,000 photos are uploaded. (The Social Skinny, 2017). Twitter has recorded more than 330 million users since its inception in 2006 and has more than 1.6 billion searches per day (Statista, 2018).

For businesses, this offers a huge opportunity to develop customer relationships through marketing and communication strategy involving social networks. In marketing, multiple research papers have highlighted the role of social networks in developing companies' business and better understanding their environment (Pookulangara and Koesler, 2011; Tsimonis and Dimitriadis, 2013; Ghazali and Cai, 2014). In brand management, some research has tried to understand the role and the impact of social networks on brand perception and how consumers develop their opinion about the brand (Reyneke, Pitt and Berthon, 2010, Both and Ann Matic, 2011, Lipsman, Mudd, Rich and Bruich 2012, Botha, Farshid, and Pitt, 2011). Other studies have tried to understand the role of social networks as a source of innovation and creativity in terms of product development and service quality improvement (Ernst Brem, and Voigt, 2013). In the field of consumer behavior, research has focused on users' motivation to use social networks (Kim, Shim and Mo Ahn, 2011). These studies have focused on one social network (Facebook, Twitter, LinkedIn, etc.) at a time while overlooking users' motivation with a global vision independently of the type of social network.

Our research will focus on social networks users' motivation. Two main points differentiate this research. On the one hand, our research will be conducted among young people between 18 and 24 years of age. We choose this age group because it is the biggest group of social network users and, at the same time, it is the group with highest time spent on social networks with an average

of 5 to 6 hours per day (Statista, 2018). On the other hand, our research will not be limited to one specific social network but all of them.

Literature Review

For many researchers, motivation is an important factor to understand and to explain consumer behavior (Deci and Ryan, 1987). Defined as the direction and intensity of the effort to earn a recompense (Weinberg and Gould, 1997), motivation is a driving force for an individual to perform an action. Two types of motivation can be identified in self-determination theory (Deci & Ryan, 1985). Intrinsic motivation, which refers to doing something because it is inherently interesting or enjoyable and for the pleasure that can be derived from it (Lee, Cheung and Chen, 2005). The second type is extrinsic motivation, which refers to doing something because it leads to a separable outcome such as obtaining a reward, improving one's performance at work or having economic promotions (Davis et al., 1992; Lee, Cheung and Chen, 2005). Most research on motivation has shown that the performance obtained and the quality of involvement can be very different when we adopt intrinsic or extrinsic motivations. When we are intrinsically motivated we are moved to act for the fun or challenge involved rather than because of external prods, pressures, or rewards. In theory, we identify intrinsic motivation between individuals, but in another sense, an intrinsic motivation exists between individuals and activities. In fact, people are not motivated to do the same activity or to be interested to perform the same tasks. On the other hand, when we are extrinsically motivated we seek separable rewards after an activity.

To conclude, there are two types of motivation that impact individuals' behavior. Intrinsic motivation related to an emotional value to do an activity and extrinsic motivation which is related to an instrumental value. Both intrinsic and extrinsic motivation can be applied to the utilitarian-hedonic model in consumer behavior theory. The model suggests that hedonic behavior is a consequence of intrinsic motivation; however, utilitarian behavior is a consequence of extrinsic motivation (Heijden, 2004). The utilitarian-hedonic model suggests that the consumer may adopt utilitarian motivation or hedonic motivation based on the nature of the product (Babin, Darden and Griffin 1994, Guiltinan and Monore 1980). Consumers with utilitarian motivation follow a rational behavior. From the beginning, they have a specific goal and will try to achieve it conscientiously. For example, when consumers search for information in the decision making process, they adopt utilitarian motivation because the objective is to maximize the usefulness of their decision and therefore reduce the associated risk (MacInnis and Jaworski, 1989). Thus, a utilitarian system involves goal-oriented behavior characterized by a focus on a specific objective defined in advance by the consumer. On the other hand, hedonic motivation aims at seeking stimulation, excitement, gratification, pleasure and discovering new feelings (Babin, Darden and Griffin, 1994). The hedonic system is characterized by experiential, personal, and subjective behavior (Holbrook and Hirschman, 1982).

Social Networks and Motivation

Despite the fact that the number of social media users continues to grow to over 1.5 billion worldwide, research to understand users' motivation for using social media is still limited. Indeed, the little research carried out to date has mainly focused on specific issues. Hsieh, Yang and Fu (2012) studied the role of motivation as a variable impacting the switching behavior within different social networks. The aim for the authors was to explain the intention to change from one

network to another, taking into account the cost generated as a moderating variable between the antecedent variables that are the relative utility, the effectiveness of the expression and playfulness. In information system theory, some research has shown that social networks users with intrinsic motivation expect more emotional rewards compared to users with extrinsic motivation (Kim, Shim and Mo Ahn, 2011). Regarding the youth population, some research has shown that the motivation of high school students to use social networks was mainly to communicate and exchange with colleges, friends and family (Lenhart and Madden 2007). This type of motivation is supported by the ease of use of social networks (Kim, Shim, & Ahn, 2011). For the authors, using social networks is a new manner for people to manage their relationships.

On the other hand, another motivation of young people is their need to develop their career after their studies. In fact, social networks for them are a very simple tool to develop their network, to search for a job opportunity and to be continuously informed about the job market (Schaefer, 2008). Social networks, by their simplicity and their high level of interactivity and socialization, has changed the way in which people communicate, exchange, participate and discuss with others on a specific forum (Kim, Shim, & Ahn, 2011). For users, social networks are an opportunity to express themselves through the creation of their own pages, personalized website, or to create their own video channel on social media (Pelling & White, 2009). This activity will bring them recognition (Miller, Parsons, & Lifer, 2009), allow them to create and to be a part of a community. At the same time, social networks provide an opportunity to "escape" reality, boredom and relieve stress by sharing emotions (Kim, Shim, & Ahn, 2011). It is relevant to note that motivations are different among women and men. As an example, man looking to meet friends, appreciate the interactivity of social networks, while easily identifying with a group. A woman will appreciate the relational side of social networks, which will allow her to keep in contact with her close friends and family (Barker, 2009)

Research Question

This research has two main objectives. The first objective is to identify the motivations of young people aged 18-24 related to their use of social networks. The second objective is to develop a typology of social network user according to their motivations. Therefore, a psychological profile of each group will be defined. Thus, we will try to answer the following questions: What are the motivations of 18-24 year olds when it comes to using social networks? Are there different types of users? In this research, we chose to study 18-24 year olds for many reasons. On the one hand, this population is considered the largest users of social networks which represent around 30% of total users. Furthermore, they have to spend an average of 4 to 6 hours per day on social networks. On the other hand, this age group is part of the Y generation, which represents more than 50% of the world's population and therefore forms a future market for companies. For all these reasons, it is urgent to study it and understand its behavior.

Methodology

As our aim is to explore the motivations of social network users aged between 18 and 24. This research will be based on a qualitative approach by conducting face-to-face, semi-structured interviews. Qualitative research is a relevant approach as it puts emphasis on the depth of the analyses which will lead to rich descriptions of participants' meanings based on in-depth interviews (Denzin & Lincoln, 2003).

Sampling

In our recruiting process, we chose participants that they are in the 18-24 age group. This type of profile is described as the most active social network user, and also has a high motivation to explain and share their social network experience (Hargittai and Hsieh, 2010). Our recruitment process was done using social networks such as Facebook and LinkedIn. Using our own accounts on those two social networks, an announcement was posted asking people having our target profile with a high interest to participate to our research. Through our network we received 27 positive answers to participate. By the end, 24 face-to-face interviews were conducted include 12 men and 12 women with an average age of 22 years. After 20 interviews, answers collected became redundant and some repetitions were identified. We added four other interviews in order to confirm data saturation in line with the standards of qualitative research (McCracken, 1993).

Data Collection

All interviews were done face-to-face. With each participant an appointment was fixed. A meeting room was booked for all interviews. The researcher paid the transportation for all participants and a symbolic gift was given. The interviews lasted between 30 and 45 minutes on average and were recorded with the consent of the participants. An interview guide was developed to conduct the discussion with open-ended questions. The interview guide was structured by theme based on our research objectives. The interview guide was structured by topic of discussion. The motivation for the use of social networks was the main theme addressed during the interview. Added to this are other themes such as:

- Usage behavior of social networks (frequency of use, number of hours of use on average, main activities, etc.) The objective here is to define different user profiles according to their degree of use.
- Self-image: Each participant in our research has to describe his self-image. i.e. what he or she thinks of him/herself. The objective is to analyze if there is a relationship between self-image and the motivation. The objective is to identify if the self-image or self-esteem have an impact on the behavior of social network users and on their motivation (Barker, 2009) and the role of the self-image to facilitate interactions and communication between users (Ferguson, 2017). The results will allow us to develop the psychological profile of each group based on their main motivation, behavior and self-image.
- The socio-demographic profile: since the entire sample has almost of the same age, the main objective here was to check whether there is a difference in the motivations and the behavior of use of the social networks mainly between women and men. A confidentiality letter was signed by the researcher and a copy was given to the participants in order to guarantee the anonymity of all data collected.

Data Analysis

The data analysis method was carried out through traditional interactive and systematic content analysis (Churchill and Wertz, 1985; Clairbrone and Ozanne, 1990). Specifically, data analysis consisted in the following stages: We started by scanning interview transcripts. The objective was to develop an initial understanding for the formulation of our research hypothesis through a process

of induction (Bardin, 1977). A traditional structural analysis of the content was then conducted on the basis of all data collected. This analysis give us an initial understanding of the motivations of social network users and consequently identify the main dissimilarities. Based on different motivations and reasons given by participants we developed a motivation-based typology. Following this analysis, the core categories extracted from the literature review such as intrinsic and extrinsic motivation or hedonic or utilitarian motivation were compared to the data obtained in order to identify if there is a gap between the theory and our analysis. The second phase of data analysis was focused to identify a motivation-based typology of social networks users. The third step of our data analysis was focused on developing a psychological profile of each type of social network user identified before. This profile included mainly three points: Main motivation, the specific behavior and the self-image. In order to facilitate the explanation of results, we proceeded in the tradition of qualitative research by using verbatim statements to illustrate each part of our findings (Wolcott, 1990)

Findings

Our analysis confirmed, as developed in our literature review, that there were two main motivations that push young people to use social networks. The first one is intrinsic motivation where people seeking pleasure, discovery and enjoyment when they use social networks. For this type of motivation, we can identify one group that they are more interested by creating relationships. For them, social networks are a new way to socialize and to exchange with people in a virtual manner. Another group of our participants perceive social network as a tool to flee the real world. For them, social networks are a manner to discover and to have a good time. The second is extrinsic motivation where people look to gain from their activities on social networks such as developing their network, find a job, be informed about something, etc.

Thus, three types of social network users are identified. The first group identified as "social" is motivated by developing, maintaining and manage their relationships with friends, family and other contacts. They always look to have news from their contacts, exchange with them about different subjects such as family, culture, sports, etc. They are very interested in sharing information about their situations or the activities they have done or plan to do in the future. For them, social networks can be viewed as an important tool for building relationships with new friends. One participant confirmed that "Social networks are really an extraordinary invention, it allows me to be in touch with my friends and family all the time. It's easy and it allows me to hear continuously about what they are doing. Whenever a member goes on vacation, he shares those photos, videos and information with us". For this group, social networks are also a tool to socialize in the same way as the off line environment. Another participant confirmed that "I have some family members who work in different countries, and despite the distance that separates us, we are always in contact and we exchange news, everyone knows what the other is doing...as if we were together, I would even say that if we were together we will not be close in this way, it's the magic of Facebook I think." For this group, social relationships are extremely important and they are always looking to maintain their contact as in the real world. Another participant confirmed that "Social networks allow me to share news with my family and friends in a different format, such as, image, text and video. Personally, I am very close to my sister working in the United States, before we had a lot of contact by phone, but since we have Facebook we share everything on the network, in fact it is more convenient, it allows me to see what that she is up to, what she does through images and videos, it's really cool, exactly the same as we're together. "

Table 1. Psychological Profile of the Segment «Social»

<i>Main Motivation</i>	Manage, interact and exchange with their private relationships
<i>Behavior</i>	Exchange private information and share content such as pictures, video, music, etc. Organize events with friends through social network They spend between 3 and 4 hours connected and interact with their friends on social networks.
<i>Self-image</i>	They describe themselves as social people, open-minded, optimistic and very sensitive
<i>Social Networks</i>	Facebook, Twitter, Instagram.

The second group identified as "Functionalists". Their main motivation is to develop and manage professional contacts and career networking. Thus, their objectives are, on the one hand, to improve a professional network and to develop their contacts. On the other hand, it is about being always active on their own career development by looking for new opportunities through the contacts they have developed on the networks. One participant confirm that "I have a friend who managed to get a job through a social network, at first I did not believe much in this solution, but since then I'm really starting to get interested. I think social networks offer a new job search opportunity in a more interactive way and with new methods such as posting a CV in video form, I find it very original. «Another one add that «For me social networks and mainly the professional ones are an excellent opportunity to develop my career ambitions. I connect every day on LinkedIn, I do not spend a lot of time, but I try to find out about new job offers and manage my network that I think one day will be useful in my development careers. We never know how the opportunity can arise, that's why I heal every word I put on my profile". Functionalists take care about their image and try to be perceived as professional and efficient. Their interaction on social networks are more focus on professional exchange, participate in some discussion and give their opinion about some topics such as technology, economy and politics, etc.

Table 2. Psychological Profile of the Segment «Functionalists»

<i>Main Motivation</i>	Develop a professional network
<i>Behavior</i>	No communication and no exchange about private life. Social networks is considered a tool to promote their career and their professional image They try to be continuously informed about the changes in the job market and the career evolution of their network They take more time to do any comments or to post any information because they are aware that this will reflect their own image Average time of connection per day: between 1 and 2 hours
<i>Self-image</i>	Describe themselves as hardworking people, ambitious with a lot of willpower.
<i>Social network</i>	LinkedIn, Viadeo, facebook

The third group is "hedonists". The main motivation of this group is seeking entertainment, fun and pleasure. For them, social networks are a way to entertain themselves by sharing information in different formats such as images, videos and texts that generally include funny content. It is a very active group on social networks as they seek to be the first to share or comment on entertaining and fun content. Using social networks and spending time for it is a manner to reduce stress, to discover, to have emotional experience, etc. One participant confirmed that "I am continuously connected. For me it is very important to be in touch with my friends all the time. Nowadays it is very difficult to find time to see my friends and to share some fun moments. Social networks reduce a lot my frustration, because it is another manner for me to interact with my friends and my family. It is very easy to share information and to have a nice moment, even it is virtual, but it is better than nothing. It doesn't replace the real world but it is for me a good way to be continuously in touch." Another participant confirmed: "It is really a good way to reduce the stress after a

workday. For me it is like another world in parallel, when I connect I am always excited to find a funny publication and humoristic video or image, etc.” For this segment, social networks are also a new manner to help them to make a decision before buying something. Their interactions with their friends and share opinion about their own experience help them to make the good decision.

Table 3. Psychological Profile of the Segment «Hedonists»

<i>Main Motivation</i>	Seeking entertainment, fun, discovering and pleasure
<i>Behavior</i>	They exchange and communicate on entertaining and fun multimedia content. They are very active users and try to be the first to comment on others' publications and share them. Connecting to social networks for them is a way to reduce stress, to discover and create emotional experience with others The average connection time for this group is 3 to 4 hours per day.
<i>Self-Image</i>	They perceive themselves as a sociable people, dynamic and very important in their social networks.
<i>Social Networks</i>	Facebook, Twitter, digg

This research gives us an in-depth understanding regarding the motivations of the 18-24 year old segment and their behavior on social networks. Our analysis identifies three groups of users with the same demographic profile but with different behaviors in terms of social networks use. The first one is the social cluster, they are motivated by staying in contact and maintaining their relationships with their friends and family. The second one is the hedonists' cluster who are mainly motivated by entertainment and delight. These two groups have an intrinsic motivation with an experiential behavior. Both clusters are seeking emotional sensations and discovery. Through their interaction they try to explore new experiences and adventures. They are in search of entertainment, fantasy, arousal, sensory stimulation, and enjoyment, fun and pleasure through social networks. On the other hand, the functionalists are mainly motivated by professional objectives such as the development of their careers and their networks. This cluster has an extrinsic motivation which supposes that they have a utilitarian behavior when they use social networks. They are seeking to develop their networks and their professional contacts. Users are concerned with their career development and their professional image in an efficient and timely manner to achieve their goals with a minimum of irritation. The results obtained in our research are perfectly in line with many other researchers (Hoffman and Novak's; 1996; Hirschman and Holbrook, 1982; Sherry, McGrath and Levy, 1993). Indeed, the authors evoke an experiential behavior and a behavior directed towards a goal. The first is driven by a hedonic and exploratory motivation, while the second is driven by a utilitarian motivation.

Conclusions, Limitations and Further Research

Social networks provide young people with the opportunity to identify within group members who look and act similarly to each other. In our research, three main groups of social networks users based on their motivation are identified, social, functionalist and hedonic groups. This typology gives us a better understanding of their motivation and their behaviors with regard to social network use. The majority of the participants in our research show a real attachment to social networks with a high level and frequency of use, which can be considered a business opportunity for many companies. Indeed, this population is a strategic target for marketing actions and therefore building strong relationships and developing positive attitudes toward the brand is important. Identifying how this market segment interacts with the social networks and how they

describe themselves it can be a good opportunity for many companies to develop a very efficient customer acquisition strategy and to better manager customer relationships.

The focus of this research is to understand young people's motivation and their post-adoption behavior with regard to social network use. Many limits can be identified in our research. Firstly, our concept of psychological profile is limited with three main variables such as motivation, behavior and self-image. This profile do not take in consideration other psychological variables such as perception, involvement or attitude. As an example, the role of perceived risk as a source of resistance to innovation or new product adoption and the risk related to the use of social networks such as personal image and reputation were not studied in this research. On the other hand, this research did not take into account the impact of the atmosphere variables such as the ease of use, the ergonomic, the design and the structure of the social network website on the users' behavior (Donthu, 2001; Tam Tsui Wa, 2001; Koufaris, 2002; Roy, Montoya-Weiss, Voss and Grewal 2003). As defined in our methodology this research focused on the young adults from 18 to 24 years old. Our sample is from the same geographical region (Switzerland and France) and the results obtained cannot be generalized for the whole population of 18-24 years old and our results implications were limited. This is can be explained with the difference in the culture and social environment between many regions in the world and consequently between this segment of the population.

References

- Babin, B., Darden, W., & M, G. (1994). Work and/or fun: Measuring hedonic and utilitarian Shopping Value. *Journal of Consumer Research*, 20(2), 644-656.
- Bardin, L. (1977). *L'analyse de contenu*. Presses Universitaires de France.
- Barker, V. (2009). Older adolescents' motivations for social network site use: The influence of gender, group identity, and collective self-esteem. San Diego: School of Journalism and Media Studies, San Diego State University.
- Booth, N., & Ann Matic, J. (2011). Mapping and leveraging influencers in social media to shape corporate brand perceptions. *Corporate Communications: An International Journal*, 16(3), 184-191.
- Botha, E., M, F., & L., P. (2011). How sociable? An exploratory study of university brand visibility in social media. *South African Journal of Business Management*, 42(2), 43-51. .
- Boyd, D., & Ellison, N. (2008). Social Network Sites: Definition, History, and Scholarship. *Journal of Computer-Mediated Communication*, 13, 210-230.
- Churchill, S. D., & Wertz, F. J. (1985). An Introduction to Phenomenology for Consumer Research: Historical, Conceptual and Methodological Foundations. *Advances in Consumer Research*, 12, 550-554.
- Clairbone, A., & Ozanne, J.-L. (1990). The meaning of Custom-Made Homes: Home As a Metaphor For Living. *Advances in Consumer Research*, 17, 367-374.
- Davis, F., Bagozzi, R., & P.R., W. (1992). Extrinsic and intrinsic motivation to use computers in the workplace. *Journal of Applied Social Psychology*, 22(14), 1111-1132.
- Deci, E. L., & Ryan, R. M. (1985). *Intrinsic motivation and self-determination in human behavior*. New York: Plenum.
- Deci, E. L., & Ryan, R. M. (1987). The support of autonomy and the control of behavior. *Journal of Personality and Social Psychology*, 53(6), 1024-1037.
- Denzin, N. K., & Lincoln, Y. S. (2003). Introduction: The discipline and practice of qualitative research. In C. Sage. (Ed.). Thousand Oaks: Denzin & Y. S. Lincoln (Eds.), (2nd ed.).
- Denzin, N. K.-4. (n.d.). Thousand Oaks.
- Donthu, N. (2001). Does Your Web Site Measure Up? *Marketing Management*, 10(4), 29 – 33.
- Ernst, M., Brem, A., & Voigt, K. I. (2013). Innovation Management, Lead-Users, and Social Media,. In *Introduction of a Conceptual Framework for Integrating Social Media Tools in Lead-User Management*. Social Media in Strategic Management Advanced Series in Man.

- Ferguson, J. R. (2017). Journal of Managerial Issues. Self-Image Congruence: An Empirical Look at Consumer Behavior in Door-to-Door Sales!, XXIX(3), 262-277.
- Ghazali, R. M., & Cai, L. (2014). Social Media Sites in Destination Image Formation. *Tourism Social Science Series*, 18, 73–86.
- Guiltinan, J., & Monroe, K. (1980). Identifying and analyzing consumer shopping strategy. *Advances in Consumer Research*, 25, 372- 378.
- Hargittai, E., & Hsieh, Y. L. (2010). Predictors and consequences of differentiated practices on social network sites. *Information, Communication, & Society*, 13(4), 515–536.
- Heijden, D. (2004). User Acceptance of Hedonic Information Systems. *Management Information Systems Quarterly*, 28(4), 695-704.
- Hoffman, D., & Novak, T. (1996). Marketing in hypermedia computer-mediated environments: Concepts foundations. *Journal of Marketing*, 60(3), 50 – 68.
- Hoffman, D., Novak, T., & Chatterjee, P. (1997). Commercial Scenarios for the Web: Opportunities and Challenges. In R. K. in *Readings in Electronic Commerce* (Ed.). (Addison-Wesley, Reading).
- Holbrook, M., & Hirschman, E. (1982). The Experiential aspects of Consumption: Consumer fantasies, feelings and fun. *Journal of Consumer research*, 9(2), 132 – 140.
- Hsieh, C., K., Y., & K.J, F. (2012). Motivational Bases and Emotional Labor: Assessing the Impact of Public Service Motivation. *Public Administration Review*, 72(2), 241–251.
- Kim, J., Shim, J., & Mo, A. K. (2011). Social Networking Service: Motivation, Pleasure, and Behavioral Intention to Use. *Journal of Computer Information Systems*, 51(4), 92-101.
- Koufaris, M. (2002). Applying the technology acceptance model and flow theory to online consumer behavior. *Information Systems Research*, 13(2), 205 – 223.
- Lee, M. K., Cheung, C. M., & Chen, Z. (2005). Acceptance of internet-based learning medium: the role of extrinsic and intrinsic motivation. *Information & Management*, 42(8), 1095-1104.
- Lenhart, A., & Madden, M. (2007). Social Networking Websites and Teens, Pew Research Center. Retrieved from <http://www.pewinternet.org/2007/01/07/social-networking-websites-and-teens/>.
- Lipsman, A., Mudd, G., M., R., & Bruich, S. (2012). The Power of “like”: How Brands Reach (and Influence) Fans through Social-Media Marketing. *Journal of Advertising Research*, 52(1), 40-52.
- MacInnis, D., Jaworski, B., & J Mark. (1989, October). Information processing from advertisements: Toward an integrative framework. *Journal of Marketing*, 53, 1–23.
- McCracken, G. (1993). The Value of the Brand: An Anthropological Perspective in Brand Equity and Advertising. (D. A. (eds.), Ed.) Hillsdale, NJ: Lawrence.
- Miller, R., Parsons, K., & Lifer, D. (2009). Students and social networking sites: the posting paradox. *Behaviour & Information Technology Journal*, 377-382.
- Montoya-Weiss, M. M., Glenn, B. V., & Dhruv, G. (2003). Determinants of Online Channel Use and Overall Satisfaction with a Relational Multichannel Service Provider. *Journal of the Academy of Marketing Science*, 31(4), 448-458.
- Noyes, D. (2018). The Top 20 Valuable Facebook Statistics. *The Social Skinny*. Retrieved from <https://zephoria.com/top-15-valuable-facebook-statistics/>
- Pelling, E., & White, K. (2009). The theory of planned behavior applied to young people's use of social networking Web sites. *Cyberpsychology & Behavior*, 12(6), 755-9. .
- Pookulangara, S., & Koesler, K. (2011). Cultural influence on consumers' usage of social networks and its' impact on online purchase intentions. *Journal of Retailing and Consumer Services*, 18, 348–354.
- Reyneke, M., Pitt, L., & Berthon, P. R. (2010). Luxury wine brand visibility in social media: an exploratory study. *International Journal of Wine Business Research*, 23(1), 21-35.
- Roy, M., Dewit, O., & Aubert, B. (2001). The impact of interface usability on trust in the web retailers. *Electronic Networking Applications and Policy*, 11(5), 388 – 398.
- Schaefer, C. (2008). Motivations and Usage Patterns on Social Network Sites. *ECIS 2008 Proceedings*, (p. Paper 143). Retrieved from <http://aisel.aisnet.org/ecis2008/143>
- Schiffman, L. G., & Kanuk, .. (2007). *Consumer Behavior* (9ème édition ed.). Pearson education.
- Sherry, J., McGrath, M., & Levy, S. (1993). The Dark Side of the Gift. *Journal of Business Research*, 28, 225-244.
- Statista. (2018). Active social network and active app users, Worldwide; GlobalWebIndex; 3rd quarter 2014; 16-64 years. Retrieved from <https://www.statista.com/statistics/274829/age-distribution-of-active-social-media-users-worldwide-by-platform/>
- Statista. (2018). Number of monthly active Facebook users worldwide as of 4th quarter 2017 (in millions). Retrieved from <https://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>

- Steuer, J. (1992). Defining virtual Reality: Dimensions Determining Telepresence. *Journal of Communication*, 5(5), 21 – 39.
- Tam Tsui Wa, C. (2001). An integrated online customer loyalty model. The Honk Kong Polytechnic University, Department of Business Studies, , Hung Hom, Kolwoon, Honk Kong. . Retrieved from [http://www.sba.muohio.edu/abas/2003/Brussels/tam-pb-6310christinetam.pdf].
- Tsimonis, G., & Dimitriadis, S. (2013). Brand strategies in social media. *Marketing Intelligence & Planning*, 32(3), 328-344.
- Vanden, B., Bruce, G., M., L., Quilliam, E., & T., H. (2001). The multidimensional nature and brand impact of user-generated ad parodies in social media. *International Journal of Advertising*, 30(1), 103-131.
- Weinberg, R., & Gould, D. (1997). *Psychologie du sport et de l'activité physique*. (É. Vigot., Ed.) Paris.
- Wolcott, H. (1990). *Writing Up Qualitative Research* (20). (A. S. Paper., Ed.) *Qualitative Research Methods Series*.

New Digital Currency and Technological Transformation

Massimiliano Minaudo

University of Palermo, Italy

Abstract

In 2009 the cryptocurrency was born, a digital currency, re-launched in the world as "BitCoin" (although now there are about 30) which is the "mother", the original one. The problem that I want to highlight is the absence of some authorities able to control cryptocurrencies, so, for transactions and for the release of new coins because everything happens according to uncontrolled exchanges, moreover, the sale through the Internet 'anonymity not ad hoc protection on an online transaction. The alarm that wants to launch the cryptocurrency and therefore the BitCoin system. The purpose of this research started from the issue of the pages, in fact, since the creation of the digital currency has been used a completely new and, in some ways, unknown called "mining" (technically equal to the first non-trivial and not negligible), a "brute force". To avert the probability that the CPU (a central processing system) of a computer is exposed, perhaps with the inclusion in some pages of dangerous scripts, I will give some advice on 'a code for the code for the title that is going on.

Keywords: digital currency, bitcoin, transactions, dangers, wallet.

Introduction



In 2009 the cryptocurrency was born, a digital currency (1MB blocks), known in the world as "**BitCoin**" (now there are about 30 all recognized and regulated) that is the "mother" (symbolized in figure 1). In the past it had been demonized due to the illegal trade that took place in the Deep / Dark Web (until the triumph in 2017). To validate exchanges (since it is recognized as an *equivalent currency*) and therefore to create it, the principles of cryptography are adopted in order to make online payments secure (quickly and anonymously).

To get a profit, just create a digital "**wallet**", which is always recommended to backup and encrypt it (among the software wallets we mention <https://bitcoincore.org/>; <https://greenaddress.it/it/> or <https://greenaddress.it/en/>; <https://btcarmory.com/>; for the well-known hardware wallet it is Ledger Nano S that stores more than 10 types of currencies (thanks to an LCD screen) as you can directly see on the site: <https://www.ledgerwallet.com/>), that is a file where you can save or store coins with programs available on the net as "Bitcoincore" (<https://bitcoin.org/en/download>), a sort of IBAN code (which is the hash of the public key that, together with the private key, gives access to the funds transferred to the wallet), formed by a string of 26-35 characters that those who want can generate it. To perform a transaction - non-cancelable - it takes a private key from the recipient that is converted into public and transformed into an address / IBAN sent to whom must make the payment. The transaction is placed in a block waiting to be confirmed by the miners and at the end of the process the receiver will be the owner of the currency sent by the sender.

The problem is that we are in the absence of any authority able to control the cryptocurrencies (since there are no precise checks, the only trick is that the monetary transfers are defined as

"change of ownership"), the transactions and even the release of these new coins because everything happens according to free trade, indeed, the "laissez-faire" and the sale through the Internet allow to remain anonymous, moreover, it reduces the exposure to confiscations that the police could possibly implement.

The trend is rather favorable, in the current year the value of 10,200 dollars has been exceeded and some startappers and startups (companies and joint-stock companies) are dedicated to this.

There is a **Bitcoin Foundation** that gathers several respected members and program developers to get money, however, without any direct power over relative value (or operation). The "official" site (under the MIT license) seems to be represented by "**Bitcoin**" (as you can see in figure 2).

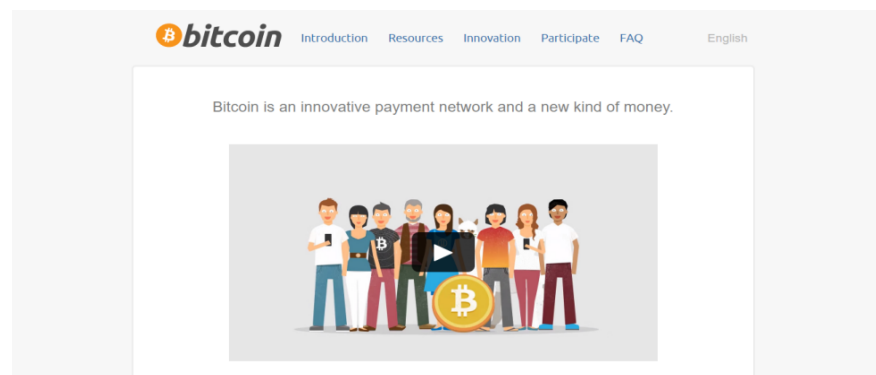


Figure 2. "Official" Bitcoin site (<https://bitcoin.org/en/> or <https://bitcoin.org/it/>)

To obtain this currency, just accept it as a form of payment (goods and services) or buy it even with a direct exchange made with your financial intermediary / bank account, in addition, the "**Bitcoin ATMs**" (with the "change" function) were created, for example, on Coin ATM Radar (<https://coinatmradar.com/>).

Methodology

Observation of the phenomenon, survey of the population (survey), single case study, research, meta-analysis.

Issues: Empirical Data and Analysis

During 2016/2017, **based on data collected on the net**, these coins have been a huge success especially thanks to the financial campaigns known under the name of "**ICO**" (Initial Coin Offering), that is, projects through which they were issued shares in exchange for virtual currencies (in December 2017 the value of a BitCoin has risen up to 20,000 dollars: 3,000% compared to 2016), which is why so many investors have been attracted to this innovative source of income. Today we are facing a new land where we can speculate.

However, there are also other crypts called "**Altercoins**". Let's talk about a coin that can be changed in legal tender currency (from the dollar to the yen and others) and converted, for this we must find a seller of BTC (which in return receives "fiat" / "legal" currency), thus, some automated Exchange services have arisen for trades; for example:

- <https://www.bitstamp.net/>
- or <https://www.coinbase.com/>
- and alternatively <https://www.coinbase.com/>
- or <https://www.binance.com/>.

The alarm to be launched (beyond independence) is that the cryptocurrency and consequently in the BitCoin system, to emit money, we use a whole new way of creation called "*mining*" that, technically, corresponds to a non-trivial note operation as "brute forcing", in other words, it refers to a specific algorithm able to solve a certain problem, specifically, it is a verification of three hundred sixty degrees of possible remedies or solutions that can be implemented until the correct set up or working. Wanting to make a summary of the research carried out, we can say that the intention is to be able to insert data (header of the block) whose double hash (mathematical algorithm that performs the mapping of data and allows the transformation of the same in a new string binary or message, known as "hash value", usually used for cryptography) is numerically lower than the target / objective calculated on the basis of the difficulty coefficient (a smaller target corresponds to a greater number of attempts to search for the number (if you want to invert a function, you must be able to recreate the input data from the output and this can be done through the already-known brute force). Basically, the computer on which the mining program is started receives the header in which a "nonce" number is added - and the double hash of the block to be closed has been calculated with an effectively configured client (operation known as "only mining", alternatively, we proceed with the network or a server where it is sent (the header) for approval (phenomenon known as "pool" mining). Operations, of course, occur millions of times per second (as many as the MHash / sec reported by the mining program) and any hashing attempt may be the good one. It happens that transactions in a data structure are normally called "blocks" and stored by the aforementioned BitCoin network, however, to ensure that a block can be added to the rest of the block chain (to the public database containing all the trades) it takes a sophisticated hardware, that is, a good computer that can close everything with a code (rediscovered or uniquely successful with numerous attempts).

The operation described makes the block crystallized and therefore prevents any future changes, but be careful: those who find the code is rewarded with an undoubted amount of currency along with the transaction fees included in the block as a natural incentive to a donation of time machine dedicated to the cause of the cryptocurrency. This operation is called, in the jargon, "mining" and this name derives from the BitCoin-gold parallelism whose reciprocation consists of miners (those who tenaciously seek the gold nuggets in the rock).

In conclusion, to avoid the likelihood that the CPU (Central Processing Unit) of your computer is now exposed (by visiting some streaming sites for example) to the secret exploitation of computing capacity by inserting, in some pages, a JavaScript code for mining is advisable to run away with specific tools, many of which, which I could recommend, are free and powerful enough to monitor and record their execution.

Some *Mining Pool* services are listed on "*Bitcoin Wiki*" (figure 3) along with links and features; as software, the one most compatible with all platforms could be represented by "*BFGMiner*" (compatible with Windows / Linux: <http://bfgminer.org/files/latest/>) easy to use by anyone.

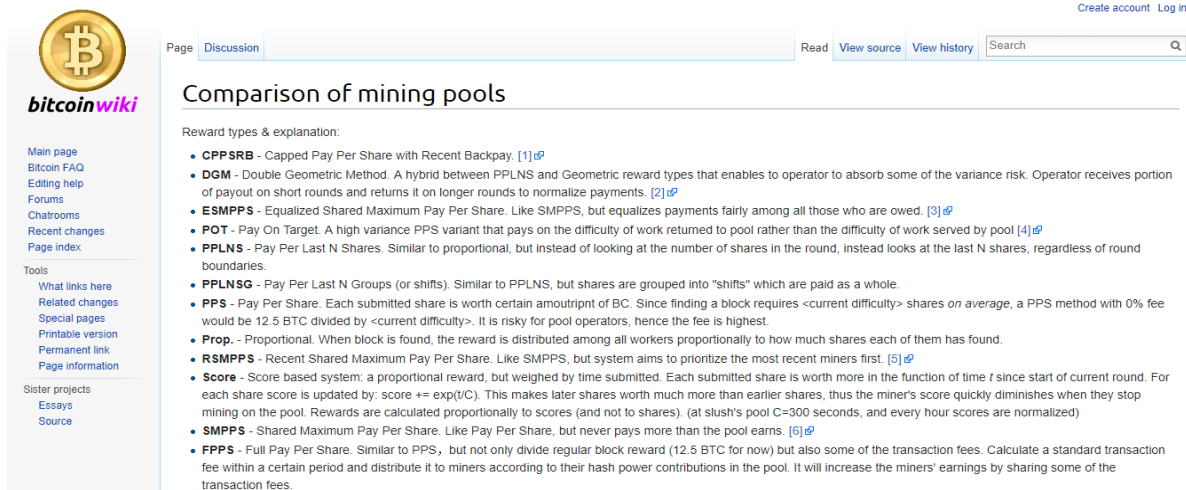


Figure 3. Bitcoin Wiki (https://en.bitcoin.it/wiki/Comparison_of_mining_pools)

In addition to the above we find "Slushpool" which, with the use of clients, acts by dividing the workload of the mining along with the coins "extracted" from the network with the other machines connected remotely (figure 4).

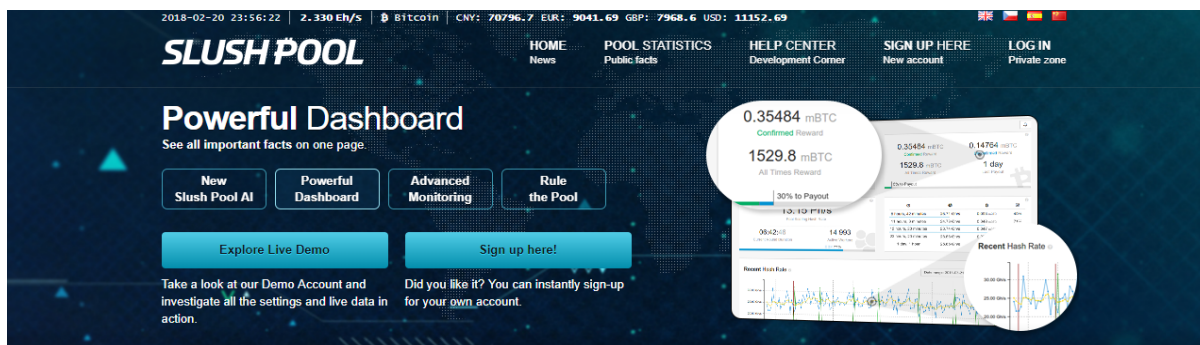


Figure 4. Slushpool – (<https://slushpool.com/home>)

A further system consists in using the ASIC (Application-Specific Integrated Circuit), that is, integrated circuits designed to quickly solve calculations (in this case, energy consumption are reduced).

It must be remembered that the instrument analyzed is not, however, to be "condemned", the use that has been made of it is however to be weighted.

To curb some of the many raids that we talked about and that can occur during navigation you can install and activate small but powerful extensions, among many we remember two, just as an example, both available on Chrome Web Store: **minerBlock** (blocks miners of cryptocurrency in the web with a double action, first, based on requests / scripts, subsequently, detecting abnormal behavior of the same) and **No Coin** (blocks miners who want to use the resources of the user, using as bridge the browser, without asking for consent and leave them a short period of time after which you must enter a captcha / shortlink).

- *The first one is available at this link*
 - https://chrome.google.com/webstore/detail/minerblock/emikbbbebcdfohonlaifafn oanocnebl?utm_source=chrome-ntp-icon
- *The second one is available at this link*
 - https://chrome.google.com/webstore/detail/no-coin/gojamcfopckidlocpkbelmpjcgmbgjcl?utm_source=chrome-ntp-icon
- *Alternatively there is also the add-on for Firefox at this link*
 - <https://addons.mozilla.org/en-US/firefox/addon/no-coin/?src=userprofile>
- *or for those who use Safari.*
 - <https://itunes.apple.com/cz/app/1blocker/id1025729002?mt=8>

Table 1. Extensions List

Google Chrome	Mozilla Firefox
1. Tg Miner Block	2. CoinBlock
3. AntiMiner – Coin Miner Blocker	4. CryptoStop
5. CryptoStop	6. NoMiners
7. MinerBlock – Block Coin Miners	8. MineBlock
9. No Bitcoin miners	
10. No Mining – Block coin mining websites	
11. MinerStop	
12. Crypto Miner Blocker	
13. Miner Away	
14. Coin-Hive Blocker	

- *Source:*

1. https://chrome.google.com/webstore/detail/tg-miner-block/iomcmnojbebmjionkboendkbahihhaj?utm_source=chrome-ntp-icon
2. <https://addons.mozilla.org/en-US/firefox/addon/coinblock/?src=search>
3. https://chrome.google.com/webstore/detail/antiminer-coin-miner-bloc/abgnbkcdbiafipllamhhmikhgjlhdaf?utm_source=chrome-ntp-icon
4. <https://addons.mozilla.org/en-US/firefox/addon/cryptostop/?src=search>
5. https://chrome.google.com/webstore/detail/cryptostop/amncjblhpopmnmcliddnlghifglabb?utm_source=chrome-ntp-icon
6. <https://addons.mozilla.org/en-US/firefox/addon/nominers/?src=search>
7. https://chrome.google.com/webstore/detail/minerblock-%D0%B1%D0%BB%D0%BE%D0%BA%D0%B8%D1%80%D0%BE%D0%B2%D1%89%D0%B8%D0%BA-%D0%BC%D0%B0/jdkbipcangaabpffdcffceneekilajh?utm_source=chrome-ntp-icon
8. <https://addons.mozilla.org/en-US/firefox/addon/themineblock/?src=search>
9. https://chrome.google.com/webstore/detail/no-bitcoin-miners/boeoabmkdhmjbbdhocnopfkikcpdff?utm_source=chrome-ntp-icon
10. https://chrome.google.com/webstore/detail/no-mining-block-coin-mini/hoafonbifbcbhdconhnmcpnpnplaekb?utm_source=chrome-ntp-icon
11. https://chrome.google.com/webstore/detail/minerstop/ackjaljejiacdiiipdckacennamgadp?utm_source=chrome-ntp-icon
12. https://chrome.google.com/webstore/detail/crypto-miner-blocker/fekkecoifalagdiiibmfmmjfmngmpblogb?utm_source=chrome-ntp-icon
13. https://chrome.google.com/webstore/detail/miner-away/fogeciakcpgnbjnacoddpofimlebchhn?utm_source=chrome-ntp-icon
14. https://chrome.google.com/webstore/detail/coin-hive-blocker/ccagdbjcbhmedcbbknfebhhdobolnimo?utm_source=chrome-ntp-icon

We can still add that the increase in the value of the various cryptocurrencies has in fact happened during the past year and has started to affect many people who have already invested in advanced computer stations aimed at *mining*, of course, there are alternatives to this way of earn and without undermining (among other things for everyone) that take the name of "*faucet*" or faucet sites (portals in which access can be a profit, like the site "*Free Bitcoin*" where there are winnings of about 0.00000226 BTC and where there is a jackpot and a *referral* or further profit by invitation to the game extended to others, see figure 6).



Figure 5. Free Bitcoin site (<https://freebitco.in>)

Among the expenses, the graphics cards are the most requested and installed because more computing power is available and much less time will be needed to get to earn a nice nest egg and enrich the wallet, the historical moment is therefore not negligible to world level, not only, but it is also urgent to point out that the technology created and developed with cryptocurrencies is progressing more and more every day, even in the raw materials sector, that is, the one in which the "old" (including dollar).

The *blockchain* is therefore the new Columbus' egg; it works like a big electronic register that, however, does not present risks of any counterfeiting, besides it cuts the intermediation costs. Here is the future take the first steps: in the field of energy, as in the case of Italy, there have been strong and proven experiences in the exchange of electricity via blockchain (which is a list in constant and continuous growth of records called "*blocks*" connected to each other in safety through precisely the cryptography), with Enerchain, the platform implemented by Ponton that has obtained funding from twenty European utilities and it is not a little!

Also on the Italian peninsula, Alan Silvestri (a Livigno dealer) together with his entire family, has even opened a shop for the sale of sporting goods (accessories) with the possibility of paying with the cryptocurrency currency, guaranteeing the anonymous transfer of coins with a consequent positive balance.

One way to know the prices is the technical analysis at the market level that, naturally, would require specific technical skills and that is why online services like "*TradingView*" (<https://uk.tradingview.com/> or <https://it.tradingview.com/>) were born, which collects expert analysis and provides aid for the sales and purchases.

Results and Discussion

Even if we are close to utopia it is worth saying that, despite everything, it seems we are about to come forward with a prophecy on the digital currency, in fact, many ask to pay with BitCoin to exchange money and pass the banks, remember that even in United States, exactly in the poor (and devastated by hurricanes) island of Puerto Rico, some men have recently enriched themselves with this coin and have not failed to openly manifest their dream, that is, found a criptocity and not pay any taxes (and this thanks to the decentralization and lack of competent authorities). It is a utopian reality that, however, re-proposes the thought behind the blockchain (to be clear: the decentralized

and distributed peer-to-peer network that allows the recording of data and agreements or contracts).

Perhaps we are not far from hypothetical new tax havens, especially if we take into consideration possible facilitations and capital gains.

The first step was the purchase of real estate for the purpose of building the new city by the founders of *TokenCoin*.

The cryptocolonizers have then confirmed in the New York Times the intention to erect "Puertopia", so it should at least be called the *BitCoin City*.

By now, you can also earn money from the smatphone playing with different Apps and the appearance of short commercials (among these there is "*Blockchain Game*" that makes money during the game by aligning the blocks).

The virtual currency may not replace the classic payments, certainly, will assume ever greater importance in our future: just a year ago a BitCoin, in Europe, had a value of 900 euros and in December 2017 it had even reached 16,000 (even if at this time it fell to less than 10,000), however, to know and convert or calculate a small unit of currency "*Satoshi*" (as the pseudonym of Satoshi Nakamoto the unknown character creator of the cryptocurrency) in BTC I recommend visiting this site: <http://satoshitobitcoin.co/>



Figure 6. Satoshi site

Among the sites to exchange currency visited is "*Bitcoin Charts*"(<https://bitcoincharts.com/>) because it shows the evaluation of Bitcoin on the main and most popular exchange sites, equally interesting is finally "*Bitstamp*"(<https://it.bitstamp.net/>) that allows the exchange ("*Buy / Sell*") with real coins and the opening of an account / a new account by selecting the button for registration (by mail you will then receive the credentials Client ID and Password to log in (a customer documentation will still be required).

Remember that every day you can collect money online with a simple registration to some sites (for example: <https://qoinpro.com/>).

There are several alternatives to BitCoin that are called, as already anticipated at the beginning, "Altercoins" and that work very similar to the first coin, among these "*Litecoin*" can be considered as a relative (almost a small brother) even if lower level but quite active, follows "*Ripple*" because treated by many lenders (just remember Unicredit) for transactions, therefore, "*Monero*" (whose

name in Esperanto indicates the currency), "*Stellar Lumens*" (used for transfers between different currencies) and "*Iota*" (which derives from a Berlin startup).

Conclusion

At the end of the presentation, we ask ourselves: which predictions or prophecies can be satisfied in 2018? Bitcoin certainly does not set limits and in the meantime some already have a slogan: "To the moon"! This reveals the great optimism that can not, however, hide probable and unpredictable fluctuations.

Some say that online transactions are based on the honesty of the same, however, without specifying who or what we are actually talking to or who we refer to, then hope for hypothetical incentives that should be based on maximum profit (for this purpose we remember the theory of games).

Among various factors, we must bear in mind that if we are able to do these things that we have analyzed and on which we have made our reflection, precisely, if the blockchain is a transaction log, how can we accurately determine the criteria valid for everyone? The databases, in fact, are connected to the type of cryptography applied and, consequently, to the true native digital resources but all this will not be feasible.

There is currently a real online trading platform that, which can be accessed as a public or private customer, these are now willing to lose, but you remember that basically it is not real (here there is no fixed value and only a small part it is used for payments) and we can not consider these new coins as a real or a concrete commodity (it is also valid in bonds / shares: no one responds to the value).

We will see in the near future who will therefore assume full responsibility for the new forms of online transaction.

References

- Capoti, D., Colacchi, E., Maggioni, M. (2015). Bitcoin revolution: La moneta digitale alla conquista del mondo. Milano: Hoepli.
- Pepe, S. (2014). Investire Bitcoin. Palermo: Flaccovio, D.
- Birindelli, C., Coco, G. (2018). Addio vecchie monete: ...è l'ora di Bitcoin. Treviglio: Facco, L., Goware.
- Tonelli, S. (2017). Dall'oro al bitcoin. Youcanprint Self-Publishing.
- Caetano, R. (2016). Bitcoin. Milano: Apogeo.
- Pagano, M. (2017). Blockchain. Cyberwar e strumenti di intelligence. Viterbo: Nuovi Equilibri.
- Amato, M., Fantacci, L. (2016). Per un pugno di bitcoin: rischi e opportunità delle monete digitali. Milano: UBE.
- Amato, M., Fantacci, L. (2014). Moneta complementare. Milano: Mondadori, B.
- Florindi, E. (2016). Deep web e bitcoin: Vizi privati e pubbliche virtù della navigazione in rete. Reggio Emilia: Imprimatur.

Acknowledgements

I thank my family for their patience and encouragement.

Part 2: Economics

Valuation of Public Goods in Agricultural Landscape: The Case of Slovakia

Veronika Nambuge, Artan Qineti, Miroslava Rajcaniova, and Dimuth Nambuge

Faculty of Economics and Management
Slovak University of Agriculture in Nitra, Slovakia

Abstract

For decades economists have devoted attention to issues of valuing public goods. However, such studies do not exist in case of Slovak economy. The aim of this paper is to evaluate willingness to pay (WTP) for agricultural landscape in Slovakia by using the Contingent valuation method. The research objectives prioritize how the public values agricultural landscape held by small and large farms. Majority of Slovak farms are identified large in size compared to the EU28. As shown by the results the WTP for landscape offered by large farms is 23.88 Euros per individual per calendar year. These results provide important insights for decision makers, policy makers and social scientists.

Keywords: contingent valuation method, willingness to pay

Introduction

Market failure has enthused many administrations to design support programs which aim to improve the provision of agricultural public goods. Several countries, particularly developed ones, implement policies which support farmers in maintaining rural environment, landscape and other societal benefits. In the EU context, since the 1990s there has been a significant shift in the emphasis of the Common Agricultural Policy (CAP) in this direction. Instead of supporting commodity prices, the policy reforms have been redirected to integrate environmental aspects into the agricultural support programs. Different measures have been introduced (e.g. cross-compliance, agro-environmental schemes; less favored area payments, Natura 2000) in order to give incentives to farmers to reduce farming practices which may have a negative impact on nature and landscape conservation. The recent European Commission communication on the future CAP, "The CAP towards 2020", aims to further strengthen and enhance these environmental objectives of the CAP (European Commission 2010).

Landscape is one of the key public goods produced by agriculture. Farmers, by being involved in the production of traditional commodities, confer benefits on society by maintaining and creating rural landscapes through a combination of activities covering land use decisions, crop composition, and farming practices. Agricultural landscape is a complex good. The European Landscape Convention defines landscape as "an area, as perceived by people, whose character is the result of the action and interaction of natural and/or human factors" (Council of Europe 2000). Agricultural landscape is the visible outcome of the interaction between agriculture, natural resources and the environment, and encompasses amenity, cultural and other societal values. According to the OECD (2000), landscape can be considered as consisting of three key elements (i) landscape structures or appearance: including environmental features (e.g. flora, fauna, habitats and ecosystems), land use types (e.g. crop types and systems cultivation), and man-made objects or cultural features (e.g. hedges, farm buildings); (ii) landscape functions: such as places to live, work, visit, and provide various environmental services; and (iii) landscape values: concerning the costs for farmers of maintaining landscapes and the value society places on agricultural landscape,

such as recreational and cultural values. The value of the landscape is determined by different components, such as: biological diversity (e.g. genetic species and ecosystem diversity, agrobiodiversity); cultural and historical components (e.g. management of the natural landscape, buildings, traditions, handicrafts, stories and music), amenity value of the landscape (aesthetic value); recreation and access (e.g. outdoor recreation, skiing, biking, camping) and scientific and education interests (e.g. from archaeology, history and geography to plant and animal ecology, economy and architecture) (Romstad et al, 2000; Vanslembrouck and van Huylenbroeck 2005).

In last few decades there has been a great deal of research attempting to value (to place a price on) agricultural landscape (e.g. Drake, 1992; Garrod and Willis, 1995; Hanley and Ruffell, 1993; Pruckner, 1995; Campbell, Hutchinson and Scarpa 2005). As landscape is a non-traded good its monetary value cannot be observed and thus is not available from traditional statistical sources. The literature therefore most often applies a stated preference (SP) approach by using survey-based methods to uncover consumers' willingness to pay (WTP) for landscape. The vast majority of these studies find that society positively values agricultural landscape. However, an important shortcoming of these studies is that nearly all studies on landscape valuations are concerned with valuing specific landscape in a particular location and this study focuses on Slovak republic therefore the results are comparable.

Objectives and Methodology

The main objective of the paper is: Appraisalment of economic value of agriculture landscape by willingness to pay (WTP) method in Slovakia. Specifically the aim is to evaluate the landscape held by small and large farms in Slovakia and their value to respondents. How much respondents are willing to pay for agriculture landscape and countryside and which farms have higher preferences: small or large.

The contingent valuation method (CVM) is widely used to measure the value of environmental public goods. The CVM uses surveys questions to elicit people's preferences for public goods by finding out what they would be willing to pay for them. It presents consumers with hypothetical opportunities to buy public goods, thus circumventing the absence of real market for them. The method is thus aimed to eliciting their willingness to pay (WTP). Respondents to CV surveys may also be asked what level of compensation they would be willing to accept for a loss.

During the personal interview conducted face to face, respondents are presented with materials, which consists of three parts:

- A detailed description of the goods being valued and the hypothetical circumstance under which it is made available to the respondent. The researcher construct a model market in considerable detail which is communicated to the respondent in the form of a scenario that is read by the interviewer during the course of the interview. The market is designed to be as plausible as possible. It describes the goods to be valued, the baseline level of provision, the structure under which the good is to be provided, the range of available substitutes, and the method of payment. In order to trace out a demand curve for the good, respondents are usually asked to value several levels of provision.

- Questions which elicit the respondents' willingness to pay for the goods being valued. These questions are designed to facilitate the valuations process without themselves biasing the respondent's WTP amounts.
- Questions about respondents' characteristics (for example, age, income, occupation etc...), their preferences relevant to the goods being valued, and their use of the goods. This information, some of which is usually elicited preceding and some following reading of the scenario, is used in regression equations to estimate a valuation function for the good. Successful estimations using variables which theory identifies as predictive of people's willingness to pay are partial evidence for reliability and validity.

The aim of the questionnaire is to find out value of the agricultural land to the public. Maintenance of agricultural land is carried out mainly by farms (family farms, cooperatives, or large agricultural farms). Slovak agriculture is characterized by large enterprises (cooperatives) to cultivate large areas of farmland. The total agricultural land in Slovakia is around 2 million hectares. Questionnaire consists of 23 questions which are divided into 4 parts. The first question is focused to find out the priority of respondents, to which areas the Government should spend money from the state budget. Interviewees must sort the list of the following areas, health, education, agriculture and rural development, prevention of criminals, environmental protection, art and infrastructure according to their preference that should be the most subsidized by the state. The second part contains 4 questions which refer to opinion on the agriculture and rural development in general. In these questions, respondents must choose one of five options which are as follows: strongly disagree, disagree, strongly agree, agree, and do not know. The following third section evaluates the agricultural land. Section contains 5 questions.

The aim of the questionnaire is to value agricultural land which includes the following elements:

- scenic value of agricultural land
- preservation of agricultural land for future generations

Empirical Model

In this paper, it is shown that it is possible to consistently estimate mean WTP by using ordinary least squares (OLS), which do not need to specify the probability distribution of WTP. The estimation model proposed in this paper does not risk making specification errors. Moreover the linear projection is very simple and easy to handle.

Let $y = 1$ (resp. $y = 0$) if a respondent says "yes" (resp. "no") to each bid t and $S(t) \equiv \Pr(WTP \geq t)$ be a survival function of WTP. We define $S(0) \equiv 1$, $S(B) \equiv 0$, and WTP is continuously distributed in $[0, B]$. In this setting, $E(y | t) = \Pr(y = 1 | t) = \Pr(WTP \geq t) = S(t)$ because y is a Bernoulli random variable. Using this relation, mean WTP can be calculated as

$$E(WTP) = \int_0^B S(t) dt = \int_0^B E(y|t) dt \quad (1)$$

Let's consider the following linear projection (2).

$$\frac{1}{f(t)}y = x'\beta + v, \quad E(v) = 0, \quad E(xv) = 0 \quad (2)$$

where β is the projection parameter vector $(\beta_0, \beta_1)'$, v is the projection error, and $f(t)$ is the density of bid t . Suppose t is distributed in $[0, B]$ and $f(t) \neq 0$ in this area. This assumption is acceptable because the distribution of a bid can be controlled. Because $E(y | t) = x'\beta f(t) + E(v | t)f(t)$ by (2), $E(WTP)$ is calculated by (1) as the following (3).

$$E(WTP) = \int_0^B x'\beta f(t)dt + \int_0^B E(v|t)f(t)dt = \int_0^B x'\beta f(t)dt \quad (3)$$

By changing β in (3) to $\hat{\beta}$ which is a estimator by regressing $\frac{1}{f(t)}y$ on x , we can estimate $E(WTP)$ as the following

$$\hat{E}(WTP) = \int_0^B x'\hat{\beta} f(t)dt \quad (4)$$

Where $\hat{\beta}$ is a OLS estimator by regression $\frac{1}{f(t)}y$ on x ;

$$\beta = (n^{-1} \sum_{i=1}^n x_i x_i')^{-1} \left(n^{-1} \sum_{i=1}^n x_i \frac{y_i}{f(t_i)} \right) \quad (5)$$

Index I shows a observation I and n is the total number of a sample. Because $\hat{\beta}$ is a consistent estimator of β^4 , $\hat{E}(WTP)$ is also a consistent estimator. Generally, we cannot calculate (4) as closed form, so we have to calculate (4) numerically to get $\hat{E}(WTP)$.

In this simulations, the non negative dependent variable y_i is generated so that $\Pr(y_i = 0)$ is substantial and

$$E(y_i/x_i) = \exp(x_i'\beta) \quad (6)$$

where x_i is vector of regressors. In particular, y_i is generated as a finite mixture model of the form

$$y_i = \sum_{j=1}^{m_i} z_{ij} \quad (7)$$

where $m_i \geq 0$ is the number of components of the mixture, and z_{ij} is a continuous random variable with support in R^+ and distributed independently of m_i .

Besides being computationally convenient, this data generation scheme has a natural interpretation in the context of trade data. Indeed, m_i can be understood as the number of respondents z_{ij} and the answers by amount of money willing to pay by inhabitant j .

It is possible to conclude that

$$E\left(\frac{y_i}{x_i}\right) = E\left(\frac{m_i}{x_i}\right)E\left(\frac{z_{ij}}{x_i}\right) \tag{8}$$

Therefore, if $E(m_i/x_i) = \exp(x_i'\gamma)$ and $E(z_{ij}/x_i) = \exp(x_i'\delta)$, we have that $E(y_i/x_i) = \exp(x_i'\beta)$ with $\beta = \gamma + \delta$

Draws of z_{ij} can be obtained from any continuous distribution with support in R^+ , like the gamma, lognormal or exponential distributions. However, due to it's additively, the gamma distribution is particularly suited for simulations and it is used here.

Determinants of the Stated Willingness-to-pay

Variables expected to determine the stated willingness-to-pay include: the respondent's income, the frequency of visiting the environmental goods, environmentally and spatially-related preferences expressed by the respondent and the respondent's attitude to environmental goods, respondent's age, gender, education and employment.

Table 1. Summary Statistics

Variable	Description	Units	Obs	Mean	Std. Dev.	Min	Max
big_farms	WTP for large farms	Euros	406	1.633	6.317	0.000	50.000
small_farms	WTP for small farms	Euros	406	1.542	6.947	0.000	80.000
Income	monthly income	Euros	406	545.824	364.303	50.000	1950.000
Education	educational level; 5 categories	categories	406	4.121	0.839	1.000	5.000
Family size	Number of family members	individuals	406	3.65	1.36	1.000	7.000
Age	Respondent's age; 6 age cohorts	categories	406	2.872	1.400	1.000	6.000
Employment	Respondent's working status; 1 if working and 0 otherwise	dummy	406	0.700	0.459	0.000	1.000
Place	1 if urban household and 0 otherwise	dummy	406	0.468	0.500	0.000	1.000

The model is specified as follows:

$$WTP = \beta_0 + \beta_1age + \beta_2gender + \beta_3education + \beta_4income + \beta_5employment + \beta_6place + \beta_7familysize + ei \tag{9}$$

The dependent variable shows the questionnaire participants desire to pay money to secure the existing large size farmlands. Non economics variable as mentioned in the equation are discussed. The model specification was based on similar studies in accordance to compare results (e.g. Bergstrom and Ready, 2009). Participants were categorized into six segments. The age categories are 18-29, 30-39, 40-49, 50-5, 60-69 and above 70. The education of the respondents were divided into 5 categories. Namely, without education, elementary education, secondary education, vocational training and university education. The incomes of participants were categorized using their average income levels and further each category of earnings used the center point of their earnings. With respect to their type of employment the participants were firstly put in to two groups. First, group of participants who are employed wither full or part time. Secondly, the participants who are unemployed due to many reasons in nature such as health issues, retirees, studying in fulltime education. Binaries were used with respect to the areas of participants' living.

People who lived in towns and cities were binary 1 whereas people who lived in village rural area as 0.

The questionnaire survey was taken in the cities of Nitra and Topolcany and in surrounding villages. The interviews were taken in two stages and all together were interviewed 406 respondents. In the first stage 202 people answered the questionnaire and in the second stage it was 204 people who answered the questionnaire.

Findings

In the first part of the interview respondents were asked hypothetical question. They were supposed to assume that agriculture will stop existing and how it can affect certain areas in agricultural landscape.

Table 2. Distribution of Respondents According the Answers

	Country would be less attractive	Rural economy suffers	The rural population suffers	Fewer people visit the countryside	Environmental quality will improve	Conditions for wildlife will improve
Strongly disagree	5%	1%	2%	4%	18%	14%
Disagree	18%	7%	9%	26%	43%	27%
Agree	53%	47%	47%	31%	12%	19%
Strongly agree	16%	39%	35%	14%	8%	9%
Do not know	9%	6%	6%	25%	20%	31%

Majority of respondents (53%) agree with the statement that countryside would be less attractive. Another 16% of respondents strongly agree with the above statement. Only 5% of respondents strongly disagree that countryside would be less attractive and 18% disagree with this statement. Another question considers that rural economy would suffer. With this statement again most of the respondents agree 47% and strongly agree 39%. Just 1% of respondents strongly disagree and 7% agree. Even in third part most of the respondents agree 47% that rural population would suffer plus 35% strongly agree. Again low percentage of respondent strongly disagree 2% and disagree 9%. Respondents were not so sure about less visits to the countryside. Even though again most respondents agreed 31% only 14% strongly agree but 26% of respondents disagreed with this possibility and 25% didn't know. In next part first time appeared higher percentage of respondents who disagree 43% and 18% strongly disagree that environmental quality will improve. Lower percentage or people agreed 12% and 8% strongly agreed, plus 20% don't know about environmental part. The last section of this hypothetical question considered that conditions of wildlife will improve. But in this case respondents were bit confused and that is why most of them 31% answered don't know.

Regarding the willingness to pay for the large farms, participants were willing to pay 23.88 euro/per person/per year. Most of the respondents 70% were not willing to pay anything for agriculture landscape. 28% of respondents were willing to pay 12 - 240 euro/per person/per year. The smallest amount of respondents only 2% were willing to pay more than 240 euro/per person/per year.

Willingness to pay for the small farms was 24.60 euro/per person/per year. Most of the respondents 71% were not willing to pay anything for agriculture landscape. 27% of respondents were willing to pay 12 - 240 euro/per person/per year. The smallest amount of respondents only 2% were willing to pay more than 240 euro/per person/per year.

By comparing previous results respondents who were interviewed are willing to pay 0.72 euro/per person/per year more for the small farms than for large farms. After gathering data and summarizing the results of the questionnaire we conducted a regression analyses of the willingness to pay for large and small farms. The results are provided in the tables 3 and 4, respectively. Table 3 illustrates the regression results with robust standard errors for the estimated willingness to pay for large farms of all respondents.

Table 3. Regression Results for Large Farms

Variable	OLS		Poisson		Negative bin. Reg.	
	Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.
ln_income	0.18**	0.09	0.48**	0.23	0.47**	0.22
Education	-0.02	0.04	-0.08	0.13	-0.07	0.13
Familysize	-0.01	0.03	-0.03	0.08	-0.03	0.08
Age	-0.12***	0.04	-0.36***	0.10	-0.35***	0.10
Employment	-0.10	0.12	-0.12	0.31	-0.15	0.34
Place	0.11	0.08	0.32	0.23	0.33	0.22
_cons	-0.25	0.52	-2.74*	1.57	-2.67**	1.30
/lnalpha	-	-	-	-	0.49	0.25
Alpha	-	-	-	-	1.64	0.41
R-squared (Pseudo)	0.057	-	0.062	-	-	-

Note: * $P(<0,1)$; ** $P(<0,05)$; *** $P(<0,01)$.

All of the variables have small effect. Model is statistically significant (p-value <0.05). The variable income is statistically significant at alpha 0.05. This means that for each one-unit increase in income, the expected log count of the amount of money the person is willing to pay for the current agricultural landscape increases by 0,47. The variable age is statistically significant at alpha 0.01. This means that for each one-unit increase in income, the expected log count of the amount of money the person is willing to pay for the current agricultural landscape decreases by 0.35.

Table 4 illustrates the regression results with robust standard errors for the estimated willingness to pay for small farms of all respondents.

Table 4. Regression Results for Small Farms

Variable	OLS		Poisson		Negative bin. Reg.	
	Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.
ln_income	0.04	0.08	0.08	0.22	0.07	0.20
Education	0.04	0.04	0.14	0.15	0.16	0.14
Familysize	-0.04	0.03	-0.11	0.09	-0.09	0.08
Age	-0.11***	0.03	-0.35***	0.09	-0.36***	0.09
Employment	-0.02	0.10	0.09	0.30	0.15	0.32
Place	-0.06	0.08	-0.19	0.24	-0.21	0.23
_cons	0.45	0.51	-0.85	1.36	-0.94	1.12
/lnalpha	-	-	-	-	0.54	0.23
Alpha	-	-	-	-	1.72	0.39
R-squared (Pseudo)	0.05	-	0.16	-	-	-

Note: * $P(<0.1)$; ** $P(<0.05)$; *** $P(<0.01)$.

Again all of the variables have small effect. Model is statistically significant (p-value <0.05). The variable age is statistically significant at alpha 0.01. This means that for each one-unit increase in income, the expected log count of the amount of money the person is willing to pay for the current agricultural landscape decreases by 0.36.

Conclusions

The research assumes and tries to prove that individuals living in towns and cities are more prone to pay for landscape. The research anticipates that participants residing in towns and cities will express their willingness to pay for cultivation land nevertheless they are large or small in size.

After running a regression the research concludes that where participants place of home is also a factor that influence their likeness to pay for landscape. Further, the town and city citizens are extremely willing to pay for farmlands which are with high hectares. The earnings of the participants and their attained schooling level makes a considerable correlation for their willingness to pay. The research anticipates the participant who carries a higher level of knowledge due to his/her education will be highly willing to pay as opposed to those individuals who have gained basic or no education. The same consequences expected with individuals with higher earnings and lower earnings.

After looking at various geographic regions in Slovakia it is eminent that Nitra is more established region in terms of cultivation. The protection of land in this area is often attached to cultural and ecological aspects. The research data analysis concludes the most prominent factor for WTP is the earnings of the individual participants. Even though Slovakia is not a poor country due to low levels of earnings by people living in rural areas they are very careful of spending. This is due to the fact of tight disposable income levels. Some other researches however said earnings are not correlated to WTP. In addition higher knowledge individual appreciate the view than people with no or little education. The research anticipates these two factors have some interconnectedness. Which means people who had university or other high knowledge accumulation are likely to have higher earnings.

From the analysis of this paper it is eminent that there are no significant changes in socio-demographic items of the respondents. Age of the participants were around the age of 50 and been woman. Mainly the participants were from village areas.

Even though there are several different opinions on the planed tax rate increase in according to increase the quality of agriculture, the research could estimate the normal willingness to pay for landscape. As mentioned in the research majority of the farm size been large and the WTP for those large lands are 23.88 Euros per individual per calendar year. However, over 2/3 of the participants said they are unwilling to pay for agricultural landscape. 28% almost all the rest mentioned willingness to pay between 12-240 Euros annually. The 2% of the participants were delighted and willing to pay over 240 Euros per year. There are several prominent factors affected the WTP of individuals. The most prominent factor been age. Young participants were willing to pay more than the elderly. Further, respondents with higher earnings had the motivation and willingness to secure landscape and was willing to pay more. Additionally people living in cities and town who were missing the relax atmosphere were much more WTP.

To conclude the results and observations it is imminent citizens of Slovakia do not concern the value of public goods and preservation of agricultural landscape.

References

- Bergstrom, J. C., and Ready, R. C. (2009). What Have We Learned from Over 20 Years of Farmland Amenity Valuation Research in North America? *Review of Agricultural Economics—Volume 31, Number 1—Pages 21–49*
- Campbell, D. & Hutchinson, W. Riccardo, S. (2008). Incorporating Discontinuous Preferences into the Analysis of Discrete Choice Experiments. *Environmental & Resource Economics*.
- Drake, L. (1992). The non-market value of the Swedish agricultural landscape, *European Review of Agricultural Economics*, vol. 19 pp. 351-364.
- EC (2016). Cross compliance, Agriculture and Rural development, [Online], Available at: https://ec.europa.eu/agriculture/direct-support/cross-compliance_en
- Garrod, G.D. and Willis, K.G, Methodological issues in valuing the benefits of environmentally sensitive areas, *Journal of Rural Studies*, 15, 1, (111), (1999).
- Hanley, N., Colombo, S., Mason, P. and Johns, H. (2007). The reform of support mechanisms for upland farming: paying for public goods in the Severely Disadvantaged Areas of England, *Journal of Agricultural Economics*, vol. 21 pp. 433-453.
- Hanley, N., Wright, R.E. and Adamowicz, V. (1998). Using choice experiments to value the environment, *Environmental and Resource Economics*, vol. 11 no.3-4 pp. 413-428.
- Hodge, I. (2008). To what extent are environmental externalities a joint product of agriculture? Overview and policy implications, in: *Multifunctionality in agriculture: evaluating the degree of jointness, policy implications*, OECD Publications: Paris
- Huylenbroeck, V. G., Vandermeulen, V., Mettepenningen, E., Verspecht, A. (2007). *Multifunctionality of Agriculture: A Review of Definitions, Evidence and Instruments*.
- JRC (2009). Final report on the project ‘sustainable agriculture and soil conservation (SoCo)’, European Commission Joint Research Centre: Brussels.
- IPCC (2002) Climate change and biodiversity: Technical Paper V, Intergovernmental Panel on Climate Change, [Online], Available at: <http://www.ipcc.ch/pdf/technical-papers/climate-changes-biodiversity-en.pdf>
- Mitchell R.C. and Carson R.T. (1989). *Using Surveys to Value Public Goods: The Contingent Valuation Method, Resources for the Future*, Washington D.C., 1989, ISBN: 0-915 707-32-3
- OECD and FAO (2009). *Agricultural Outlook 2009-2018*, [Online], Available at: <http://www.agri-outlook.org/dataoecd/2/31/43040036.pdf>
- Pruckner, G.J. (1995). Agricultural Landscape Cultivation in Austria. An application of the CVM. *European Review of Agricultural Economics* 22(2):173-90.
- Romstad E., Vatn A., Rorstad PK., Soyland V., (2000). *Multifunctional Agriculture: Implications for Policy Design*. Ås: Agricultural University of Norway. Report no. 21
- Vanslebrouck, I. and Huylenbroeck, V. G. (2005). *Landscape amenities*. Publisher Springer Netherlands, 1. Edition, 202 p. ISBN: 9781402031342.

Acknowledgements

This work was supported by the Slovak Research and Development Agency under the contract No. APVV-15-0552 and VEGA 1/0797/16.

Part 3: Education & Training

Developing Global Leaders: A Study of MBA Programs in the Caribbean and Central America

Paul Pounder and Rachael Ross

School of Arts and Sciences
St. George's University, Grenada

Abstract

MBA programs are key to developing effective global leaders. After carefully examining and defining global leader and global leadership, this study explores the characteristics of MBA programs in the Caribbean and Central America. It focuses on assessing programs based on availability, program quality, program length, entry requirements, cost, target markets and courses in the curriculum. The aim is to determine how effective the MBA programs are at preparing participants for leading change and making a positive impact on international businesses. The methodology examines 34 MBA programs in the Caribbean and Central America. An analysis was conducted to determine the similarities and differences in characteristics of each program. The findings highlight that a Master of Business Administration (MBA) comes in many forms and fashions. The MBA degrees show specific teaching and learning in core areas like accounting and finance, marketing and market research, leadership and human resources management, and operation and logistics management; with specializations and concentrations designed to meet unique fields of study. The conclusion highlights similarities in entry requirements across the board, with some organizations providing full-time and/or part-time options of study. It was recognized that the courses offered in the respective 34 programs do not differ significantly in course loads and course descriptions. However, more needs to be done to ensure that leadership education is more prevalent in the MBA programs in the Caribbean and Central America. The authors proposed two approaches to integrating leadership into MBA programs; the Workshop Model and the Achieving Styles Inventory.

Keywords: education, Americas, leadership, integration, ranking, model

Introduction

In their article *What is Global Leadership?* the authors posited that although there has been a clarion call for global leaders to address challenges faced by many international organisations, and despite several scientific contributions made to understanding the term 'global', 'global leader' and more so the scope of 'global leadership', there is still no common conception of the three terms. This therefore suggests that there may be a risk of knowledge development in that area (Reiche, Mendenhall, Bird, & Osland, 2013).

Leading others globally is a complex task, requiring one to possess certain qualities and skills such as flexibility, cultural awareness, among others. In addition to the complexity of the job, a global leader also needs to develop the mindset and skill set required to succeed in this complex environment, be effective in leading people across cultures, time zones, distances and complex organizational structures like matrix and have the understanding that they play a role in transforming not only their companies, but also the societies in which they operate. Moreover, in their definition of 'global leader', Reiche, Mendenhall, Bird, & Osland (2013) highlighted that

“research shows that global leaders share three common characteristics: they have a global mindset which allows them to connect across boundaries, they are global entrepreneurs driven to create new solutions and seize opportunities, and they are global citizens inspired to contribute to the communities they touch.” With this, our definition of global leadership is leading others (teams or individuals) who are based in international and multicultural contexts, engaging with many groups of diverse stakeholders and individuals, to complete tasks and to meet goals (Financial Times, n.d.). The question now becomes how does one acquire the requisite skills of a global leader?

Literature Review

MBA Education

The MBA degree originated in the United States in the early 20th century. Some of the drivers to the MBA programs include: demographic changes, information technology communication, globalization, new venture creation opportunities, and competition among management education (Thomas, 2007). The MBA programs usually comprise of core courses and elective courses/concentrations for further specialization. Graduate business course work addresses issues through: theoretical, analytical, and practical discourse (Kachra & Schnietz, 2008). Key to the development and selection of MBA programs are based on the program relevance to students, businesses and society (Muff, 2012). This was further supported by Temtime & Mmerekki (2011) who posited that MBA students were interested in programs that offer management skills and career development opportunities. While Contreras & Ruff (2002) investigated whether the demand for MBA graduates in a Latin American environment was being satisfied by existing MBA programs. Whereas, Ma & Trigo (2011) highlighted that the significance of MBA education is linked to producing participants that can operate in a multi-cultural context. Which was further developed by Thomas, Martin, & Riggio (2013) when they highlighted strategic leadership as a need for participants of MBA programs, who are more and more being required to operate in a globalized environment.

Higher Education and MBA Programs

Higher education is a key sector in any nation, as it contributes to the success, prosperity and economic development of that country by nurturing professionals on all levels; i.e. it is associated with the quality of its human resource and their intellectual capabilities. One essential element of higher education is that of the popular Master of Business administration (MBA). This degree program functions as a postgraduate qualification in business management and is internationally recognized, especially in the UK, US, Australia, and Asia. Furthermore, acquiring an MBA in many quarters is seen as a ticket to senior managerial positions and the possibility of promotion opportunities and earning higher salaries than their counterparts (Gander, 2015). Research conducted on the impact of MBA programme attributes on post-MBA salaries, support that persons enroll in an MBA program with the hope of earning a higher salary. Their findings demonstrated that higher post-MBA salaries are associated with pre-MBA salaries (Elliot & Soo, 2016).

In its general sense, higher education entails training from a post-secondary institution, to prepare individuals for employability. Employers seek persons with certain professional skills like critical

and analytical thinking skills, decision-making skills, communication skills, teamworking skills, ethical judgment, etc. However, research on higher education and professional graduates' employability status in India, found that in many cases, when corporate personnel visit colleges for campus placements, "the students of professional courses do not meet the requisite skills desirable for the professional world, thus making them unemployable in several sectors of the corporate industry"; i.e. they lack employability skills (Dhingra, 2017). Further, Wellins & Sinar (2016) conducted a study of how MBA programs make great leaders and where they fail, by assessing 15,000 leaders across 300 companies in 15 countries, both undergraduate and MBA, on different leadership skills: financial acumen, business savvy, compelling communications, driving execution, driving for results, entrepreneurship, influence, and inspiring excellence. Their findings indicated that although both groups did well on several leadership skills, the MBA graduates consistently outperformed undergrads in classical business skills: financial acumen (+12%), business savvy (+6%), and strategic decision making (+6%). However, they fell short on interpersonal and inspirational skills including: coaching (-3%), results orientation (-6%) and visionary leadership skills (-7%).

Additionally, most employers consider the average graduate to be deficient in many professional skills previously mentioned. With a focus on more core business activities, many employers forgo training their employees, with the expectation that the higher education institutions would produce "oven ready" graduates to be adequately placed in corporate workplaces (Dhingra, 2017).

In considering the value of the MBA to employers, Gander (2015) notes that the MBA aids in recruitment, in that "... they provide a framework to vet applicants easily and quickly and provide a guarantee of standards in the level and scope of education." Additionally, they provide firms/business with human capital like knowledge, skills and capabilities that are to be used for corporate gain.

Therefore, given the function of higher education, institutions of the like can contribute to bridging the skills gap to producing quality, highly skilled/trained professionals who would enter the labour market and in addition to improving the company's turnover rate, would also contribute to the country's overall success and prosperity.

The Status of MBA Programs

With the significant increase in the number of MBA academic programs, much debate has erupted over the quality of these programs. The literature has highlighted a barrage of criticism and questions regarding the academic quality of such programs which has come about due to the influx of new MBA programs. This study compares various MBA programs in the Caribbean and Central America; and discusses the level of effectiveness of these programs in preparing Caribbean and Central American students for leading change and making a positive impact in the international business arena. While past experiences in leadership roles is essential for business executives, directly teaching leadership has often been overlooked in MBA education (Datar, Garvin, & Cullen, 2010).

A general overview of MBA programs highlights that they are being offered through various options: full-time MBA, part-time MBA, executive MBA, and online MBA modes; with varying entry levels such as cost, qualifications, and other parameters to gain entry into the program

(Heslop & Nadeau, 2010). The recognized core curriculum in the MBA programs is a set of common courses required by all graduates and considered the necessary general education for students. These core curriculum courses expose students to various areas of business such as accounting and finance, marketing and market research, leadership and human resources management, and operation and logistics management. With concentrations and tracks allowing for more focused studies in specialized areas, indicating a shift from traditional MBA programs to specialized programs (Goldgehn & Kane, 1997; Johnson, Thomas, & Peck, 2010). However, Bennis & O'Toole (2005) posits on the failure of business schools to produce graduates with competencies that allow for successful functionality in a global business environment. A case was also made for the enhancement of MBA curriculum with multi-disciplinary content which is more in-keeping with the needs of graduates (Bennis & O'Toole, 2005).

This consideration of the state of higher education as it relates to MBA programs is since limited research exists in this field for Caribbean and Central American nations. The expectation is that such research can inform the educational sector's policymaking and practice. The dynamics across these realms has also been informed to some extent by identification of the challenges and opportunities facing MBA graduates worldwide.

MBA Education in Caribbean and Central America

The Caribbean and Central American Region is commonly recognized as an area of islands and mainland countries touching the Caribbean Sea. The Caribbean is the region roughly south of the United States, east of Mexico and north of Central and South America, consisting of the Caribbean Sea and its islands. While Central America is the southernmost part of North America on the Isthmus of Panama, that links the continent to South America and consists of the countries south of Mexico: Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama (Blouet & Blouet, 1997). They share a common geographical and climatic area as well as a complex cultural background. The region is considered part of the developing world and as such has formed the basis of this study, to explore the MBA programs in the Region that are geared towards developing global leaders that can successfully take the Region and its businesses into the next century. This study is important as many parts of this Region still suffer from educational exclusion, with many youths having high risk of dropping out at all levels of educational attainment, thus creating a very small pool for leaders to emerge.

However, there are still many reasons why students choose to pursue MBAs in the Region. Dailey, et al. (2006) in their study set out to determine the reasons why students pursue an MBA, and recognized themes such as "need for knowledge," "general business knowledge," "valuable business credential". While Carrel & Schoenbachler (2001) in their examination of students considering an EMBA based decisions on considerations as personal, academic, and financial.

A further trend observed in MBA education in the Caribbean and Central America is that of tertiary institutions and other smaller training institutions offering MBAs and other graduate degrees based on a contractual relationship with foreign universities and institutions. These franchise like or licensing arrangements have grown in popularity and are seen to offer greater flexibility (online options), lower costs (reduced overheads), a wider Faculty arrangement (more specialist teaching), lot more resources (greater journal access) and time advantages (allow for part-time work) to students of business.

MBA Program Ranking

Much has been discussed in the literature about MBA Program rankings; with many institutions praising and criticizing methods. However, it is recognized that typical criteria used to cross reference similarities and differences among programs is based on factors linked to the quality of business school, the diversification of the faculty, and the relevance of the course offerings. It is observed that many of the methods for generating information for the rankings differ: the U.S News and World Report (NWR), Best Colleges Ranking criteria and weights ranking collected information from Deans, Program Directors and Senior Faculty (Best Colleges Ranking Criteria and Weights, 2017); the Business Week ranking conducts surveys of students and recruiters (Nasiripour, 2017); The Financial Times survey Alumni and take into consideration information from the business school (Business Education, 2017); and the Economist surveys business schools, students and recent graduates (Which MBA?, 2018). The criteria and factor weights for ranking was also observed to vary significantly across rankings: the U.S NWR used a weighted formula with graduation and retention rates (22.5%), academic reputation (22.5%), faculty resources (20%), student selectivity (12.5%), financial resources (10%), and graduation rate performance (7.5%), (Best Colleges Ranking Criteria and Weights, 2017); the Bloomberg Business Week used a weighted formula with employer survey rank (35%), alumni survey rank (30%), student survey rank (15%), salary rank (10%), and job placement rank (10%), (Nasiripour, 2017); The Financial Times considered information on salary and employment statistic ((Business Education, 2017) and the Economist focused on, open new career opportunities (35%), personal development/educational experiences (35%), increase in salary (20%), potential to network (10%) (Which MBA?, 2018). While this list of Program rankings is not exhaustive, it represents some of the key rankings considered by schools and students alike. It should also be noted that other criteria that should be considered for ranking should include exposure to students of relevant materials, relevant faculty research, number of spin-offs and research funds awarded. Thus, the focus on how well the programs prepare graduates for job success is of paramount importance.

Methodology

For this study, the authors examine the MBA programs in the Caribbean and Central America. As many of these MBA programs are not ranked, other criteria for selection was used. Criteria for Business schools, Centers or Institutes was based primarily on the organization being focused on higher education teaching, research, policy analysis, or related activities. Other criteria included being recognized as a credible organization with full time faculty and an assigned budget. The organizations identified were cross referenced with information provided by Keystone Academic Solutions (2018), which is a reputable organization with 13 years of experience in international student recruitment. In parallel with this approach to scanning the landscape for higher education organizations offering MBAs, the author considered expert opinions of other educators and publication listings in the selection of programs around the Caribbean and Central America to include as many relevant higher education organizations, in as many languages as possible.

Sample

An assessment was done to filter the most popular programs in the Region and their respective features. The sample was made up of 34 MBA programs: 18 MBA programs part-time and 16 EMBA programs as shown in Table 1.

Table 1: MBA Programs in Caribbean and Central America

Program Name	University Name
MBA (18)	
MBA International Business	UNIVERSIDAD METROPOLITANA (UMET)
MBA Management	UNIVERSIDAD METROPOLITANA (UMET)
MBA Finance	UNIVERSIDAD METROPOLITANA (UMET)
UCC MBA	UNIVERSITY OF THE COMMONWEALTH CARIBBEAN
MBA	INTER AMERICAN UNIVERSITY OF PUERTO RICO
MBA with Specialization in Marketing and Sales	UNIVERSIDAD ANA G. MÉNDEZ
MBA	KEISER UNIVERSITY LATIN AMERICAN CAMPUS
IMBA	LA UNIVERSIDAD LATINA DE COSTA RICA
MBA	LA UNIVERSIDAD LATINA DE COSTA RICA
MBA	UNIVERSITY OF THE VIRGIN ISLANDS
MBA - Master in Administration	IESA - INSTITUTO DE ESTUDIOS SUPERIORES DE ADMINISTRACIÓN
MBA	UNIVERSITY OF PUERTO RICO RIO PIEDRAS
MBA	THE UNIVERSITY OF THE WEST INDIES - MONA SCHOOL OF BUSINESS & MANAGEMENT
MBA	THE UNIVERSITY OF THE WEST INDIES - CAVEHILL SCHOOL OF BUSINESS & MANAGEMENT
IMBA	THE UNIVERSITY OF THE WEST INDIES - CAVEHILL SCHOOL OF BUSINESS & MANAGEMENT
IMBA	THE UNIVERSITY OF THE WEST INDIES - ARTHUR LOK JACK SCHOOL OF BUSINESS & MANAGEMENT
Global MBA	IESA - INSTITUTO DE ESTUDIOS SUPERIORES DE ADMINISTRACIÓN
MBA	ST. GEORGES UNIVERSITY
EMBA (16)	
European Executive Officer MBA	ADEN CAMPUS GUATEMALA
Flexible Executive MBA	ADEN CAMPUS REPUBLICA DOMINCANA
European Executive Officer MBA	ADEN CAMPUS REPUBLICA DOMINCANA
European Executive Officer MBA	ADEN CAMPUS PANAMÁ
European Executive Officer MBA	ADEN CAMPUS SALVADOR
Executive Master of Business Administration Degree-Jamaica	UNIVERSITY OF NEW ORLEANS COLLEGE OF BUSINESS ADMINISTRATION
Flexible Executive MBA	ADEN COSTA RICA
Master in Management For Executives	IESA - INSTITUTO DE ESTUDIOS SUPERIORES DE ADMINISTRACIÓN
European Executive Officer MBA	ADEN COSTA RICA
Flexible Executive MBA	ADEN CAMPUS PANAMÁ
Commonwealth EMBA	UNIVERSITY COLLEGE OF THE CARIBBEAN
Flexible Executive MBA	ADEN CAMPUS GUATEMALA
Flexible Executive MBA	ADEN CAMPUS SALVADOR
EMBA	THE UNIVERSITY OF THE WEST INDIES - CAVEHILL SCHOOL OF BUSINESS & MANAGEMENT
EMBA	THE UNIVERSITY OF THE WEST INDIES - MONA SCHOOL OF BUSINESS & MANAGEMENT
EMBA	THE UNIVERSITY OF THE WEST INDIES - ARTHUR LOK JACK SCHOOL OF BUSINESS & MANAGEMENT

Further, an analysis was conducted to determine the similarities and differences in characteristics of each program. Finally, the study discusses the level of usefulness of these programs in preparing Caribbean and Central American students for leading change and making a positive impact in the international business arena.

Findings

The study shows that a Master of Business Administration (MBA) comes in many forms and fashions. It is a graduate degree attained at the tertiary level that provides theoretical and practical training to prepare graduates with a better understanding of the general business management functions. A review of the programs show that the organizations provide full-time and part-time options of study: 12 full-time only, 12 full-time and part-time, and 10 part-time only.

The entry requirements in the 18 MBA programs observed highlighted the majority (61%) need a Bachelor's degree with GPA in good standing (above 2.5) or the equivalent of at least 3-5 years' work experience to enter as a matured student with related experience; while the entry requirements of the 16 EMBA programs observed highlighted having a degree and being a professional with a minimum of 3 – 7 years' experience in senior positions was required by the majority (75%) of the organizations. While only one of the 34 programs stipulated the need for GMAT or GRE scores. GRE is a recognized admissions test for most typical graduate programs both MBA and non-MBA; while GMAT scores are viewed as a commitment to pursuing an MBA.

The MBA degrees show specific teaching and learning in accounting and finance, marketing and market research, leadership and human resources management, and operation and logistics management. Based on the sample of 34 programs observed, the research findings of the MBA Program give credence based on the syllabi to the development of Caribbean and Central American leaders; with 26 (76%) programs offering courses in leadership. Within these classes, students learn how to challenge perceptions about being a leader & values that shape them while thinking differently; basically, preparing them for the international arena. Further, students are more prepared and in-depth with problem-solving skills and social judgment skills.

It was recognized that the courses offered in the respective 34 programs do not differ significantly in course loads and course descriptions. Most (94%) of the 34 programs had a standard strategic focus geared towards empowering participants, while providing quality education, research and leadership. While one of the main peculiarities of the MBA programs was linked to number of supporting workshops to be covered and the number of non-credit courses, which are deemed necessary to support the development of practical and academic skills crucial for MBA graduates. It was observed that 34% of the programs offered three or more specializations or concentrations. While on average, the programs required completion of 42-45 credits.

Approaches to Integrating Leadership in MBA Programs

The findings show that as higher education institutions in the Caribbean and Central America strive to educate students to meet the needs of an increasingly complex world, there is great importance in finding suitable frameworks to enhance preparation of global leader ready graduates. This section highlights two possible models for integrating leadership into MBA programs. In light of the findings, this study which explores leadership development and how institutions of higher education can enhance their leadership capacities of students continues to be a challenge; thus two possible models for integrating leadership into MBA programs are highlighted below.

The Workshop Model

Leadership is a very essential element of any MBA program; however, providing the training in an effective way has proven to be challenging for many higher education institutions. Based on extensive research of business education and interviews with deans of business schools, executives and MBA students, Datar, Garvin, & Cullen, (2010) argue that in order for business education to remain relevant, they should consider emphasising the development of leadership skills and utilize new pedagogies, including experiential learning. They proposed a peer-led team learning coined the Workshop Model.

The Workshop Model was first implemented at the Simon School of Business at the University of Rochester in 2009 for two core courses in their full-time MBA program. The Model as explained by Dobson, Frye, & Mantena, (2013) has different elements including the weekly leader-training seminars, the workshops and the feedback sessions. The main objectives are to help the leaders develop leadership skills, enhance their critical, analytical and conceptual thinking and problem-solving skills.

The leader-training seminar allows for an interactive and collaborative session whereby students meet in small groups to solve challenging problems related to the course content. The students are led by a specially trained peer leader; and are encouraged to apply theory learned in the classroom into real world problems. Moreover, it provides leaders with an opportunity to learn a new skill, practice that skill, reflect individually on the implementation of that skill via a journal, and finally to discuss their success or difficulty with implementing that skill with the other leaders in the weekly seminar.

A mechanism for giving and receiving feedback is included in the Model so that the leaders can obtain comments on what worked well and how they need to improve their leadership behaviours. Subsequently, the leaders meet weekly with other fellow leaders to discuss course workshop problems. After being fully trained during the weekly seminars, the leaders are now competent in leading their groups in the workshop sessions.

Given that the Workshop Model is an effective, research supported learning and teaching practice (Gosser, et al., 2001; Roth, Goldstein, & Marcus, 2001); higher education institutions should consider implementing similar pedagogy in MBA programs, not only as an approach to integrating leadership into the program but also for student engagement and learning, in particular to improve students' problem solving skills involving modeling business situations that differ from the standard, introductory ones they normally experience in the lectures (Dobson, Frye, & Mantena, 2013).

The Achieving Styles Inventory (ASI)

Another approach to integrating leadership into MBA programs is by helping students to understand themselves and their own drives and motivations. Understanding yourself can aid in addressing individual situations as expected of a leader, and to lead people in a healthy and sustainable way (The Washinton Post, n.d.). Through the Connective Leadership Institute, the Achieving Styles Inventory (ASI) is a tool that is used to meet this objective.

The ASI measures nine (9) leadership achieving styles or behavioural strategies that individuals characteristically employ to achieve their goals (Lipman-Blumen, 1998 and 2000). The way how the model is constructed makes it all-encompassing to apply to students in a higher education program. The ASI has three primary leadership sets. With each set having three sub-sets of achieving leadership styles. The primary leadership sets are: direct leadership styles, employed by participants who want to master their own tasks when presented with a challenge; instrumental leadership styles, employed by people who reach out and include others when presented with a task or challenge; and relational leadership styles, employed by those who prefer to work through or with others on tasks and challenges (Lipman-Blumen, 1996). The rationale behind using the model is to elevate the role and performance of the students through the development of a pervasive and wide-ranging leadership capability. The strength of the model is based on the fact that it is built on the identification and measurement of characteristics or behaviors found effective in leading followers through complex situations (Lipman-Blumen et al., 1983; Connective Leadership Institute, n.d.).

Previous studies have been conducted showing the pervasiveness of multiple leadership styles in leaders in varying teaching environments. Some of these studies include student organizations (Posner & Brodsky, 1994); first year undergraduates (Mendez-Grant, 2001), hospitality management students (Arendt, 2004), and leadership development on retention rates (Mendez-Grant, 2001). These studies all point to the prevalence of multiple achieving styles in leaders in specific roles. They also showed that those leaders most likely to meet the complex challenges of the future, need to employ the broadest and most flexible leadership styles.

Further, the research has shown that ASI has many benefits to leaders including determining their own leadership profiles and the leadership expectations and reward structure of their organization, their view of themselves and other people's perceptions of them, their own leadership profile and those of their colleagues, the leadership demands of any given task, project, or situation and the leadership capabilities that they and others bring to the table (Connective Leadership Institute, n.d.).

The connective leadership institute further highlights that the results for the individual inventory (ASI) are presented as a polar graph with narrative feedback that describes an individual's connective leadership profile. The feedback details the behavioral styles that the individual calls upon most frequently, as well as those that the individual uses less often. The narrative describes the strengths and drawbacks of the frequently used styles, as well as the benefits the individual foregoes by failing to use the remaining styles (Connective Leadership Institute, n.d.).

Conclusions

Not all the business schools offer both full-time and part-time options. Some of the institutions only feature full-time coursework, while others specialize in part-time programs. With 22 of the organizations offering a part-time MBA Program, shows that Universities have considered the adult learner who is employed. This part-time option allows students to have a lighter weekly workload by taking only one or two classes. This is beneficial to help students balance full-time work, family and school commitments. Whereas, full-time programs expect students to treat their studies as the focus in their lives.

There is seen to be a diversity of entry requirements, which are basically the results of prior academic or work performance which likely impacts on the acceptance into MBA programs, as such performance is believed to be linked to future academic performance. The findings revealed that most MBA institutions tend to admit students based on completion of an under-graduate degree, transcript evaluation, recommendation letter, personal interview or reflection paper, and aptitude or achievement test scores. Further flexibility in entry requirements included years of work experience and consideration for other professional designations equivalent to under-graduate degrees.

Core courses in the MBA programs are those that are the most fundamental for a well-rounded management education and are often the backbone to the program. In this study, we consider the core courses selected to be accounting and finance, marketing and market research, leadership and human resources management, and operation and logistics management; which is supported by (Temtime & Mmerekki, 2011) as these courses satisfy the basic needs of MBA students looking to be global leaders. Course loads and credits vary slightly between MBA programs. The minimum credit hours for graduate students varies, depending on the semester and the context of the Program.

The findings from the study show that there is more to be done to ensure that leadership education is more prevalent in the MBA programs in the Caribbean and Central American. Programs offer leadership skills and theories to support, however, there is a need for programs to be better equipped with strategic insights, and a deeper understanding of global business context needed to drive growth and profitability in international business operations.

Some recommendations include future work to be done in examining the broader role of leadership education in MBA programs. Further, the factors they need to consider are curriculum design, cost of program, duration of the program, and location of the university and the reputation of the university.

Some limitations to the study have been observed by the authors. It must be acknowledged that mapping the MBA programs in the Caribbean and Central America is not a simple task. There are many ways in which this research could have been organized. The information used may not have captured every criterion that deserves to be recognized, for example, many Universities ask that students make request for sensitive information like Program costs. The authors are also sensitive to the fact that leadership was only highlighted through courses that had “leadership” in their title; however, it is recognized that other courses may speak to various aspects of leadership and may have been missed as the course syllabi were not catalogued.

Another limitation to the study is linked to the fact that the research was conducted using only secondary information to satisfy the aim of the study. However, future research could consider obtaining information from participants regarding a) How has the MBA Program helped you professionally, b) What leadership roles/capacities have you worked in since graduating, c) What is your current profession and location. In turn, analysis of the responses can help deduce whether the participants have/are in fact leading change and making a positive impact globally.

References

- Arendt, S. (2004). Leadership behaviors in undergraduate hospitality management and dietetics students. Unpublished doctoral dissertation, Iowa State University.
- Bennis, W., & O'Toole, J. (2005). How business schools lost their way? *Harvard Business Review*, 83(5), 96-105.
- Best Colleges Ranking Criteria and Weights. (2017). Retrieved from <https://www.usnews.com/education/best-colleges/articles/ranking-criteria-and-weights>
- Blouet, B., & Blouet, O. (1997). Population: Growth, distribution and migration (3rd ed.). (B. W. Blouet, & O. M. Blouet, Eds.) New York, NY, USA: Wiley.
- Burbank, G. (2018, April 19). Assessment of Achieving Styles Inventory. (R. Ross, Interviewer)
- Business Education. (2017). Retrieved from Business Education: <http://rankings.ft.com/businessschoolrankings/global-mba-ranking-2018>
- Carrel, A. E., & Schoenbachler, D. D. (2001). Marketing executive MBA programs: A comparison of student and sponsoring organisation decision considerations. *Journal of Marketing for Higher Education*, 11(1), 21-38.
- Connective Leadership Institute. (n.d.). Retrieved from Connective Leadership: <https://www.connectiveleadership.com/application-and-usage/>
- Contreras, J. L., & Ruff, E. S. (2002, September-October). MBA education in Latin America: The case of Chile. *Journal of Education for Business*, 51-55.
- Dailey, L., Anderson, M., Ingenito, C., Duffy, D., Krimm, P., & Thomson, S. (2006). Understanding MBA consumer needs and the development of marketing strategy. *Journal of Marketing for Higher Education*, 16(1), 143-158. doi:https://doi.org/10.1300/J050v16n01_07
- Datar, S. M., Garvin, D. A., & Cullen, P. G. (2010). Rethinking the MBA: Business education at a crossroads. In *Rethinking the MBA: Business education at a crossroads*. Boston, MA, USA: Harvard Business Press.
- Dhingra, M. (2017). Higher Education and Professional Graduates' Employability Status - An Alarming Situation in India. *Amity Global Business Review*, 4.
- Dobson, G., Frye, R., & Mantena, R. (2013). Leadership training in an MBA program - Using peer-led team learning. *American Journal of Business Education*, 6(2), 177-190.
- Elliot, C., & Soo, K. T. (2016). The impact of MBA programme attributes on post-MBA salaries. *Education Economics*, 1.
- Financial Times. (n.d.). Retrieved April 16th, 2018, from Financial Times: <http://lexicon.ft.com/Term?term=global-leader>
- Gander, M. (2015). Higher education business management staff and the MBA: A small study analysing intrinsic and extrinsic benefits. *Journal of Education for Business*, 3.
- Goldgehn, L. A., & Kane, K. R. (1997). Repositioning the MBA: Issues and implications. *Journal of Marketing for Higher Education*, 8(1), 15-24.
- Gosser, D. K., Cracolice, M., Kampeier, J. A., Roth, V., Strozak, V., & Varma-Nelson, P. (2001). Peer-led team learning: A guidebook. Upper Saddle River, New York, NY, USA: Prentice Hall.
- Heslop, L. A., & Nadeau, J. (2010, June). Branding MBA programs: The use of target market desired outcomes for effective brand positioning. *Journal of Marketing for Higher Education*, 20(1). doi:10.1080/08841241003788110
- Johnson, J. W., Thomas, V., & Peck, J. (2010). Do specialised MBA programs cultivate alumni relationships and donations? *Journal of Marketing for Higher Education*, 20(1), 119-134.
- Kachra, A., & Schnietz, K. (2008). The capstone strategy course: What might real integration look like? *Journal of Management Education*, 32(4), 476-508.
- Keystone Academic Solutions. (2018). Retrieved from Keystone Academic Solutions: <http://www.maseterstudies.com>
- Lipman-Bluman, J. (1998, January/February). Connective Leadership: What business needs to learn from academe. *Change Magazine*, 49-53
- Lipman-Bluman, J. (2000). The age of connective leadership. *Leader to Leader*, 17(summer), 39-45
- Ma, S., & Trigo, V. (2011). Internationalisation of China's MBA education: Failing to walk the talk? *Journal of Teaching in International Business*, 22, 149-167.
- Mendez-Grant, M. (2001). A study of freshman interest groups and leadership practices at Texas Women's University. Unpublished doctoral dissertation, University of North Texas.
- Muff, K. (2012). Are business schools doing their jobs? *Journal of Management Development*, 31(7), 648-662.
- Nasiripour, S. (2017). Business Education. Retrieved from Business Education: <http://www.bloomberg.com/graphics/2017-best-business-schools/>

- Posner, B., & Brodsky, B. (1994). Leadership practices of effective student leaders: Gender makes no difference. *NASPA Journal*, 31(2), 113-120.
- Reiche, B. S., Mendenhall, M. E., Bird, A., & Osland, J. S. (2013, March). Retrieved from <http://www.worldfinancialreview.com/?p=859>.
- Roth, V., Goldstein, E., & Marcus, G. (2001). *Peer-led team learning: A handbook for team leaders*. Upper Saddle River, New York, NY, USA: Prentice Hall.
- Temtime, Z., & Mmereki, R. (2011). Challenges faced by graduate business education in Southern Africa: Perceptions of MBA participants. *Quality Assurance Education*, 19(2), 110-129.
- The Washinton Post. (n.d.). Retrieved April 19, 2018, from The Washington Post: <http://www.washingtonpost.com/sf/brand-connect/wp/enterprise/how-mba-leadership-training-can-bring-out-the-best-in-you/?noredirect=on>
- Thomas, G., Martin, R., & Riggio, R. E. (2013). Leading groups: Leadership as a group process. *Group Process and Intergroup Relations*, 16, 3-16.
- Thomas, H. (2007). An analysis of the environmental and competitive dynamics of managment education. *Journal of Management Education*, 26(1), 9-21.
- Wellins, R. S., & Sinar, E. (2016, April 29). Retrieved from <http://fortune.com/2016/04/29/mba-programs-business-skills/>
- Which MBA? (2018). Retrieved from Which MBA?: <https://www.economist.com/whichmba/methodology-2017>

Part 4: Finance & Banking

One-Sided Linking of Mortgage Loans to the Price of Foreign Currencies

Nahum Biger

Faculty of Management
University of Haifa, Israel

Abstract

Complex securities that are based on combinations of bonds and derivatives have become very common. The translation of such inventions to loans to private household borrowers changes the rules of the game of derivatives and this practice becomes potentially unfair. This paper demonstrates this contention by reference to one particular arrangement of home mortgage loans where the monthly payments are one-sided linked to a currency exchange rate. AS real world example is described, and a pricing model is applied. The complexity of the valuation process is beyond comprehension even to intelligent rational borrowers. Hence, these types of loans are potentially unfair to naive borrowers.

Keywords: currency linked loans, one-sided linkage, put options, valuation model

Introduction

In several countries, and in particular in countries with a 'weak currency', it is customary for banks and other lending institutions to offer their customers who wish to borrow funds, especially mortgage loans, an arrangement by which the payments or the servicing of the loan is linked to the price of a particular foreign currency. The loan is offered in terms of the local currency. The initial loan amount is translated into the designated foreign currency at the spot exchange rate and the monthly mortgage payment is computed in accordance with the interest rate that is contractually agreed upon with the borrower. The payments are in the form of 'blended payments' where each monthly amount contains both interest and principal, and determined in term of the foreign currency. Then, the actual monthly amount is paid in the local currency where the amount payable in each month is determined by the local currency price of one unit of the foreign currency, or by the spot exchange rate that is in effect every time a payment is due.

This arrangement is rather customary in many countries, especially in small countries where lending institutions finance their operations by issuing foreign currency denominated securities. Thus, from the vantage point of the lending institution this type of foreign currency linked loans plays a role of a natural hedge against unexpected changes in the exchange rate.

In some cases, a special type of foreign currency linked loans has emerged. This type that became common practice by several lending institutions is a one-sided linkage to the exchange rate.

In many instances the borrower is not offered a choice between a two-sided regular foreign currency linked loan and a one-sided foreign currency linked loan.

We argue that such a loan is in most cases an unfair contract. If lenders (mortgage banks) may be able to assess the economic value of such loans, most borrowers (households) do not have the tools, the skills and the knowledge to assess the true cost of these loans. They fail to realize the loan agreement is unfair.

One-Sided Currency Linked Loans

We describe such loans as contracts that are a combination of a regular foreign currency linked loan combined with a series of European put options on the foreign currency that the lender (the mortgage bank) receives from the borrower. We show the complexities of evaluating the value of these foreign currency options and derive some conclusions regarding the fair treatment of borrowers who agree to borrow under such conditions. We use the original Biger and Hull, 1982 foreign currency option pricing model¹ and indicate the implications of such loans.

Description

The mortgage market and especially the home loan mortgage market have seen tremendous changes in recent years. In Israel, due to the daily changes in the exchange rate between the Israeli Shekel (NIS) and the US dollar, most mortgage lenders offered their customers loans that were fully linked to the dollar exchange rate². The amount of the loan would be translated into US dollars at the spot exchange rate at the time the loan contract is signed. The dollar interest rate is agreed upon (fixed or variable as the case might be), and the monthly dollar payment is computed. Then each month the payment in local currency is determined by reference to the spot US dollar exchange rate. This type of a mortgage loan was very common in Israel until about four years when the US dollar started to weaken against the New Israeli Shekel (NIS).

Mortgage lenders then introduced a twist in the manner of foreign currency linked loans. They instituted a contract whereby the monthly payments were bounded from below, or had a floor. These contracts are the one-sided linked loans to the foreign exchange. In this type of an arrangement the initial spot exchange rate, or the basis rate, S_B , is recorded in the loan agreement. The monthly payments in terms of the local currency are then determined in the following manner:

$$\text{Monthly payment} = \begin{cases} \text{Foreign currency amount} \times S_T \text{ (the spot exchange rate)} & \text{if } S_T \geq S_B \\ \text{Foreign currency amount} \times S_B \text{ (the basic rate)} & \text{otherwise,} \end{cases}$$

where S_T is the spot exchange rate at date T of each monthly payment.

If one were to consider a one year zero-coupon loan that was provided under these terms, then the loan could be described as a combination of two components:

- a. A regular one-year loan where the payment of the principal is fully linked to the exchange rate or the local currency price of one unit of the foreign currency. The lender thus receives from the borrower an IOU that is fully linked to the local price of the foreign currency.
- b. A European put option – an option to sell the principal amount of the foreign currency loan at a price S_B to the borrower.

Thus, if the spot exchange rate upon maturity, S_T , is higher than S_B , the lender doesn't exercise the option. The lender receives S_T times the foreign currency value of the principal. If $S_T < S_B$, then

¹ Biger and Hull (1982).

² Definition: A bond in which the coupon and/or redemption value are linked to the movement in an exchange rate. Source: IMF, 2003, External Debt Statistics: Guide for Compilers and Users – Appendix 1. Special financial instruments and transactions: Classifications, IMF, Washington DC. See: <http://www.imf.org/external/pubs/ft/eds/Eng/Guide/index.htm>

the lender does exercise the put option, selling the foreign currency value of the principal at a price S_B to the borrower. Under these conditions the borrower pays the amount, in terms of the local currency, in accordance with the contract.

The arrangement becomes more complicated when the one-sided foreign currency linked loan is in a form of a mortgage loan. Consider such a loan that is to be paid back by monthly installments over a period of twenty years. The manner in which a 'regular' foreign currency linked loan would be tailored is as follows: the initial loan is first translated into the terms of the foreign currency. Assume that the loan is given at a fixed monthly rate of interest for the entire period. Then given the agreed upon monthly rate of interest the monthly foreign currency payment over the entire period is computed. Each month, the local currency payment is determined by multiplying the (fixed) foreign currency monthly amount by the spot exchange rate on the day of payment.

In case where the mortgage loan is given under condition of a one-sided linkage to the price of foreign currency, then the lender is effectively receiving from the borrower a set of 240 European put options. The first one expires in one month, the second in two months and so on, while the last one expires in 240 months. Each of these options provides the lender with the option to sell to the borrower the fixed amount of the foreign currency payment at the exchange rate S_B .

An Example

The following is a description of an actual case that took place in Israel. A person received a mortgage loan of NIS 1 million from a mortgage bank to purchase an apartment in Haifa, Israel. It was a 15 year loan, fully linked to the US dollar, both principal and monthly interest.

At the time, the rate of interest on the loan was 4% annually, or 0.327374% per month.

A one million NIS mortgage loan at an annual interest rate of 4% given for 15 years (180 months) with blended monthly payments – interest and principal, implies a monthly payment of NIS7,361.09.

The mortgage loan was contractually linked to the exchange rate of the US dollar. At the time the contract loan was signed, the exchange rate was NIS4.50 per dollar. This was the *BASIC RATE*, S_B , and this exchange rate was explicitly inserted in the loan contract.

Thus, a 'standard' mortgage loan that is fully linked to the NIS exchange rate of the dollar would be treated as follows:

At the exchange rate on contract date was NIS4.50 per US dollar, the monthly payment are equivalent to \$1635.80.

It follows that if, in a given month, the exchange rate is, say, NIS4.60 per dollar, then the NIS payment should be NIS7,524.67, not NIS7,361.09.

The loan contract explicitly stated the *BASIC RATE* of NIS4.50 per dollar. The monthly payments each month would therefore be NIS7,361.09, times the exchange rate on the day of payment, St , divided by the *BASIC RATE*.

$$[1] \dots \text{Monthly payment} = \text{NIS7,361.09} \times (St / S_B)$$

Before signing the mortgage loan agreement, the bank inserted another paragraph to the agreement: The bank insisted that the linkage to the exchange rate will be one-sided.

More specifically, the paragraph stated that if the exchange rate in any given month is higher than the *BASIC RATE*, then the monthly payment will be determined in accordance with the formula [1] above.

Otherwise, the payment will be the original NIS amount of NIS7,361.09

Simply stated, if the NIS price of the dollar rises above 4.50, the borrower pays more.

If the price of NIS price of the dollar falls below 4.50, *the borrower doesn't pay less.*

$$\begin{aligned} \text{Payment in month } t &= (7,361.09 \times S_t/S_B \text{ if } S_t \geq S_B \\ &= (7,361.09 \text{ otherwise} \end{aligned}$$

The lender (the bank) therefore is protected against a rise in the NIS price of the dollar, and doesn't suffer if the NIS price of the dollar falls below 4.50.

Such a loan agreement contains a one-sided linkage of the monthly payment to the exchange rate.

Consider the essence of such a loan and the economic difference between a 'regular' foreign currency denominated loan and a one-sided foreign exchange linked loan.

Furthermore – consider the potential harm to the borrower who agrees to accept such a loan and how should the borrower be compensated?

The Economic Meanings of Such One-Sided Linked Loans

A one-sided linked loan, or a loan with a floor, is a loan (or a deposit) where the currency linkage comes to a halt in cases where on payment due dates the actual exchange rate is lower than the basic exchange rate. In such cases the actual due payment is based on the basic exchange rate that is stated in the loan contract.

It is thus necessary to clarify the economic meaning of one-sided linkage, the complexity of the arrangement and in particular the difficulties of evaluating the fair value of such loan to the lender and to the borrower.

We start with a one year loan of NIS 4,500, linked to the exchange rate of the US dollar. The spot exchange rate is NIS4.50 (this is the *BASIS EXCHANGE RATE*), and therefore the loan is equivalent to \$1,000.

In one year the borrower must return the loan plus 4% interest. The payment will be the NIS equivalent of \$1,040, where the NIS amount will be determined according the exchange rate in one year.

Also assume that the lender (the bank) insists that the loan will be one-sided dollar linked loan, with a *BASIS EXCHANGE RATE* of NIS4.50 per dollar.

The borrower will then pay the bank at least NIS4,680 (\$1,040x4.50), but if the exchange rate in one year is higher than 4.50 the borrower pays more.

The loan can be describes as a regular dollar-linked loan, but in addition the lender (the bank) receives from the borrower an option to sell to the borrower, on due date, \$1,040 at a price of NIS4.50.

On due date, the borrower pays the lender the NIS equivalent of \$1,040 *according to the then spot exchange rate.*

With regard to the option given by the borrower to the lender, if on due date the exchange rate is higher than NIS4.50, the lender doesn't exercise the option, and receives \$1,040 times the new spot exchange rate. For example, if the exchange rate is NIS4.70, the lender gets NIS4,888

Conversely, if the spot exchange rate is lower than the BASE RATE of NIS4.50, for example if the exchange rate is 4.20, then if the loan were a regular dollar linked loan the lender would receive $1,040 \times 4.20 = \text{NIS}4,368$. But now the lender also exercises the option, gives the borrower \$1,040 and will receive NIS4.50 per dollar or NIS4,680.

The bank however purchases the \$1,040 at NIS4.20 per dollar, i.e. for NIS4,368.

As a result of purchasing the 1,040 dollars at 4.20 and exercising the option by selling the dollars at 4.50, the bank gains NIS312.

When the NIS312 gain is added to the direct proceeds from the payment according to the spot rate (NIS4,368), the banks' total proceeds amount to NIS4,680. This is what the borrower actually pays.

Valuation – An example

The option that is embedded in the one-sided linked loan is a European put option. Prior to expiration the option does have some economic value. The value depends upon several factors, one of which is the uncertainty about the exchange rate that will actually prevail on the day of payment.

Other factors are the spot exchange rate, the exercise price, the time to expiration of the option, the risk - free rates of interest on both currencies and the time to expiration.³

In a fair deal if the borrower is required to grant the lender the option, one may assume that the borrower should be entitled to get something in return.

The true exchange rate one year from now around the expected one year rate. The compensation could for instance be a proper reduction in the interest rate on the loan compared to the rate the borrower would be required to pay on a regular dollar linked loan. Alternatively, the value of the option should be subtracted from the initial loan amount and then the agreed upon interest rate will be used in order to determine the monthly dollar payments.

The next chart demonstrates the model to estimate the value of the put option. In the example the present exchange rate and the one year forward rate are both NIS4.50 per dollar. The annual interest rates on both currencies are 4% (or 0.327374% per month).

It is also assumed that the annual volatility of the exchange rate is 8%, reflecting the uncertainty or the 'ignorance' of the market regarding.

³ The first European currency option model was developed by John Hull and Nahum Biger referred to above and published in 1982.

Biger-Hull European Currency Options		
$c = e^{-rT} [Fx N(d_1) - EX x N(d_2)]$		
By put-call parity: $p = c - e^{-rT} [EX - F]$		
where $d_1 = [\text{Ln}(F/EX) + 0.5\sigma^2 T] / \sigma T^{0.5}$		
and $d_2 = d_1 - \sigma T^{0.5}$		
Application of the model for valuation:		
Data:		
Monthly r	0.327374%	
T in months	12	
T in years	1	
Annual σ	8.00%	
e^{-rT}	0.9967	
F (NIS/\$)	₪ 4.50	
EX (NIS/\$)	₪ 4.50	
Computations and results:		
Ln (F/EX)	0.000	
d_1	0.0809	
d_2	0.0009	
N(d_1)	0.5322	
N(d_2)	0.5004	
Call options value	₪ 0.1430	
Put option value	₪ 0.1430	

F (NIS/\$)	Put Value	P as a % of F
4.45	0.1687	3.79%
4.40	0.1970	4.48%
4.35	0.2280	5.24%
4.30	0.2617	6.09%

Figure 1. Biger-Hull European currency options

The simplistic example just described demonstrates the essence of the one-sided linkage. A one sided foreign currency denominated loan is in actuality a ‘regular’ foreign currency denominated loan and in addition the lender (the bank) receives from the borrower (the household) a put option. The option has a certain value that provides the lender with an opportunity to enjoy both worlds: To receive higher amount when the exchange rate becomes higher than the *BASIC RATE*, and not to ‘suffer’ when the exchange rate is lower than the *BASIC RATE*.

The example demonstrates the complexity of such a loan.

But this example was a simple one dealing with a loan for one year where at the end of the year the borrower must pay back the principal plus interest.

Table 1. Payment of Principal and Interest in One Year (in NIS)

Exchange rate in one year (NIS/\$)	Payment with "Regular" two-sided linkage	Payment with one-sided linkage	Fair payment with consideration for the option
3.50	3,640.0	4,680.0	4,531.3
3.60	3,744.0	4,680.0	4,531.3
3.70	3,848.0	4,680.0	4,531.3
3.80	3,952.0	4,680.0	4,531.3
3.90	4,056.0	4,680.0	4,531.3
4.00	4,160.0	4,680.0	4,531.3
4.10	4,264.0	4,680.0	4,531.3
4.20	4,368.0	4,680.0	4,531.3
4.30	4,472.0	4,680.0	4,531.3
4.40	4,576.0	4,680.0	4,531.3
4.50	4,680.0	4,680.0	4,531.3
4.60	4,784.0	4,784.0	4,635.3
4.70	4,888.0	4,888.0	4,739.3
4.80	4,992.0	4,992.0	4,843.3
4.90	5,096.0	5,096.0	4,947.3
5.00	5,200.0	5,200.0	5,051.3
5.10	5,304.0	5,304.0	5,155.3
5.20	5,408.0	5,408.0	5,259.3

The following Figure displays the NIS payment of the principal and interest as a function of the exchange rate at the date of repayment under the two linkage arrangements:

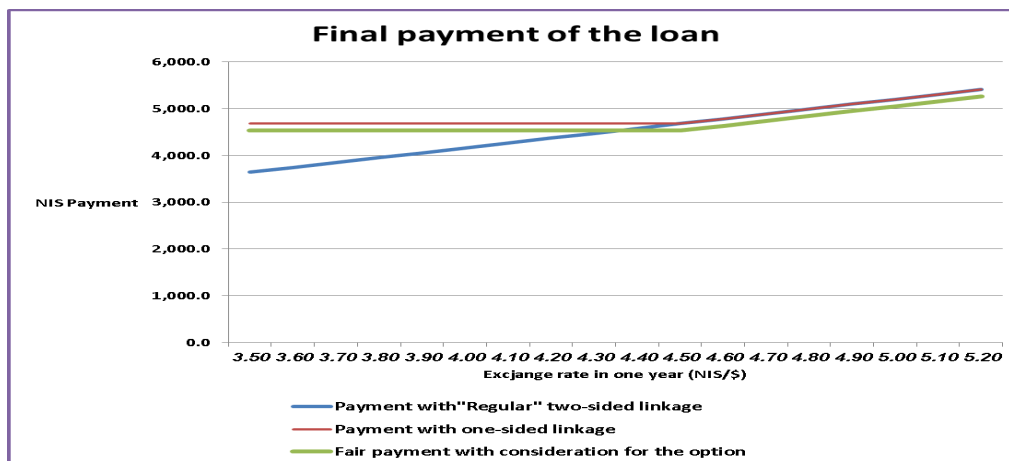


Figure 2. Final payment of the loan

In order to clarify the complexity of one sided foreign exchange denominated loans consider the actual real-world case that was described above.

A 15 year NIS 1.0 million mortgage loan with monthly blended payments, at 0.327374% interest per month, (4% annual rate), linked to the exchange rate of the dollar at the end of each month.

If the loan were to be a regular dollar denominated loan than the monthly payments would be computed by translating the NIS1.0 million into US dollars, i.e., \$222,222 at the spot exchange rate of 4.50, then compute the monthly dollar payment, \$1,635.80.

The payment of each of the 180 monthly payments would then be determined by multiplying the monthly dollar amount by the spot exchange rate in each month.

But since the loan is one sided linked to the exchange rate, the borrower actually received a 'regular' foreign currency denominated loan, but at the same time the borrower granted the lender (the mortgage bank) *a bundle of 180 European put options*, each of which enables the lender to sell \$1,635.80 at an exchange rate of NIS4.50 per 1 dollar, or for NIS7,361.10.

Each of these options has a different expiration date. The first expires in one month, the second – in two months and so on while the 'last' put option expires 180 months (15 years) from the initial date of the loan contract. It is well known that the longer the expiration period, the higher the value of the put option.

The economic value of the package of these European put options is complex. It is the sum of the values of each of these put options.

In to following table we use the Biger-Hull European currency options model to estimate the value of each of the 180 put options under the following assumptions:

- The spot exchange rate is equal to the forward exchange rate for each of the next 180 months (equivalent to the assumption that the term structure of interest rates on both NIS and the dollar are identical).
- The exchange rate (spot and forward) is NIS4.50 per US dollar.
- The interest rate ("risk free") in both countries is 4% per year.
- The annual volatility of the exchange rate is 8%.

None of these assumptions is more than an assumption, especially the assumption regarding the volatility.

The estimates below refer to the (European) put option to sell one dollar for NIS4.50 in one, two, three months and so on. The value of each of these options of course rises with the time to expiration and can be seen in Table 2.

Table 2. The Value of Each Put Option as a Function of the Number of Months to Expiration

Months to Expiration	PV of the option NIS/\$	Months to Expiration	PV of the option NIS/\$	Months to Expiration	PV of the option NIS/\$	Months to Expiration	PV of the option NIS/\$	Months to Expiration	PV of the option NIS/\$
1	0.03903	37	0.21035	73	0.26181	109	0.28349	145	0.28973
2	0.05500	38	0.21245	74	0.26271	110	0.28383	146	0.28975
3	0.06714	39	0.21451	75	0.26360	111	0.28416	147	0.28977
4	0.07727	40	0.21651	76	0.26446	112	0.28448	148	0.28978
5	0.08610	41	0.21847	77	0.26530	113	0.28479	149	0.28978
6	0.09400	42	0.22038	78	0.26612	114	0.28509	150	0.28978
7	0.10119	43	0.22224	79	0.26692	115	0.28538	151	0.28978
8	0.10781	44	0.22405	80	0.26771	116	0.28565	152	0.28981
9	0.11397	45	0.22582	81	0.26847	117	0.28592	153	0.28981
10	0.11973	46	0.22755	82	0.26922	118	0.28618	154	0.28982
11	0.12516	47	0.22924	83	0.26995	119	0.28642	155	0.28982
12	0.13028	48	0.23089	84	0.27066	120	0.28666	156	0.28983
13	0.13515	49	0.23250	85	0.27135	121	0.28689	157	0.28984
14	0.13978	50	0.23408	86	0.27203	122	0.28710	158	0.28984
15	0.14420	51	0.23561	87	0.27269	123	0.28731	159	0.28985
16	0.14843	52	0.23711	88	0.27333	124	0.28751	160	0.28985
17	0.15249	53	0.23858	89	0.27396	125	0.28770	161	0.28986
18	0.15638	54	0.24001	90	0.27457	126	0.28788	162	0.28986
19	0.16013	55	0.24141	91	0.27517	127	0.28805	163	0.28987
20	0.16374	56	0.24278	92	0.27575	128	0.28782	164	0.28987
21	0.16722	57	0.24412	93	0.27631	129	0.28710	165	0.28988
22	0.17058	58	0.24542	94	0.27686	130	0.28851	166	0.28988
23	0.17383	59	0.24670	95	0.27740	131	0.28865	167	0.28989
24	0.17690	60	0.24795	96	0.27792	132	0.28878	168	0.28989
25	0.18001	61	0.24917	97	0.27842	133	0.28890	169	0.28990
26	0.18296	62	0.25036	98	0.27892	134	0.28901	170	0.28990
27	0.18586	63	0.25153	99	0.27940	135	0.28911	171	0.28991
28	0.18860	64	0.25266	100	0.27986	136	0.28921	172	0.28991
29	0.19129	65	0.25378	101	0.28032	137	0.28930	173	0.28992
30	0.19391	66	0.25486	102	0.28076	138	0.28938	174	0.28992
31	0.19646	67	0.25593	103	0.28118	139	0.28945	175	0.28999
32	0.19893	68	0.25696	104	0.28160	140	0.28951	176	0.28993
33	0.20134	69	0.25798	105	0.28200	141	0.28957	177	0.28994
34	0.20368	70	0.25897	106	0.28239	142	0.28962	178	0.28994
35	0.20596	71	0.25994	107	0.28277	143	0.28967	179	0.28994
36	0.20818	72	0.26089	108	0.28313	144	0.28970	180	0.28995

The recipient of the loan, the borrower, gave the lender (the bank) a bundle of 180 European put options, each of which is for the sale of 1 dollar at a price of NIS4.50.

The total value of the 180 put options that the borrower grants the lender is NIS 64.92.

The present value of the 180 payments of \$1.00 payments at an annual rate of interest of 4% is \$135.85.

Translated into dollars at the spot exchange rate that is also the *BASIC RATE*, the dollar value of the 180 put options is \$14.426.

The value of these options is then 10.62% of the value of the loan.

When the loan contract was arranged, the monthly dollar equivalent of the payments was computed based on the agreed upon 4% rate of interest, but these computations were made without due regard to the value of the 180 put options granted by the borrower to the lender.

The determination of the monthly dollar equivalent payments under the condition of one-sided linkage to the exchange rate should have been done with explicit consideration of the value of the options that the lender (the bank) insists on getting from the borrower.

In our example, the value of the options is about 10.62% of the present value of the loan.

Therefore, in a fair deal the determination of the monthly dollar equivalent payment should have been based on the total value of the loan less the value of the options.

In our case, the monthly dollar equivalent payments should have been based not on a total loan of \$222,222, but on a total loan of only \$198,622, and the monthly dollar equivalent payments should have been \$1,445.72 and not \$1,635.80.

The monthly payments should have been only 89.38% of what the borrower was actually charged.

On a loan of NIS 1.0 million the minimum monthly payments were determined to be NIS 7,361.09.

According to the estimates presented above, taking into consideration the value of the 180 options granted by the borrower to the lender, the minimum monthly payment should have only been NIS 5,579.34.

The present value of the 180 options in our example was \$23,600, or NIS 106,200.

This is the damage that the naïve borrower suffers.

It should be noted that what was presented here was only an example, based on a set of assumptions regarding the "input" of the option pricing model. Different insertions would render different values of the bundle of the options. In periods of higher uncertainty regarding the exchange rates of the future, the volatility estimates will probably be higher and the value of the entire package of the put options will be higher as well. It follows that an arrangement of a home mortgage loan that is one-sided linked to the exchange rate is likely to be even less fair to the borrower.

Normative Background and Behavioral Characteristics

The analysis presented above clearly demonstrates that one-sided linked loans are at least problematic from the vantage point of the borrower. It is clear that in some circumstances where the borrower can't evaluate the economic meaning of the loan contract, the contract harms his interests. However such contracts are common and therefore one should examine the normative background and the behavioral characteristics of such contracts. Several legal issues may also be connected to such loan arrangements.

In the US the central law dealing with loans is the Consumer Credit Act that deals with consumers arrangements related to credits with no specific definition of a loan. In the United States the law dealing with loans in the Truth of Lending Act that deals with the duty to reveal all details regarding the true cost of debt.

Western European countries, mainly Germany, France, Italy and also the Russian Federation with the Civil Code, adopted another approach and enacted laws that regulate legally the essence of the loan contract and the specific arrangements of each contract.

The Behavioral Aspects

From the economic analysis it is clear that a one-sided linked loan contract from the vantage point of the borrower is not purely economically rational. It fails to attain an economic equilibrium in that it is generally biased in favor of the lender.

Explanations of the irrational willingness of borrowers to accept such loans might be found in areas of consumer behavior that are not purely economic but that are related to the principles of behavioral science. This analysis touches upon two disciplines, economics and law. The leading explanation of the borrowers' willingness to accept such contracts is that even when borrowers are cognizant of some binding terms in the loan contract, such as one-sided linkage, they can't weigh the costs versus the benefits and arrive at rational decisions. In some cases borrowers will tend to totally ignore these caveats because they don't have knowledge or the tools to evaluate the costs in order to request proper compensation for granting the put options that are embedded in the loan contract to the lender.

Kahneman and Tversky who studied the psychological biases⁴ found that tendency to ignore low probability events (in our case the decline of the exchange rate), over optimism and self assurance create the phenomenon that borrowers tend to ignore specific items in the loan contract. Such behavior is typical when the contract special terms are not part of the regular life of the loan contract, and borrowers will tend to ignore these terms if the past experience was that such events (falling price of the foreign currency) don't really occur.

Another explanation to the seemingly irrational behavior of borrowers is proposed by Becher⁵ who suggests that people have strong preference to the present over the future and therefore they tend to underestimate future risk and loss of benefits.

Conclusions

The use of complex securities by financial institutions is wide spread. Financial engineering is common in many transactions between major borrowers and lenders. In many instances it is difficult to actually assess the value of such complex securities but lenders and borrowers agree on terms and conditions embedded in such complex securities. It is conceivable that the acceptance of such complex securities by major lenders and borrowers reflects the fact that these actors operate on the basis of well diversified portfolios and therefore the inability to properly assess the value of each of these complex securities faded away or being diversified.

At variance, when the use of complex securities such as one-sided currency linked loans are offered to individual households or to family borrowers, the implications are different. First, the borrower fails to recognize that by accepting such a loan, she unknowingly gives the lender a valuable bundle

⁴ Daniel Kahneman and Amos Tversky, (1974), *Judgment under Uncertainty: Heuristics and Biases*, 185 Science 1124.

Daniel Kahneman and Amos Tversky, (1979), *Prospect Theory: An Analysis of Decision under Risk*, 47(2) Econometrica 263.

⁵ Shmuel I. Becher, (2007), *Behavioral Science and Consumer Standard Form Contracts*, Louisiana Law Review, Vol. 68, pp. 117-182.

of options. In particular, the borrower has no clue as to the value of the bundle of options that the lender demands and thus fails to request a proper compensation for the options. Second, the borrower has no way to hedge the risk or to undo the gift that she gives to the lender, or to unbundle the package in any way. No currency options for up to 15 years expiration time exists. Third, the demonstration that was presented in the paper is only an example. Even the lending institution that may employ a well-equipped financial economics department with top analysts can't determine the true value of the put option package because future risk-free short term interest rates are at best a reflection of what the market now believes these rates will be in the future, but such beliefs or perceptions may change tomorrow. Furthermore, nobody truly knows or has any reliable clue as to the volatility of exchange rates in the future. After all, these 'volatilities' are nothing but a reflection of our ignorance regarding the extent to which exchange rates in the future will be different from the expected.

It follows that such one-sided currency linked mortgage loans, or household loans, being potentially unfair, should not be offered. This will be very much in line with the Biblical rule of conduct: The Bible states (Leviticus 19:14): "You shall not curse the deaf nor place a stumbling block before the blind; you shall fear your God - I am your Lord."

References

- Biger, N. and J. Hull, 1982. The valuation of currency options. *Financial Management*, 12(1): 24-28.
- IMF, 2003, *External Debt Statistics: Guide for Compilers and Users – Appendix 1. Special financial instruments and transactions: Classifications*, IMF, Washington DC. See: <http://www.imf.org/external/pubs/ft/eds/Eng/Guide/index.htm>
- Consumer Credit Act, 1974. c. 39. § 9 – 10 (Eng)
- Daniel Kahneman and Amos Tversky, (1974), Judgment under Uncertainty: Heuristics and Biases, 185 *Science* 1124.
- Daniel Kahneman and Amos Tversky, (1979), Prospect Theory: An Analysis of Decision under Risk, 47(2) *Econometrica* 263.
- Shmuel I. Becher, (2007), Behavioral Science and Consumer Standard Form Contracts, *Louisiana law Review*, Vol. 68, pp. 117-182.

Market Related and Market Independent Components of Company Stock Return in Bangladesh: Which is Stronger?

Sumaiya Zaman

ULAB School of Business
University of Liberal Arts Bangladesh, Bangladesh

Abstract

The paper aims to determine the strength of factors that contribute to the stock return of a firm operating in the capital market of Bangladesh. There are 302 companies trading their stocks in the Dhaka Stock Exchange (DSE). Of them, 233 DSE listed companies are chosen for the research owing to data availability for the almost 18-year period of January 2000 to November 2017. The select companies represent 17 industrial sectors. Market related and market independent components of return are selected as explanatory variables. Statistical tools as multivariate regression and descriptive statistics have been applied on the 233 company observations. It is seen that select variables can positively explain average return from equity investment in Bangladesh.

Keywords: company stock return, single index model, equity market, multi-variate regression, Dhaka stock exchange

Introduction

A report from the BMI Research in 2016 has shortlisted the "10 emerging markets of the future" - the countries that are set to become new drivers of economic growth over the next 10 years. According to the report, these countries will cumulatively add US dollar 4.3 trillion to global GDP by 2025, which is roughly equivalent to the economy of Japan in 2016. Bangladesh has been identified as one of the 10 emerging economies along with Egypt, Ethiopia, Indonesia, Kenya, Myanmar, Nigeria, Pakistan, Philippines and Vietnam. The sectors that will drive the economies are mainly manufacturing and construction, with Bangladesh, Myanmar, and Pakistan set to emerge as the new manufacturing hubs. Construction growth is forecasted to be widespread across all the countries, mainly to support increase in urban population and to facilitate the manufacturing sector (BMI research, 2016).

Bangladesh, a South Asian promising economy, has recorded a GDP growth of 7.2% in 2017, the highest in the region (Rapp & Vandermeij, 2018). Like any other economy, its capital market pays a significant role in its economic development and growth. The country has two security exchanges operating in its market: the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited. The necessity to establish a stock exchange in Bangladesh arose in 1952, before the country embraced its independence in 1971. The East Pakistan Stock Exchange Association Limited, the first bourse of the country, was incorporated on 28 April 1954. The formal trading started two years later in 1956 at Narayanganj after certificates of commencement of business were obtained. The name of the security exchange was revised to East Pakistan Stock Exchange Limited on 23 June 1962, two years after which, it was re-revised to its current name "Dhaka Stock Exchange Limited" on 14 May 1964. At the time of incorporation, the authorized capital of the exchange was Pakistan rupees 300,000 divided into 150 shares. In 2017, the total market capitalization of the Dhaka Stock Exchange is worth Bangladesh taka 4,228,945 million

(approximately US dollar 50,705 million) with 302 companies trading their equities in the capital market (Dhaka Stock Exchange Ltd.).

The Chittagong Stock Exchange Limited was incorporated in Chittagong, the second largest city of Bangladesh, on 1 April 1995. The trading in the bourse began on 10 October 1995 with 30 listed securities and with the market capitalization of Bangladesh taka 10,574 million (approximately US dollar 176 million) (Solaiman, 2005). In 2017, the total market capitalization of the Chittagong Stock Exchange is worth Bangladesh taka 3,528,911 million (approximately US dollar 42,312 million) with 271 companies trading their equities in the exchange (Chittagong Stock Exchange Ltd.).

Bangladesh has witnessed two stock market crashes, in 1996 and in 2010. In 1996, the index point of Dhaka Stock Exchange (DSE) jumps from about 800 points in June to around 3,600 points in November starting with a base of 350 points (Ahmed, Uchida, & Islam, 2012). The index reaches the highest on 5 November 1996 with 3,648.75 points, dropping sharply the next day, and reaching to 462 points in May 1999. A probe committee created in December 1996 submits its report to government in March 1997, identifying several companies, big brokers, and influential individuals to be involved in the market rigging (Hoque, 2007; The Daily Star, 2015).

The capital market of Bangladesh experiences a second bubble burst in 2010. The general index reaches its all-time high of 8,918.51 points on 5 December, preceded by a sharp rise in October-November. The index begins to drop dramatically the next day. On 19 December 2010, the market sees the biggest one-day fall in its 55 year history that surpasses the fall in 1996 market (Ahmed et al., 2012; BBC News, 2011). A probe committee (Khaled, 2011 as cited in Islam & Ahmed, 2015) is formed to investigate the stock market scam. The committee finds responsible 60 influential individuals along with an array of irregularities, including the existence of omnibus accounts that allowed key market players to make excessive profits at the cost of the retail investors. Choudhury (2013) points out that lack of restriction on opening beneficiary owner (B/O) accounts, speculation through omnibus accounts, wrong placement of IPOs, violation of banking act, rumor spread by the brokers and the dealers, wrong method used in face value determination and lack of monitoring in the share market are behind the stock market crash in Bangladesh (as cited in Islam & Ahmed, 2015).

The probe panel recommends several actions to protect the capital market from future misfortune, demutualization of the bourses being one recommendation. The demutualization law is passed in parliament in April 2013 to bring transparency to the market. Under demutualization rules, 25 percent shares of the bourses are to be kept in a block account for strategic investors, 35 percent are to be set aside for institutional and individual investors, and 40 percent are to be owned by existing shareholders, commonly known as stockbrokers and stock dealers (The Daily Star, 2016). The DSE's demutualization scheme consists of 1,803,776,500 shares worth a total US dollar 218 million in paid-up capital, given a face value of 12 cents per share. A Chinese consortium, comprising the Shanghai Stock Exchange and the Shenzhen Stock Exchange (SZSE), submits a bid of US dollar 119 million, for 450.9 million shares, that shows their readiness to pay 30 cents per share. The consortium also offers free technical support worth around US dollar 36 million for 10 years. An Indian consortium, comprising the National Stock Exchange (NSE), the USA's NASDAQ and Frontier Bangladesh quote 18 cents per share, amounting to a bid of US dollar 87 million, with no specific plan of technical support (Asia Times, 2018). On 10 February 2018, the

Dhaka Stock Exchange directors decide to accept the proposal of the Chinese Consortium as it look acceptable to them regarding financial and technological aspects (bdnews24.com, 2018).

The past and recent events have given an incentive to author to identify the factors that have an effect on stock return in the capital market of Bangladesh. Return on stocks has two components, dividend yield and capital gain that comes from change in stock price. A study in 2010 shows that variation in returns on stocks cannot be strongly explained by variation in their respective dividend policy in the Dhaka Stock Exchange(Zaman, 2011). The paper, therefore, focuses on stock price change to understand stock return in the equity market of Bangladesh. Several factors including company performance and information, dividends, stock prices of other countries, gross domestic product, exchange rates, and interest rates have an impact on daily stock prices (Kurihara, 2006). The paper attempts to determine the factors that make an impact on stock price change that in turn plays a role in stock return in the capital market of Bangladesh. The objectives of the study are:

- i. Studying return on stocks of companies listed in the Dhaka Stock Exchange during the period of January 2000 to November 2017.
- ii. Measuring the strength of factors that influence the return on stocks of the select institutions during the period of study.

The paper begins with an introduction to the economy of Bangladesh, its bourses, and its capital market. The paper, then, provides with a review of relevant literature on stock return and its determinants. This is followed by the methodology adopted by the research. The next section showcases the empirical model and findings resulting from the analysis. The paper ends with a conclusion on the research conducted.

Literature Review

Numerous studies have been done aiming to understand the factors that have an impact on expected return of equity investment. Different researches have attempted to identify and explain factors that can best estimate expected return. The traditional Capital Asset Pricing Model (CAPM) is known to provide the first framework to explain how risk of an investment should have an effect on its expected return. The model first came into being in the early 1960's. The contributors were William Sharpe (1964), Jack Trynor (1962), John Lintner (1965a, b), and John Mossin (1966). The model calculates expected return of a stock considering two components: the risk premium of the equity market and the beta of the stock. The model, however, does not take into account several factors like, the component of the stock's return that is uncorrelated with market as it can be diversified and the growth rate of the stock's expected future cash flows (Perold, 2004). Another study has suggested that expected return of stock be estimated through stock price, book values, and realized earnings rather than biased earning forecasts (Sommers, 2007). Similarly, a different research has attempted to prove that estimating expected return of equity investment on the basis of price-earnings ratio and-or price-earnings ratio divided by short term earnings growth rate may lead to bias results (Easton, 2004).Expected stock returns of a firm are influenced by shocks to expected cash-flows (i.e., cash-flow news) and/or shocks to discount rates (i.e., expected-return news). Campbell (1991) and Campbell and Ammer (1993) show that alarge number of researches have measured the relative importance of cash-flow and expected-return news for aggregate portfolio returns (as cited in Vuolteenaho, 2002).While selected aggregate cash-flow proxies, like contemporaneous and future dividend growth rates, tend to account for a large portion of aggregate

stock return, at the individual stock level, however, earnings and other cash-flow proxies account for a small portion of annual stock return (Hecht & Vuolteenaho, 2006). The expected stock return of an individual firm seems to have two components: changes in cash-flow expectations (i.e. cash-flow news) and changes in discount rates (i.e. expected-return news). The VAR yields three main results. The firm-level stock returns are primarily influenced by cash-flow news, while cash-flow news can largely be diversified away in aggregate portfolios (Vuolteenaho, 2002). It is, further, seen that high book-to-market firms seem to earn higher expected returns than low book-to-market firms. A strong positive relationship between expected return and market beta is also observed, with a negative relationship between expected return and firm size (Brav, Lehavy, & Michaely, 2005). A major factor inducing stock trades and, therefore, a contributor to equity expected return is Disagreement. Disagreement about variances has systematic and significant effects on price as more disagreement seems to lead to higher prices. Prices are also very sensitive to the degree of disagreement: Even if the average belief about the variance is constant, tiny fluctuations in the disagreement about the variance can lead to substantial price fluctuations (Duchin & Levy, 2010). Investor recognition is another discrete major predictor of stock price movements. While realized stock returns are strongly positively related to changes in investor recognition, expected returns are strongly negatively related to the level of investor recognition. It is seen also that investor recognition, as measured by sentiment, index membership, exchange listing, analyst coverage etc., dominates stock price movements over short horizons, whereas fundamentals dominate over longer horizons (Richardson, Sloan, & You, 2012).

The researches done so far to understand and measure expected return can be summarized in a simplified form in William Sharpe's Single Index Model. The Single Index Model says that expected return has two components: a market related part as indicated by β and a unique part as indicated by α . The unique part is unrelated or insensitive to market return. These two components tend to explain the expected return on a stock (Elton, Gruber, Brown, & Goetzmann, 2009).

The paper aims to examine if the statistically proven theories hold true for the equity market of Bangladesh. The paper, thus, seeks to study if commonly discussed variables have the capacity to account for the expected return of stocks in the equity market of Bangladesh.

Methodology

This section shows the sample chosen for the study. Data collection and data source are also discussed. Finally, the empirical model that the research comes up with is presented.

Sample

The paper attempts to identify the significant determinants of return on stocks of companies listed in the Dhaka Stock Exchange during the period of January 2000 through November 2017. There are 302 companies listed in the Dhaka Stock Exchange in 2018 trading their stocks. The companies are categorized into 18 sectors. Of 302, 233 companies have been selected for the study on the basis of availability of data. The number of companies chosen from each sector is:

1. Bank: 25 of 30
2. Cement: 7 of 7
3. Ceramics: 4 of 5

4. Engineering: 28 of 36
5. Financial institutions: 22 of 23
6. Food and allied: 11 of 18
7. Fuel and power: 18 of 18
8. Insurance: 32 of 47
9. IT sector: 6 of 8
10. Jute: 2 of 3
11. Miscellaneous: Nil of 12
12. Paper and printing: 2 of 2
13. Pharmaceuticals and chemicals: 25 of 28
14. Services and real estate: 4 of 4
15. Tannery industries: 4 of 6
16. Telecommunication: 2 of 2
17. Textile: 38 of 49
18. Travel and leisure: 3 of 4

The companies selected are listed in the Chittagong Stock Exchange as well.

Data Source

The study uses mainly secondary data that have originally been and published by the Dhaka Stock Exchange. Literature relevant to the research has been studied and collected from published journals, newspapers, and magazines.

Empirical Model

The paper studies the determinants of return on stocks of the Dhaka Stock Exchange listed companies during the period of January 2000 through November 2017. The dependent variable, average company stock return, has been measured by:

$$E(R_i) = \text{average of } R_{it} \quad (1)$$

Where, $E(R_i)$ represents the average return on stock of company “i” and R_{it} represents the daily return on stock of company “i” on day “t”. The return on stock is composed of capital gain and dividend yield, where capital gain is computed from change in stock price over time (Ross, Westerfield, & Jaffe, 2012). It has been seen that stock return cannot be strongly explained by dividend in the capital market of Bangladesh (Zaman, 2011). The daily return on stock in this study has, therefore, been calculated as:

$$R_{it} = (P_{it} - P_{it-1}) / (P_{it-1}) \quad (2)$$

Where, P_{it} stands for stock price of company “i” on day “t” and P_{it-1} represents stock price of company “i” on the day preceding day “t”.

According to Single Index Model, the return on stocks has two components; a market component and a component independent of market. The two explanatory variables of average company stock return are represented by C_i and S_i , where C_i represents the component of return on stock “i” that is independent of the market. It is often termed as the company specific return, meaning the return

on a stock that comes owing to the company's performance and information. β_i stands for the market component of return on stock "i". It represents the expected change in return on stock "i" with a unit change in the return from market portfolio (Elton et al., 2009). The daily return on market portfolio has been computed as:

$$R_{mt} = (P_{mt} - P_{mt-1}) / (P_{mt-1}) \quad (3)$$

Where, P_{mt} stands for the Dhaka Stock Exchange General Index on day "t" and P_{mt-1} represents the Dhaka Stock Exchange General Index on the day preceding day "t".

α_i and β_i for each company are obtained through time series regression, which is by regressing the daily stock returns of each company on the daily return from market portfolio (Bilbao, Arenas, Jiménez, Gladishl, & Rodríguez, 2006).

The average company stock returns of the select 233 companies are regressed on the company specific returns and market related returns of the sample units using multivariate regression. The objective is to devise a statistically significant model that would explain the average stock return in terms of company specific return and market related return. The equation of the regression is:

$$Y_i = \alpha_i + \sum_{i=1}^n \beta_i X_i + \varepsilon_i \quad (4)$$

Where, Y_i is the measure of average stock return for company "i". α_i is the slope. β_i represents parameter of the econometric model for return component " X_i ", while ε_i is the error term.

Statistical tools as Wald (z-statistic) and chi-square have been applied to test the significance of the explanatory variables and goodness of fit of the model. Karl Pearson's coefficient of correlation (r) has been applied to test the multi-collinearity among the explanatory variables.

Findings

Summary statistics of response and explanatory variables show that the sample companies have an average stock return close to 1% as mean with a maximum average return of 2.4% and a minimum of -4%. The sector that has the highest mean of average stock return is Jute, showing a figure close to 6%, while Travel and Leisure industry has the lowest average stock return with a mean close to -0.03%. The component of stock return independent of market shows a negative value (-6%) as mean for all the select companies. Pharmaceuticals and Chemicals record the lowest and a negative mean value for the component of stock return independent of the market, which is -61%, while the sector where market independent return is the biggest contributor to average stock return is Jute industry with a mean of 6%. While the market independent component of return has an inverse effect on the average stock return in the Pharmaceuticals and Chemicals sector, their biggest contributor to average return is the market component with a mean value of 937. The sector where average stock return gets the most negatively affected by the market is Jute, with a mean market component of -4 (See Table A1).

Multivariate regression has been run on the explanatory variables to devise a statistically significant model that would explain the strength of the explanatory variables in explaining average stock return of companies operating in the capital market of Bangladesh. Probability of chi-square statistic, in other words, the p-value, is calculated for the model. As the model gives a

p-value (0.0000) less than α (0.05), it is chosen to be statistically significant. Output of the model is summarized in Table 3.

Table 1. Output of Multivariate Regression Model for Years 2000 - 2017

Average stock return	Coefficient	Standard error	z	P> z	[95% Confidence Interval]	
Market independent	0.8708	0.0213	40.83	0.000	0.8288	0.9128
Market component	0.0006	0.000014	40.97	0.000	0.0005	0.0006
Constant	0.0017	0.0008	2.31	0.022	0.0002	0.0032

Wald statistics (z-values) are determined by dividing coefficients of explanatory variables by their respective standard errors. Probabilities of z-values, which are the p-values, denote if coefficients of explanatory variables are significantly different from “zero” and hence, if null hypothesis can be rejected. P-values of the variables in the model are less than α (0.05) and thus, are statistically significant. The model can be summarized as:

$$\text{Average stock return} = 0.0017 + 0.87 \text{ Market Independent} + 0.0006 \text{ Market Component} + \varepsilon \quad (5)$$

$$(0.0008) \quad (0.021) \quad (0.000014)$$

$$n = 233, \text{ Adj R-squared} = 0.8791$$

Regression model shows that rise in component of return independent of market by one unit brings about almost a unit increase in average stock return ceteris paribus, while a unit change in the market component of stock return will bring about almost negligible change in the average return on equity investment in the capital market of Bangladesh.

Conclusions

The purpose of the study is to devise a model that would explain the strength of the components contributing to the return on stocks of companies listed in the Dhaka Stock Exchange during the period of January 2000 to November 2017. It has been seen that both market component and market independent component of returns have positive impact on the average stock return in the equity market of Bangladesh. The component of return independent of the market seems to play a bigger role in the average stock return. It can, therefore, be said that stock price fluctuation occurs mainly owing to company performance and company specific news and comparatively less due to the overall performance of the market in Bangladesh.

The paper opens up scope for further research that will address:

- Role of Industry performance and Industry specific news on the overall stock return of a company operating in Bangladesh.
- How to quantify company specific news and measure its impact on company stock return in Bangladesh.

References

- Ahmed, S. U., Uchida, S., & Islam, Z. M. (2012, March). Stock Market Crashes: Reasons and Implications. KEIEI TO KEIZAI, 91(4).
Asia Times. (2018, February 21). China beats India to slice of Dhaka Stock Exchange. South Asia.

- BBC News. (2011, January 10). Bangladesh stock market fall: Clashes hit Dhaka. BBC News. bdnews24.com. (2018, February 2). Dhaka Stock Exchange greenlights China bourses as strategic partners as India, US lose out. Bangladesh.
- Bilbao, A., Arenas, M., Jiménez, M., Gladishl, B. P., & Rodríguez, M. V. (2006, December). An Extension of Sharpe's Single-Index Model: Portfolio Selection with Expert Betas. *The Journal of the Operational Research Society*, 57(12), 1442-1451.
- BMI research. (2016). Ten emerging markets of the future: highlighting key sectors. Kuala Lumpur: BMI Research.
- Brav, A., Lehavy, R., & Michaely, R. (2005). Using Expectations to Test Asset Pricing Models. *Financial Management*, 34(3), 31-64.
- Chittagong Stock Exchange Ltd. (n.d.). Background. Retrieved February 27, 2018, from Chittagong Stock Exchange: <http://www.cse.com.bd/mission.php#bg>
- Dhaka Stock Exchange Ltd. (n.d.). Introduction to DSE. Retrieved February 27, 2018, from Dhaka Stock Exchange Ltd.: <http://www.dsebd.org/ilf.php>
- Duchin, R., & Levy, M. (2010, June). Disagreement, Portfolio Optimization, and Excess Volatility. *The Journal of Financial and Quantitative Analysis*, 45(3), 623-640.
- Easton, P. D. (2004, January). PE Ratios, PEG Ratios, and Estimating the Implied Expected Rate of Return on Equity Capital. *The Accounting Review*, 79(1), 73-95.
- Elton, E. J., Gruber, M. J., Brown, S. J., & Goetzmann, W. N. (2009). *Modern portfolio theory and investment analysis* (9 ed.). New York: John Wiley & Sons.
- Hecht, P., & Vuolteenaho, T. (2006). Explaining Returns with Cash-Flow Proxies. *The Review of Financial Studies*, 19(1), 159-194.
- Hoque, H. A. (2007). Co-movement of Bangladesh stock market with other markets: co-integration and error correction approach. *Managerial Finance*, 33(10), pp. 810-820.
- Islam, K. M., & Ahmed, S. F. (2015, September). Stock Market Crash and Stock Return Volatility: Empirical Evidence from Dhaka Stock Exchange. *Bangladesh Development Studies*, 38(3), 25-34.
- Kurihara, Y. (2006). The Relationship between Exchange Rate and Stock Prices during the Quantitative Easing Policy in Japan. *International Journal of Business*, 11(4), 375-386.
- Perold, A. F. (2004). The Capital Asset Pricing Model. *The Journal of Economic Perspectives*, 18(3), 3-24.
- Rapp, N., & Vandermeij, A. (2018, February 23). These Are the Countries That Have Grown the Most in the Last Year. *Fortune*.
- Richardson, S., Sloan, R., & You, H. (2012, March/ April). What Makes Stock Prices Move? Fundamentals vs. Investor Recognition. *Financial Analysts Journal*, 68(2), 30-50.
- Ross, S., Westerfield, R., & Jaffe, J. (2012). *Corporate Finance* (10 ed.). New York: McGraw-Hill/Irwin.
- Solaiman, S. M. (2005). SECURITIES MARKET IN BANGLADESH: A CRITICAL APPRAISAL OF ITS GROWTH SINCE ITS INCEPTION IN 1954. *Savings and Development*, 29(2), 169-198.
- Sommers, P. D. (2007, December). Effect of Analysts' Optimism on Estimates of the Expected Rate of Return Implied by Earnings Forecasts. *Journal of Accounting Research*, 45(5), 983-1015.
- The Daily Star. (2015, August 5). Tribunal moves on 1996 stock scam. *The Daily Star*.
- The Daily Star. (2016, October 2016). DSE on the lookout for strategic partners. *The Daily Star*. Bangladesh.
- Vuolteenaho, T. (2002, February). What Drives Firm-Level Stock Returns? *The Journal of Finance*, 57(1), 233-264.
- Zaman, S. (2011, July). Is Dividend Policy An Important Determinant Of Market Performance: Focus On Private Banks Of Bangladesh. *World Review of Business Research*, 1(4), 135-144.

Appendix

Descriptive Statistics of Response and Explanatory Variables

Descriptive Statistics of Response and Explanatory Variables of the Select Dhaka Stock Exchange Listed Companies For Years 2000-2017

		Mean	Median	Standard Deviation	Min	Max	Count
All Companies	Average Return	1%	0.05%	3%	-4%	24%	233
	Market Independent	-6%	0.01%	97%	-1475%	24%	233
	Market Component	101	0.60	1475	-8	22515	233
Bank	Average Return	3%	0.04%	5%	-0.09%	23%	25
	Market Independent	3%	0.03%	5%	-0.14%	23%	25
	Market Component	0.49	0.51	0.55	-0.14	3	25
Cement	Average Return	0.06%	0.06%	0.04%	0.00%	0.09%	7
	Market Independent	0.03%	0.04%	0.05%	-0.06%	0.09%	7
	Market Component	0.46	0.38	0.42	0.01	1.01	7
Ceramics	Average Return	0.96%	0.89%	1.11%	0.00%	2%	4
	Market Independent	0.90%	0.84%	1.10%	-0.07%	2%	4
	Market Component	1.11	1.08	0.11	1.00	1.26	4
Engineering	Average Return	1%	0.04%	1%	-0.27%	4%	28
	Market Independent	1%	0.01%	1%	-0.28%	4%	28
	Market Component	0.64	0.58	0.64	-0.197	3	28
Financial Institutions	Average Return	0.23%	0.00%	2%	-4%	8%	22
	Market Independent	-1%	-0.04%	4%	-17%	8%	22
	Market Component	0.64	0.75	0.71	-0.08	3	22
		Mean	Median	Standard Deviation	Min	Max	Count
Food and Allied	Average Return	3%	0.09%	7%	-0.08%	24%	11
	Market Independent	3%	0.08%	7%	-0.07%	24%	11
	Market Component	0.34	0.00	1.3	-0.69	4	11
Fuel Power	Average Return	0.96%	0.05%	3%	-0.05%	13%	18
	Market Independent	0.92%	-0.002%	3%	-0.14%	13%	18
	Market Component	0.43	0.36	0.43	-0.12	1.09	18
Insurance	Average Return	1.06%	0.06%	3%	-0.17%	14%	32
	Market Independent	1.14%	0.01%	3%	-0.20%	14%	32
	Market Component	0.81	0.82	0.41	-0.30	1.41	32
IT Sector	Average Return	0.06%	0.07%	0.04%	0.00%	0.10%	6
	Market Independent	0.02%	0.02%	0.02%	-0.01%	0.06%	6
	Market Component	0.62	0.57	0.33	0.10	1.04	6
Jute	Average Return	6%	6%	8%	0.41%	11%	2
	Market Independent	6%	6%	8%	0.4%	12%	2
	Market Component	-4	-4	5	-8	0.04	2

		Mean	Median	Standard Deviation	Min	Max	Count
Paper and Printing	Average Return	0.38%	0.38%	0.73%	-0.14%	0.90%	2
	Market Independent	0.37%	0.37%	0.75%	-0.16%	0.89%	2
	Market Component	0.21	0.21	0.18	0.08	0.33	2
Pharmaceuticals and Chemicals	Average Return	1%	0.04%	2%	-0.4%	6%	25
	Market Independent	-61%	-0.04%	295%	-1475%	5%	25
	Market Component	937	0.49	4497	-0.22	22515	25
Services and Real estate	Average Return	0.02%	0.02%	0.06%	-0.03%	0.10%	4
	Market Independent	-0.02%	-0.02%	0.06%	-0.10%	0.05%	4
	Market Component	0.66	0.75	0.32	0.22	0.93	4
Tannery Industries	Average Return	3%	2%	3%	0.82%	7%	4
	Market Independent	3%	2%	3%	0.76%	7%	4
	Market Component	0.70	0.80	0.32	0.25	0.95	4
Telecommunication	Average Return	0.10%	0.10%	0.03%	0.08%	0.12%	2
	Market Independent	0.06%	0.06%	0.01%	0.05%	0.06%	2
	Market Component	0.72	0.72	0.33	0.49	0.96	2
		Mean	Median	Standard Deviation	Min	Max	Count
Textile	Average Return	0.86%	0.07%	2%	-0.12%	11%	38
	Market Independent	0.84%	0.03%	2%	-0.15%	10%	38
	Market Component	0.50	0.62	0.79	-3	2	38
Travel and Leisure	Average Return	-0.03%	-0.02%	0.04%	-0.07%	0.00%	3
	Market Independent	-0.07%	-0.04%	0.07%	-0.15%	-0.03%	3
	Market Component	0.66	0.50	0.50	0.25	1.21	3

Part 5: Hospitality & Tourism

Demystifying Gender Bias Intensity in Service Based Organizations

Noel Criscione-Naylor and Jane Bokunewicz

Hospitality and Tourism Management Studies
Stockton University, United States

Abstract

Gender inequality and the value of gender diversity are widely acknowledged in the literature. Women experience organizational barriers relative to their success; yet, there are clear links between increases in representation of women in leadership roles to increases in financial results. As service based industries seek for a competitive means in a highly saturated and differentiated market, organizations should not neglect moving women to the top of their strategy focus and activities. Accordingly, this research investigated the intensity of gender bias in service based industries by functional area and examined the linkages between gender, gender bias, leadership rank, and equal opportunity measures to support organizations in using gender as a competitive strategy. This research was conducted with 138 participants and revealed gender bias as a complicated manifestation explained through the lens of Pluralistic Ignorance. Findings of this study demonstrate more women than men experienced gender bias despite both genders reporting equality in the work place. This research contributes to understanding gender bias intensity factors, with the acknowledgement of Pluralistic Ignorance to explain contrary data, to promote organizational awareness and direct efforts.

Keywords: gender, gender bias, gender stereotype, gender stigma, pluralistic ignorance, work environment, women, diversity, human resources

Introduction

Gender inequality and the value of gender diversity are widely acknowledged in the literature. Despite links between women and increases in financial results, gender bias is routinely overlooked and minimized. Although there have been improvements between the wage disparity amongst men and women, the glass ceiling continues to triumph with the support of several other barriers to the success of women including gender bias and gender stereotyping, sexual harassment, the lack of mentors and role models, the lack of formal career development activities and projects, the exclusion from informal networks, the perception of leadership style, and value associated with male dominated behaviors and functional roles. One explanation for the failure to address these barriers is Pluralistic Ignorance which can lead to the perpetuation of unsupported social and workplace norms and limit reporting of such incidents (Halbesleben, 2009; Miller & Nelsen, 2002). Additionally, this social phenomenon is likely to occur when peers are gathered together, such as in the workplace, and may explain why group members often refrain from discussing their ultimate concerns with each other surrounding difficult topics (Grant, O'Neil, & Stephens, 2009; Miller & Nelson, 2002). As a result, organizations must acknowledge Pluralistic Ignorance and the broad environment's reinforcement of gender stereotyping and women's unconscious conformity to gender bias (Evans, 2011; Grant, O'Neil, & Stephens, 2009; Halbesleben, 2009; Miller & Nelson, 2002; Miller & Sisk, 2012).

As service intense organizations seek for a competitive strategy to combat a highly saturated and differentiated market as well as the growing proportion of women spending contribution, service

based industries need to focus on increasing organizational gender balance and leverage women talent. Accordingly, organizations are compelled to address the impact of gender bias and utilize their Human Resources function as a strategic entity to promote increases in organizational awareness and competitive strategies addressing gender bias and encouraging the development and recruitment of women within the industry. Organizations must support gender awareness and uncover systemic perceptions of gender performance and contribution as a condition for doing business to combat organizational, Pluralistic Ignorance (Miller & Sisk, 2012). Blayney and Blotnicky (2010) suggest that these activities must include building a diverse strategic culture in which Human Resources practitioners critically evaluate and review organizational promotion practices, reward and recognition systems offered, and developmental processes that are gender specific. Human Resources practitioners should help their organization's identify signs of diversity problems, emphasizing the importance of documenting employment decisions and helping organizational leaders to create policies that are gender neutral, offer family flexibility, and create a fair work environment regardless of gender (Miller & Sisk, 2012).

Research surrounding gender bias in the workplace exists and literature has begun to move from macro to micro views attempting to identify the manifestation of gender influenced activities in organizations in specific industry domains; more so being popular in the international market. Research has investigated and explored the relationships between women and men and the impact of gender from the perspective of leader and subordinate and the glass ceiling phenomenon. Women leadership has also been contextualized and compared to that of men in the hotel, gaming, and food and beverage segment. However, there is a significant gap in the literature that omits comparatively understanding the manifestation and impact of gender bias across traditional service based disciplines as well as examining it through the lens of Pluralistic Ignorance. Additionally, the research has not investigated this manifestation and the perceived relationship of gender bias to the organization, the leader, and equal opportunity in the workplace. The results of this study indicate a marginal relationship between perceived gender of a leader to subordinate and low acknowledgement of organizational and leader reinforcement of gender bias. However, the data offers contrary positions on the perceptions of gender bias held by men and women which perpetuates the existence and barrier of Pluralistic Ignorance.

Literature Review

Diversity as a whole has been identified as a strategic asset in which the overall existence of diversity promotes opportunities for interaction with diverse peers resulting in the possibility of higher learning, problem solving, creativity, innovation, and commitment to change (Borasi & Finnigan, 2010). Coupling this value in diversity and directing attention to the documented ability of women to increase profits and advance business from unique perspectives and leadership styles needs to become the focus of Human Resource practitioners. Furthermore, organizations must build a diverse environment, realizing that this can only be accomplished when women participate in all levels of management allowing talent to come together regardless of gender differences to affect business decisions (Evans, 2011). Organizations need to develop and promote change to the damaging impact of gender stereotyping and remove this barrier of bottom line performance potential through increasing gender balance in their organization (Blayney & Blotnicky, 2010; Evans, 2011). Clear links to the increased representation of women has already demonstrated positive bottom line results supporting the belief that women drive performance and contribute to

an organization's competitive resources (Blayney & Blotnick, 2010; Evans, 2011; Miller & Sisk, 2012).

Women find themselves trapped in leadership, gender stigmas. Women leaders face higher standards than male leaders and are rewarded less. Women that exhibit traditionally valued masculine leadership behaviors such as assertiveness are perceived as competent but are not well liked while women that exhibit more feminine, stereotypical behaviors are more well liked and perceived as not having the necessary or valued leadership skills to strategically improve the performance of the organization (Evans, 2011). Organizations hold a common belief that masculine leadership characteristics, particularly those related to business acumen and influence, result in better performance while feminine styles of management are evaluated as deficient (Evans, 2011; Miller & Sisk, 2012). Although leadership characteristics and styles between men and women are marginal, women tend to have higher interpersonal behaviors and are more oriented to demonstrate collaborative and inclusive approaches to support and maintain relationships as compared to men (Blayney & Blotnick, 2010; Evans, 2011). Accordingly, these differences may have a direct impact on women as compared to men relative to experiencing gender bias.

Furthermore, women experience organizational barriers to their success including exclusion from informal networks, the lack of role models and mentors and the inability of organizations to support or offer opportunities for development (Evans, 2011). There is a significant lack of women role models as well as men that are comfortable taking on such a role with women (Miller & Sisk, 2012). As a result, women receive less mentoring and have been perceived as misunderstanding mentoring advances as sexual advances (Blayney & Blotnick, 2010; Miller & Sisk, 2012). Additionally, women rely on the organization's formal process for career development and promotion while men tend to use the informal network to support career advancement objectives (Blayney & Blotnick, 2010). This has resulted in female leaders having fewer development assignments and less mobility for career advancement opportunities. Research conducted by Blayney and Blotnick (2010), identified that developmental assignments are highly correlated to career success and women become highly disadvantaged in increasing their capability which marginalizes women to lead smaller functional areas or smaller organizations as compared to men. Accordingly, a framework needs to be put into place to emphasize internal mentoring of staff to promote and develop women professionally and as organizational leaders (Evans, 2011).

As such the authors hypothesize that:

The gender of a direct supervisor impacts equal opportunity for women. Equal opportunity is defined as being selected and participate in informal networks and activities and receiving equal pay.

In the development of an organizational strategy targeting the retention and promotion of women, there have been examples of success and the value of women leadership. These strategies have included developing a culture of retention and recruitment, increasing the number of women in all levels of roles, particularly leadership roles, recognizing women's successes, and enhancing professional development opportunities (Evans, 2011). In one example, an organization was able to significantly improve women partnerships from 31% to 88% based on their efforts. This exemplifies the need to focus on successful employment and retention tactics to overcome barriers

experienced by women and to open the door for improved bottom line performance. Unless organizations take immediate action to address gender bias, organizations will be unable to attract and retain talented women to compete in the market. Surprisingly, 71% of companies do not have programs designed to develop women (Evans, 2011).

As such the authors hypothesize that:

Gender bias intensity varies by functional area, and leadership level.

Clarifying the Nature and Meaning of Pluralistic Ignorance

In the world of Sociology, the existence of Pluralistic Ignorance has been of great interest as a result of its consequences for employees and organizations. This social phenomenon is defined as the circumstance in which individuals infer that the perceptions, beliefs, and feelings guiding their own actions differ or are opposite from those guiding the identical actions of their peers (Halbesleben, 2009; Miller & Nelson, 2002). This is likely to occur when peers are gathered together and may explain why group members often refrain from discussing their ultimate concerns with each other (Grant, O'Neil, & Stephens, 2009). This is due to group members' lack of mutual visibility, misreading of behavioral cues by members of a reference group, or taking individual's public behavior as diagnostic of their private thoughts and feelings (Grant, O'Neil, & Stephens, 2009; Miller & Nelson, 2002)

For an organization, this is of importance when considering the existence of gender bias as Pluralistic Ignorance can lead to an employee feeling deviant from his or her work group or the organization, reducing retention (Halbesleben, 2009). If employees experience Pluralistic Ignorance, the deviance they experience threatens their social identity; by hiding their true opinion and outwardly supporting the perceived group norm they can appear as though they fit in with others (Halbesleben, 2009) which may increase the longevity and existence of gender bias and discrimination in the workplace. Furthermore, Pluralistic Ignorance suggests that at group gatherings, members will often refrain from discussing their ultimate concerns (religion, politics, discrimination, harassment, etc.) because they are under the false impression that most members of their group are uncomfortable discussing such topics or group members are ignorant of a norm even when in the presence of each other (Grant, O'Neil, & Stephens, 2009). For example, in a gender based scenario of sexual harassment, this suggests that when individuals within a group laugh at sexist jokes or do not adversely respond to sexist comments or behavior, they are conveying to others implicit support for the behaviors in question. This may occur despite their personal rejection of the sexist behavior. Furthermore, the ability to observe the behavioral cues that suggest that others support the sexist behavior will increase Pluralistic Ignorance and limit reporting of such situations (Halbesleben, 2009; Miller & Nelson, 2002).

A consideration worthy in this study is to acknowledge within the bounds of Pluralistic Ignorance, if women feel that a majority of men are comfortable with the current environment, than they are more likely to accept the situation and even fail to report any experiences or concern. Additionally, fear, such as the fear of embarrassment of the individual or someone else, the fear of being materially exploited, and the fear of change or uncertainty—can produce avoidance behavior and hence contribute to Pluralistic Ignorance (Miller & Nelson, 2002). As such, individuals

inadvertently create spirals of silence and avoidance (Grant, O’Neil, & Stephens, 2009). This avoidance will ultimately prohibit gender equal opportunity and the elimination of gender bias.

As such the authors hypothesize that:

Evidence of Pluralistic Ignorance will be demonstrated by contrary respondent data and paradoxal trends.

Methodology

This study used a survey as a measurement instrument with Institutional Review Board approval. A 32 question survey was informed by the literature and developed. The respondents were asked to rate the degree of their agreement or disagreement to a number of statements associated with experiencing gender bias and organizational culture in an attempt to answer the research hypotheses. Specifically, the survey utilized a five point Likert Scale with the exception of questions asking the respondents to select their level within the organization, the gender of their direct supervisor, and demographic information. The Likert Scale ratings included the following options: Strongly agree, agree, neutral/neither agree nor disagree, disagree, or strongly disagree. Only one selection was permitted per question. Limited questions allowed respondents to provide qualitative details of particular experiences or justification of a response. The survey was deployed using SurveyMonkey.com and shared via social media networks including Facebook and LinkedIn.

Sample

A total of 138 individuals responded to the survey. Out of 138 respondents, 110 identified as female and 28 as male. There was an option to select “other” for gender; no respondent identified in this category. 98 respondents obtained a college education including an associate, bachelorette, masters, or terminal degree. 35 respondents earned a high school diploma and the remaining 5 respondents indicated “some college”. 138 respondents reside within the United States. Two of 138 participants identified as having a disability. To capture specific industry information, the survey requested participants to identify their specific industry type including retail, casino/gaming, food and beverage, hotel or other (requesting the respondent to specify). This information is listed in Table 1. Some examples of industry “other” types were Theme Parks, Entertainment, Destination Management, and Health Care. Additionally, the survey captured the specific functional area within the industry. A summary of this data can be found in Table 2.

Table 1. Respondents by Industry Area

Industry	Count	Percentage
Retail	6	4.38%
Casino/Gaming	56	40.88%
Food and Beverage	28	20.44%
Hotel	14	10.22%
Other	33	24.09%

Table 2. Respondents by Functional Area

Functional Area	Count	Percentage
Accounting	4	2.9%
Administrative	6	4.35%
Customer Service	23	16.67%
Marketing	8	5.8%
Operations	18	13.04%
Human Resources	37	26.81%
Sales	8	5.8%
Finance	6	4.35%
Legal	0	0%
IT	4	2.9%
Engineering	0	0%
Product	1	0.72%
Research and Development	0	0%
International	0	0%
Business Intelligence	1	0.72%
Manufacturing	0	0%
Public Relations	2	1.45%
Other	20	14.49%

Findings

A high percentage of both men and women perceived gender equality in the workplace, see Figure 1. 85.7% of men and 68.2% of women responded that their work is valued equally regardless of their gender. Similarly, 75% of men and 59.7% of women responded that they have equal access to opportunities, including promotion, regardless of their gender. Despite this perception of equality, 47.3% of women reported experiencing gender bias, defined in the survey as being treated differently than a woman or man counterpart and 50% of women reported the existence of salary gaps among men and women at the same level in their organization. This contrary data creates a paradox between perception and experience among women.

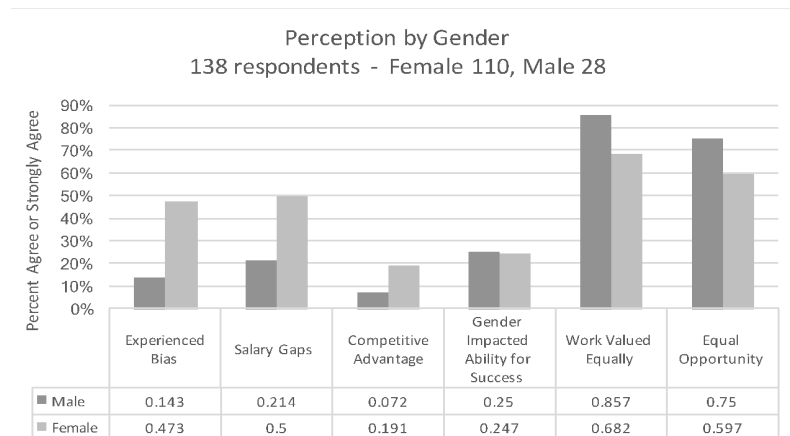


Figure 1. Perception by gender. This figure displays “Strongly Agree” and “Agree” data by gender

Men in the study had a more positive perception of workplace equality and reported a lesser percentage of experienced gender bias. Only 14.3% of men reported experiencing bias compared to 47.3% of women. Most men in the study did not acknowledge the existence of gender bias. Only 21.4% of men reported the existence of salary gaps between men and women. Additionally, the men in the study did not acknowledge that their gender provided a competitive advantage while a

higher percentage of women reported that their gender did provide competitive advantage (19.1% of women compared to only 7.2% of men). A higher percentage of men than women had a positive view of the work environment regarding equal opportunity and work being valued equally.

A slightly higher percentage of respondents with women leaders perceived equality in the workplace compared to those with male leaders, see Figure 2. 84.3% of respondents with female leaders indicated that their direct supervisor does not consider gender in task assignments compared to 73.1% of respondents with male leaders. The results were similar regarding the perception of equal opportunity and work being valued equally. 64.7% of respondents with female leaders compared to 61.5% of those with male leaders reported having equal opportunity and 73.1% of respondents with female leaders compared to 70.5% with male leaders reported that their work was valued equally. The percentage of respondents identifying salary gaps was similar with both male and female leaders (46.2% of respondents with female leaders and 42.3% with male leaders). A similar paradox exists in these findings between perception and experience. Despite the high percentage of perceived equality, 46.1% of respondents with female supervisors and 39.8% with male supervisors reported actually having experienced bias.

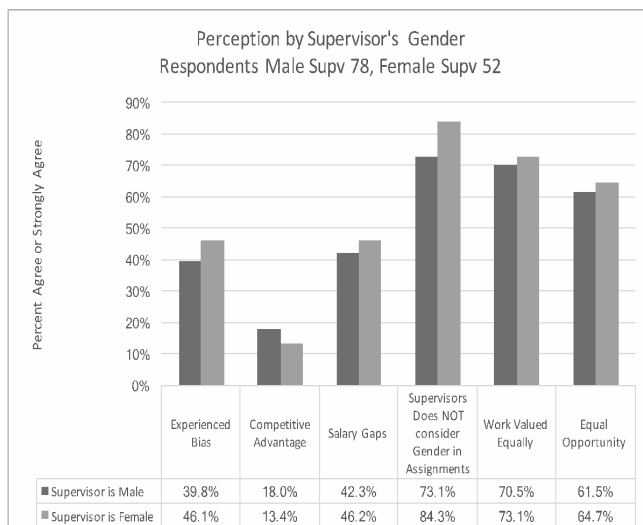


Figure 2. Perception by supervisor's gender. This figure displays "Strongly Agree" and "Agree" data by supervisor's gender

Among respondents in this study, the highest percentage of respondents who experienced bias were at the highest levels of management, see Figure 3. 51.4% of respondents at the senior management level and 46.2% at the owner/executive level reported experiencing bias compared to only 24% at the entry level. Similarly, 60% at the level of senior management and 46.2% at the owner/executive level identified salary gaps, compared to only 28% at the entry level. The perception/experience paradox is most apparent at the owner/executive level where despite a high percentage of people experiencing bias, 84.6% reported work being valued equally and 76.9% reported equal opportunity between genders.

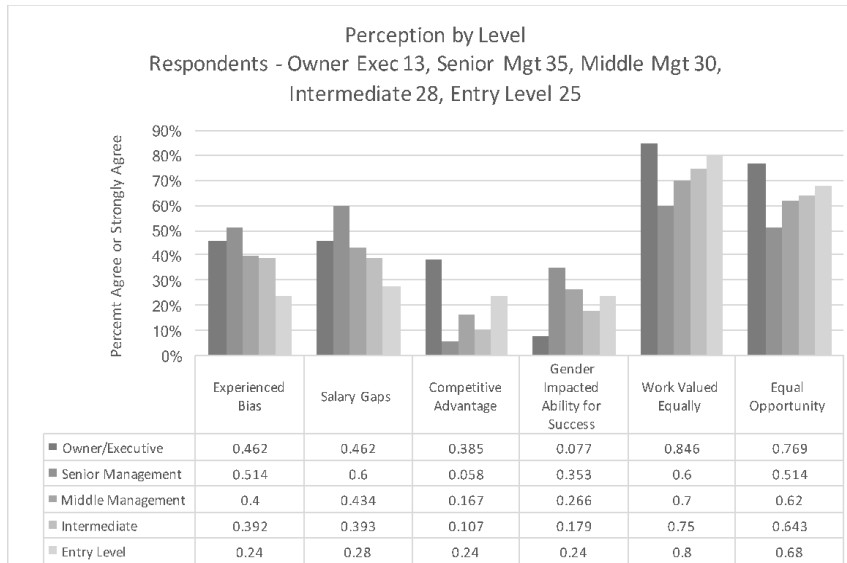


Figure 3. Perception by level. This figure displays “Strongly Agree” and “Agree” data by leadership level

The results of the survey revealed wide variation in respondents reporting have experienced bias by functional area, see Figure 4. The highest percentage of respondents reported that they have experienced bias was in the Marketing and Operations areas at 62.5% and 55.5% respectively. The Customer Service area had the lowest percent reported that they have experienced bias at 30.4%. 66% of respondents in the Finance area identified salary gaps compared to only 25% in Accounting, traditionally dominated areas by men.

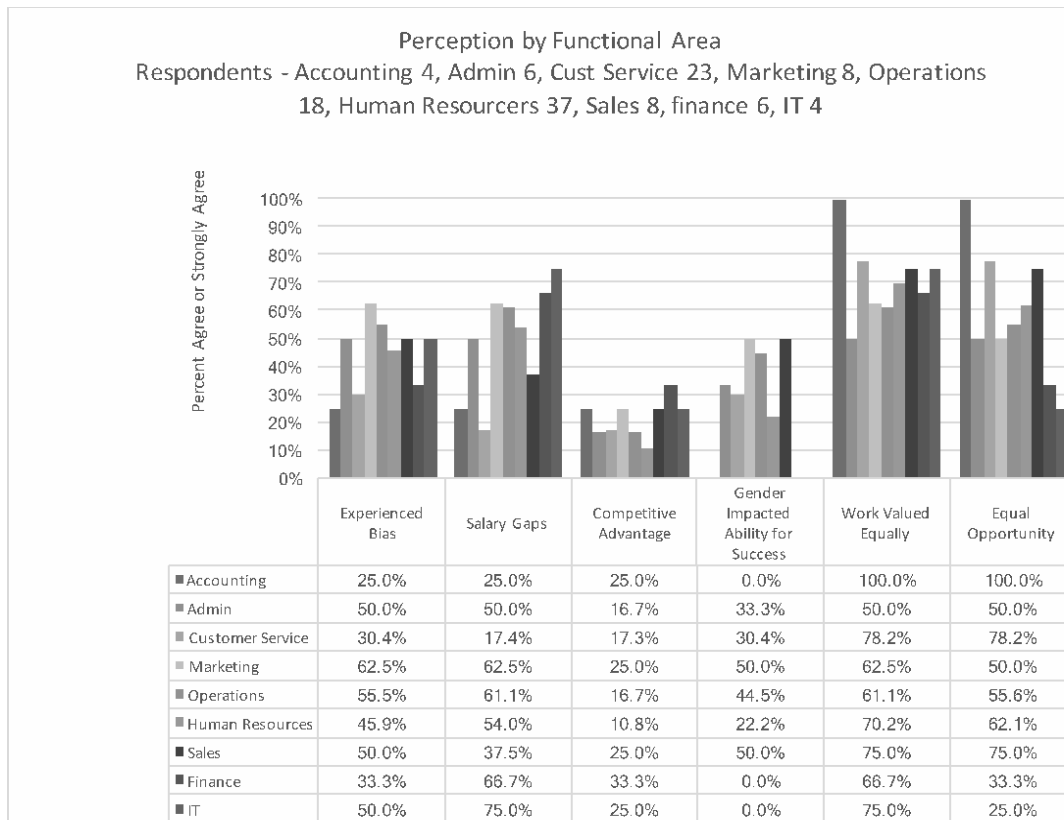


Figure 4. Perception by functional area. This figure displays “Strongly Agree” and “Agree” data by functional area

More men than women in the study indicated a willingness to participate in activities, see Figure 5. A high percentage of men and women, 92.8% and 88.2% respectively, said they would participate in activities regardless of the gender of their peers. Only 65.4% of women compared to 85.7% of men said they would participate in activities lead by men. A slightly higher percentage, 69.8%, of women said they would participate in activities lead by women however this is still lower than the 89.3% of men responded that they would participate.

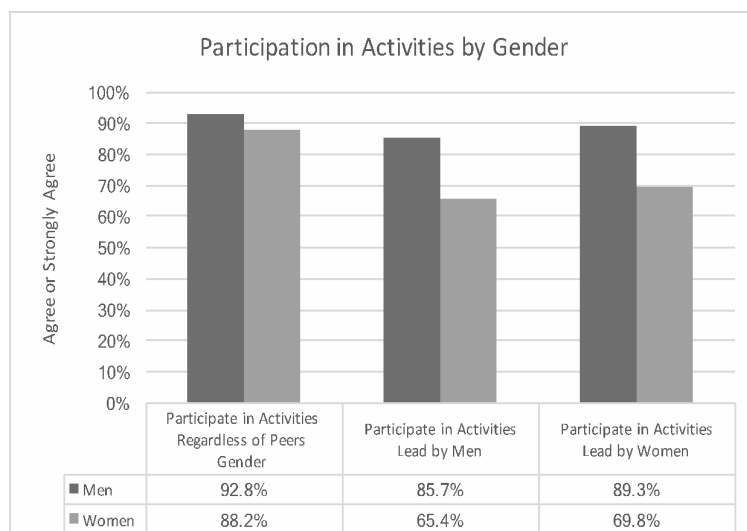


Figure 5. Participation in activities. This figure displays “Strongly Agree” and “Agree” data by participation in activities by gender

Discussion and Conclusion

It is known that women experience barriers in the workplace relative to gender. The degree and significance varies; however, common themes include lack of access to projects, value of work, salary, and after work activities have been identified as top barriers to success. Additionally, with the acknowledgement and lens of Pluralistic Ignorance, an additional and intangible barrier presents itself in the workplace. Accordingly, the purpose of this discussion is to provide the study’s data in support of answering the research hypothesizes and to reconcile the discrepancies between the reported occurrences and reporting of gender bias related variables. Pluralistic Ignorance is used to provide an explanation for contrary responses and paradoxal trends that emerged in the data.

In support of research hypothesis one, the gender of a direct supervisor impacts equal opportunity for women, it is perceived that the gender of an individual’s direct supervisor does not have a significant effect on equality opportunity. Men and women both reported equality in equal opportunity related questions and reported equal access to opportunities, including promotion, regardless of their gender. Despite this response data, nearly half of all women respondents reported experiencing gender bias, defined in the survey as being treated differently than a woman or man counterpart. There is a clear gap in the perception of respondents and their report of having experienced gender bias. Accordingly, respondent data did not identify or recognize the root of gender bias experiences. Based on this paradoxal reporting, gender bias is merely acknowledged as existing and lacks substantial evidence of the source of continued discrimination.

In support of hypothesis three, evidence of Pluralistic Ignorance will be demonstrated by contrary respondent data and paradoxical trends, patterns in the data may be directly linked to group members' lack of mutual visibility, misreading of behavioral cues by members of a reference group, or taking individual's public behavior as diagnostic of their private thoughts and feelings as supported by the literature (Grant, O'Neil, & Stephens, 2009; Miller & Nelson, 2002). This is again supported in the example of men and women respondents identifying similar salary gaps based on gender of their leader; yet, looking at the data by gender, women are significantly more likely to identify gaps while men are highly unlikely to report any disparity in wages.

Reporting in this research study is similar to Pluralistic Ignorance studies surrounding sexual harassment in which individuals convey to others implicit support for behaviors, actions, and the organization culture in question, ultimately limit reporting of such situations or creating avoidance of the topic all together (Halbesleben, 2009; Miller & Nelson, 2002). This avoidance is of great concern for service based industries as it will ultimately prohibit gender equal opportunity and add an additional barrier for women in the workplace. Furthermore, it will have a negative impact on retention, raises in women in leadership, and using women as competitive human capital.

In addressing hypothesis two, gender bias intensity varies by functional area and leadership level, there is variation in gender bias intensity by functional area. Traditionally male dominated areas, such as finance and accounting, demonstrate the highest reported gender bias areas. Accordingly, traditionally female dominated areas like customer service received the lowest reported gender bias experiences. The identification of intensity by functional area supports the need to inform and educate the existing workforce and address organization's culture and norms that may be the result or effect of Pluralistic Ignorance. As such and referencing research hypothesis one, although gender may not have a significant impact on equal opportunity, the functional area in which an individual pursues may, along with the gender of a direct supervisor and willingness to participate in activities.

The lack of acknowledgement of the existence of gender bias by men and by the highest levels of management is concerning. More men than women are in higher level management positions. For example, in this study 78 respondents reported having a male supervisor compared to 52 who reported having a female supervisor despite women comprising the majority of respondents. If individuals in higher leader levels with authority and power to positively impact equality in the workplace do not see this inequality, this will impede efforts to change it. As such, the data supports research hypothesis two not only in gender bias intensity differences by functional area but includes by leadership level. Accordingly, the higher the leadership level, the more likely an individual is likely to experience gender bias, particularly women.

Although there are limitations of this study including sample size, geographic location of respondents, and further evaluation of additional variables such as leadership behavior and organizational structure, this study contributes to existing literature by clarifying linkages between gender, gender bias, leadership rank, and specific industry functions by exposing the dynamism and relationship among these considerations as well as the impact of Pluralistic Ignorance. As a result, findings of this study improves awareness in service intense organizations and promotes organization's ability to more effectively direct efforts leading to improved performance and competitive advantage with equal opportunity and gender diversity. This research offers Human

Resource practitioners a starting point to review organizational culture and norms to prepare to evaluate and generate awareness to address gender bias and Pluralistic Ignorance in the workplace.

References

- Blayney, C. & Blotnicky, K. (2010). The Impact of Gender on Career Paths and Management Capability in the Hotel Industry in Canada. *Journal Of Human Resources In Hospitality & Tourism*, 9(3), 233-255. doi:10.1080/15332845.2010.487014
- Borasi, R., & Finnigan, K. (2010). Entrepreneurial attitudes and behaviors that can help prepare successful change-agents in education. *New Educator*. 6(1), 1-29.
- Evans, D. (2011). Room at the top: Advancement and equity for women in the business world. *National Civic Review*, 100(2), 62-64. doi:10.1002/ncr.20061
- Grant, D., O'Neil, K., & Stephens, L. (2009). PLURALISTIC IGNORANCE AMONG ASSEMBLED PEERS. *Sociological Perspectives*, 52(1), 59-79.
- Halbesleben, J. B. (2009). The Role of Pluralistic Ignorance in the Reporting of Sexual Harassment. *Basic & Applied Social Psychology*, 31(3), 210-217. doi:10.1080/01973530903058284
- Miller, D. T., & Nelson, L. D. (2002). Seeing Approach Motivation in the Avoidance Behavior of Others: Implications for an Understanding of Pluralistic Ignorance. *Journal Of Personality & Social Psychology*, 83(5), 1066-1075. doi:10.1037//0022-3514.83.5.1066
- Miller, G. L., & Sisk, F. A. (2012). Business Education and gender bias at the 'C-Level'. *Administrative Issues Journal: Education, Practice & Research*, 2(1), 16-25. doi:10.5929/2011.2.1.10

Progress on Food and Gastronomy Research in Tourism, Travel and Hospitality in Turkey

Abdülkadir Çorbacı¹, Gökhan Yılmaz², Adnan Öztürk³, and Gencer Sümbül⁴

¹ Adıyaman University Tourism Faculty, Turkey

^{2,3} Akdeniz University Tourism Faculty, Turkey

⁴ Kütahya Dumlupınar University Emet Vocational School, Turkey

Introduction

There seems to be no concerted agreement on the scope of gastronomy and what it exactly covers as a discipline, thus discussions are still underway (Berg et al., 2003; Maberly and Reid, 2014). Some researchers (Gustafsson, 2004; Harrington et al., 2005; Hegarty, 2009; Hertzman and Maas, 2012; Okumus et al., 2018) attribute this to the reason that gastronomy is a new study and research field which requires a multidisciplinary approach. Hence, it is stated that gastronomy is related to a variety of disciplines and fields of study such as chemistry, literature, biology, geography, history, anthropology, music, philosophy and sociology (Santich, 2007; Croce and Perri, 2010). In this context, it is possible to say that gastronomy is correlated with both social sciences and physical sciences (Çalışkan and Yılmaz, 2016). In a similar vein, it is stated that the researches on food and gastronomy are usually dealt with relating to physical sciences, health sciences and engineering areas (Vijay and Raghavan, 2007). Nevertheless, it is known that gastronomy is clearly and closely associated with tourism as a study field (Santich, 2004; Corbaci et al., 2018). At the heart of this association lies the fact that tourism and gastronomy are both academic fields of study within the social sciences having a lot in common (Hjalager and Richards, 2002). However, it is still controversial whether food and gastronomy are current areas of study in the academic field of tourism (Henderson, 2009).

There is a need to determine how research in the areas of food and gastronomy has developed and how both study areas have become new fields of research (Björk and Kauppinen-Räsänen, 2016). When the related literature is reviewed, it is observed that although the studies (Chen, 2012; Tao, et al., 2015; Vanga et al., 2015; Kasemodel et al., 2016; DiPietro, 2017) abound on the improvement of research on food in the framework of different disciplines, there is a limited number of studies (Sarıışık and Özbay, 2015; Yılmaz, 2017b; Okumus et al., 2018) on the improvement of food and gastronomy in the field of tourism and hospitality. The above mentioned research studies on food and gastronomy were conducted with a bibliometric point of view; but the themes explored were not tackled in detail. For instance, in the study conducted by Okumus et al. (2018) the papers published in tourism and hospitality journals between 1976-2016 were reviewed from a number of parameters (the journal which published, the number and name of the writers, the subjects of research). In a similar vein, Sarıışık and Özbay (2015) evaluated the improvement of gastronomy tourism in the frame of scientific journals; specifically papers, books and conference proceedings. Although prior studies provide a major contribution, a significantly big gap is observed in the literature review especially when studies on food and gastronomy in tourism, travel and hospitality journals published in Turkey are examined. The purpose of this study is to shed light on the body of research made so far in Turkey on food and gastronomy fields, in which tourism, travel and hospitality journals they have been published and in what way they evolved over the course of time.

Methods

The data was collected between March-June 2018 in the scope of the study. The study took a qualitative research approach in which document analysis were employed as major data collection techniques whereas content analysis was the primary method of analyzing the qualitative data. The journals of tourism, travel and hospitality scanned by Academia Social Science Index (ASOS Index) (<http://asosindex.com/>) or the journals registered in DergiPark Akademik (<http://dergipark.gov.tr/>) were included in the research. Because journals only publish scientific studies following a review process, they undoubtedly publish the certified and approved knowledge (Ramos-Rodríguez and Ruíz-Navarro, 2004). For this reason, only scientific journals are included in the study. DergiPark Akademik is available in electronic version as well and the paper submission and editorial process for the academic journals in Turkey are all managed by Tübitak Ulakbim. Academia Social Science Index is one of the leading academic index sites of Turkey established in 2010. In this context, using tourism, travel and hospitality as keywords in the databases, 17 journals (*Anatolia: A Journal of Tourism Research*, *Gastroia: Journal of Gastronomy and Travel Research*, *International Journal of Contemporary Tourism Research*, *International Journal of Global Tourism Research*, *International Journal of Health Management and Tourism*, *International Journal of Tourism, Economic and Business Sciences*, *International Journal of Turkic World Tourism Studies*, *International Rural Tourism and Development Journal*, *Journal of Current Tourism Researches*, *Journal of Gastronomy, Hospitality and Travel*, *Journal of Multidisciplinary Academic Tourism*, *Journal of Saffron Culture and Tourism Researches*, *Journal of Tourismology*, *Journal of Tourism and Research*, *Journal of Tourism Theory and Research*, *Journal of Travel and Hospitality Management*, *Journal of Turkish Tourism Research*, *Sivas Multidisciplinary Journal of Tourism Research*, *Tourism Academic Journal*) were accessed. In the field of tourism, travel and hospitality, the first journal operating with a review process was “Anatolia” which was followed by the Journal of Tourism Research published in 1997 and the Journal of Travel and Hospitality Management published in 2004, respectively with the remaining journals which started to be published after 2012. In all these journals papers have been published both in Turkish and English.

The journals on tourism, travel and hospitality were searched in online platforms starting with the first issue until the last one (June 2018) by two researchers. Only full text papers (empirical and conceptual) were included in the analysis in the related journals. Editor prefaces, research notes, book reviews, translated papers, thesis summaries and congress notes were not taken into the scope of evaluation. Within this context, it was observed that 913 full text papers were published in the journals and about 12 % of them were on food and gastronomy. The papers collected were compared and it was decided to exclude the papers which did not have a direct relation to food and gastronomy. At the end of the data collection process, a final sample of 107 papers was selected for analysis. In the content analysis phase a code schema was formed. This code schema was applied to the papers by two researchers who acted as independent coders. After this process, code schema was examined by a third researcher to achieve intercoder reliability and cohesiveness. As a result of the content analysis, the published papers were gathered under two main categories and seven sub-categories.

1. consumer/tourist oriented 26 papers; and
2. supplier oriented 81 papers.

Studies From Consumer/Tourist Perspective

It is possible to classify the studies done so far in the context of consumer or tourist as (i) motivation, (ii) decision making, (iii) experience and (iv) post-experience / evaluation. Under the related categories, most studies in order are in the category of decision making (10 papers), post-experience / evaluation (8 papers), experience (6 papers) and motivation (2 papers).

Motivation

It is known that local food or gastronomy is an important component of motivation attracting tourists to a restaurant or a destination. For instance, Bayrakçı and Akdağ (2016) are studying the local food consumption motivations of the tourists visiting Gaziantep. It has been determined that the factors affecting the local food consumption motivations of the tourists are thrill seeking, cultural experience, sensory appeal and health expectation, respectively. Çanakçı and Birdir (2018) are also indicating that variety-seeking in local food is a significant factor of motivation among the tourists visiting Cappadocia. Accordingly, it is determined that variety-seeking behavior of the tourists in the local food is gathered under two dimensions as curiosity and experience.

Decision Making

The consumers or the tourists can take local food and gastronomy into account while choosing between different restaurants or destinations. It was observed that in the related literature the studies were conducted on the meal or food choice of the consumers or the tourists (Kıngır et al., 2015; Altaş, 2016; Işkın and Sarıışık, 2017), the selection of restaurants (Albayrak, 2014; Ertürk, 2018) and the choice of destination (Zağralı and Akbaba, 2015; Aydoğdu et al., 2016; Eryılmaz and Şengül, 2016). Altaş (2016) has approached the diet food choices of the tourists from a cognitive point of view. She mentions the importance of preparing low-calorie, healthy and tasty food for the tourists travelling for health reasons. Kıngır et al. (2015) researched the factors affecting fast food consumption of the students. They reached the conclusion that the specialties of the product, service time, pricing policy have a critical role on why the students choose to consume fast food. Similarly, Özdiñç (2004) looked into the reasons for both choosing fast food restaurants and fast food products by taking 350 students from Çukurova University as the sample. It was determined that 88 % of the students consume fast food and that cognitive and emotional factors play an important role for the students choosing fast food restaurants.

Albayrak (2014) studied the factors influencing the decision making process in the restaurant selection for the consumers in Istanbul. It was observed that consumers give importance to factors such as specialties of the restaurant, food and beverage, services provided and monetary value. Similarly, Ertürk (2018) stated that criteria such as the taste, quality and the freshness of the food, hygiene, the attention and the behavior of the staff, along with their personal hygiene and monetary value play an important role as well. Finally, researchers looked into what kind of a role local food or gastronomy played in the choice of a destination for the tourists. Zağralı and Akbaba (2015) also viewed whether local food is a factor or not in the choice of the tourists visiting Izmir. As the result of the study, it was determined that the local food did not play a decisive role but instead had a motivational role for the tourists to try food in general and mostly to enjoy what has been tried. Aydoğdu et al. (2016) stated that gastronomy is a pull motivation for the tourists visiting Bozcaada. Eryılmaz and Şengül (2016) also looked into how the photos of the food shared on

social media play a role in the destination selection of the tourists. It is concluded that tourists decided to go to a specific destination based on the photos shared on social media and similarly they tried the foods by taking into consideration both the positive and negative user generated content on the web.

Experience

Some researchers (Johns and Kivela, 2001; Gustafsson, 2004, Özdemir, 2010) argue that eating should be accepted as an experience. In this framework, studies conceptualizing the eating experience or presenting its dimensions are encountered in the related literature. For instance, Özdemir (2010) treats the experience of eating out from a conceptual angle and offers a model. The conceptual model on eating out covers decisions (deciding to eat, choosing a meal and choosing a restaurant), experiencing the meal (interior design of the restaurant, social interaction, product, reception, ambience, service, payment, management control system) and evaluation (satisfaction or dissatisfaction). Sünnetçioğlu and Doğdubay (2017) aim at determining the components of the meal experience in their study. The components of the meal experience cover aesthetic dimension (plate, food, space and ambience aesthetics), emotional satisfaction dimension, spiritual dimension, intellectual dimension, internal resource dimension, activity dimension and economic dimension are tackled in the study conducted with 403 customers in Çanakkale.

In some studies, food experience of the tourist in the destination while travelling is mentioned. For instance, Ayaz and Yalı (2017) indicate that service delivery, ambience of the restaurant and hygiene are placed on top in the meal experience of the tourists visiting Safranbolu. It was also determined that meal experience of the tourists affected the overall touristic experience. In the study conducted by Uçuk and Özkanlı (2017) it is stated that the presentation of the food can contribute to the gastronomic experiences. Finally, there are studies on the experiences of the tourists' specific to gastronomic tourism products. For instance, Yeşilyurt and Arica (2018) studied the experiences of the tourists visiting Emine Göğüş Cuisine Museum in Gaziantep which is the first cuisine museum in Turkey. According to the results of the study the experiences of the visitors of this museum are categorized as education, aesthetics, escape, remembering history and experience with the staff. Barakazı and Öncel (2017) also searched the effect of the activities of gastronomy and culture in Şanlıurfa Sıra Nights.

Post-Experience / Evaluation

The food experiences of the tourists or the consumers can be effective on the behaviours such as satisfaction or dissatisfaction, complaint, recommendation, loyalty and revisiting. Cömert and Sökmen (2017) search for the satisfaction levels and gastronomic experiences in Antalya and it is determined that tourists are content with the reception, quality and the knowledge of the staff about the food. Kılıç and Bekar (2012) searched the effect of service quality of the restaurants on the customer satisfaction in Muğla. According to the results the meal quality, price, value and service recovery have a direct effect on the customer satisfaction. Sormaz et al. (2017) evaluate the satisfaction level of the tourists preferring halal hotels in 5 different cities about the food and beverage services. When the general expectations of the customers are met, they become happy with the the food and beverage services. The study of Toktassynova and Akbaba (2017) show that the customers share the positive experiences on online recommendation sites and make

recommendations to others. Besides, it is shown that the satisfied customers can become loyal to the enterprise in the study of Uygur and Küçükergin (2013). It is determined that corporate social responsibility which is another practice also has an impact on the customer loyalty by Aydın and Erdoğan (2016).

Some researches show that customers complain as a result of the negative experiences they had, yet the recompensation efforts of the restaurants can turn the negative experiences into positive. Özdemir et al. (2015) who study the complaints of the customers using Planned Behaviour Theory state that attitudes, subjective norms, and perceived behavioral control, self-importance and information level are the factors determining the inclination to complain. Çalışkan (2013) who studied the service failures and service recovery strategies, determined that the satisfaction of the customer was affected in a positive way when the restaurant responds back with a proper recovery strategy to a service failure.

Studies from supplier perspective

The studies in the context of supplier can be classified as business, destination and academy. Most studies in order are in the category of (i) business (47 papers), (ii) destination (27 papers) and (iii) academy (7 papers) under the related categories.

Business

Business category comprise of four dimensions as restaurant management (13 papers), menu management (13 papers), food security management (11 papers) and organization culture (10 papers).

Restaurant management

Restaurant management refers to the efforts and decisions regarding the marketing, financial, and management activities. The studies (6 papers) on brand value, image, competition and innovative practices are related to marketing activities. For example, Gül and Gül (2016b) concluded that the brand perception towards the foreign fast food is higher when compared with the local fast food restaurants in their study of brand value where they examined fast food restaurants in Balıkesir. Aydın (2016) analyzes the factors determining the restaurant image considering the comments on online sites. According to the results it is stated that food quality, variety of menu, ambience and the knowledge of the staff can affect the restaurant image positively or negatively. Eren and Çelik (2017) also say that the food is effective on the restaurant image and Güler (2006) provide the factors designating the strength of competitiveness. It was concluded that hotel restaurants being unable to act freely has a negative impact on the strength of competitiveness. Birdir and Kale (2014) try to learn the innovative services applied in the restaurants. It is seen that the restaurants are making innovations in the areas of wi-fi, security systems and other components about the service (taking orders, customer wait time etc.). Cankül et al. (2018) view the usage of social media by the food and beverage businesses in Eskişehir. It is observed that the business can communicate with the customers in a way which is easier, faster, cheaper and more effective through social media.

Secondly, the studies (3 papers) on institutionalization and configuration corporate structure are associated with management activities. Taşpınar (2017) examines how the organizational

structures of the hotel kitchens in Istanbul are reformed. It is concluded that the hotel kitchens differ from the traditional structure and there is no standardization. Zencir and Akođlan-Kozak (2014) also search the institutionalization state of the restaurants and mention the dimension of the standardization in addition to the dimensions of institutionalization. In the study of Yılmaz and Özdemir (2017) the goal was to specify how the basic restaurant types/concepts were by resorting to the point of view of the tourism stakeholders in Cappadocia region. The findings of the study indicated the main restaurant types/concepts were hotel restaurants, group restaurants, boutique restaurants, ethnic restaurants, and kebab and pita restaurants. Finally, the studies on financial performance and tax applications comprise the financial activities category. For example, Karadeniz et al. (2012), Koşan and Karadeniz (2014) and Karadeniz et al. (2015) view the financial performances, decisions and liquidity situations of the enterprises in food industry in detail in the frame of their balance-sheets. Çelikkaya (2011) looked into the impact of the value added tax which is 18 % in Turkey in restaurant business and suggested that the extra 18 % was affecting the restaurants negatively.

Menu management

The menu is seen as an effective marketing and communication tool for the restaurants (Ozdemir and Caliskan, 2014). The topics entailed in menu planning (9 papers), menu pricing (1 paper), menu designing (1 paper) and menu analysis (2 papers) form the menu management dimension. Denizer (2003) explains cognitively the components which need to be paid attention to while preparing banquet menus at the hotels. Buyruk (2011) and Özkaya and Sökmen (2017) search menu planning in the hotel kitchens and evaluate the statements of the kitchen and service staff. Similarly, Sarışik and Özleyen (2004) search the main factors the managers of the kitchen need to take into consideration while planning a menu. According to the findings, it is discovered that the most important factors are the product and service quality in menu planning. On the other hand, some researches are interested in the usage of foods in the menus. For instance, Karamustafa and Ülker (2017) state the local food usage behaviour of the chefs from a conceptual framework. However, Çulha and Dađkiran (2016) emphasized interviews with the restaurant managers and Eren (2017) realized interviews with the chefs in order to define the local food usage behaviour clearly. According to the results of both studies, it is indicated that not much importance has been given to the local foods, being fresh was a crucial factor in determining the buying decision and there is a lack of communication between managers and chefs. Both Hatipođlu and Batman (2014) and Akdemir and Selçuk (2017) study the religious practices and consumption of halal food. It was determined that kitchen managers pay attention to the sensitivities of the customers and give importance to the choice, preparation and presentation of the food accordingly. In addition to this, Akdemir and Selçuk (2017) say that as the managers of the kitchens supply the foods from reliable sources, they do not need a halal certificate.

Hançer et al. (2007) examining menu pricing studied the implementation of the price ending strategies in the frame of psychological pricing. It was determined that even writing the prices in foreign currency (eg. 7 \$) makes the restaurant to be perceived as high quality. Bekar and Demirci (2015) analyzed the effect of menu cards on food and beverage choices of the customers and they discovered that the customers were influenced by the menu content at most while they were least influenced by the physical features. Sarışik and Kaya (2004) examined the menus at the restaurants with gross profit analysis, by means of which it was decided whether the menu items would remain in the menu or not. Özdemir and Nebiođlu (2015) realised interviews with the

kitchen chefs of 5 star hotels in Antalya to see the state of menu analysis in practice. Research findings revealed that five main categories (the need for changes in menu, criteria, methods, improvements, and features of alacart restaurants) exist in relation to practical issues of menu analysis.

Food Safety Management

Food safety management and systems play a critical role for hotel and restaurant businesses. So far, 11 studies were conducted on this topic. Whether catering companies had been using food safety management was searched by Karadeniz and Çetin (2007) in Adana and by Bucak (2012) in Izmir. Both studies revealed that the business have different standards on food safety management. Başer et al. (2016) and Eren et al. (2017) analyzed the opinions of the hotel chefs about food safety management. Eren et al. (2017) indicate that there is a positive relationship between the working hours of chefs and the level of knowledge on food safety management. Some researchers (Bolat, 2002; Çiçek and Değirmencioğlu, 2004; Eren and Şener, 2017) study the HACCP system practices at the hotels or restaurants. While Bolat (2002) explains how to install the HACCP system at the fast food restaurants, Eren and Şener (2017) say that the majority of the 4-5 star hotels in Antalya does not have food safety management systems in Alanya. It is also understood from the studies (Değirmencioğlu and Çiçek, 2004; Aydın, 2017) that personnel hygiene of the staff is crucial in the frame of HACCP system. Ayaz and Aydın (2017) claim that the knowledge of hygiene and behaviours of the restaurant staff can vary in accordance with the demographics in Black Sea Region. Lastly, the food items were analyzed within the scope of food safety. Çekal (2007) -studied the level of knowledge of the chefs on the nutritional contents. The results indicated that the chefs did not have enough knowledge on the nutritional contents and they did not have a formal education about their jobs. Similarly, Altundağ (2018) analyzed the nutritional contents of the local food in Safranbolu.

Organization Culture

Job performance, job satisfaction and burnout, job stress and toxic behavior, presenteeism and absenteeism, emotion management, gender discrimination and occupational attitudes and problems were examined within organization culture. Eren and Küçükaltan (2017) search the job performance of the hotel chefs in Antalya and Istanbul. Yatkın and Yılmaz (2017) conceptually analyzed the job satisfaction and burnout of the staff working at the food and beverage departments. The study of Özgen (2008) is similar to this and show that the level of burnout and desensitization of the staff working in food and beverage departments is low. Unur and Pekerşen (2017) tried to determine the relationship between the job stress and toxic behavior. According to their analysis, it appears that there is a positive relationship between them. Gül and Gül (2016a) evaluated the presenteeism ve absenteeism of the kitchen staff in five different cities. In the study, it was indicated that job satisfaction, factors related to the job, organization culture, participation and personnel reason were effective on these subjects. Akoğlan-Kozak and Genç (2018) examine how the emotion management of the staff should be during the handover process of the restaurants. Davras and Davras (2015) studying gender discrimination state that this problem occurs on the subjects such as management level, promotion and recruitment, salary and marital status. Furthermore, it is emphasized that it occurs mostly during promotion and recruitment process. Özdemir et al. (2005) and Harbalıoğlu and Ünal (2014) studied the potential workers' professional attitudes towards kitchen and food and beverage departments and it was observed that the attitudes

differed according to the area they studied. Finally, Unur and Ertaş (2015) covered the professional problems of the service personnel working at the restaurants in Mersin and their study revealed that they had problems with working conditions and the management department.

Destination

Destination marketing (18 papers) and cuisine culture appeared (9 papers) as subheadings of destination category.

Destination Marketing

Local foods and gastronomy are used as marketing tools by destination marketers. In this context there are studies determining the role of local food and geographically marked food (Orhan, 2010; Eren et al., 2017; Kahraman and Sönmezdağ, 2017; Uylaşer and Türkben, 2017; Sezgin, 2017; Çekal and Aslan, 2017) and also some studies (Serçek and Serçek, 2015; Aydoğdu and Mızrak, 2017) are about the role of the cuisine culture. It has been searched how olive and olive oil (Uylaşer and Türkben, 2017), sherbet (Sezgin, 2017), fish (Kahraman and Sönmezdağ, 2017), tarhana (an explanation is needed here as “tarhana” is a culturally specific food item) (Çekal and Aslan, 2017) and local mushrooms (Eren et al., 2017) contribute to the destination marketing of the region they are associated with. For instance, Orhan (2010) argued conceptually if Turkish fairy floss which is specific to a geographic region in Turkey, could be turned into a touristic product. Serçek and Serçek (2015) aims to see how the cuisine culture plays a role in destination marketing and branding in Diyarbakır. The results obtained reveal that although the restaurants offer traditional, local and historically renowned food, the hotels do not offer enough cuisine culture and local food items. Birsen and Dinç (2018) view the documents about the marketing of gastronomy activities in rural tourism destinations and made some strategic suggestions. Finally, Aydoğdu and Mızrak (2017) presented the gains which can be provided by Turkish and Azerbaijani cuisine to the destination.

In some studies gastronomy tourism potential (Ataberk, 2017; Gülen, 2017; Yılmaz, 2017a; Özleyen and Tepeci, 2017; Aydoğdu and Duman, 2017) and gastronomic tourism products of destinations (Türkben and Uylaşer, 2017; Cankül and Demir, 2018; Çavuşoğlu, 2017) are evaluated. Deniz and Atışman (2017) in Kayseri and Gülen (2017) in Afyonkarahisar conceptually evaluated gastronomy tourism potential from the framework of supply and demand. Yılmaz (2017a) examined the role of gastronomy in tourism potential in the related documents about Turkey in general and specifically about Cappadocia Region. As a result of the study, three main categories such as local gastronomy, restaurant practices and tourism potential towards gastronomy tourism in Cappadocia were developed. Ataberk (2017) analyzed how rural tourism, agrotourism and gastronomy tourism potential can be utilized together in Tire, Izmir and it was revealed that agriculture and cuisine components are used together and utilized in tourism potential. Aydoğdu and Duman (2017) state that local foods are a pull factor for the destination. In contrast with this study, Özleyen and Tepeci (2017) came up with a different set of findings. They analyzed how local foods and tastes could affect the development of tourism in Manisa and found out that local food was not a pull factor as a result of the interviews realized with the stakeholders (travel agencies, hotels, local restaurants, local producers etc.).

Finally, there are also studies on gastronomic tourism products of the destinations. For example, Türkben and Uylaşer (2017) give suggestions on how vineyards can be utilized as a gastronomic product in gastronomy tourism. Cankül and Demir (2018) examined the tour itineraries of the travel agencies operating in Istanbul from the perspective of gastronomy tourism. It was confirmed that the agencies had not been organising the gastronomy tours and gastronomy was included in the culture tours. Çavuşoğlu (2017) points out that gastronomy festivals play an important role in sustaining the food heritage of a certain region by showing the attendants specific techniques of how to preserve, prepare, cook and store food, thus passing the food culture onto the next generations.

Cuisine Culture

It is figured out that the studies gathered under the cuisine culture category do not have a direct link to tourism and they are generally about the place of the types of local food in the cuisine culture or simply about the development process and sustainability. For instance, Öztürk and Akoğlan-Kozak (2015) who studied the roles of the gourmets in the development of Turkish cuisine proved that gourmets play different roles like providing suggestions, criticism and comment. Bekar and Zağralı (2015) attempted to conceptually depict what kind of an effect technological advancements had on the improvement of the cuisine culture. Hatipoğlu and Batman (2014) attempted to explore the evolution of the Turkish cuisine from the Ottoman cuisine. They also tried to put forward which elements from the Ottoman cuisine are still prevalent in the contemporary Turkish cuisine and which elements ceased to exist.

Some researchers examined the place of specific food and food products in the cuisine culture. For instance, the historical background of baklava (Akkaya and Koç, 2017) and sesame (Onur, 2017) are analyzed in cuisine culture. Güneş et al. (2017) viewed the usage of the insect products as the cuisine products. Özkök et al. (2017) studied the sustainability of the Turkish cuisine from three dimensions as critical dimension, depictive dimension and historical dimension. Ayaz and Güllü (2018), also studying the sustainability of local cuisine culture from the perspective of the housewives of Zile, a town in the city of Tokat, asserted that the locals do not yet have a consciousness about the commercialization of local meals. Ilsay and Doğdubay (2018) conceptually analyzed the effects of global warming and ecological footprint on local cuisine.

Academia

One of the stakeholders of food and gastronomy studies is the academicians. The studies on food and gastronomy are viewed specific to gastronomy education or from the bibliometric development of the viewpoint of the related literature. The feasibility of the cooperative learning in gastronomy education is analyzed in the qualitative research realized by Sarıoğlan and Cevizkaya (2015). A course of action on the gastronomy education is put forward in the study. Görkem and Öztürk (2012) tried to determine the vocational qualification and practice of the students who had received gastronomy education in the frame of professional standards. The studies showing how food and gastronomy researches have improved from a bibliometric frame are guiding the researchers in this field. Some researchers (Sarışık and Özbay, 2015; Aydın, 2017; Yılmaz, 2017b; 2017c; Ayaz and Türkmen, 2018) evaluate papers, conference papers, books and thesis statements on food and gastronomy from the bibliometrics point of view. Sarışık and Özbay (2015) analyzed the literature in gastronomy tourism. It is stated that in the last 10 years the

discussions on the definition and scope of gastronomy tourism and the related studies have increased. Yılmaz (2017b) viewed the papers on tipping behavior at the restaurants from certain parameters. It was concluded that the number of papers on tipping behavior has increased and that the majority of them are empirical papers written by one writer and finally the writer who contributed most is Michael Lynn. Aydın (2017) and Ayaz and Türkmen (2018) searched the postgraduate theses written on the food and gastronomy field. It is indicated that the number of the postgraduate theses has been growing in recent years. Lastly, Yılmaz (2017c) analyzed the conference papers on gastronomy presented in the National Tourism Conferences.

Discussion and Conclusion

The study attempted to analyze on which particular framework the studies in food and gastronomy in tourism, travel and hospitality journals were conducted and how they developed in time. Within this scope, tourism, travel and hospitality journals were thoroughly reviewed by the researchers and full text papers (empirical and conceptual) were included in the analysis. At the end of the data collection process, a final sample of 107 papers was generated for analysis.

The studies within 19 tourism, travel and hospitality journals were analyzed. It is observed that most of the studies about food and gastronomy have been published in *Journal of Travel and Hospitality Management* (26 papers) and *Anatolia: A Journal of Tourism Research* (22 papers). The first paper in the related field was published in 2002. There have been fluctuations through years in the number of the journals (2002: 1; 2003: 1; 2004: 5; 2006: 1; 2007: 3; 2008: 1; 2010: 2; 2011: 2; 2012: 4; 2013: 2; 2014: 7; 2015: 13; 2016: 11; 2017: 42; 2018: 11), the number of the papers gradually increased and reached its peak in 2017. It is also observed that the majority of the studies (83 papers) are empirical. The published papers were gathered under two main and seven sub-categories: consumer or tourist oriented 26 papers; and supplier oriented 81 papers.

It was observed that the studies in the context of consumer or tourist focus on (i) motivation, (ii) decision making, (iii) experience and (iv) post-experience or evaluation. The results of the studies, in the context of customers or tourists are mainly on decision making and post-experience or evaluation. Only meal experience and gastronomic tourism products were studied in the topic of experience. It is also clear that the number of studies on motivation is limited. Even though restaurant selection, food choice, destination selection, satisfaction status, complaint status and loyalty issues were discussed in the studies within the scope of the consumer or tourist orientation category, it is obvious that the body of knowledge on these subjects is not yet at a satisfactory level. In today's world where the demand, need and expectations of the customers or tourists shape the trends in the market, it is the mutual goal of all the stakeholders including academicians to understand the motivations, decisions, experience and post-experience processes.

As a result, it can be put forward that although there are consumer or tourist oriented studies, their number is not at a sufficient level yet while the topics studied are limited. On the other hand, when the years of publications of the studies (2004: 1; 2010: 1; 2012: 2; 2013: 2; 2014: 1; 2015: 3; 2016: 5; 2017: 8; 2018: 3) are examined, it is seen that consumer or tourist oriented studies have increased throughout years. In other words the majority of the studies were done in the last years with most of them (21 papers) being empirical studies.

It is observed that the studies within the context of suppliers have focused on (i) business, (ii) destination and (iii) academic topics with most studies being on business. The studies on destination are not scarce, either. Topics such as restaurant management, menu management, food safety management, organizational culture, destination marketing, and cuisine culture were discussed in the studies within the scope of destination and a significant level of academic knowledge was accumulated. It is also concluded that the number of the academic studies in the related literature showing the development from a bibliometrics point of view is very few. It is also obvious that the number of the supplier oriented studies has risen when it is reviewed through years (2002: 1; 2003:1; 2004:4; 2005:1; 2006:1; 2007:3; 2008:1; 2010: 1; 2011:2; 2012: 2; 2014: 6; 2015: 10; 2016: 6; 2017: 34; 2018: 8). In other words the majority of the studies were realized in recent years. Similarly, most of the studies (60 papers) on this field are empirical as well.

It is fundamental to focus on consumer or tourist dimension for the sake of the advancement of the field and the increase in the body of knowledge both of which will provide the basis for the future studies on food and gastronomy. Motivation and gastronomic experiences of the consumers or tourists are untouched topics. Having very little or no studies on the motivation and gastronomic experience causes deficiencies for understanding the tourist behaviour within the scope of gastronomy tourism. The realized studies will benefit especially the managers and marketers who want to improve the gastronomy tourism on topics like expectations, demands and needs of the tourists. Accordingly, doing qualitative studies from a methodological framework, discovering the motivations and experiences from the point of view of the customers or tourists will contribute a great deal in the academic literature. The increase of the researchers studying decision making, evaluation before and after experience will not only benefit the improvement of gastronomy but also will provide important data for the businesses, managers, planners and decision makers for their strategy development efforts. From the supplier aspect where a great deal of studies were realized, the intercultural comparisons to be made will provide additional insights into the current status of Turkey, its competitiveness and as to how the relevant conditions can be improved. In addition to this, future studies, using multivariate or combined statistical methods in the scope of methodology will lead to the discovery of the relationships of different variables.

References

- Akdemir, N., & Selçuk, G. (2017). Otel işletmelerinin pazarlama stratejisi olarak helal gıda sertifikasına bakış açıları. *Uluslararası Türk Dünyası Turizm Araştırmaları Dergisi*, 2(2), 127-145.
- Akkaya, A., & Koc, B. (2017). Past, present and tomorrow of Baklava. *International Rural Tourism and Development Journal*, 1(1), 47-50.
- Akoğlan-Kozak, M., & Genç, V. (2018). Satın almalar ile gerçekleşen değişim sürecinde çalışan duygularının yönetimi: bir restoran örneği. *Türk Turizm Araştırmaları Dergisi*, 2(1), 27-43.
- Albayrak, A. (2014). Müşterilerin restoran seçimlerini etkileyen faktörler: İstanbul örneği. *Anatolia: Turizm Araştırmaları Dergisi*, 25(2), 190-201.
- Altaş, A. (2016). Diversity problem of diet menus prepared as part of medical tourism and alternative solution recommendations therefor. *International Journal of Health Management and Tourism*, 1(3), 11-24.
- Altundağ, Ö. (2018). Turistlere sunulan yöresel yemeklerin makro ve mikrobesein ögesi içeriğinin sağlık boyutu: Safranbolu ilçesi örneği. *Safran Kültür ve Turizm Araştırmaları Dergisi*, 1(1), 16-28.
- Ataberk, E. (2017). Tire (İzmir)'de turizm türlerini bütünleştirme olanakları: kültür turizmi, kırsal turizm, agroturizm ve gastronomi turizmi. *Turizm Akademik Dergisi*, 4(2), 153-164.
- Ayaz, N., & Aydın, A. (2017). Turizmde gıda güvenliği sürecinde hijyen davranışı üzerine bir araştırma. *Güncel Turizm Araştırmaları Dergisi*, 1(2), 136-150.
- Ayaz, N., & Güllü, M. (2018). Yerel halkın yöresel mutfak konusunda bilinçlendirilmesi üzerine bir AB projesi değerlendirmesi. *Gastroia: Journal of Gastronomy and Travel Research*, 2(1), 11-21.

- Ayaz, N., & Türkmen, B. (2018). Yöresel yiyecekleri konu alan lisansüstü tezlerin bibliyometrik analizi. *Gastroia: Journal of Gastronomy and Travel Research*, 2(1), 22-38.
- Ayaz, N., & Yalı, S. (2017). Kültürel turistlerin seyahat tercihleri ve yiyecek-içecek beklentileri: Safranbolu örneği. *Türk Turizm Araştırmaları Dergisi*, 1(1), 43-61.
- Aydın, B. (2016). Sosyal medyada restoran imajı: tripadvisor örneği. *Disiplinlerarası Akademik Turizm Dergisi*, 1(1), 13-30.
- Aydın, B. (2017). Yükseköğretim kurulu tez merkezinde (yöktez) yiyecek içecek işletmeciliği alanında kayıtlı bulunan tezlerin bibliyometrik analizi. *Disiplinlerarası Akademik Turizm Dergisi*, 2(1), 23-38.
- Aydın, B., & Erdoğan, B. (2016). Restoranların kurumsal sosyal sorumluluk faaliyetlerinin müşteri bağlılığına etkisi. *Turizm Akademik Dergisi*, 3(1), 11-27.
- Aydoğdu, A., & Duman, S. (2017). Destinasyon çekicilik unsuru olarak gastronomi turizmi: Kastamonu örneği. *Turizm ve Araştırma Dergisi*, 6(1), 4-23.
- Aydoğdu, A., & Mızrak, M. (2017). Azerbaycan ve Türkiye mutfak kültürünün tarihi birlikteliği ve mevcut durumunun belirlenmesi. *Uluslararası Türk Dünyası Turizm Araştırmaları Dergisi*, 2(1), 15-25.
- Aydoğdu, A., Okay, E., & Köse, Z. (2016). Destinasyon tercihinde gastronomi turizminin önemi: Bozcaada örneği. *Uluslararası Türk Dünyası Turizm Araştırmaları Dergisi*, 1(2), 120-132.
- Barakazi, M., & Öncel, S. (2017). Rekreasyonel turizm faaliyeti olarak Urfa sıra geceleri. *Disiplinlerarası Akademik Turizm Dergisi*, 1(2), 87-97.
- Başer, F., Abubakirova, A., Şanlıer, N., & Çil, B. (2016). 4-5 yıldızlı otellerdeki servis ve mutfak personellerinin gıda güvenliğine ilişkin bilgi, tutum ve davranışları: Türkiye ve Kazakistan karşılaştırması. *Seyahat ve Otel İşletmeciliği Dergisi*, 13(3), 23-37.
- Bayrakçı, S., & Akdağ, G. (2016). Yerel yemek tüketim motivasyonlarının turistlerin tekrar ziyaret eğilimlerine etkisi: Gaziantep'i ziyaret eden yerli turistler üzerine bir araştırma. *Anatolia: Turizm Araştırmaları Dergisi*, 27(1), 96-110.
- Bekar, A., & Demirci, Z. (2015). Menü kartlarının müşterilerin yiyecek içecek tercihi üzerindeki etkisi. *Seyahat ve Otel İşletmeciliği Dergisi*, 12(3), 21-33.
- Bekar, A., & Zağralı, E. (2015). Türk yemek kültürü ve teknolojik gelişmelerin yemek kültürü üzerine etkileri. *Journal of Tourism Theory and Research*, 1(1), 40-48.
- Berg, I., Marion, N., & Bentley, A. (2003). In Food Studies. S. Katz, & W. Weaver (Eds) *Encyclopaedia of Food and Culture*, (pp. 102-103). New York.
- Birdir, S., & Kale, E. (2014). Restoran işletmelerinde yenilik uygulamaları: Mersin ve Adana örneği. *Seyahat ve Otel İşletmeciliği Dergisi*, 11(3), 57-72.
- Birsen, A., & Dinç, A. (2018). Kırsal turizm planlaması kapsamında gastronomi etkinliklerinin değerlendirilmesi. *Seyahat ve Otel İşletmeciliği Dergisi*, 15(1), 120-132.
- Björk, P., & Kauppinen-Räsänen, H. (2016). Exploring the multi-dimensionality of travellers' culinary-gastronomic experiences. *Current Issues in Tourism*, 19(12), 1260-1280.
- Bolat, T. (2002). HACCP sistemi ve bir fast food işletmesi uygulaması. *Anatolia: Turizm Araştırmaları Dergisi*, 13(1), 63-83.
- Bucak, T. (2012). Catering işletmelerinde ISO 22000 gıda güvenliği yönetim sisteminin uygulanmasına ilişkin değerlendirme: İzmir ili örneği. *Seyahat ve Otel İşletmeciliği Dergisi*, 9(2), 7-18.
- Buyruk, L. (2011). Otel işletmeleri mutfak ve servis bölümünde çalışanların menü planlama konusundaki düşüncelerinin karşılaştırılması: Nevşehir'de bir araştırma. *Seyahat ve Otel İşletmeciliği Dergisi*, 8(3), 42-50.
- Cankül, D., & Demir, İ. (2018). Travel agencies and gastronomy tourism: case of IATA member a-class travel agencies. *Journal of Gastronomy, Hospitality and Travel*, 1(1), 3-10.
- Cankül, D., Metin, M., & Özvatan, D. (2018). Yiyecek içecek işletmeleri ve sosyal medya kullanımı. *Journal of Gastronomy, Hospitality and Travel*, 1(1), 29-37.
- Chen, D. (2012). A bibliometric analysis of the scientific literature on food safety research. *Journal of Food Safety Quality*, 3(2), 145-150.
- Corbaci, A., Yılmaz, G., & Gültekin, S. (2018). An evaluation on culinary education in Turkey. *Global Conference on Education and Research* (s. 334-337). Sarasota: ANAHEI Publishing.
- Cömert, M., & Sökmen, A. (2017). Türkiye'de gastronomi turizmi: Antalya'da konaklayan turistler üzerine bir araştırma. *Seyahat ve Otel İşletmeciliği Dergisi*, 14(3), 6-26.
- Croce, E., & Perri, G. (2010). *Food and wine tourism: integrating food, travel and territory*. Cambridge: Cambridge University Press.

- Çalışkan, O. (2013). Restoran işletmelerinde hizmet hataları, hizmet telafi stratejileri ve müşteri memnuniyeti ilişkisi, *Seyahat ve Otel İşletmeciliği Dergisi*, 10(3), 65-83.
- Çalışkan, O., & Yılmaz, G. (2016). Gastronomy and Tourism. In C. Avcıkurt, M. Dinu, N. Hacıoğlu, R. Efe, A. Soykan, & N. Tetik (Eds), *Global issues and trends in tourism* (pp. 33-50). Sofia: St. Kliment Ohridski University Press.
- Çanakçı, S., & Birdir, K. (2018). Kapadokya'yı ziyaret eden yabancı turistlerin yiyeceklere karşı çeşitlilik arayışlarının incelenmesi. *Seyahat ve Otel İşletmeciliği Dergisi*, 15(1), 226-239.
- Çavuşoğlu, M. (2017). Gastronomy tourism and a study on Cyprus taste festivals. *International Rural Tourism and Development Journal*, 1(2), 47-52.
- Çekal, N. (2007). Aşçıların beslenme (besin öğeleri) bilgi düzeyleri üzerine bir araştırma. *Anatolia: Turizm Araştırmaları Dergisi*, 18(1), 64-74.
- Çekal, N., & Aslan, B. (2017). Gastronomik bir değer olarak tarhana ve coğrafi işaretlemeye tarhananın yeri ve önemi. *Güncel Turizm Araştırmaları Dergisi*, 1(2), 124-135.
- Çelikkaya, A. (2011). Türkiye ve Avrupa birliği üyesi ülkelerde konaklama ve yiyecek-içecek hizmeti sunan turizm işletmelerinde katma değer vergisi uygulamalarının karşılaştırılması. *Anatolia: Turizm Araştırmaları Dergisi*, 22(2), 167-182.
- Çiçek, D., & Değirmencioğlu, N. (2004). Gıda hijyeni ve güvenliği açısından otel mutfak planlamasında gerekli koşullar. *Seyahat ve Otel İşletmeciliği Dergisi*, 1(2), 48-59.
- Çulha, O., & Dağkiran, S. (2016). Restoran işletmelerinde üst düzey çalışanlar açısından yöresel yiyecekler: faydalar, engeller ve satın alma ölçütleri. *Anatolia: Turizm Araştırmaları Dergisi*, 27(2), 195-212.
- Davras, G., & Davras, Ö. (2015). Gastronomi ve mutfak sanatları bölümü öğrencilerinin turizm sektöründe cinsiyet ayrımcılığıyla ilgili düşünceleri. *Journal of Tourism Theory and Research*, 1(2), 86-96.
- Değirmencioğlu, N., & Çiçek, D. (2004). Otel işletmelerinin mutfağında personel hijyeni ve HACCP uygulamaları. *Anatolia: Turizm Araştırmaları Dergisi*, 15(1), 21-35.
- Deniz, T., & Atışman, E. (2017). Kayseri ilinin gastronomi turizmüne yönelik bir SWOT analizi çalışması. *Türk Turizm Araştırmaları Dergisi*, 1(3), 56-65.
- Denizer, D. (2003). Otel işletmelerinde ziyafet mönülerinin planlanması üzerine kavramsal bir değerlendirme. *Anatolia: Turizm Araştırmaları Dergisi*, 14(1), 33-44.
- DiPietro, R. (2017). Restaurant and foodservice research: A critical reflection behind and an optimistic look ahead. *International Journal of Contemporary Hospitality Management*, 29(4), 1203-1234.
- Eren, R., & Çelik, M. (2017). Çevrimiçi gastronomi imajı: Türkiye restoranlarının tripadvisor yorumlarının içerik analizi. *Turizm Akademik Dergisi*, 4 (2), 121-138.
- Eren, R., & Şener, B. (2017). HACCP gıda güvenliği yönetim sisteminin uygulanmasının öndeki engeller: Alanya bölgesi örneği, *Disiplinlerarası Akademik Turizm Dergisi*, 1(2), 99-124.
- Eren, R., Nebioğlu, O., & Şık, A. (2017). Otel işletmeleri mutfak çalışanlarının gıda güvenliği konusunda bilgi düzeyleri: Alanya örneği, *Disiplinlerarası Akademik Turizm Dergisi*, 1(2), 47-64.
- Eren, R., Süren, T., & Kızıleli, M. (2017). Gastronomik açıdan Türkiye'de yenilebilir yabancı mantarlar üzerine kavramsal bir değerlendirme. *Turizm Akademik Dergisi*, 4(2), 77-89.
- Eren, S. (2017). The consumption of local food in restaurants: a study in Kaş. *International Journal of Contemporary Tourism Research*, 2, 55-64.
- Eren, S., & Küçükaltan, E. (2017). mükemmeliyetçiliğin iş performansına etkileri: aşçılar üzerine bir araştırma. *Anatolia: Turizm Araştırmaları Dergisi*, 28(2), 281-292.
- Ertürk, M. (2018). Müşterilerin yiyecek içecek işletmeleri tercihlerinde etkili olan kriterler. *Türk Turizm Araştırmaları Dergisi*, 2(1), 85-107.
- Eryılmaz, B., & Şengül, S. (2016). Sosyal medyada paylaşılan yöresel yemek fotoğraflarının turistlerin seyahat tercihleri üzerindeki etkisi. *Uluslararası Türk Dünyası Turizm Araştırmaları Dergisi*, 1(1), 32-42.
- Görkem, O., & Öztürk, Y. (2012). Ulusal aşçılık meslek standardı çerçevesinde öğrenci yeterliklerine ilişkin üç boyutlu değerlendirme. *Seyahat ve Otel İşletmeciliği Dergisi*, 9(1), 65-76.
- Gustafsson, I. (2004). Culinary Arts and Meal Science—A New Scientific Research Discipline. *Food Service Technology*, 4, 9-20.
- Gül, K., & Gül, M. (2016a). A dual-dialectical approach to presenteeism and absenteeism among kitchen employees. *Turizm Akademik Dergisi*, 3(2), 15-23.
- Gül, K., & Gül, M. (2016b). Fast food restoranlarda marka değeri: Balıkesir'deki yerli ve yabancı menşeli markalara yönelik kıyaslama. *Anatolia: Turizm Araştırmaları Dergisi*, 27(2), 258-272.
- Gülen, M. (2017). Gastronomi turizm potansiyeli ve geliştirilmesi kapsamında Afyonkarahisar ilinin değerlendirilmesi. *Güncel Turizm Araştırmaları Dergisi*, 1(1), 31-42.

- Güler, S. (2006). Otel restoranlarının rekabet edebilme gücü. *Seyahat ve Otel İşletmeciliği Dergisi*, 3(3), 16-23.
- Güneş, E., Sormaz, Ü., & Nizamlioğlu, H. (2017). Gıda ve turizm sektöründe böceklere yer var mı? *Uluslararası Türk Dünyası Turizm Araştırmaları Dergisi*, 2(1), 63-75.
- Hançer, M., Biçici, F., & Tanrısevdi, A. (2007). Fiyat sonu yazım stratejileri: kafe ve restoran menü fiyatlarının öğrenci algıları üzerindeki etkisini belirlemeye yönelik nitel bir çalışma. *Anatolia: Turizm Araştırmaları Dergisi*, 18(1), 21-32.
- Harbalioğlu, M., & Ünal, İ. (2014). Aşçılık programı öğrencilerinin mesleki tutumlarının belirlenmesi: ön lisans düzeyinde bir uygulama. *Turizm Akademik Dergisi*, 1(1), 57-67.
- Harrington, R., Mandabach, K., VanLeeuwen, D., & Thibodeaux, W. (2005). A multi-lens framework explaining structural differences across foodservice and culinary education. *International Journal of Hospitality Management*, 24, 195-218.
- Hatipoğlu, A., & Batman, O. (2014). Osmanlı Saray Mutfağı'na ait gastronomik unsurların günümüz Türk mutfağı ile kıyaslanması. *Seyahat ve Otel İşletmeciliği Dergisi*, 11(2), 62-74.
- Hatipoğlu, A., & Batman, O. (2014). The effects of beliefs on gastronomy. *Turizm ve Arastırma Dergisi*, 3(1), 16-32.
- Hegarty, J. (2009). How Might Gastronomy Be A Suitable Discipline for Testing The Validity of Different Modern and Postmodern Claims About What May Be Called Avant-Garde? . *Journal of Culinary Science & Technology*, 7, 1-18.
- Henderson, J. (2009). Food tourism reviewed. *British Food Journal*, 111 (4), 317-326.
- Hertzman, J., & Maas, J. (2012). The value of culinary education: evaluating educational costs, job placement outcomes, and satisfaction with value of associate degree culinary and baking arts program graduates. *Journal of Culinary Science & Technology*, 10: 53-74.
- Hjalager, A., & Richards, G. (2002). Still undigested: research issues in tourism and gastronomy. In A. Hjalager, & G. Richards (Eds), *Tourism and gastronomy* (pp. 224-234). London: Routledge.
- İlsay, S., & Doğdubay, M. (2018). Küresel ısınma ve ekolojik ayak izinin yiyecek ve içecek sektörüne muhtemel etkileri. *Journal of Gastronomy, Hospitality and Travel*, 1(1), 11-17.
- Işkın, M., & Sarıışık, M. (2017). Öğrencilerin besin tüketim alışkanlıkları üzerine bir araştırma. *Türk Turizm Araştırmaları Dergisi*, 1(1), 33-42.
- Johns, N., & Kivela, J. (2001). Perceptions of the first time restaurant customer. *Food Service Technology*, 1, 5-11.
- Kahraman, A., & Sönmezdağ, A. (2017). Osmanlı mutfak kültüründe balık tüketimi ve dolma zeytin turşusunun kırsal turizm gastronomisine kazandırılması üzerine bir çalışma. *International Rural Tourism and Development Journal*, 1(2): 1-7.
- Karadeniz, E., İskenderoğlu, Ö., Kandır, S., & Önal, Y. (2012). Türkiye Cumhuriyet Merkez Bankası sektör bilançoları yardımıyla oteller ve lokantalar sektörünün finansman kararlarının incelenmesi. *Seyahat ve Otel İşletmeciliği Dergisi*, 8(1), 17-28.
- Karadeniz, E., Koşan, L., Kahiloğulları, S., & Zencir, B. (2015). Konaklama ve yiyecek hizmeti faaliyetleri alt sektöründeki küçük, orta ve büyük ölçekli işletmelerin likidite durumunun analizi. *Turizm ve Arastırma Dergisi*, 4(2), 18-27.
- Karadeniz, N., & Çetin, Ş. (2007). Adana ilinde faaliyet gösteren beş “catering” işletmesinin tesis dışı ziyafet organizasyonlarında uyguladıkları kalite kontrol sürecinin incelenmesi. *Anatolia: Turizm Araştırmaları Dergisi*, 18(1), 75-89.
- Karamustafa, K., & Ülker, M. (2017). Ticari mutfaklarda yerel yiyecek satın alma ve kullanma davranışı: algılanan engeller ve faydalar. *Türk Turizm Araştırmaları Dergisi*, 1(4), 30-42.
- Kasemodel, M., Makishi, F., Souza, R., & Silva, V. (2016). Following the trail of crumbs: a bibliometric study on consumer behavior in the Food Science and Technology field. *International Journal of Food Studies*, 5, 73-83.
- Kılıç, B., & Bekar, A. (2012). Üniversite kampüsü içerisinde yiyecek içecek hizmeti sunan işletmelerin hizmet kalitesinin değerlendirilmesi ve hizmet kalitesinin müşteri memnuniyetine etkisi. *Seyahat ve Otel İşletmeciliği Dergisi*, 9(3), 38-51.
- Kıngır, S., Karakaş, A., Şengün, H., & Çenberlitaş, İ. (2015). Üniversite öğrencilerinin fast-food tercih etme sebeplerinin belirlenmesi: Dicle üniversitesi örneği. *Seyahat ve Otel İşletmeciliği Dergisi*, 12(3), 102-119.
- Koşan, L., & Karadeniz, E. (2014). Konaklama ve yiyecek hizmetleri alt sektörünün finansal performansının dupont finansal analiz sistemi kullanılarak incelenmesi. *Seyahat ve Otel İşletmeciliği Dergisi*, 11(2), 75-89.
- Maberly, C., & Reid, D. (2014). Gastronomy: an approach to studying food. *Nutrition And Food Science*, 44(4), 272-278.

- Okumus, B., Koseoglu, M., & Ma, F. (2018). Food and gastronomy research in tourism and hospitality: A bibliometric analysis. *International Journal of Hospitality Management*, 73, 67-74.
- Onur, N. (2017). Türk mutfak kültüründe özel bir tat: Manavgat'ın altın susamı. *International Rural Tourism and Development Journal*, 1(1), 19-25.
- Orhan, A. (2010). Yerel değerlerin turizm ürününe dönüştürülmesinde "coğrafi işaretlerin" kullanımı: İzmit pişmaniyesi örneği. *Anatolia: Turizm Araştırmaları Dergisi*, 21(2), 243-254.
- Ozdemir, B., & Caliskan, O. (2014). A review of literature on restaurant menus: Specifying the managerial issues. *International Journal of Gastronomy and Food Science*, 2, 3-13.
- Ozkok, F., Sunnetcioglu, A., Sunnetcioglu, S., & Karakas, E. (2017). Turkish culinary culture in the socialization process. *Seyahat ve Otel İşletmeciliği Dergisi*, 14(3), 110-120.
- Özdemir, B. (2010). Dışarıda yemek yeme olgusu: kuramsal bir model önerisi. *Anatolia: Turizm Araştırmaları Dergisi*, 21(2), 218-232.
- Özdemir, B., & Nebioğlu, O. (2015). Uygulamada menü analizi nasıl yapılmaktadır? beş yıldızlı otellerin mutfak şeflerinin görüşleri. *Anatolia: Turizm Araştırmaları Dergisi*, 26(2), 251-263.
- Özdemir, B., Aktaş, A., & Altıntaş, V. (2005). Turizm ve otelcilik eğitimi görmekte olan lisans düzeyindeki öğrencilerin otel işletmelerinin yiyecek-içecek bölümüne yönelik tutumları. *Anatolia: Turizm Araştırmaları Dergisi*, 16(1), 46-58.
- Özdemir, B., Yılmaz, G., & Çalışkan, O. (2015). Bireysel ve davranışsal faktörlerin restoran müşterilerinin şikâyet etme niyetlerine etkisi. *Anatolia: Turizm Araştırmaları Dergisi*, 26(1), 61-79.
- Özdiñ, İ. (2004). Üniversite öğrencilerinin fast food tüketim alışkanlıkları ve tüketim noktası tercihlerini etkileyen faktörler. *Anatolia: Turizm Araştırmaları Dergisi*, 15(1), 71-79.
- Özgen, I. (2008). Yiyecek-içecek işletmeleri çalışanlarının tükenmişlik düzeylerini belirlemeye yönelik bir araştırma. *Seyahat ve Otel İşletmeciliği Dergisi*, 5(2), 23-29.
- Özkaya, F., & Sökmen, A. (2017). Yiyecek-içecek işletmelerinde menü yenileme/geliştirme çalışmaları: Ankara'daki otel işletmelerinin yiyecek ve içecek yöneticilerine yönelik bir araştırma. *Turizm Akademik Dergisi*, 4(2), 61-75.
- Özleyen, E., & Tepeci, M. (2017). Manisa'da yöresel yemeklerin ve lezzetlerin turizmin gelişimine katkısının belirlenmesi. *Turizm Akademik Dergisi*, 4(2), 139-152.
- Ramos-Rodríguez, A., & Ruíz-Navarro, J. (2004). Changes in the intellectual structure of strategic management research: a bibliometric study of the Strategic Management Journal, 1980-2000. *Strategic Management Journal*, 25(10), 981-1004.
- Santich, B. (2004). The study of gastronomy and its relevance to hospitality education and training. *International Journal of Hospitality Management*, 23, 15-24.
- Santich, B. (2007). The study of gastronomy: a catalyst cultural understanding. *The International Journal of the Humanities*, 5(6), 53-58.
- Sarıışık, M., & Kaya, Ü. (2004). Yiyecek-içecek işletmelerinde brüt kar analiz yöntemi ve uygulaması. *Anatolia: Turizm Araştırmaları Dergisi*, 15(1), 62-70.
- Sarıışık, M., & Özbay, G. (2015). Gastronomi turizmi üzerine bir literatür incelemesi. *Anatolia: Turizm Araştırmaları Dergisi*, 26(2), 264-278.
- Sarıışık, M., & Özleyen, G. (2004). Yiyecek-içecek işletmelerinde mönü planlamasının önemi ve bu süreçte yöneticilerin dikkat etmesi gereken konular: Kocaeli'nde bir alan araştırması. *Seyahat ve Otel İşletmeciliği Dergisi*, 1(2), 39-47.
- Sarioğlan, M., & Cevizkaya, G. (2015). Applicability of cooperative learning model in gastronomy education. *Journal of Tourism Theory and Research*, 1(2), 72-75.
- Serçek, G., & Serçek, S. (2015). Destinasyon markalaşmasında gastronomi turizmin yeri ve önemi. *Journal of Tourism Theory and Research*, 1(1), 15-28.
- Sezgin, A. (2017). Türk mutfak kültüründe demirhindi şerbeti ve gastronomi turizmine katkısı. *International Rural Tourism and Development Journal*, 1(1), 13-18.
- Sormaz, Ü., Onur, N., Yılmaz, M., Güneş, E., & Akdağ, G. (2017). Helal otelleri tercih eden turistlerin yiyecek-içecek hizmetlerinden beklentileri ve memnuniyet düzeyleri. *Turizm Akademik Dergisi*, 4(1), 81-93.
- Sünnetçioglu, A., & Doğdubay, M. (2017). Bireyselleştirilmiş yemek yeme deneyimi boyutlarının belirlenmesi üzerine bir araştırma. *Gastroia: Journal of Gastronomy and Travel Research*, 1(1), 12-25.
- Tao, J., Che, R., He, D., Yan, Y., Sui, X., & Chen, Y. (2015). Trends and potential cautions in food web research from a bibliometric analysis. *Scientometrics*, 105, 435-447.
- Taşpınar, O. (2017). Türk mutfağının otel işletmelerinin örgütsel yapısındaki yeri ve önemi. *Gastroia: Journal of Gastronomy and Travel Research*, 1(1), 47-58.

- Toktassynova, Z., & Akbaba, A. (2017). Content analysis of on-line booking platform reviews over a restaurant: a case of pizza locale in İzmir. *International Journal of Contemporary Tourism Research*, 2, 29-35.
- Türkben, C., & Uylaşer, V. (2017). Regions of vineyard tourism in Turkey. *International Rural Tourism and Development Journal*, 1(1), 36-41.
- Türkoğlu, H., & Akoğlan-Kozak, M. (2015). Türk mutfağının gelişiminde gurmelerin rollerine yönelik algılamalar. *Anatolia: Turizm Araştırmaları Dergisi*, 26(2), 207-220.
- Uçuk, C., & Özkanlı, O. (2017). Gastronomi turizmi: tabak prezentasyonunun gastronomi turizmindeki yeri. *International Rural Tourism and Development Journal*, 1(1), 51-54.
- Unur, K., & Ertaş, Ç. (2015). Mersin şehir merkezindeki lüks restoranlarda çalışan servis personelinin sorunlarının tespiti ve bu sorunların iş tatminine etkisi. *Seyahat ve Otel İşletmeciliği Dergisi*, 12(1), 6-24.
- Unur, K., & Pekerşen, Y. (2017). İş stresi ile toksik davranışlar arasındaki ilişki: aşçılar üzerinde bir araştırma. *Seyahat ve Otel İşletmeciliği Dergisi*, 14(1), 108-129.
- Uygur, S., & Küçükergin, K. (2013). Yiyecek-içecek işletmelerinde müşteri sadakati oluşum süreci ve müşteri tatmini ve ataletin bu sürece etkisi. *Turizm ve Arastırma Dergisi*, 2(1), 4-19.
- Uylaşer, V., & Türkben, C. (2017). Potential contributions of olives and olive oil in the developing tourism in Mudanya (Bursa). *International Rural Tourism and Development Journal*, 1(1), 26-29.
- Vanga, S., Singh, A., Vagadia, B., & Raghavan, V. (2015). Global food allergy research trend: a bibliometric analysis. *Scientometrics*, 105, 203-213.
- Vijay, K., & Raghavan, I. (2007). Journal of food science and technology: a bibliometric study. *Annals of Library and Information Studies*, 54(4), 207-212.
- Yatkin, Ö., & Yılmaz, M. (2017). Turizm alanında ve yiyecek içecek bölümlerinde tükenmişlik sendromu ile iş doyumunun değerlendirilmesi. *International Journal of Contemporary Tourism Research*, 1, 8-16.
- Yay, Ö., & Çalışkan, O. (2016). Planlı davranış teorisi bağlamında çevreci otel restoranında yemek yeme niyeti. *Seyahat ve Otel İşletmeciliği Dergisi*, 13(2), 103-122.
- Yeşilyurt, H., & Arıca, R. (2018). Mutfak müzesi ziyaretçilerinin deneyimlerinin incelenmesi: Emine Göğüş Mutfak Müzesi örneği. *Türk Turizm Araştırmaları Dergisi*, 2(1), 60-70.
- Yılmaz, G. (2017a). Gastronomi ve turizm ilişkisi üzerine bir değerlendirme. *Seyahat ve Otel İşletmeciliği Dergisi*, 14(2), 171-191.
- Yılmaz, G. (2017b). Restoranlarda bahşiş ile ilgili yayınlanan makalelerin bibliyometrik analizi. *Seyahat ve Otel İşletmeciliği Dergisi*, 14(2), 65-79.
- Yılmaz, G. (2017c). Ulusal turizm kongrelerinde gastronomi ve mutfak sanatları alanı ile ilgili yayınlanan bildiriler üzerine bir araştırma. *Turizm ve Arastırma Dergisi*, 6(1), 24-39.
- Yılmaz, G., & Özdemir, B. (2017). Turizm destinasyonlarında restoran biçimleşmeleri: Kapadokya bölgesi üzerine nitel bir araştırma. *Anatolia: Turizm Araştırmaları Dergisi*, 28(1), 81-95.
- Zağralı, E., & Akbaba, A. (2015). Turistlerin destinasyon seçiminde rol oynayan bir etken olarak yerel mutfaklar: İzmir Yarımadası'nı ziyaret eden turistlerin algılamaları üzerine bir araştırma. *Journal of Tourism Theory and Research*, 1(2), 97-106.
- Zencir, E., & Akoğlan-Kozak, M. (2014). Birinci sınıf restoranların kurumsallaşma durumu üzerine bir araştırma: Türkiye örneği. *Seyahat ve Otel İşletmeciliği Dergisi*, 11(1), 6-20.

Self-Efficacy and Job Outcomes Among Tour Guides

Jennifer C. H. Min

Department of International Business
Ming Chuan University, Taipei, Taiwan

Abstract

Self-efficacy refers to individuals' levels of confidence in their ability to execute a course of action or achieve specific performance outcomes. Hence, it remains as an integral element in the relationship between ability and performance. This study therefore uses self-evaluation to achieve a better understanding of how self-efficacy relates to job outcomes (job performance, job satisfaction and well-being) among tour guides who significantly influence tourists' impressions of a destination. The Structural Equation Modelling (SEM) is adopted to examine significant relationships between these factors. The results found that self-efficacy is positively associated with these job outcome variables and that job performance was positively related to job satisfaction and well-being. Further, this positive relationship was indicated between job satisfaction and well-being. These results have practical implications for the tour guide population, as they can provide a roadmap for developing self-efficacy interventions which can improve their job performance/satisfaction as well as psychological happiness and well-being.

Keywords: self-efficacy, tourism, tour guide, job outcome

Introduction

The importance of self-efficacy has been the topic of increasing research in the behavior literature (Pan et al., 2011; Chen et al., 2015). In the late 1970s, several researchers turned their attention to assessing self-beliefs in a more task-specific way. Among these efforts, one of the most important focused on self-efficacy (Ramchunder & Martins, 2014). Self-efficacy is a concept developed by Bandura from his social learning theory in 1977, and he defined it as people's beliefs, expectations and self-confidence in their ability to perform tasks to a certain standard. However, self-efficacy does not refer to a person's actual skills, but rather one's beliefs about one's potential accomplishments. The strength of self-efficacy influences people's efforts to overcome obstacles and solve any variety of challenging situations which is the chief construct linking ability to performance. People with high self-efficacy have greater confidence in their ability to mobilize the resources necessary to meet the demands of a given situation and thus successfully complete the task at hand (Wood & Bandura, 1989, p. 408), resulting in greater confidence in successfully completing a task. Those with lower self-efficacy, on the other hand, are associated with lower confidence to complete the task, leading to negative attitudes or escape while facing the difficulties (Bandura, 1977). Numerous studies have demonstrated the positive links between self-efficacy and different behavioral outcomes, such as in educational (e.g. Chesnut & Cullen, 2014), environmentally responsible behavior (e.g. Taberero & Hernández, 2011), and organizational settings (e.g. Khedhaouria, Gurău, & Torrès, 2015).

Job outcomes, such as employees' job performance, job satisfaction, and well-being, have always been a major concern of managers and researchers in the management field (Gountas et al., 2014). Bandura (1977) and Wood and Bandura (1989) indicated that self-efficacy's ability to direct

interests, motivation and perseverance make it the most effective predictor of performance. Beliefs about efficacy have an important influence on employees' behavior and attitude, and efforts to strengthen self-efficacy accordingly have a positive effect on work engagement, job satisfaction and job performance. The level of self-efficacy can thus be seen as a predictor of the effort invested in a particular task or activity, and this will turn clearly influence the employees' job-related factors (McNatt & Judge, 2008). For example, those with higher self-efficacy will be more likely to have high job performance (Judge et al., 2007) and higher job satisfaction and institutional commitment (Aliyev & Tunc, 2015). In addition, they are better at coping with stress (Lubbers et al., 2005), which results in enhancement of achievements and psychological happiness and well-being (Adeyemo, 2008; Salami, 2010).

Some studies suggest that self-efficacy is a learned human characteristic (Vuk et al., 2015). It has additionally been stated that once this skill is acquired, it can be improved effectively and allow individuals to confidently perform required duties. More specifically, when someone encounters a challenge, they may view an obstacle from a more positive stance while retaining a sense of tranquillity. It is interesting to note that there remains scant research regarding the association between self-efficacy and job outcomes of tour guide professionals, who play the front-line service providers in the tourism industry. Additionally, tour guides' performance greatly influences tourists' perceptions of the host destination, and they are thus instrumental in the success or failure of a tour experience (Min, 2011, 2012, 2014, 2016). Therefore, this study examines these relationships using self-evaluation, with the goal of achieving a better understanding of how these factors (self-efficacy, job performance, job satisfaction and wellbeing) interact among guide groups. Structural equation modelling (SEM), a type of multivariate analysis, is adopted to determine if there exists significant relationships among the previously mentioned factors. Such an investigation provides the simultaneous estimation of multiple regressions, ultimately confirming the theoretically built model.

Literature Review

Self-efficacy refers to one's belief in one's ability to successfully execute a certain course of behavior or cope with environmental demands. In order to understand how self-efficacy relates to employee job-related outcomes and well-being, it is important to understand the psychological mechanisms that may explain this relationship. Self-efficacy is linked to task-specific capability, and individuals with high self-efficacy are therefore able to set high goals, put forth greater effort, and perform more effectively. Wood and Bandura (1989) found that people who have confidence in their competencies have a greater likelihood of initiating actions and persisting in their efforts. In occupational terms, employees with competence and confidence in their skills will be more able to achieve their goals and produce successful outcomes in areas such as job performance, job satisfaction and increased well being (Karatepe et al., 2007). There is empirical evidence to support the premise that self-efficacy beliefs play a major role in job, and psychological and physical health outcomes. For example, Hartline and Ferrell (1996) indicated that self-efficacy was positively related to hotel customers' perceptions of service quality (frontline employee performance). Brown et al. (1998) assessed the self-set goal levels and sales performance and found that self-efficacy had strong direct and indirect links on sales performance. The same positive association has been demonstrated in different organizational and academic settings, such as for two different samples of real estate sales agents and billboard advertising salespeople by Wang and Netemeyer (2002), undergraduate students by Prussia et al. (1998), scientists' by Randhawa (2007), and high

school students' music performance by Hewitt (2015). The moderating effect of self-efficacy has also been examined by Pan et al. (2011), who found that self-efficacy moderates the mediated effects of supervisory mentoring on job performance and career satisfaction through personal learning such that the mediated effect on job performance is stronger when employees have higher self-efficacy through path analytic tests. Similar findings of Alessandri et al. (2015) showed that when work self-efficacy beliefs are high or medium, there exists a residual effect of positive orientation on job performance.

In light of the weight of the empirical evidence, the following hypothesis is proposed:

Hypothesis 1: Tour guides' self-efficacy will be positively related to job performance.

Some researchers observed a positive relationship between self-efficacy and job satisfaction. For example, Hartline and Ferrell (1996) found that feelings related to individual efficacy, such as competence and confidence, make a job more enjoyable. Similarly, Judge and Bone (2001) found that those with high self-efficacy will be more likely to receive benefits at their work, which in turn leads to greater job satisfaction. A study by Caprara et al. (2006) investigated over 2,000 teachers in 75 Italian junior high schools and found that teachers' self-efficacy beliefs were determinants of job satisfaction and students' academic achievement. Karatepe et al. (2006) conducted a path analysis, which demonstrated the direct effect of self-efficacy on job satisfaction in the sample of frontline employees in hotels. A significant positive correlation was found in some studies using different sampling, such as employees in a health care firm (O'Neill & Mone, 1998), frontline bank employees (Chebat & Kollias, 2000), nurses (Zellars et al., 2001), tour guides (Idrus et al., 2015) and psychological counselors (Aliyev & Tunc, 2015). Self-efficacy is thus a useful mechanism for explaining individual behavior, as it provides a foundation for motivation, well being and personal accomplishment (Noor et al., 2012; Niu, 2010). For instance, Nielsen and Munir (2009) found that self-efficacy can positively predict one's likelihood of being in a positive state of mind. Nielsen et al. (2009) argue that employees' perceived self-efficacy in coping with work demands is linked to increased job satisfaction and well-being. Evidence of this relationship was also reported by Duggleby et al. (2009) and Salami (2010).

Therefore, based on the empirical evidence outlined above, the following hypotheses are proposed:

Hypothesis 2: Tour guides' self-efficacy will be positively related to job satisfaction.

Hypothesis 3: Tour guides' self-efficacy will be positively related to well-being.

Previous studies regarding job satisfaction and job performance relationships have examined this issue in great depth. Netemeyer, Brashear-Alejandro and Boles (2004) focused on sales representatives from the United States, Puerto Rico and Romania and found that high levels of job performance are linked to a rise in job satisfaction. Karatepe et al. (2007) supported these findings through their empirical study of hotel employees. Researchers have additionally determined a relationship that directly connects job satisfaction and well-being. This link was stated by Begat, Ellefsen and Severinsson (2005) who concluded that nurses' well-being was reflected through their work satisfaction. In addition, the association between job performance and employees' well-being has been examined in the management field. Using emotional exhaustion as an indicator of

affective well-being, Taris (2006) found the average correlation between emotional exhaustion and well-being was $-.22$, presenting a moderate relationship.

Given the above arguments, the following hypotheses are proposed:

Hypothesis 4: Tour guides' job performance will be positively related to job satisfaction.

Hypothesis 5: Tour guides' well-being will be positively related to job performance.

Hypothesis 6: Tour guides' job satisfaction will be positively related to well-being.

Methodology

Instruments and Procedure

The present study involves the collection and analysis of quantitative data in order to examine the relationships among self-efficacy and job outcomes (such as job performance, job satisfaction and wellbeing). Four self-report instruments were used to assess the associations of these four variables. All items are measured using the closed ended questionnaires designed to obtain responses on a five-point Likert scale.

General Self-efficacy Scale (GSES) includes 10 items (e.g. "I can always manage to solve difficult problems if I try hard enough" "I can usually handle whatever comes my way"). It was developed by Schwarzer and Jerusalem in 1995. The tour guides were asked to evaluate how capable they felt in carrying out the described action or behavior, and a higher score indicates a higher level of self-efficacy.

Chinese Job Performance Scale developed by Lee et al. (1999) was used to assess job performance among tour guides in the current study. The scale embraces efficiency (4 items), effectiveness (4 items), and quality (3 items), and has been adapted to the Chinese population with good reliability and validity .

Short-form of MSQ (Minnesota Satisfaction Questionnaire) developed by Weiss et al. (1967) measures the tour guides' job satisfaction, which is widely adopted and provides a reliable scale. The 20-item scale includes three dimensions: intrinsic (12 items), extrinsic (6 items), and general satisfaction (2 items). Tour guides were asked to indicate how they feel about different aspects of their present job, such as "being able to keep busy all the time", "the chance to do things for other people" etc. Prior tourism research on the MSQ has successfully demonstrated that the scale's psychometric properties are acceptable (eg. Yeh, 2013; Gunlu et al., 2010).

Chinese Happiness Inventory (CHI) was adopted to assess perceived level of happiness among tour guides. These 10 items' scores represent the respondents' feelings of subjective well-being, and a high score indicated high levels of well-being (Lu, 2006).

In preparation for conducting the current study, it was submitted for review by the Institutional Review Board (IRB), who certified that it meets their requirements. According to the Monthly statistical report (Tourism Bureau, 2018), there is a total of 39, 782 licensed tour guides working in Taiwan, majority of whom are a freelance basis. The Taiwan Tourist Guide Association

therefore provided the assistance on survey distribution, because they would benefit from the findings. A total of 500 surveys were distributed, and the profiles of the respondents are shown in Table 1. The usable cases consisted of 234 males (56.7%) and 179 females (43.3%), which is an accurate reflection of the gender proportions of Taiwan's tour guide population (59% : 41%) (Tourism Bureau, 2018). The majority of respondents were over 40 years old (81.6%), and more than half of the respondents (70.7%) were university graduates (47.9% undergraduate; 22.8% postgraduate). Regarding marital status, 63.9% were married, 32.7% were single, and 3.4% were divorced or widowed. Most (62.3%) respondents had worked as a tour guide for less than 10 years. The most common language used was Mandarin Chinese (70.7%), while fifty-five tour guides (13.3%) indicated that they used more than one language.

Table 1. Demographic Profile of Respondents

	Frequency (<i>N</i> =413)	%
<i>Gender</i>		
male	234	56.7
female	179	43.3
<i>Age group</i>		
20~29 years	28	6.8
30~39 years	48	11.6
40~49 years	99	24.0
50~59 years	171	41.4
60 years and above	67	16.2
<i>Education</i>		
vocational school	33	8.0
college	88	21.3
university	198	47.9
postgraduate	94	22.8
<i>Marital status</i>		
single	264	63.9
married	135	32.7
divorced or windowed	14	3.4
<i>Language</i>		
Chinese	293	70.7
English	39	9.4
Japanese	13	3.1
others	14	3.4
more than one language	55	13.3
<i>Work experience</i>		
under 1 years	71	17.2
1-9 years	269	65.1
10-19 years	51	12.3
20-29 years	13	3.1
30-39 years	6	1.5
40 years above	3	0.7

Empirical Results

The collected data were analysed using SPSS 20.0 and SmartPLS 3.2.4 for Windows. In terms of intercorrelations, there were significant correlations amongst all the dimensions. Table 2 also revealed, as expected, that tour guides' tour dimensions of self-efficacy were positively and significantly related to job outcomes (such as job performance, job satisfaction and wellbeing). In addition, there were significant correlations amongst all the scales and subscales of job outcomes tested by the Pearson Correlation. The Cronbach alphas, ranging from 0.803 to 0.925, indicate that internal consistency exists.

Table 2. Pearson Correlation, Means, Standard Deviations, and Cronbach Alpha Reliability among Model Variables

	SE	JP	JP1	JP2	JP3	JS	JS1	JS2	WB	Cronbach's Alpha
SE	1.000									0.911
JP	.690***	1.000								0.925
JP1	.618***	.899***	1.000							0.845
JP2	.645***	.911***	.750***	1.000						0.803
JP3	.614***	.909***	.710***	.739***	1.000					0.847
JS	.481***	.559***	.534***	.476***	.510***	1.000				0.921
JS1	.403***	.482***	.455***	.426***	.432***	.933***	1.000			0.901
JS2	.493***	.569***	.543***	.474***	.529***	.943***	.778***	1.000		0.818
WB	.513***	.556***	.488***	.493***	.528***	.549***	.477***	.536***	1.000	0.892
Mean	3.985	4.122	4.113	4.037	4.198	3.738	3.520	3.911	4.008	
SD	0.496	0.472	0.536	0.542	0.491	0.582	0.681	0.572	0.552	

Note: SE, self-efficacy; JP, job performance; JE, job efficiency; JE1, job effectiveness; JQ, job quality; JS, Job Satisfaction; EJS; extrinsic satisfaction; IJS, intrinsic satisfaction; WB, wellbeing
*p<.05, **p<.01, ***p<.001

Assessment of Measurement Model and Hypotheses Testing

The indicators of goodness of fit are comparative fit index (CFI) = 0.960, Non-Normed Fit Index (NNFI) = 0.958, Incremental Fit Index (IFI) = 0.960, (acceptably ≥ 0.90) and root mean square error of approximation (RMSEA) = 0.0732 (acceptably ≤ 0.08). Based on the results, all of the model-fit indices exceeded the common acceptance levels, thus demonstrating that the hypothesized model fits the empirical data well. Table 3 shows that the CR (construct reliability), the shared variance among a set of observed variables measuring an underlying construct, was above the suggested criterion of 0.70. It demonstrates high reliability for all the constructs. The average variance extracted (AVE) used to assess convergent validity represents the overall amount of variance in the indicators captured by the latent construct. Satisfactory evidence for convergent validity was provided because each AVE value exceeded the threshold values of 0.5.

Table 3. Measurement Model Results

Construct	Variables	Standardised loadings	Item reliability	t-Value	SE	CR	AVE
SE	SE	1.000	0.939	n/a	n/a	1.000	1.000
JP	JE	0.905	0.808	74.480***	0.012	0.893	0.823
	JE1	0.915	0.783	91.389***	0.010		
	JQ	0.902	0.837	92.350***	0.010		
JS	EJS	0.934	0.868	103.273***	0.009	0.875	0.889
	IJS	0.951	0.748	99.022***	0.010		
WB	WB	1.000	0.794	n/a	n/a	1.000	1.000

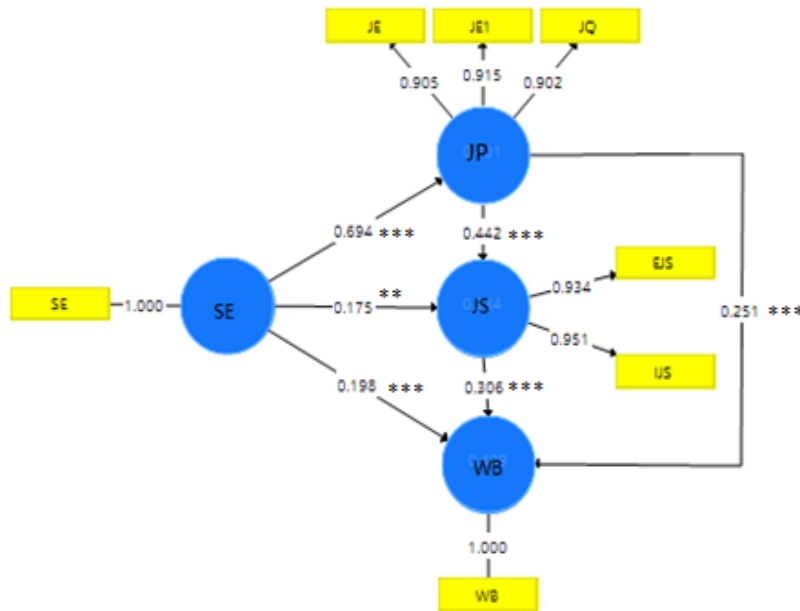
* p<0.05, ** p<0.01, *** p<0.001

a Construct reliability = $(\sum \text{Standardized loadings})^2 / [(\sum \text{Standardized loadings})^2 + \sum \epsilon_j]$.

b Average variance extracted (AVE) = $\sum (\text{Standardized loadings})^2 / [\sum (\text{standardized loadings})^2 + \sum \epsilon_j]$, where ϵ_j is the measurement error.

Assessment of Structural Model and Hypotheses Testing

The present study tested eight hypotheses through SEM in the developed research model. The structural paths were estimated to examine the hypothesised relationships among independent and dependent variables, graphically displayed as Figure 1. The observed variables are enclosed in squares, and the latent variables are enclosed in circles. A one-way path between constructs is indicative of a hypothesised direct effect of one construct on another.



***p<.001

Figure 1. Results of structural equation model

Within the overall model, the estimates of the structural coefficients provide the basis for testing the proposed hypotheses. Table 4 reports the results of the hypothesis tests, and all paths in the model were significant. The findings fully supported the hypotheses 1-6, with a significant ($p<0.001$), and these findings are consistent with the results in previous studies. In addition, the total effect is therefore recognized based on the structural coefficients.

Table 4. Summary of Hypothesis Testing Results

Path	Structural coefficients	SE	t-Value	Test result
SE → JP	0.694	0.028	24.648***	Support
SE → JS	0.175	0.069	2.527*	Support
SE → WB	0.198	0.072	2.759**	Support
JP → JS	0.442	0.066	6.672***	Support
JP → WB	0.251	0.070	3.576***	Support
JS → WB	0.306	0.052	5.914***	Support

* p < 0.05 , ** p < 0.01 , *** p < 0.001

Previous empirical research has provided a direct relationship between self-efficacy and three work variables, and associations among work outcomes. Therefore, for the purpose of ruling out

the possibility of such direct effects, the mediating effects of job performance and job satisfaction was further assessed by analyzing the indirect effects of self-efficacy-job satisfaction and wellbeing, as well as self-efficacy - well-being. The results showed that the mediating effect of job performance between self-efficacy and job satisfaction reaches 0.307 of the multiplication of two coefficients ($0.694 \times 0.442 = 0.307$), which is more than the direct impact of self-efficacy on job satisfaction (0.175). These findings indicate that job performance does not have a partial mediating role in the relationship between self-efficacy and job satisfaction. The partial mediating role of well-being was also examined, and the results indicated. In addition, job satisfaction plays a partial mediating role in the relationship between self-efficacy and well-being. Table 5 summarises the measured effects of all relationships.

Table 5. Direct, Indirect and Total Effects of Relationships

Path	Direct effect	Indirect effect	Total effect
SE → JP	0.694		0.694
SE → JS	0.175	0.307	0.482
SE → WB	0.198	0.321	0.510
JP → JS	0.442		0.442
JP → WB	0.251	0.135	0.386
JS → WB	0.306		0.306

Conclusions

Self-efficacy refers to individuals' levels of confidence in their ability to execute a course of action or achieve specific performance outcomes. People who have high self-efficacy will believe in their ability to perform a specific task, and this results in greater perseverance, better flexibility at coping with challenges, and an enhanced feeling of self-accomplishment. Conversely, people with low self-efficacy will have less confidence in their ability to perform a specific task, which results in them giving up prematurely and thus failing at higher rates. While there is considerable evidence of the importance of self-efficacy and its relationships with various work related factors have been acknowledged in different organizational settings, there is currently a lack of research in the tourism literature examining its consequences among the tour guide population, who significantly influence tourists' impressions of a destination (Min, 2011, 2012, 2014, 2016).

The obtained results indicated that self-efficacy and the job outcomes were positively correlated; tour guides with higher self-efficacy levels reported having more job performance, job satisfaction and wellbeing. The results are consistent with previous research showing these relationships for other settings. As stated previously, the research has identified that the competencies of self-efficacy can be learned and enhanced through proper training techniques. Such training in turn allows an individual to become more confident in successfully completing tasks when faced with challenging situations, resulting in better work related outcomes. The results of this study can therefore lead to the planning of interventions and training initiatives for the purpose of further developing necessary skills to improve the abilities of efficacy, such as instruction, counseling, positive thinking exercises or practicing of new behavior to increase the abilities of self-efficiency. In practice, this can help tour guides to deal with stress and enhance their work outcomes. In addition, the findings of this study can facilitate the planning and execution of more successful

recruitment or on-the-job practices, which should result in higher levels of productivity and a happier and healthier workforce.

Regarding the limitation and avenue for future research, most of the participants in this study were junior tour guides, with less than 10 years' experience. Sampling extending to guides with different levels of experience will be conducted for future study in order to yield more objective research results.

References

- Adeyemo, D.A. (2008). Demographic characteristics and emotional intelligence among workers in some selected organizations in Oyo state, Nigeria. *The Journal of business Perspective*, 13(1), 43-48.
- Aliyev, R., & Tunc, E. (2015). Self-efficacy in counseling: The role of organizational psychological capital, job satisfaction, and burnout. *Procedia Social and Behavioral Sciences*, 190, 97-105.
- Bandura, A. (1977). Self-efficacy: Toward a unifying theory of behavioral change. *Psychological Review*, 84(2), 191-215.
- Begat, I., Ellefsen, B., & Severinsson, E. (2005). Nurses' satisfaction with their work environment and the outcomes of clinical nursing supervision on nurses' experiences of well-being- A Norwegian study. *Journal of Nursing Management*, 13(3), 221-230.
- Brown, S., Cron, W.L., & Slocum, J.W., Jr. (1998). Effects of trait competitiveness and perceived intraorganizational competition on salesperson goal setting and performance. *Journal of Marketing*, 62(4), 88-98.
- Caprara, G.V., Barbaranelli, C., & Steca, P. (2006). Teachers' self-efficacy beliefs as determinants of job satisfaction and students' academic achievement: A study at the school level. *Journal of School Psychology*, 44(6), 473-490.
- Chen, S.C., Raab, C., & Tanford, S. (2015). Antecedents of mandatory customer participation in service encounters: An empirical study. *International Journal of Hospitality Management*, 46(1), 65-75.
- Chebat, J., & Kollias, P. (2000). The impact of empowerment on customer contact employees' roles in service organizations. *Journal of Service Research*, 3(1), 66-81.
- Chesnut, S.R., & Cullen, T.A. (2014). Effects of self-efficacy, emotional intelligence, and perceptions of future work environment on preservice teacher commitment. *The Teacher Educator*, 49(2), 116-132.
- Duggleby, W., Cooper, D., & Penz, K. (2009). Hope, self-efficacy, spiritual well-being and job satisfaction. *Journal of Advanced Nursing*, 65(11), 2376-2384.
- Gountas, S., Gountas, J., Soutar, G., & Mavondo, F. (2014). Delivering good service : Personal resources, job satisfaction and nurses' 'customer' (patient) orientation. *Journal of Advanced Nursing*, 70(7), 1553-1563.
- Gunlu, E., Aksarayli, M., & Percin, N. S. (2010). Job satisfaction and organizational commitment of hotel managers in Turkey. *International Journal of Contemporary Hospitality Management*, 22(5), 693-717.
- Hartline, M.D., & Ferrell, O.C. (1996). The management of customer-contact service employees: An empirical investigation. *Journal of Marketing*, 60(4), 52-70.
- Hewitt, M. (2015). Self-efficacy, self-evaluation, and music performance of secondary-level band students. *Journal of Research in Music Education*, 63(3), 298-313.
- Idrus, S., Alhabji, T., Al Musadieq, M., & Utami, H. (2015). The effect of psychological empowerment on self-efficacy, burnout, emotional intelligence, job satisfaction, and individual performance. *European Journal of Business and Management*, 7(8), 139-148.
- Judge, T.A., & Bono, J.E. (2001). Relationship of core self-evaluations traits—self-esteem, generalized self-efficacy, locus of control, and emotional stability—with job satisfaction and job performance: A meta-analysis. *Journal of Applied Psychology*, 86(1), 80-92.
- Judge, T.A., Jackson, C., Shaw, J., Scott, B., & Rich, B. (2007). Self-efficacy and workrelated performance: The integral role of individual differences. *Journal of Applied Psychology*, 92(1), 107-127.
- Karatepe, O.M., Arasli, H., & Khan, A. (2007). The impact of self-efficacy on job outcomes of hote employees: Evidence from northern Cyprus. *International Journal of Hospitality & Tourism Administration*, 8(4), 23-46.

- Karatepe, O.M., Uludag, O., Menevis, I., Hadzimehmedagic, L., & Baddar, L. (2006). The effects of selected individual characteristics on frontline employee performance and job satisfaction. *Tourism Management*, 27(4), 547-560.
- Khedhaouria, A., Gurău, C., & Torrès, O. (2015). Creativity, self-efficacy, and small-firm performance: The mediating role of entrepreneurial orientation. *Small Business Economics*, 44(3), 485-504.
- Lee, Y. D., Lain, J. W., & Chen, C. Y. (1999). A study on the measurement of productivity for white-collar employees: a case of electronic industry in Taiwan. *The Chinese Military Academy Journal*, 14(1), 345-361.
- Lu, L. (2006). Cultural Fit: Individual and societal discrepancies in values, beliefs, and subjective well-being. *The Journal of Social Psychology*, 146(2), 203-221.
- Lubbers, R., Loughlin, C., & Zweig, D. (2005). Young workers' job self-efficacy and affect: Pathways to health and performance. *Journal of Vocational Behavior*, 67(2), 199-214.
- Lucas, R. E. & Diener, E. (2002). The happy worker: Hypotheses about the role of positive affect in worker productivity. In M. R. Barrick & A. M. Ryan (Eds.), *Personality and work: Reconsidering the role of personality in organizations* (pp. 30–59). San Francisco: Jossey-Bass.
- McNatt, D.B., & Judge, T. A. (2008). Self-efficacy intervention, job attitudes, and turnover: A field experiment with employees in role transition. *Human Relations*, 61, 783-810.
- Min, J. (2011). Tour guides and emotional intelligence. *Annals of Tourism Research*, 38(1), 322-325.
- Min, J. (2012). A short-form measure for assessment of emotional intelligence for tour guides: Development and evaluation. *Tourism Management*, 33(1), 155-167.
- Min, J. (2014). The relationships between emotional intelligence, job stress, and quality of life among tour guides. *Asia Pacific Journal of Tourism Research*. 19(10), 1170-1190.
- Min, J. (2016). Guiding the guides: Developing indicators of tour guides' service quality. *Total Quality Management & Business Excellence*, 27(9-10), 1043-1062.
- Netemeyer, R. G., Brashear-Alejandro, T. & Boles, J.S, (2004). A cross-national model of job-related outcomes of work role and family role variables: A retail sales context. *Journal of the Academy of Marketing Science*, 32 (1), 49-60.
- Nielsen, K., & Munir, F. (2009). How do transformational leaders influence followers' affective well-being? Exploring the mediating role of self-efficacy. *Work & Stress*, 23(4), 313-329.
- Nielsen, K., Yarker, J., Randall, R., & Munir, F. (2009). The mediating effects of team and self-efficacy on the relationship between transformational leadership, and job satisfaction and psychological well-being in healthcare professionals: A cross-sectional questionnaire survey. *International Journal of Nursing Studies*, 46(9), 1236-1244.
- Niu, H.J. (2010). Investigating the effects of self-efficacy on food service industry employees' career commitment. *International Journal of Hospitality Management*, 29(4), 743-750.
- Noor, N. Kasim, A., Scarlat, C., & Muhamad, A. (2012). The role of individual differences in promoting front liners to become customer-oriented: A case of the hotel industry in Malaysia. *Journal of Quality Assurance in Hospitality & Tourism*, 13(1), 61-79.
- O'Neill, B.S., & Mone, M.A. (1998). Investigating equity sensitivity as a moderator of relations between self-efficacy and workplace attitudes. *Journal of Applied Psychology*, 83(5), 805-816.
- Pan, W., Sun, L.Y., & Chow, I. H. S. (2011). The impact of supervisory mentoring on personal learning and career outcomes: The dual moderating effect of self-efficacy. *Journal of Vocational Behavior*, 78(2), 264-273.
- Prussia, G.E., Anderson, J.S., & Manz, C. (1998). Self-leadership and performance outcomes: The mediating influence of self-efficacy. *Journal of Organizational Behavior*, 19, 523-538.
- Ramchunder, Y., & Martins, N. (2014). The role of self-efficacy, emotional intelligence and leadership style as attributes of leadership effectiveness. *SA Journal of Industrial Psychology*, 40(1), 1-11.
- Randhawa, G. (2007). Work performance and its correlates: An empirical study. *Vision: The Journal of Business Perspective*, 11(1), 47-55.
- Salami, S. (2010). Emotional intelligence, self-efficacy, psychological well-being and students' attitude: Implications for quality education. *European Journal of Educational Studies*, 2(3), 247-257.
- Schwarzer, R., & Jerusalem, M. (1995). Generalized Self-Efficacy scale. In J. Weinman, S. Wright, & M. Johnston, *Measures in health psychology: A user's portfolio, Causal and control beliefs* (pp. 35-37). Windsor, UK: NFER-NELSON
- Taberero, C., & Hernández, B. (2011). Self-efficacy and intrinsic motivation guiding environmental behavior. *Environment and Behavior*, 43(5), 658-675.

- Taris, T. W. (2006). Burnout and objectively recorded performance: A critical review of 16 studies. *Work & Stress*, 20, 316-334.
- Tourism Bureau (2018). Monthly statistical report. Available at <http://admin.taiwan.net.tw/upload/statistic/20180305/ae787d8a-6251-43b6-8384-20b553ee1efd.xls>
- Vuk, J., Anders, M.E., Mercado, C.C., Kennedy, R.L., Casella, J., & Steelman, S.C. (2015). Impact of simulation training on self-efficacy of outpatient health care providers to use electronic health records. *International Journal of Medical Informatics*, 84(6), 423-429.
- Wang, G., & Netemeyer, R.G. (2002). The effects of job autonomy, customer demandingness, and trait competitiveness on salesperson learning, self-efficacy, and performance. *Journal of the Academy of Marketing Science*, 30(3), 217-228.
- Weiss, D. J., Dawis, R. V., England, G. W. & Lofquist, L. H. (1967). *Manual for the Minnesota Satisfaction Questionnaire*. Minneapolis: University of Minnesota Industrial Relations Center.
- Wood, R., & Bandura, A. (1989). Impact of conceptions of ability on self-regulatory mechanisms and complex decision making. *Journal of Personality and Social Psychology*, 56(3), 407-415.
- Yeh, C.M. (2013). Tourism involvement, work engagement and job satisfaction among frontline hotel employees. *Annals of Tourism Research*, 42, 214-239.
- Zellars, K.L., Hochwarter, W.A., Perrewe, P.L., Miles, A.K., & Kiewitz, C. (2001). Beyond self-efficacy: Interactive effects of role conflict and perceived collective efficacy. *Journal of Managerial Issues*, 8(4), 483-499.

Acknowledgements

This research was funded by a research grant from the Ministry of Science and Technology in Taiwan (MOST 105-2410-H-130 -035 -MY2).

Determination of the Contributions of Local Authorities to Develop Gastronomy Tourism: Adana Sample

Hulya Tastan, Kemal Enes, and Elanur Sahin

Faculty of Tourism,
Mersin University, Turkey

Abstract

The aim of the study is to study the contributions of local authorities to develop gastronomy tourism. Interview method being one of the qualitative research methods is preferred. 10 questions formed by taking interview form literature survey and the studies of Gürbüz, Serçek ve Toprak (2017) as an example, are prepared. The population of the research is formed by tourism sharer of Adana city, research sample is formed by Adana Provincial Directorate of Culture and Tourism and Cukurova Development Agency. Interviews were made on 09th of January 2018 with authorized people working in these institutions. As a result of the interviews, it has been seen that local authorities are aware of gastronomy tourism and they started studies to realize gastronomy tourism potential in Adana. It has been determined that they did plans in the furtherance of Adana gastronomy tourism, gave importance to advertising with activities such as Adana Gastronomy Fest, Gastronomy Market. It has been concluded that the local authorities are the most effective institutions on gastronomy tourism. It has been deduced that they are conscious about gastronomy tourism and they are involved in the activities to develop gastronomy tourism in Adana. The local authorities are suggested to increase studies made on this subject, to study in different populations and sample groups in academic studies and to introduce an integrated study.

Keywords: local authorities, gastronomy tourism, Adana

Introduction

In recent years, tourism has become one of the most researched subjects. Nowadays tourism has economic effects such as increasing the production and providing employment opportunities, providing foreign exchange earnings and stabilizing distribution of income. That's why it is one of the most important service industries for many countries. Because of the reasons such as cities becoming crowded with the increasing populations, job stress and globalization, to be involved in tourism activities has become a social and cultural requirement for people (Keskin, 2015: 144). This situation causes differences in tourism demand. The more tourism demands differentiate, the more new tourism types have been introduced. One of them is gastronomy tourism (Kurnaz, Özdoğan and Akyurt Kurnaz, 2017: 112). Gastronomy tourism has become a tourism type which is attracting a great deal of intention and a growing one with the increasing attention to locality in recent years (Canizares and Guzman, 2012: 229).

Gastronomy tourism which is developing rapidly all around the world is providing an advantage with regards to tourism for countries developed with their gastronomic identities. Since Turkey prevailed in a wide geographical area in Ottoman period, it has a rich food culture as a result of interactions with different ethnic groups. Thus it has a gastronomy tourism potential which can be developed (Türker ve Aksu, 2017: 127). It is more appropriate to go into action starting from local

for the development of tourism in Turkey. In this respect local authorities have important responsibilities for the development of different tourism types (Keskin, 2015: 149).

Local authorities play an important role in the development of tourism and they have a great contribution locally (Cameron, Memon, Simmons and Fairwether, 2001:1). Adana is a city which has a tourism potential open to development with its geographical position, historical and cultural wealth (Ballı, 2016: 5). To enable the realization of this potential is possible with the support of local authorities. The aim of this study is to reveal the contributions of the local authorities to develop gastronomy tourism in Adana and to make a contribution to the literature. In this regard, local authorities and their benefits to develop tourism, gastronomy tourism and Provincial Directorate of Culture and Tourism will be analyzed.

Literature Review

As a result of the literature review made about the subject, firstly local authorities will be mentioned. Then gastronomy tourism will be referred and the contributions of local authorities will be mentioned. Finally some information will be given about gastronomy tourism in Adana.

Local Authorities

There are a lot of studies made on local authorities and different definitions of local authorities are made. Bilgin (2002: 314) defined local authorities as a regime staying out of governmental central organs, administered legally by the state but having its own decision making bodies with its distinctive characteristics and legal entity, elected by local public. In other words; local authorities are the organizations executed by the local organs elected by local public, providing needs of individuals in local society and providing public properties and services (Pustu, 2016: 98). Briefly, local authorities are one of the lower management organs of the state which gives self-governance opportunity to public (Taştekin, 2016: 95).

The origin of the local authorities goes back to the ancient times. Cities in the ancient times, municipalities having local and political jurisdiction in The Roman Empire and city states called “polis” in ancient Greece are one of the first examples of local authorities (Çiçek, 2014: 55). When it is approached sociologically, local authorities are a result of the requirement of communal life. In this respect communities, which is called “commune” where people settle in a place and are organized there, form the basis of present local authorities. Present local authorities are formed as a result of this organization’s executive reconstruction and becoming a legal entity with the addition of some legal authorities (Özel, 2014: 157).

Contemporary local authorities in Turkey emerged in Tanzimat Reform Era. Before Tanzimat, Osmanlı used to have typical organizations which used to give local services. City management in Ottoman was a public work under the central authority and was conducted by the officers appointed by the central authority (Ünal, 2011: 241-242). Present local authorities were founded in the Republic Period. With the Village Law dated 1924 and 1580 Municipal Law dated 1930, the basis for the organizational structure of the local authorities has been formed (Bilgin, 2002: 314-315).

Gastronomy Tourism and the Contributions of Local Authorities

Gastronomy term is a discipline having a long-standing history and many research studies have been made on. On the other hand gastronomy tourism has become a course debated and researched for 10 years. Gastronomy tourism are the journeys that people have, to learn cuisine traditions of different cultures upon their requests to experience foods and beverages belonging to these cultures (Sarıışık and Özbay, 2015: 267). Contribution to the local and regional development is one of the most important factors of gastronomy tourism. It protects local inheritance of foods, develops agricultural production and promotes domestic products (Bucak and Aracı, 2013: 207-208).

Gastronomy tourism is generating motivation to travel with a desire to experience new foods and beverages. Thus the main source of motivation for gastronomy tourism is various gastronomic activities. Food festivals, wine festivals, travels to cuisine museums, tasting local foods and beverages, visiting local producers and restaurants are some of these activities (Kılıç and Gövce, 2017: 68; Alper, Özdoğan and Akyurt Kurnaz, 2017: 115; Türker and Aksu, 2017: 128). These activities carry a local destination onto an international platform and contribute to the development of gastronomy tourism and the destination to gain a competitive advantage against others (Bucak and Aracı, 2013: 205; Üzülmöz, Özata, Akdağ, Sormaz and Onur, 2017: 88). Also gastronomy tourism activities contribute to the branding and promoting of cities introducing food culture and gastronomic differences which belong to these cities (Özaltaş Serçek and Serçek, 2015: 23).

Gastronomy tours which have started attracting a great attention across the world are showing up as one of the activities made for gastronomy tourism (Şengül and Türkay, 2016: 89). France, Spain, Italy and Portugal are the countries where gastronomy tours are increasing in Europe. Activities made in these tours are visits to local cheese producers and local bazaars, joining wine festivals, local foods and drinks festivals and etc. (Bitsani and Kavoura: 2012: 304; Güzel Şahin and Ünver, 2015: 6). The Festival of Saint Vincent in France, The Waiheke Wine Festival in New Zeland (Charters, 2009: 374-375), Sheridan's Irish Food Festival in Ireland, Tasting Australia Festival in Australia (Karagiannis & Metaxas, 2017) are some of these events. Thus local foods play an important role in gastronomy tourism since they provide a distinctive experience which belongs to the region (Sims, 2009: 326). When the festivals such as Rice Festival in France Arles, Primi d'Italia in Italy Foligno, Truffle Festival in Alba, and Nantvitch Food Festival in England, were analyzed in his article Thorpe (2008) wrote in The Guardian about 20 Spectacular food festivals, it has been seen that the shareholders and/or sponsors are primarily local authorities and local associations. That's why it is possible to say that gastronomy tourism festivals are being organized thanks to the great contributions of local authorities.

Turkey is an important country for gastronomy tourism with its long-standing history of local food and rich cuisine. Cities such as Adana, Mersin, Gaziantep and Hatay are rich in local products and so have an important potential for gastronomy tourism (Güzel Şahin & Ünver, 2015: 65). Food and drink festivals and local gastronomy tours are held in our country. Watermelon Festival in Adana, Cheese Festival in Balıkesir, Golden Pistachio Festival in Gaziantep, Alaçatı Herbs Festival in Izmir, Cherry Festival in Tekirdağ, (Bucak & Aracı, 2013: 209-210-212); Gourmet Tour in Antakya, Gaziantep Gurmet Tour, Mardin Gurmet Tour (Kızılırmak, Ofluoğlu & Şişik, 2016: 262-263) are only some of the activities made for gastronomy tourism.

When touristic activities in Adana are analyzed, international festivals such as ‘International Adana Film Festival’, ‘Sabancı International Adana Theater Festival’ and ‘The Orange Blossom Carnival’ and events organized by district municipalities such as “Adana Gastronomy Fest’, ‘Cherry Fest” and ‘İmamoğlu Peach Fest’ attract the attention (Adana Kültür Turizm, 2017). Adana Gastronomy Fest which has an important role in the branding and empowering the image of Adana in terms of gastronomy tourism, is an event organized with the support of Governorship and local authorities. With this festival, it is aimed to brand Adana as a gastronomy city and to introduce its local products first nationally and then internationally. The festival is organized with the support of primarily Governor of Adana, Adana Provincial Directorate of Culture and Tourism, Adana Metropolitan Municipality, district municipalities and many local authorities and private sponsors.

Events organized in the scope of gastronomy tourism contribute to the development of local tourism sources and gastronomy tourism. Introduction of local and regional food is an effective way for the development of local economies and tourism (Bucak & Aracı, 2013: 208). To enable this development, local authorities have important responsibilities. Local authorities should develop characteristic projects understanding the importance of gastronomy tourism and should contribute the development of tourism enabling the collaboration between local and central authorities (Keskin, 2015: 149). Local authorities can contribute the development of gastronomy tourism by making strategic plans, having marketing activities and promoting (Ayaz, 2016: 49).

In his study aimed to reveal obstacles in involvement in tourism for municipalities in Turkey, Ayaz (2016) concluded that three important factors cause a challenge against involvement in tourism for municipalities accepted as an important unit of local authorities. Respectively these factors are lack of financial resources, shortage in qualified staff and professional unqualification of present staff. In their study they put forward what the contributions of local authorities are to the local tourism, Karagiannis and Metaxas (2017) local development depends on the implementations of local authorities. They argued that local authorities have control over many aspects of development planning about tourism and so they have a great effect on the development success of tourism. They stated that gastronomy expenditures form one third (1/3) of tourism expenditures and if designed and developed well by local authorities, gastronomy tourism encourages economical and social development. Local gastronomy and tourism implementations can be used as a tool for economical and social development, if they are designed well by local authorities.

Gastronomy Tourism in Adana

Gastronomy tourism is to recognize local cuisine culture, to taste foods and drinks specific to that region and see the growth and/or production of these products. Regions differentiate in terms of the gastronomic products they own. Mediterranean is a region which touristic attraction is high in terms of cuisine culture with many touristic products. Mediterranean Cities have their own distinctive gastronomy potential. “Kunafah” in Hatay, “kebab and turnip” in Adana, “tantuni and cezerye” in Mersin, “tarhana and ice-cream” in Kahramanmaraş, “Piyaz” in Antalya and “walnut spread (ceviz ezmesi)” in Burdur are some of these. Also there are a lot of geographically indicative registered products such as “Finike Orange”, “Anamur Banana”, “Adana Kebab”, “Maras Ice Cream” (Şengül & Türkay, 2016: 89-92).

Adana has a great tourism potential with its geographical position and natural, historical and cultural wealth. The touristic sights such as Stone Bridge and Varda Bridge, the events such as Orange Blossom Fest and Altın Koza International Film Festival have significant contributions to local Tourism (Adana İl Kültür ve Turizm Bakanlığı, 2017). Besides its touristic attraction, with its distinctive cuisine culture, it has a gastronomy tourism potential open to developments (Balı, 2016: 4-10). When we say Adana, the first things that come to our mind are products specific to Adana such as “Kebab”, “şalgam”, “bici bici” and “halka tatlı” (Adana İl Kültür ve Turizm Bakanlığı, 2017). Also Adana takes part in Turkey Tourism Strategy (2023) and at ‘Doğu Akdeniz ve Güneydoğu İnanç ve Gastronomi Turizmi Aksı’ in Action Plan 2007-2013 (Ministry of Culture and Tourism, 2007). In this respect there are several attempts for branding Adana as a gastronomy city and develop gastronomy tourism. “Adana Gastronomy Fest, Kebab and Şalgam fest and Gastronomy Market” are some of these attempts (<http://www.milliyet.com.tr>).

Methodology

In this study; it is aimed to suggest what the contributions of local authorities are to develop gastronomy tourism. In this respect interviewing method being one of the qualitative research methods is preferred. Interviewing method is the most used one of the qualitative research methods and it allows subject to be considered from the aspects of interviewed individuals. (Yıldırım & Şimşek, 2016). The interview as a part of the study was made on 09th January 2018 in Provincial Directorate of Culture and Tourism where local authorities are most effective on tourism in Adana, with departmental managers and authorities of Cukurova Development Agency. The demographic data about the participants are given in the table below.

Table 1. The Demographic Data About the Participants

Working Authority	Gender	Age	Working Year
T.C. Culture and Tourism Ministry/ Adana Province Culture and Tourism Directorate Cukurova Development Agency	Female	35	10
Adana City Council	Male	37	7
Adana Promotion and Development Inc.	Male	29	3

Table 1. Questions in the Interview Form

Questions
1 Which studies are being made/must be made for the definition of local cuisine?
2 Have you ever heard about gastronomy tourism?
3 Can Adana be a gastronomy city?
4 What kind of activities should be made to be a city where gastronomy tourism develops?
5 Who do you think should manage the process of being a gastronomy city for developing gastronomy tourism in Adana?
6 What can be the benefits of being a gastronomy city for Adana?
7 What do you advise for the development of gastronomy tourism in Adana?
8 Is there any non-governmental enterprise or community gathering gastronomy employees in Adana?
9 Are there any institution leading gastronomy tourism activities in Adana?
10 Do you have future plans for the development of gastronomy tourism?

Interview form used as a part of the study is formed depending on literature survey and modeling views of experts in data collections and studies of Gürbüz, Serçek and Toprak (2017). In the interview form, 10 questions were asked to learn knowledge of local authorities about gastronomy tourism, to reveal what kind of activities are/may be made in Adana as a part of gastronomy

tourism and to determine the role of local authorities in the activities made. These questions are shown in the Table 1. Answers are noted in the interview form, introduced to expert opinions and interpreted.

Findings

Questions in the research form were asked respectively to the participants. The question “Which studies are being made/must be made for the definition of local cuisine?” was asked to determine what is being done to develop the local cuisine. Participants stated that especially “Salgam”, “Adana Kebap”, “kaynar (the local name of lohusa sherbet)” and “cezerye” were promoted in national and international fairs and presentations were made. Also they mentioned Adana Cuisine promotion was made in brochures and catalogues. Additionally they stated Gastronomy fest made in October 2017 was organized with the participant of Adana Governorship being in the first place and local authorities and it was planned to be traditionalized and repeated every year. One of the participants answered the second question asked to determine whether they had information about gastronomy tourism or not as following; “Of course I have heard. Sea-beach-sun tourism is already out-dated and alternative tourism types such as ecotourism and gastronomy tourism emerged”. Therefore it is possible to say that interviewed individuals have knowledge of gastronomy tourism and they are aware of the related current issues.

When the question “Can Adana be a gastronomy city?” was asked to learn the opinions of participants about Adana’s being a gastronomy city, one of the participants answered that “Adana can be a gastronomy city, we are making studies on it. To promote Adana cuisine, we are coming together once a month with especially gourmets and bloggers writing on Adana. We are planning what we can feature that month about cuisine products, cultural and touristic products”. Starting from this point of view, it will be correct to say that local authorities are aware of that Adana is rich enough for gastronomy tourism and they make their planning accordingly. When they were asked what kind of activities were included or should be made within these planning, they stated that they tried hard to make especially Adana the destination for gastronomy tourism but it could not be a destination by itself alone, it was only possible within ‘Mersin-Adana-Hatay’ Line. They emphasized that the required activities should serve promotion purposes. They pointed out that gastronomy festivals and activities made in social media would have a great contribution to this situation. They answered that all parties of tourism such as municipalities, associations, development agencies and chambers of commerce should be together to the question “Who do you think should manage the process of being a gastronomy city/ stuiies for developing gastronomy tourism in Adana?” To evaluate the perspective of participants regarding the development of gastronomy tourism in Adana, the question “What can be the benefits of being a gastronomy city for Adana?” was asked. The participants mentioned that the period starting with being a gastronomy city would have a multiplier effect. One of the participants speculated that “after its being a gastronomy city, it would be accompanied by influx of tourists, crafts would grow so the city would grow, when the city grew, the region would grow and finally Turkey grew which would be a multiplier effect.

They suggested that for the development of gastronomy tourism it is a precondition that all parties of tourism should work together. When it was asked whether there were non-governmental organizations in this respect, it was seen that there were many enterprises. Under the Union of Merchants and Craftsmen; Association of restaurateurs (Lokantacılar Derneği), the Federation of

Chefs (Aşçılar Federasyonu), The Federation of Pastry Cooks (Pastacılar Federasyonu) and the Federation of Kebab Shops (Kebapçılar Federasyonu) are some of these enterprises. It was established that Provincial Directorate of Culture and Tourism affiliated to Adana Governorship and Cukurova Development Agency are the institutions working on gastronomy tourism. Finally the question “Do you have future plans for the development of gastronomy tourism?” was asked and one of the participants answered that “By our directorate for tourism, Strategic Action Plan and the Master Plan of our city were made and gastronomy plans take an important place within them.

Conclusions

Gastronomy tourism has become an important subject going on rapidly with the emerging of alternative tourism types day by day, consumers’ becoming more conscious and the increasing tendency towards local authorities. The development of gastronomy tourism can be ensured by beginning action from local as it is for the development of tourism. At this point local authorities are in the most effective position. Provincial Directorates of Culture and Tourism and Development Agencies are the institutions which develop strategies for the development of gastronomy tourism, make regional planning and take actions accordingly sharing these planning with all parties. In this direction, it is aimed to analyze local authorities in Adana to put forward the roles of local authorities in the development of gastronomy tourism with this study. With this aim; using interview method being one of the qualitative research methods, interviews were made with Adana City Culture and Tourism Directorate and Cukurova Development Agency.

In the interviews 10 questions in the research form prepared before, were asked respectively to the participants. When the obtained results are analyzed, it has been seen that local authorities have enough knowledge about gastronomy tourism, are aware of gastronomy tourism potential of Adana and make planning and practices to fulfill this potential. All interviewed participants stated that the initial condition for the development of gastronomy tourism was that all parties of tourism to collaborate. Then they said that festivals and promotions to be made on social media were the most effective practices. They indicated that activities such as Gastronomy Fest and Gastronomy Market are the practices made for the development of gastronomy tourism and they would maintain continuity of these practices.

According to the information obtained as a result of the interviews, it is possible to say that local authorities are effective enough to develop gastronomy tourism. Planning should be formed beginning from local and practices should be started in local with the support of local authorities. All local authorities affiliated to Governorship such as Provincial Directorate of Culture and Tourism in the very first place, municipalities, non-governmental organizations, and development agencies should make planning working collectively and start practices taking action from local. Adana has a high potential for gastronomy tourism and local authorities have enough knowledge about this subject. This situation is very significant for the development of gastronomy tourism.

With this study; it is aimed to put forward how important local authorities to develop gastronomy tourism and to contribute to the literature as a study made on this subject over Adana example. On the other hand the study is limited since it has been made on only Adana example. For future studies; it is advised to study different cities or make an integrated research.

References

- Atvur, S. (2009). Yerel Gündem 21 ve Çevre: Antalya Kent Konseyi Örneği, C. Ü. Sosyal Bilimler Dergisi, Cilt: 35, Sayı: 2, 231-241.
- Ayaz, N. (2016). Turizmde Yerellik ve Yerel Yönetimlerin Turizme Katılım Engelleri, Çağdaş Yerel Yönetimler, Cilt: 25, Sayı: 1, 47-60.
- Ballı, E. (2016). Gastronomi Turizmi Açısından Adana Sokak Lezzetleri, Journal of Tourism and Gastronomy Studies, Volume: 4, Issue: Special Issue 1, 3-17.
- Bilgin, M. (2002). Yerel Yönetimlerin Bölgesel Kalkınmadaki Etkinliği: Göller Bölgesi Uygulaması, Süleyman Demirel Üniversitesi İktisadi Ve İdari Bilimler Fakültesi, Cilt:7, Sayı:2, 313-330.
- Bitsani, E. ve Kavoura, A. (2012). Connecting Oenological and Gastronomical Tourisms at the Wine Roads, Veneto, Italy, For The Promotion and Development Agrotourism, Journal of Vacation Marketing, Vol: 18, No: 4, 301-312.
- Bucak, T. ve Aracı, Ü. E. (2013). Türkiye’de Gastronomi Turizmi Üzerine Genel Bir Değerlendirme, Balıkesir University The Journal of Social Sciences Institute, Volume: 16, Number: 30.
- Cameron, A.M., Memon, A., Simmons, D.G. ve Fairweather, J.R. (2001). Evolving Role of Local Government in Promoting Sustainable Tourism Development on the West Coast, Tourism Recreation Research and Education Centre, Report No: 28.
- Charters, S. (2009). New World and Mediterranean Wine Tourism: A Comparative Analysis, Original Scientific Paper, Vol:7, No:4, 369-379.
- Çiçek, Y. (2014). Geçmişten Günümüze Türkiye’de Yerel Yönetimler, KSÜ Sosyal Bilimler Dergisi, Cilt:11, Sayı:1, 53-64.
- Çukurçayır, M. A., Eroğlu, T. ve Sağır, H. (2012). Yerel Yönetişim, Katılım ve Kent Konseyleri, ?
- Güzel Şahin, G. ve Ünver, G. (2015). Destinasyon Pazarlama Aracı Olarak “Gastronomi Turizmi”: İstanbul’un Gastronomi Turizmi Potansiyeli Üzerine Bir Araştırma, Journal of Tourism and Gastronomy Studies, Vol: 3, Sayı: 4, 63-73.
- IHA (2017, 14 Eylül). Adana Gastronomi Kenti Oluyor. Milliyet. Erişim Adresi: <http://www.milliyet.com.tr/adana-gastronomi-kenti-oluyor-adana-yerelhaber-2275434/>
- Karagiannis, D.ve Metaxas, T. (2017). Local Authorities Contribution on Gastronomy Tourism Development: The Case of Ontario, Canada, MPRA, Paper No:79325.
- Keskin, A. (2015). Yerel Kalkınmada Yerel Yönetimlerin Rolü: Turizm Örneği, Atatürk Üniversitesi İktisadi ve İdari Bilimler Dergisi, Cilt:30, Sayı:1, 143-154.
- Kılınç, A. (2017). Yerel Ölçekte Siyasal Katılım ve Temsiliyet Açısından Adana Kent Konseyi, ?
- Kızılırmak, İ., Ofluoğlu, M. ve Şişik, L. (2016). Türkiye’de Uygulanan Gastronomi Turları Rotalarının Web Tabanlı Analizi ve Değerlendirmesi, Journal of Tourism and Gastronomy Studies, Vol: 4, Special Issue 1, 258-269.
- Kurnaz, A., Özdoğan, O.N. ve Akyurt Kurnaz, H. (2017). Gastronomi Turizmi İçin Bir Destinasyon Önerisi: Daçça, Detay Yayıncılık, Ankara.
- Özaltaş Serçek, G. ve Serçek, S. (2015). Destinasyon Markalaşmasında Gastronomi Turizminin Yeri ve Önemi, Journal of Tourism Theory and Research, 1/1, 22-40.
- Özel, M.(2014). Yerel Yönetim Bilimi ve Ayrı Bir Disiplin Olarak Gelişme Sorunu, Uluslararası Alanya İşletme Fakültesi Dergisi, Cilt:6, Sayı:3, 153-164.
- Pustu, Y. (2016). Yerel Demokrasinin Kökeni, Sayıştay Dergisi, Sayı: 100, 89-107.
- Sánchez-Cañizares, S.M. ve López-Guzmán, T. (2012). Gastronomy as a Tourism Resource: Profile of the Culinary Tourist, Current Issues in Tourism, Vol:15, No:3, 229-245.
- Sarıışık, M. ve Özbay, G. (2015). Gastronomi Turizmi Üzerine Bir Literatür İncelemesi, Anatolia: Turizm Araştırmaları Dergisi, Cilt: 26, Sayı: 2, 264-278.
- Sims, R. (2009). Food, Place and Authenticity: Local Food and The Sustainable Tourism Experience, Journal of Sustainable Tourism, 17:3, 321-336.
- Şengül, S. ve Türkay, O. (2016). Akdeniz Mutfak Kültürünün Gastronomi Turizmi Bağlamında Değerlendirilmesi, Journal of Tourism and Gastronomy Studies, Vol: 4, Special Issue 1, 86-99.
- Taştekin, A. (2016). Kent Konsey’lerinin Yerel Demokrasi Açısında İşlevselliği (Gaziantep Örneği), Gazi Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi, Cilt:19, Sayı:1, 95-109.
- Thorpe, A. (2008). 20 Fabulous Food Festivals, The Guardian. Erişim adresi: <https://www.theguardian.com/travel/2008/sep/07/travelfoodanddrink.foodanddrink>
- Türker, N. ve Aksu, S. (2017). Çerkes Mutfak Kültürünün Gastronomi Turizmi Kapsamında Değerlendirilmesi: Düzce İli Örneği, Detay Yayıncılık, Ankara.

- Ünal, F. (2011). Tanzimattan Cumhuriyete Türkiye’de Yerel Yönetimlerin Yasal ve Yapısal Dönüşümü, Dumlupınar Üniversitesi Sosyal Bilimler Dergisi, Sayı:30, 241-248.
- Yıldırım, A. (2014). Türkiye’de Yerel Yönetişimin Uygulanabilirliği ve Yerel Gündem 21 Örneği Üzerinden Bir İnceleme, Muş Alparslan Üniversitesi Sosyal Bilimler Dergisi, Cilt: 2, Sayı: 1, 75-96.
- Yıldırım, A. & Şimşek, H. (2016). Sosyal Bilimlerde Nitel Araştırma Yöntemleri, Seçkin Yayıncılık, Ankara.

The Effects of Personality Traits of Employees on Their Socialization Levels: A Research in Hospitality Establishments

Eda Ozgul Katlav¹, Nilufer Sahin Percin¹, and Muhittin Cavusoglu²

¹Tourism Faculty
Nevsehir Haci Bektas Veli University, Turkey
²College of Education
University of South Florida, USA

Abstract

This study aims to determine the effect of personality traits which employees bear on the socialization levels they display. Data was collected from the population composed of employees working at boutique hotel establishments operating in the Province of Nevsehir with questionnaire technique and assessed in terms of statistics. As a consequence of the regression analysis used to test the hypotheses, it was revealed that their personality traits positively and significantly affected the organizational commitment, organizational acceptance, motivation and job satisfaction which are socialization levels. It is expected that the findings regarding the study will contribute to this field as a limited number of researches have been made particularly in terms of tourism literature.

Keywords: personality traits, socialization level, boutique hotel, Nevsehir

Introduction

The positive effect of services sector on sustainable economic growth in the world and especially employment and competitive advantage is evident as a talent of the sector. On the other hand, the hospitality establishments, one of the important components of tourism, which take a big share from the sector, have to improve their talents so as to be able to offer service depending upon customer satisfaction. Since it is in the service of a labor-intense sector, how human resources, one of the important talents in the hotel establishments depending on labor force more than other sectors, are administrated, has also importance. The employees' wish to continue to stay in the organization is associated with their job satisfaction. One of the important determiners of this attitude is their socialization levels beginning to form at the onset of their recruitment and changing in time. Therefore, it is essential that according to what socialization levels of employees change, in other words their precursors, be put forth. It is seen in the literature that personality trait is one of the factors affecting socialization level. From this viewpoint, the effect of personality traits that employees have on the socialization level they display is investigated in this study. Firstly, the terms have been defined and their relations with each other have been explained in the light of literature and hypotheses have been developed. Secondly, suggestions have been made for the future studies by using the findings obtained.

Literature Review

Personality Traits

Personality traits determine the attitude of people to the difficulties encountered in life and their efforts to perform a task or sustain it (Karaman et al. 2008: 51). Although there are models for what the characteristics defining personality differences and representing their structure are

available in the literature, it is seen that generally the five-factor model is often used (Barrick & Mount, 1991; Judge et al., 1999; Gosling et al., 2003). The model explains the personality in five basic dimensions as “extroversion”, “neuroticism”, “agreeableness”, “emotional stability” and “openness to experience” (Barrick & Mount, 1991: 1). It is thought that classification of employees according to certain types will be more effective on determining the requirements of people, resolving their problems and getting to know them more closely especially with respect to the employees living in organizational environments. In the same way, the attitude displayed by personality is also significant for the organization. For instance; proactive personality, sociability, self-improvement is important in terms of personal development. The job life spent in harmony with the personality could be effective at the employee’s continuing the present position in spite of the other opportunities offered (Ibrahimoglu, 2008: 94). In this respect, one of the important issues the organizations dwell upon is that employees bearing different personality traits and working in a certain career direction should take part in the organization in order to form socialization.

Organizational Socialization

Organizational Socialization is the process in which newly recruited employees for the organization acquire the knowledge, attitude and behavior required to be able to feel themselves as a permanent member of the organization (Calik, 2003: 163). The main purpose of organizational socialization is the employees’ complying with the same norms and values as the other staff do and to sustain the supervision of their sharing them in the organization (Iplik et al., 2012: 102). Organizations try to make individuals adjust their abilities and qualities to the organization and new employees try to learn the standards of the organization and the way of conducts they include so as to be successful and acceptable organization members. Both the employees’ being satisfied with the work they perform, and the realization of the organizational objectives depend upon the effectiveness of socialization process. It is accepted as one of the primary tools particularly on the subject that employees adopt organizational values, norms and behaviors at hotel institutions (Sokmen & Tarakcioglu, 2008: 37-38). In the study, organizational commitment, organizational acceptance, motivation and job satisfaction have been examined as socialization levels. Organizational commitment is defined as a behavior shaped by the employee’s relation with the organization and enabling them to decide to be a permanent member of the organization (Allen & Meyer, 1996: 255). Organizational acceptance is the behaviors aimed at employees’ obeying the rules in the organization, adopting these rules and trying to make them widespread and it was studied by Smith et al. (1983) for the first time. Motivation is what makes people move and determines the direction of their behaviors, is their thoughts, hopes, faiths, shortly their desire, needs and fears (Findikci, 2000: 373). Job satisfaction has been defined as the feeling of contentment arising in the person and the positive attitude of the employee towards his job as a consequence of the harmony between the person in question and his working conditions or the work life (Ugboro & Obeng, 2000: 254).

The socialization level of the employees they display being high is important in respect to the efficiency of the organization. Hence, it is required that the factors affecting the socialization levels of the employees should be examined. According to the literature concerned, it is seen that one of the factors can be the personality traits (Becker & Strauss, 1956; Hoffman, 1970; Zigler & Child, 1973; Eisenberg et al., 1991; Ibrahimoglu, 2008; Yagci & Ilarslan, 2011; Ozcan & Behram, 2013; Baltes & Schaie, 2013; Buss & Plomin, 2014; Deniz, 2016).

Purpose of the Study

The purpose of this study is to reveal how the personality traits of the employees who work at hotel establishment affect the socialization levels they exhibit. There are studies in the previous researches in which both personality traits and socialization levels were examined separately and in different sectors. However, as both of the variations were not much studied together as a subject of research at hotel establishments and a new one added to the present studies (Pelian, 2008; Lee et al., 2011; Deniz, 2016), this study has a significance.

Methods

Participants

The population in the application field of the study was determined as the employees working at small hotels in the Province of Nevsehir promoted as boutique hotels on web sites and having the status of “Special Establishment with Tourism Management License “from Culture and Tourism Ministry. Data used in the research was collected in May-June months of 2017. According to the information provided by Nevsehir Provincial Culture and Tourism Directorate, about 40 boutique hotels and /or boutique hotel style establishments exist in the region. Yet, the employees working at the boutique hotels with 10 rooms or more of these were targeted since there is” the criteria of at least 10 rooms “in the standard issued by Culture and Tourism Ministry. The population was determined according to the information obtained from the Human Resources departments of the hotels in question, with reference to the total staff number was about 115 and all of this number was available. Accordingly, a total of 115 questionnaires were distributed to the hotels by the author on condition that they should be collected later and 99 of the distributed questionnaires were returned. According to Buyukozturk (2005: 12), it is essential that the number of the returned questionnaires should be 70-80 % in order to be able to make a reliable assessment. In this study, the returned questionnaires rate was 86 %, thus, this rate can be scientifically acceptable.

Measures

The employees were interviewed with sample questionnaire form for the purpose of measuring the perception of the personality traits and socialization levels of the employees working at the hotel establishments. In the first chapter, the statements aimed at the personality traits and socialization levels of the employees and in the second chapter demographic questions are included. Responses are taken with 5 Likert type scale (1=Definitely Disagree, 2=Disagree, 3=Neither Agree nor Disagree, 4=Agree, 5=Definitely Agree) . Two scales used in the study are also the ones the validity of which have been approved in tourism literature. The cultural adaptation of the scale used in the measurement aimed at determining personality traits was made by Alkan (2012). Also the validity analyses of the scale were made in the doctorate thesis in which the relations between “estrangement and five factor personality traits were studied on hotel staff” by Tekin (2012). The validation of the scale used to determine the socialization levels in hospitality sector was made by Sokmen and Tarakcıoglu (2008).

Five Factor-Personality Traits Scale

In the scale, aimed at defining the personality traits of the employees, “Five Factor-Personality Traits Scale”, composed of five sub-dimensions and 44 questions as neuroticism (eight items),

extroversion (eight items), openness to experience (10 items), agreeableness (nine items) and emotional stability (nine items), developed by John et al. (1991), was used. In this study, the reliability coefficient (Cronbach's Alpha) is calculated as .86. According to Nunnally (1978), a scale is supposed to be over 0.70 so as to be accepted as reliable scientifically. Thus, this scale can be claimed to be reliable.

Organizational Socialization Degree Scale

In the scale, aimed at defining the socialization levels of the employees, "Organizational Socialization Levels Scale", composed of four sub-dimensions and 50 questions as organizational commitment (13 items), organizational acceptance (12 items), motivation (13 items) and job satisfaction (12 items), developed by Kartal (2003), was used. In this study, the reliability coefficient is calculated as .94.

Theoretical Framework and Hypotheses Development

A research model was formed, and hypotheses was developed depending on the relevant studies in the literature. In the study, the personality traits of the employees was also examined as a factor affecting the socialization level dimensions of the employees working at the hotel businesses. The suggested research model (fig. 1) and hypothesis (table 1) are as follows.

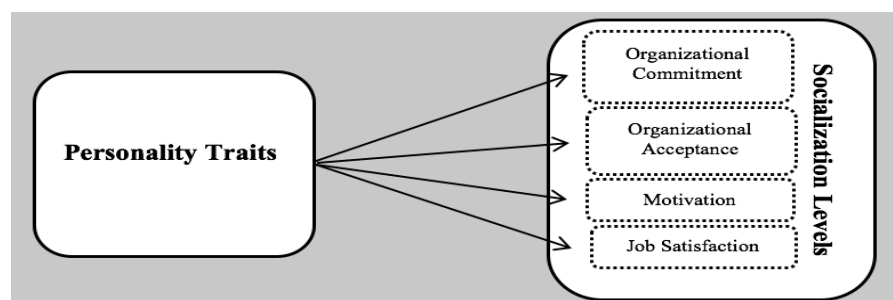


Figure 1. The hypothesized model of the study

In the literature the present research results conducted on different sectors indicate that the personality traits of the employees positively and meaningfully affect their organizational commitment, organizational acceptance, motivation and job satisfaction which are the socialization levels they display (Atkinson, 1983; Humphreys & Revelle, 1984; Costa & McCrae, 1992; Organ & Ryan, 1995; DeNeve & Cooper, 1998; Tanoff & Oregon, 1999; Connolly & Viswesvaran, 2000; Judge et al., 2002; Raja & Johns, 2004; Erdheim et al., 2006; Yelboga, 2006; Burke et al., 2006; Ibrahimoglu, 2008; Furnham & Chamoro-Premuzic, 2009; Matzler et al., 2011; Panaccio & Vanderberghe, 2012; Deniz, 2016; Demir et al., 2017). In addition, the researchers conducted at hotel establishments present the same results (Peilan, 2008; Lee et al., 2011; Zou et al., 2011). The following hypotheses concerning the personality traits as a factor affecting the socialization levels of the employees working at hotel institutions are as follows:

Hypotheses

- **Hypothesis 1:** Personality traits have positive effect on organizational commitment dimension of socialization

- **Hypothesis 2:** Personality traits have positive effect on organizational acceptance dimension of socialization
- **Hypothesis 3:** Personality traits have positive effect on motivation dimension of socialization
- **Hypothesis 4:** Personality traits have positive effect on job satisfaction dimension of socialization

Findings

Descriptive Statistics and Correlation Analysis

Considering the demographic characteristics of the hotel employees participating in the research; 42.4 % of the responders is 26-35 age scale, 55.6 % male, 52.5 % married, 38.4% high school and same level school graduate, 39.4% with an experience of 1-5 years. More than half of the participants have a tourism management degree and most of them are front office, housekeeping and food & beverage department staff.

Table 1. Defining Statistics, Correlation Between the Variables and Cronbach's Alpha Values

	1	2	3	4	5
1. Personality Traits	(.86)				
2. Organizational Commitment	.726**	(.82)			
3. Organizational Acceptance	.619**	.663**	(.79)		
4. Motivation	.691**	.820**	.774**	(.79)	
5. Job Satisfaction	.603**	.752**	.743**	.818**	(.82)
Average	3.5967	3.7471	3.7871	3.6646	3.7286
Std. Deviation	.49201	.64531	.61556	.61325	.62842

** p<.01

Average, standard deviation concerning personality traits and socialization levels, correlation coefficient between the variables and Cronbach's alpha values are given in Table 1. When correlation analysis results are examined, it is seen that there is a very strong relation between personality traits and organizational commitment ($r=.726$; $p<.01$), organizational acceptance ($r=.619$; $p<.01$), motivation ($r=.691$; $p<.01$) and job satisfaction dimensions ($r=.603$; $p<.01$) of socialization.

Hypotheses Test

Simple linear regression analysis was made so as to determine the effect of personality traits on socialization levels.

Table 2. Regression Analysis Results Regarding Organizational Commitment in Respect to Personality Traits

Independent Variable	Std. β	Std. Error	t Value	Sig.	R ²	Adjusted R ²	F	Durbin-Watson
Invariable	.321	.332	.967	.336				
P.T.	.953	.092	10.404	.000	.527	.523	108.251	2.067

Dependent Variable: Organizational Commitment

**p<.01

As seen in Table 2, it is determined that personality traits have a positive and significant effect on organizational commitment ($\beta=.953$; $p<.01$). It can be said that 52 % of the variations in organizational commitment is explained by personality traits (Adjusted $R^2=.523$) and personality traits are important determiners of organizational commitment ($t=10.404$; $p=.00$). On account of this, Hypothesis 1 is accepted.

Table 3. Regression Analysis Results Regarding Organizational Acceptance in Respect to Personality Traits

Independent Variable	Std. β	Std. Error	t Value	Sig.	R^2	Adjusted R^2	F	Durbin-Watson
Invariable	1.000	.362	2.763	.007				
P.T.	.775	.100	7.768	.000	.384	.377	60.350	2.260

Dependent Variable: Organizational Acceptance

** $p<.01$

In Table 3, it is seen that personality traits have a positive and significant effect on organizational acceptance ($\beta=.775$; $p<.01$). It can be stated that 38 % of the variation in organizational acceptance is explained by personality traits. (Adjusted $R^2=.377$) ($t=7.768$; $p=.00$). Therefore, Hypothesis 2 is accepted.

Table 4. Regression Analysis Results Regarding Motivation in Respect to Personality Traits

Independent Variable	Std. β	Std. Error	t Value	Sig.	R^2	Adjusted R^2	F	Durbin-Watson
Invariable	.565	.332	1.702	.092				
P.T.	.862	.091	9.426	.000	.478	.473	88.844	2.054

Dependent Variable: Motivation

** $p<.01$

As seen in Table 4, it is determined that personality traits have positive and significant effect on motivation ($\beta=.862$; $p<.01$). It can be said that 47 % of the variation in motivation is explained by personality traits. (Adjusted $R^2=.473$) ($t=9.426$; $p=.00$). Thus, Hypothesis 3 is accepted.

Table 5. Regression Analysis Results Regarding Job Satisfaction in respect to Personality Traits

Independent Variable	Std. β	Std. Error	t Value	Sig.	R^2	Adjusted R^2	F	Durbin-Watson
Invariable	.959	.376	2.553	.012				
P.T.	.770	.103	7.443	.000	.363	.357	55.393	1.587

Dependent Variable: Job Satisfaction

** $p<.01$

According to Table 5, it is seen that personality traits have positive and significant effect on job satisfaction ($\beta=.770$; $p<.01$). It can be expressed that 36 % of the variation in job satisfaction is explained by personality traits. (Adjusted $R^2=.357$) ($t=7.443$; $p=.00$). Therefore, Hypothesis 1 is accepted.

Conclusion

This study aims to be able to define the effect of personality traits on the socialization level. The number of researches examining the relation of dependent variable with independent variable is

limited (Pelian, 2008; Lee et al., 2011; Zou et al., 2011; Deniz, 2016). Therefore, this study aims to fill in the gap to some extent.

In the direction of the findings obtained at the research, a positive and significant relation between personality traits and all levels of socialization is detected and all the hypotheses are supported. Accordingly, the extrovert individuals tend to show loyalty to the organization, to adopt the organization, to be motivated and satisfied by the work done as a consequence of their emotional state as they are warm-hearted, sociable and joyful individuals in interpersonal respect (Barrick&Mount, 1991; Tanoff&Oregon, 1999; Ng et al., 2005; Judge et al., 2008; Demir et al., 2017). Harmonious employees experience all levels of socialization at high points since they bear the characteristics such as flexibility, cooperativeness, forgiveness, kind-heartedness and tolerance (Tanoff&Oregon, 1999; Judge et al., 2001; Burke et al., 2006; Demir et al., 2017). Self-discipline; as it means being disciplined, acting with work-love and responsibility and the self-disciplined employees highlight the ethical aspect of the work more, it is likely that such people exhibit stronger socialization (Barrick&Mount, 1991; Tanoff&Oregon, 1999; Judge et al., 2002; Raja&Johns, 2004; Ng et al., 2005; Winkelmann&Winkelmann, 2008). The individuals open to experience at high level are described as imaginative, adventurous, original, curious, introvert whereas the ones at low level are described as conventional, conservative, indifferent. The individuals open to experience will be able to improve their feelings of commitment, acceptance, motivation and satisfaction concerning their organizations in connection with the approach of the organization to the innovations (Barrick&Mount, 1991; Ng et al., 2005; Demir et al., 2017). The individuals having neurotical character at high level experience emotional instability and are described with attributes such as restless, nervous, irritable, pessimistic, problematic, depressed, anxious, skeptical and tense. Hence, working with emotionally balanced employees will be possible by employing such people at the very beginning. Because neurotical people can only sustain the efforts for socialization aimed at benefitting from financial facilities due to the fact that they can not manage their job relations effectively and have negative feelings to the organization (Tanoff&Oregon, 1999; Judge et al., 2002).

As there is a positive correlation between the notions, the increase in one will affect the other and lift the performance of all the mechanisms in the organization up to higher levels. Because of this effect, the hotel establishments need to be in the effort of developing a policy towards increasing the socialization. The administrators' considering the personality traits of the employees and employing the individuals having appropriate personality traits will be a proper application particularly during the stages of employment and orientation of the human resources management processes. Determination of which personality trait is positively related to socialization can provide significant data for policy makers about this process. By determining the personality dimensions of both the new applicants for the job and the existing employees, how to treat and behave them can be estimated and placing employees having certain personality traits on certain positions can be more beneficial.

The results of this study in which the relation of personality traits with socialization levels are investigated have been obtained in the direction of the data taken from the employees working at the boutique hotels, reputable and well-known in Cappadocia region. That the population is specific and restricted might have affected the results. Consequently, the effect of the sector and establishments mentioned upon the society should be taken into consideration and the relations detected in the research should be repeated on a different sampling while interpreting the findings

of the study. Hence, the perceptions regarding these sectors and the results of these perceptions could be evaluated by researching whether within the sector on an extended sampling or in different sectors. It can be suggested that the dimension of the personality should be included in the research model and its effect on socialization level and various notions be investigated in the prospective studies.

References

- Alkan, N. (2007). Beş faktör kişilik ölçeğinin geçerlik ve güvenirlik çalışması. *Ankara: Yayınlanmamış Araştırma*.
- Allen, N. J., & Meyer, J. P. (1996). Affective, continuance, and normative commitment to the organization: An examination of construct validity. *Journal of vocational behavior, 49(3)*, 252-276.
- Atkinson, J. W. (1983). *Personality, motivation, and action: Selected papers*. Praeger Publishers.
- Baltes, P. B., & Schaie, K. W. (Eds.). (2013). *Life-span developmental psychology: Personality and socialization*. Academic Press.
- Barrick, M. R., & Mount, M. K. (1991). The big five personality dimensions and job performance: a meta-analysis. *Personnel psychology, 44(1)*, 1-26.
- Becker, H. S., & Strauss, A. L. (1956). Careers, personality, and adult socialization. *American journal of sociology, 62(3)*, 253-263.
- Burke, R. J., Matthiesen, S. B., & Pallesen, S. (2006). Personality correlates of workaholism. *Personality and Individual Differences, 40(6)*, 1223-1233.
- Buss, A. H., & Plomin, R. (2014). *Temperament (PLE: Emotion): Early developing personality traits* (Vol. 3). Psychology Press.
- Büyüköztürk, Ş. (2005). Anket geliştirme. *Türk Eğitim Bilimleri Dergisi, 3 (2)*, 133-151.
- Connolly, J. J., & Viswesvaran, C. (2000). The role of affectivity in job satisfaction: A meta-analysis. *Personality and individual differences, 29(2)*, 265-281.
- Costa, P. T., & McCrae, R. R. (1992). Normal personality assessment in clinical practice: The NEO Personality Inventory. *Psychological assessment, 4(1)*, 5-13.
- Çalık, T. (2003). İşgörenlerin Örgüte Uyumu (Örgütsel Sosyalleşme).
- Demir, C. G., Demir, E., & Bolat, Y. (2017). Sınıf Öğretmenlerinin Motivasyonları İle Kişilik Özellikleri Arasındaki İlişki/The Relationship Between Characteristics of Primary School Teachers and Their Motivations. *Mustafa Kemal Üniversitesi Sosyal Bilimler Enstitüsü Dergisi, 14(37)*, 73-87.
- DeNeve, K. M., & Cooper, H. (1998). The happy personality: A meta-analysis of 137 personality traits and subjective well-being. *Psychological bulletin, 124(2)*, 197-229.
- Deniz, G. (2016). Kişilik ve Sosyalleşmenin Duygusal Emek Üzerindeki Etkisi: Butik Otel Örneği. *Anatolia: Turizm Araştırmaları Dergisi, 27(2)*, 273-289.
- Eisenberg, N., Fabes, R. A., Schaller, M., Miller, P., Carlo, G., Poulin, R., ... & Shell, R. (1991). Personality and socialization correlates of vicarious emotional responding. *Journal of personality and social psychology, 61(3)*, 459-470.
- Erdheim, J., Wang, M., & Zickar, M. J. (2006). Linking the Big Five personality constructs to organizational commitment. *Personality and individual differences, 41(5)*, 959-970.
- Fındıkçı, İ. (2000). İnsan kaynakları yönetimi. *Alfa Yayınları, İstanbul*.
- Furnham, A., Eracleous, A., & Chamorro-Premuzic, T. (2009). Personality, motivation and job satisfaction: Hertzberg meets the Big Five. *Journal of managerial psychology, 24(8)*, 765-779.
- Gosling, S. D., Rentfrow, P. J., & Swann Jr, W. B. (2003). A very brief measure of the Big-Five personality domains. *Journal of Research in personality, 37(6)*, 504-528.
- Hoffman, M. L. (1970). Moral development. *Carmichael's manual of child psychology, 2*, 261-359.
- Humphreys, M. S., & Revelle, W. (1984). Personality, motivation, and performance: a theory of the relationship between individual differences and information processing. *Psychological review, 91(2)*, 153-184.
- İbrahimoğlu, N. (2008). Kişilik özellikleri açısından örgüt-kariyer bağlılık düzeyini artırmada sosyalleşme ve mentor etkisi: bir örgüt geliştirme modeli. (Doktora Tezi) *Hacettepe Üniversitesi Sosyal Bilimler Enstitüsü. Ankara*.
- İplik, E., İplik, F. N., & Efeoğlu, İ. E. (2012). İşgörenlerin Örgütsel Sosyalleşme Düzeylerinin İş Tutumları Üzerindeki Etkisinin Belirlenmesine Yönelik Bir Araştırma. *Çag University Journal of Social Sciences, 9(2)*, 100-115.

- John, O. P., Donahue, E. M., & Kentle, R. L. (1991). The big five inventory: Versions 4a and 54, institute of personality and social research. *University of California, Berkeley, CA*.
- Judge, T. A., Heller, D., & Mount, M. K. (2002). Five-factor model of personality and job satisfaction: A meta-analysis. *Journal of applied psychology, 87*(3), 530-541.
- Judge, T. A., Higgins, C. A., Thoresen, C. J., & Barrick, M. R. (1999). The big five personality traits, general mental ability, and career success across the life span. *Personnel psychology, 52*(3), 621-652.
- Judge, T. A., Klinger, R., Simon, L. S., & Yang, I. W. F. (2008). The contributions of personality to organizational behavior and psychology: Findings, criticisms, and future research directions. *Social and Personality Psychology Compass, 2*(5), 1982-2000.
- Karaman, K., & Dönder, H. (2008). Öğretmen görüşlerine göre, okullardaki bürokrasi ile örgütsel vatandaşlık arasındaki ilişki. *Kuram ve Uygulamada Eğitim Yönetimi, 53*(53), 49-74.
- Kartal, S. (2003). İlköğretim Okulu Yönetici ve Öğretmenlerinin Örgütsel Sosyalleşme Düzeyleri (Basılmamış Doktora Tezi). *Ankara: Ankara Üniversitesi Eğitim Bilimleri Enstitüsü*.
- Lee, D. C., Chen, C. F., Hung, L. M., & Chen, C. C. (2011). Effects of labor conditions, socialization and personality upon student interns' working willingness in hospitality industry. *African Journal of Business Management, 5*(30), 11813.
- Matzler, K., Renzl, B., Mooradian, T., von Krogh, G., & Mueller, J. (2011). Personality traits, affective commitment, documentation of knowledge, and knowledge sharing. *The International Journal of Human Resource Management, 22*(02), 296-310.
- Ng, H. M., & Bornstein, R. F. (2005). Comorbidity of Dependent Personality Disorder and Anxiety Disorders: A Meta-Analytic Review. *Clinical Psychology: Science and Practice, 12*(4), 395-406.
- Nunnally, J. C., & Bernstein, I. H. (1978). Psychometric theory.
- Organ, D. W., & Ryan, K. (1995). A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behavior. *Personnel psychology, 48*(4), 775-802.
- Özcan, E. D., & Behram, N. K. (2013). A Tipi Kişilik Özelliklerinin İşkoliklik Eğilimi Üzerine Etkisi: Başarı İçin Çabalama Ve Tahammülsüzlük/Asabiyet Boyutları Açısından Bir Değerlendirme. *Sakarya İktisat Dergisi The Sakarya Journal Of Economics, 85*-110.
- Panaccio, A., & Vandenberghe, C. (2012). Five-factor model of personality and organizational commitment: The mediating role of positive and negative affective states. *Journal of vocational behavior, 80*(3), 647-658.
- Peilan, F. H. G. (2008). Review of the Research on Emotion Work: From the Perspectives of Human Resources Management [J]. *Chinese Journal of Management, 6*, 028.
- Raja, U., Johns, G., & Ntalianis, F. (2004). The impact of personality on psychological contracts. *Academy of Management Journal, 47*(3), 350-367.
- Smith, C. A., Organ, D. W., & Near, J. P. (1983). Organizational citizenship behavior: Its nature and antecedents. *Journal of applied psychology, 68*(4), 653-663.
- Sökmen, A., & Tarakçıoğlu, S. (2008). Otel İşletmelerinde Örgütsel Sosyalleşme Düzeyi Boyutlarının Ölçülmesine Yönelik Bir Araştırma. *Yönetim ve Ekonomi Araştırmaları Dergisi, 6*(9), 37-52.
- Tanoff, G. F. (1999). *Job satisfaction and personality: The utility of the Five-Factor Model of personality* (Doctoral dissertation, University of Oregon).
- Tekin, Ö. A. (2012). Yabancılaşma ve beş faktör kişilik özellikleri arasındaki ilişkiler: Antalya Kemer'deki beş yıldızlı otel işletmeleri çalışanları üzerinde bir uygulama. *Akdeniz Üniversitesi Sosyal Bilimler Enstitüsü, Antalya*.
- Ugboro, I. O., & Obeng, K. (2000). Top management leadership, employee empowerment, job satisfaction, and customer satisfaction in TQM organizations: an empirical study. *Journal of quality management, 5*(2), 247-272.
- Winkelmann, L., & Winkelmann, R. (2008). Personality, work, and satisfaction: evidence from the German Socio-Economic Panel. *The Journal of Positive Psychology, 3*(4), 266-275.
- Yağcı, M. İ., & İlarıslan, N. (2011). Reklamların ve cinsiyet kimliği rolünün tüketicilerin satın alma davranışları üzerindeki etkisi. *Doğuş Üniversitesi Dergisi, 11*(1), 138-155.
- Yelboğa, A. (2006). Investigation of the relationship between personality traits and work performance. *Is-Guc, The Journal of Industrial Relations & Human Resources, 8*(2), 196-211.
- Zigler, E. F., & Child, I. L. (1973). Socialization and personality development.
- Zou, W., Zheng, Y., & Zhu, J. (2011). Information seeking as a mediator between proactive personality and adjustment. *Systems Engineering Procedia, 1*, 294-300.

The Evaluation of Influence Tactics Perception of Hospitality Establishment Employees in Terms of Demographic Variables

Gaye Deniz¹, Nilufer Sahin Percin¹, and Muhittin Cavusoglu²

¹Tourism Faculty

Nevsehir Haci Bektas Veli University, Turkey

²College of Education

University of South Florida, USA

Abstract

This study aims to reveal whether the influence tactics usage of four and five –star hotel employees in Nevsehir differs according to their demographic traits. Influence Tactics Scale was used to collect data. The question papers formed as a data collection tool were left at four and five –star hotels which accepted the application of the questionnaire and collected after a while. The question forms were distributed to a total of 281 employees; however, 217 questionnaires were analyzed. It is investigated which tactics the managers of the employees working at four and five star hotels use and whether the situation of being affected by these tactics show any difference according to demographic variables. In consequence of the analyses performed, it was observed that the age of the employees and the length of working in the sector made a difference in their perception of influence tactics.

Keywords: tactics perception, influence tactics scale, four & five star hotel employees, Nevsehir

Introduction

The number of the empirical researches conducted on the managers' influence behaviors has risen since the 1980's. Influence tactics are defined as objective-oriented behaviors which managers make use of in order to obtain the desired results. It is important that managers use influence tactics and comprehend the impacts of these tactics upon the organizational outcomes. Therefore, researchers have been trying to reveal influence tactics ; the types of tactics used by managers , the probable effects of various tactics and the importance of individual and determining tactics according to the situation (Yukl , Guinan & Sottolano , 1995).

While managers resorting to influence tactics, they should be aware of the traits of employees against whom they intend to apply these tactics. The researches done indicate demographic variables, primarily gender ,alter the managers' influence tactics use and employees' influence tactics perceptions. Demographic variables are able to affect the selection of tactics which managers use to influence employees. For instance; male managers apply rational persuasion tactic whereas female ones apply the manipulation tactic. Besides, variables such as gender, age , work experience , educational status could create differences in employees ' perceiving these tactics and being influenced by them. Hence, managers resort to influence tactics to be able to canalize the employees working at hospitality establishments where production and consumption are performed synchronously to the objective and aim of the organization.

This study aims to reveal how the influence tactics , which the four and five – star hotel managers in Nevsehir use , are perceived by the employees and whether or not this perception differs depending upon the employees' demographic traits (gender , age , educational status , period of

working in the sector and period of working at the organization). At the end of the research survey, it was determined that the perception of influence tactics varies depending on the employees' age and period of working at the organization.

Literature Review

Influence Tactics

As management means directing people to the desired behavior, influence takes part in the basis of organization operation. Manager fulfills his responsibility assigned to him by influencing others and enabling them to exhibit certain behaviors. Thus, since the managers' affecting their subordinates is highly important, the managers resort to some tactics to be able to affect their subordinates. Influence Tactic is defined as "Behavior types which a person uses in order to influence one another's attitudes and behaviors" (Yukl, Chaves & Seifert, 2005, 705).

Influence at organizations is defined as the process of guidance to direct the activities of organization members properly. By proper direction, enabling the managerial system to reach its goals through influence is meant. Influence includes organization members' focusing on subjects such as people, their high spirit, building good job connections, conflict management. Influence forms the most crucial aspect of managerial position and in fact, the ability to influence others would become the primary determiner to be a successful manager (Certo, 2000: 304).

According to Yukl (2010), influence tactics consist of rational persuasion, consultation, inspiration, personal appeal, ingratiation, exchange, pressure, legitimation, coalition, cooperation and information dimensions. If dimensions need to be shortly defined; *Rational Persuasion*; the target individual is persuaded to do what is asked from him through rational debates and proofs based on facts. *Consultation*; the individual is sought to participate in the planning a strategy, activity or that person's support and aid is asked, or the individual is asked to fulfill a task related to his interest and suggestions.

Inspiration; Increasing the person's confidence for his accomplishing successfully any task asked or making proposals or requests inspiring the person's enthusiasm in direction of his values, ideals and wishes. *Personal Appeal*; is resorting to friendship and loyalty feelings which the person has towards the one opposite him when the person is asked to do a task. *Ingratiation*; is putting the person into a positive mood and making him think friendly about the opposite party before he is asked or suggested to do something (compliments, much friendliness). *Exchange*; promising to share the benefits with the person if he fulfills the task or promising that he will be rewarded in the future in return for the favor he does.

Pressure; applying threats, frequent checks or insistent reminders for the person to do what is asked. *Legitimation*; making the demand legitimate by confirming what is asked to be in accordance with the rules, policies, applications and traditions of the organization and stating that its fulfillment is within the jurisdiction of authority or right. *Coalition*; demanding aid from other people to convince the targeted person to do the task or using other people's support in order to make the target person accept what is asked. *Cooperation*; the manager helps the target person or offer to provide the required sources. *Information*; the manager explains how advocating the task asked will be beneficial to the target person and will contribute to his promotion in his career.

Influence Tactics and Demographic Traits

Whether influence tactics usage differs according to gender , educational status , age , etc. or not has been the subject of many studies (Carli, 1999; Carothers & Allen, 1999 ; DuBrin, 1991 ; Lamude , 1993 ; White, 1988 ; Burgoon, Dillard & Doran, 1983 ; Tepper , Brown & Hunt ; 1993 ; Barbuto, Fritz , Matkin & Marx, 2007 ; Castro, Douglas, Hochwarter, Ferriz & Frink, 2003) . Yet , most of these studies research whether using influence tactics depending upon gender variable differentiate or not (Smith ,et al. , 2013 ; Castro , Douglas , Hochwarter, Ferriz & Frink , 2003 ;Thacker, 1995 ; Drory & Breaty , 1991 ; Dubrin , 1991) .Most of the studies reveal that women and men use different influence tactics.

The Purpose of The Study

Tourism sector is a service sector where there is a direct communication with the consumer, labor-intensive, the service is consumed the moment it is produced, the one which has idiosyncrasy. Operational administration at hospitality establishments aims to obtain maximal employee performance by using various motivation tools and influence tactics. The ability to influence others underlies the reaching of hospitality establishments to their goals and administrative achievement. This study aims to reveal whether the influence tactics usage of four and five –star hotel employees in Nevsehir differs according to their demographic traits.

Methods

Population and Sampling

The population of the study composes of four and five –star hotel establishments in Nevsehir. The reason for choosing four and five –star hotels in Nevsehir as the population of study is this region being an important destination in respect with tourism and the administration and organizational structures of these establishments are appropriate for the purpose of this study.

Sampling method was made use of due to the time and cost restrictions of the study and as it is not possible to make a complete counting on the population. In the study judgement sampling method, one of non-random sampling methods, was preferred as a sampling method (Burns & Bush, 2014). The question papers formed as a data collection tool were left at four and five –star hotels which accepted the application of the questionnaire and collected after a while. The question forms were distributed to a total of 281 employees; however, 217 questionnaires were analyzed.

Data Collection Tool

With the sample questionnaire form used to measure the influence tactics perception of the employees working at hotels , the employees were asked .The scales belonging to the variables in the research were translated from English into Turkish and from Turkish into English and any semantic shift of the statements were tried to be avoided. In the question paper / questionnaire prepared in compliance with the purpose of the survey, the questions about the influence tactics and demographic variables (age , sex , marital status , organization type , period of working in sector and organization) are included. The research data are collected via the following scales.

Influence Tactics Scale; the influence tactics scale of 44 questions and 11 dimensions developed by Yukl, Seifert & Chavez (2008) for the purpose of measuring influence tactics which managers use was applied. The Influence Behavior Questionnaire developed by Yukl, Seifert & Chavez (2008) has two main versions as the agent (the person using the influence tactics) and target (the person exposed to the influence tactics). In this study, the target version of the influence tactics questionnaire was used. Because it was assumed that the employees, exposed to influence tactics in this study, could describe better how much they were affected by influence tactics. It was also supposed that the managers could not respond about the influence tactics they used objectively and manipulate the usage of some influence tactics. 44 statements included in the questionnaire constitute 11 dimensions in 4 groups. The statements included in the scale were measured with a 5 Likert type scale. In the measurement of the statements, Likert type scale of 5 answer categories was used as “1 = Never, 2 = Rarely, 3 = Occasionally, 4 = Frequently, 5 = Always”

Research Hypotheses

A number of studies investigating influence tactics in terms of demographic traits exist (Smith et al., 2013; Castro, et al., 2003; Thacker, 1995; Drory & Beaty, 1991; Dubrin, 1991). In these studies, influence tactics used by managers were investigated in terms of demographic dimensions. Nevertheless, in this study, how the influence tactics applied by the managers are perceived by the employees and whether demographic variables differ in this perception or not is investigated. Thus the hypotheses of the research have been formed as follows;

- H₁: The perceived influence tactics differ according to the employee's gender.
- H₂: The perceived influence tactics differ according to the employee's age.
- H₃: The perceived influence tactics differ according to the employee's job type.
- H₄: The perceived influence tactics differ according to the employee's length of working in the organization.
- H₅: The perceived influence tactics differ according to the employee's length of working in the sector.

Findings

It is seen that the participants of the research compose of 70.1 male and 29.9% female employees. The employees compose of 40.1% 18-28 age group, 30.2% 29-39 age group, 29.7% 40 and over age group. When seen in terms of the hotel establishment type, 62.4% composes of 4 star hotels. When seen in terms of the employees' length of working in the sector, it is found that 51.9% has worked for 2-5 years in the sector and when seen with respect to the length of working in the organization, 21.9% has worked for a year and less, 26.2% has worked for 2-5 years in the organization.

When the overall average of the influence tactics which the managers use is examined, it is seen that the employees evaluate the frequency of the managers' influence tactics use as medium. When influence tactics are examined in terms of dimensions, it is seen that the average rate of rational persuasion (3.81), cooperation (3.76), legitimation (4.01), ingratiation (3.81), exchange (4.00), information (3.99), inspiration (3.95) tactics is “I agree” (4.00).

Hereby, it can be claimed that these tactics the managers use are more influential on the employees. It is possible to state that the answers given about the use of pressure (3.56), Consultation (3.20), Personal Appeal (3.15) and Coalition (2.53) tactics are relatively lower than the other dimensions. It is seen that of these eleven dimensions coalition tactic has particularly the lowest average rate. Afterwards, the reliability of influence tactics, variables of the survey, was tested. Although there are various analysis types, related to the assessment of the validity, the most commonly used one is Cronbach's Alpha coefficient (Özdamar, 2004:622; Kalaycı, 2010: 405).

That Cronbach's Alpha coefficient belonging to the influence tactics and dimensions is between 0.90 – 0.82 indicates that the scale is reliable. When the results of Confirmatory Factor Analysis, performed regarding to influence tactics, are viewed, it is seen that χ^2/df : 2.490; RMSEA: 0.065; GFI: 0.866; CFI: 0.916; NFI: 0.890. According to these results, it is seen that all compliance indexes are between the acceptable range. As it shows compliance to the model, this scale used to measure the frequency of influence tactics use can be said to have structural validity.

Analysis Results Regarding Research Hypotheses

To test the difference between the demographic variables and influence tactics, the main aim of the research, t-test and ANOVA tests were applied. According to analysis results, $p > 0,05$ (gender: $p = 0.751$; $F = 0.101$; organization type: $p = 0.163$; $F = 1.955$), it is determined that there is not any difference in the employees' perception of influence tactics with reference to the gender and operation type variables. According to ANOVA test results, conducted in respect to age variable, as $p < 0,05$ is ($p = 0.021$; $F = 11.451$), the influence tactics perceived according to age variable differ. According to Post – Hoc tests, done on which group the difference belongs to, 18- 28 and 40 and over age group employees' perception of influence tactics is different. 18- 28 age group employees are more affected by influence tactics than 40 and over age group ones.

When the difference between the influence tactics according to the length of working in the organization is investigated, $p > 0,05$ is identified as ($p = 0,941$; $F = 0,06$). According to these results, there is no difference between influence tactics and the length of working in the organization. However, when the difference between influence tactics and the length of working in the sector is examined, as $p < 0,05$ is ($p = 0.028$; $F = 4.857$), influence tactics vary. According to Post – Hoc tests, done on which group the difference belongs to, the perception of influence tactics of the employees working in the sector for 2- 5 years is different from that of the employees working in the sector for over 10 years. The employees working in the sector for 2 – 5 years are affected more by influence tactics. Besides, when it is examined with respect to influence tactics dimensions, it is possible to say that the employees who have been working for 14 years and over are more affected by personal appeals and pressure tactics than the other employees.

Conclusions

Managers need employees to perform their tasks efficiently. Yet, as managers who are unable to lead employees properly could have difficulties in reaching organizational objective and target, they are supposed to influence employees and make them work in line with their aims. Therefore, managers need some tactics. Influence tactics indicate in which way managers need to influence while directing their staff for one task.

In this study , it is investigated which tactics the managers of the employees working at four and five star hotels use and whether the situation of being affected by these tactics show any difference according to demographic variables. In consequence of the analyses performed, it was observed that the age of the employees and the length of working in the sector made a difference in their perception of influence tactics. It was determined that the employees, in 18 -28 age group and the ones who had worked in the sector for 2 -5 years, were more affected than the others by the influence tactics their managers used.

When the age group and the length of working in the sector are investigated , it is possible to state the newly recruited and young employees are more affected by these tactics. It can be claimed that when fulfilling a task , the experienced and senior employees do not take heed of the tactics their manager use so much. Another significant finding is that the employees who have worked at the establishment for 14 years and over are more affected by consultation , personal appeals and pressure tactics. This study has been merely applied on the staff working at the four and five star hotels in Nevşehir due to the restrictions of time and cost. In the prospective studies comparison could be made while applying on employees working in different regions or hotels.

References

- Barbuto, J. E., Scholl, R. W., Hickox, C. F., & Boulmetis, J. (2001). A field study of the relation between leaders' anticipation of targets' resistance and targets' report of influence tactics used by leaders in dyadic relations. *Psychological Reports, 88*, 835–944.
- Burgoon, M., Dillard, J. P., & Doran, N. E. (1983). Friendly or unfriendly persuasion: The effects of violations by males and females. *Human Communication Research, 10*, 283–294.
- Burns, A. C., Bush, R. F., & Sinha, N. (2014). *Marketing research* (Vol. 7). Boston, MA, USA: Pearson.
- Carli, L. L. (2017). 3 CHAPTER Social Influence and Gender. *The Oxford Handbook of Social Influence, 33*.
- Carothers, B.J. & Alen, J.B. (1999), Relationships of Employment Status, Gender Role, Insult, and Gender with Use of Influence Tactics, *Sex Roles, 41*(5-6): 375-387.
- Castro, S. L., Douglas, C., Hochwarter, W. A., Ferris, G. R., & Frink, D. D. (2003). The Effects-of Positive Affect and Gender on the Influence Tactics-Job Performance Relationship. *Journal of Leadership & Organizational Studies, 10*(1), 1-18.
- Drory, A., & Beaty, D. (1991). Gender differences in the perception of organizational influence tactics. *Journal of Organizational Behavior, 12*(3), 249-258.
- DuBrin, A. J. (1991). Sex and gender differences in tactics of influence. *Psychological Reports, 68*(2), 635-646.
- Kalaycı, Ş. (2010). *SPSS uygulamalı çok değişkenli istatistik teknikleri* (Vol. 5). Ankara, Turkey: Asil Yayın Dağıtım.
- Lamude, K. G. (1993). Supervisors' upward influence tactics in same-sex and cross-sex dyads. *Perceptual and Motor Skills, 77*, 1067–1070
- Özdamar, K. (2004). Paket programlar ile istatistiksel veri analizi (Genişletilmiş 5.baskı). Eskişehir: Kaan Yayınevi.
- Smith, A. N., Watkins, M. B., Burke, M. J., Christian, M. S., Smith, C. E., Hall, A., & Simms, S. (2013). Gendered influence: A gender role perspective on the use and effectiveness of influence tactics. *Journal of Management, 39*(5), 1156-1183.
- Tepper, B. J., Brown, S. J., & Hunt, M. D. (1993). Strength of subordinates' influence tactics and gender congruency effects. *Journal of Applied Psychology, 23*, 1903–1919.
- Thacker, R. A. (1995). Gender, influence tactics, and job characteristics preferences: New insights into salary determination. *Sex Roles, 32*(9-10), 617-638.
- White, J. W. (1988). Influence tactics as a function of gender, insult, and goal. *Sex Roles, 18*, 433–448.
- Yukl, G., Seifert, C. F., & Chavez, C. (2008). Validation of the extended influence behavior questionnaire. *The Leadership Quarterly, 19*(5), 609-621.

Part 6: Human Resource Management

Demystifying the Antecedents of Presenteeism in Hospitality Industry

Kayode K. Eluwole, Taiwo T. Lasisi and Turgay Avci

Faculty of Tourism
Eastern Mediterranean University, North Cyprus

Abstract

This conceptual study develops a model through which hospitality stakeholders especially business owners can minimize the deleterious impact of presenteeism in their organizations. Specifically, our extensive review of literature suggest that knowledge management systems, human capital, organizational climate and talent management are key predictors of presenteeism however, hospitality literature has paid next to no attention to this issue. Our study thereby provides the initial bridge for this identified gap in literature and call for empirical studies to validate the importance of the resulting model based on social cognitive and social learning theories.

Keywords: presenteeism, KMS, human capital, talent management, organizational climate

Introduction

The job demand of the service-oriented organization is enormous. These demands are often associated with the nature of service delivery which includes the intangibility of service, the involvement of customer in the service creation experience amongst others (Elmadağ & Ellinger, 2017). While faced with these job-demands, service employees are also faced with other demands external to the job such as family-related concerns as well as their physiological and psychological well-being. Customer contact employees as they are often referred to; are “at the heart of service provision” (Surprenant & Solomon, 1987) due to their role in delivering quality service to the (An & Noh, 2009; Parasuraman, Zeithaml, & Berry, 1985).

According to Teng and Liu, (2014), these job demand and or stress —have a particularly damaging influence on customer contact employees’ ability to deliver high quality service that satisfies customers. In a similar view, Fisk and Neville, (2011) provided empirical support for the pervasive influence of job-demand on service employees’ occupational health. It is therefore unlikely that when service employees or customer contact employees are committed to delivering quality services that they succumb to the pressure of the job and other related pressures.

Presenteeism in literature has been conceptualized as the impact of being sick on employees’ productivity at work (e.g. Neto, Ferreira, Martinez, & Ferreira, 2017; Zhou, Martinez, Ferreira, & Rodrigues, 2016). It is the loss of productivity by sick employees who has chosen to continue to work with sickness. Although, presenteeism might be considered a positive phenomenon signifying employees’ commitment to the organization, its impact is high detrimental to the overall objective of business organizations if condoned or permitted. It possesses a high risk factor for future poor mental well-being and health (Gustafsson & Marklund, 2011), sickness absenteeism (Demerouti, Le Blanc, Bakker, Schaufeli, & Hox, 2009), and even may represent long-term resource loss for organ (Kivimäki et al., 2005; Taloyan et al., 2012).

It is therefore paramount to investigate the prevalent causes of presenteeism in hospitality industry and attempt to offer preventive mechanism for business owners to avoid increasing occurrence in their establishments. To achieve this objective, the current study based on the review of extant literature develop a model which incorporates organizational-level constructs to propose the influence of organizations on individual employee's behavioral outcome of presenteeism. This study employs Bandura's (1986) social cognitive theory and Social Learning theory to investigate the mechanism through which knowledge management systems, Human capital and organizational climate influences presenteeism directly and indirectly via talent management.

Literature Review and Proposition Development

Knowledge Management Systems and Presenteeism

Nowadays, information technology is reshaping the way businesses are conducted. Many organizations are beginning to realize the importance of "knowledge" to the delivery of high quality services and gaining competitive advantage. To this end, organizations are adopting knowledge management systems to aid their acquisition and use of knowledge to gain competitiveness. When knowledge within the organization is used effectively, management and decision-makers are easily able to underscore the performance capabilities of their employees without requiring the employees to pretend to be active in order to gain positive performance appraisal. Thus we propose that implementing a functional knowledge management system may increase the trust of employees in their employer there by helping the employees to be assured of their position in the organization. Accordingly,

Proposition 1: Adequate implementation of KMS in hospitality business organization will negative influence the occurrence of presenteeism such that employees will be more comfortable to express their ailment when necessary and improve productivity.

Human Capital and Presenteeism

Global businesses such as obtainable in the hospitality industry are shifting the focus of their strategies from external source profit orientation to internally generated competencies for competitive edge. To achieve this, organizations are turning their attention to human capital management in which the human assets of the organization are managed and coordinated to achieve organizational performance (Harrop, 2017). Human capital management involves leadership practices (such as inclusiveness, communication, executive and supervisory skills), employee engagement (like job design, commitment and systems), knowledge accessibility (like collaboration, information sharing and availability), workforce optimization (like processes, conditions, accountability and hiring) and learning capacity (like innovation, training and development)(Harrop, 2017).

According to Jiang, Lepak, Hu, and Baer, (2012), firms use HR practices as criteria and methods for managing their employees. The human capital perspective suggests that HR practices affect human capital by prompting the skills, knowledge, and abilities of employees(Cabello-Medina, López-Cabrera, & Valle-Cabrera, 2011; Yang & Lin, 2009; Youndt & Snell, 2004). The implementation of adequate human capital management in firm will ensure that employees work in appropriate positions that will stir up their interest and abilities. Also, human capital

management helps managers to modify trainings and workload of their employees to help them maximize their potentials (Lau, Tong, Lien, Hsu, & Chong, 2017; Lin, Yu-Ping Wang, Wang, & Jaw, 2017).

With organizational focus on internalized management of resource, human capital management helps narrow the gap between top management, supervisors and their subordinates; thus effectively creating avenue for proper communication among member of staff which will prevent the occurrence of presenteeism. Hence,

Proposition 2: Hospitality organizations implementing human capital management will better curb the occurrence of presenteeism than their counterparts that are not implementing the same strategy.

Organizational Climate and Presenteeism

Workplace stress and other work-related stressors have been identified in literature as predictor of presenteeism. For instance, the findings of Neto et al., (2017) and Karatza, Prezerakos, Zyga, & Tziaferi, (2016) indicated that bullying in the workplace usually result in negative perception of the workplace and impacts the wellbeing of employees who might therefore be losing their productive energy to presenteeism. In similar studies, Janssens et al., (2016) and Conway, Clausen, Hansen, and Hogh, (2016) found that the frequency occurrence of presenteeism is a function of workplace mistreatment such as bullying and incivility.

Following these outlined research findings, it is therefore important for top managers and supervisors who will appreciate optimal return or inputs from their employees to create a working atmosphere that is conducive for employees' growth, performance and wellbeing. Organizational climate is the work atmosphere which has the potential of motivating and influencing the willingness of the employee to remain with an organization, particularly in service industries. It frequently represents the interface between organization and customers (Manning, Davidson, & Manning, 2005). Beyond its role in influencing employees' intent to remain or quit the organization, organizational climate has been found to be precursory to several other employees' behaviors and attitudes such as absenteeism, deviant behaviors, proactive customer service performance and organizational citizenship behavior (Kangas, Muotka, Huhtala, Mäkikangas, & Feldt, 2017; Lau et al., 2017; Li, Chiaburu, & Kirkman, 2017). Invariably, organization should create an inclusive climate that shuns mistreatment and encourages communication. Specifically, we posit that through its structure, culture and norms organizations can create a befitting climate that will deter bullying and promote employee trust. Thus the next proposition is developed as:

Proposition 3: Hospitality organizations with strong organizational structure, culture and norms that deters employees' mistreatment will effectively limit organizational loss to presenteeism.

Presenteeism, Talent Management, KMS, Human Capital and Organizational Climate

Talent management is perhaps the most important tool that organizations often deploy for employee attraction and retention. In mainstream literature, talent management has been study from varieties of angles. In a meta-analytic study conducted by Thunnissen, Boselie, and Fruytier, (2013) using "talent" and "talent management" as keywords, the results indicated that talent management has not been the main focus of hospitality research. However, Dries, (2013) argued that "attracting and retaining talented people is becoming increasingly difficult as a result of

specific demographic and psychological trends”(Dries, 2013, p.273). Hence, Deery and Jago, (2015) in their work on revisiting talent management, work-life balance and retention strategies make the need to investigate issues relating to talent management such as emotional exhaustion, stress and personal employees’ dimension the focal point of their studies.

In relation to presenteeism, talent management’s importance is beyond just identifying, attracting and retaining talented employees but extend to understanding their personal concerns which may affect their wellbeing and thus, their perception of the job. As suggested by Barnes (2016), information gathering and analysis can be a crucial approach to managing the occurrence and effects of presenteeism in organizations. Although Barnes focused on information gathering through the use of technological innovations such as cloud-based systems, we argue that talent management can be a great avenue for organizations to elicit important information regarding their employees.

With the aid of functional knowledge management systems, information gathering, processing, use and storage is expected to be more accurate and effective.

As such, talent management may be a bridge that connect KMS, organizational climate and human capital management to presenteeism. Thus, we develop the next proposition as:

Proposition 4: Talent management mediates the relationship between presenteeism and (1) organizational climate, (2) human capital management, and (3) knowledge management.

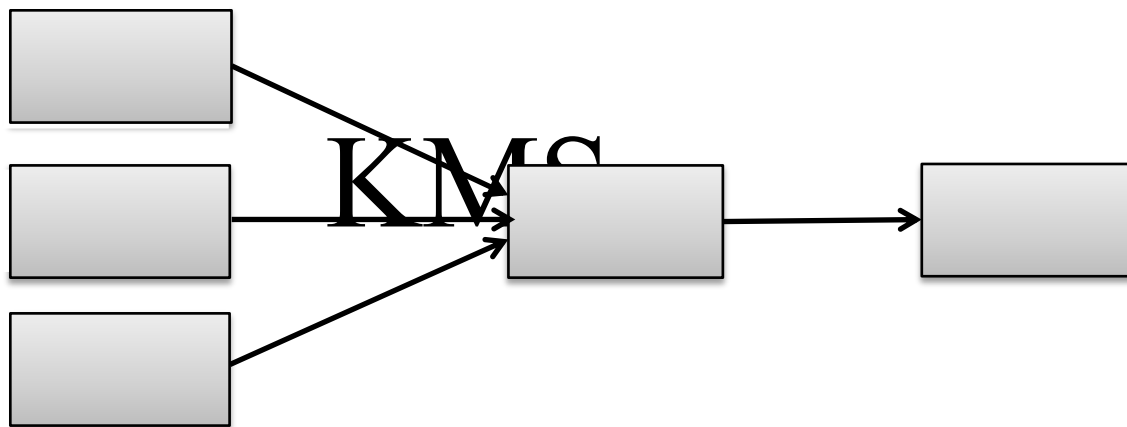


Figure 1. Conceptual model

Conclusion

Presenteeism is a subtle but salient factor contributing significantly to productivity loss in organizations. Specifically, hospitality business which is characterized with high demand and low pay, it is expected that the pressure of the job and emotional stress from bad working environment may result in employees’ increasingly present but not being productive at work. To systematically examine key mechanisms delimited in the predominant theoretical framework that accounts for the complex relationships among knowledge management systems, organizational climate, human capital management and presenteeism, we propose a model that can bridge social psychological processes with organizational research on the global phenomenon of presenteeism (Cooper & Lu, 2016).

Human Capital

The current study provides a unique pathway for managing the effect of presenteeism in hospitality settings. Previous studies on employee relations and human resource management have often focused on the effects of organizations' HR practices in predicting employees on the job vis-à-vis of the job performance, attitudes and behaviors. However, as highlighted by Deery and Jago, (2015), there has been dearth of research focusing on talent management and its importance in employees' satisfaction and performance. Through our proposed model, hospitality firms can better manage their employees not only through computer programs by via emotional interactions that will communicate value, trust and openness in the organization thereby minimizing resource loss to presenteeism. Thus, this study contributes to the current body of knowledge on human related issues by:

Developing a model that integrates knowledge management, human capital management, organizational climate and talent management into the mechanism that effectively manage presenteeism in hospitality firm.

We also answer the question- how can presenteeism and its related cost to organization be minimized?

Our study only unveils the subtle effect of presenteeism but speaking out of it deleterious effect on organizational performance as many studies on the subject has been conducted mainly in the medical field.

References

- An, M., & Noh, Y. (2009). Airline customer satisfaction and loyalty: impact of in-flight service quality. *Service Business*, 3(3), 293–307.
- Barnes, S. (2016). Presenteeism—how it can be managed and even used to the benefit of the unwell who want to work and the employer organization. *Strategic HR Review*, 15(2), 95–97.
- Cabello-Medina, C., López-Cabrales, Á., & Valle-Cabrera, R. (2011). Leveraging the innovative performance of human capital through HRM and social capital in Spanish firms. *The International Journal of Human Resource Management*, 22(4), 807–828.
- Conway, P. M., Clausen, T., Hansen, Å. M., & Hogh, A. (2016). Workplace bullying and sickness presenteeism: cross-sectional and prospective associations in a 2-year follow-up study. *International Archives of Occupational and Environmental Health*, 89(1), 103–114.
- Cooper, C., & Lu, L. (2016). Presenteeism as a global phenomenon: Unraveling the psychosocial mechanisms from the perspective of social cognitive theory. *Cross Cultural & Strategic Management*, 23(2), 216–231.
- Deery, M., & Jago, L. (2015). Revisiting talent management, work-life balance and retention strategies. *International Journal of Contemporary Hospitality Management*, 27(3), 453–472.
- Demerouti, E., Le Blanc, P. M., Bakker, A. B., Schaufeli, W. B., & Hox, J. (2009). Present but sick: a three-wave study on job demands, presenteeism and burnout. *Career Development International*, 14(1), 50–68.
- Dries, N. (2013). The psychology of talent management: A review and research agenda. *Human Resource Management Review*, 23(4), 272–285.
- Elmadağ, A. B., & Ellinger, A. E. (2017). Alleviating job stress to improve service employee work affect: the influence of rewarding. *Service Business*, 1–21.
- Fisk, G. M., & Neville, L. B. (2011). Effects of customer entitlement on service workers' physical and psychological well-being: a study of waitstaff employees. *Journal of Occupational Health Psychology*, 16(4), 391.
- Gustafsson, K., & Marklund, S. (2011). Consequences of sickness presence and sickness absence on health and work ability: a Swedish prospective cohort study. *International Journal of Occupational Medicine and Environmental Health*, 24(2), 153–165.
- Harrop, J. J. (2017). Assessment and recommendations for effective HR service delivery model implementation for organizations. *Middle East Journal of Business*, 12(1), 23–27.

- Janssens, H., Clays, E., De Clercq, B., De Bacquer, D., Casini, A., Kittel, F., & Braeckman, L. (2016). Association between psychosocial characteristics of work and presenteeism: a cross-sectional study. *International Journal of Occupational Medicine and Environmental Health*, 29(2), 331–344.
- Jiang, K., Lepak, D. P., Hu, J., & Baer, J. C. (2012). How does human resource management influence organizational outcomes? A meta-analytic investigation of mediating mechanisms. *Academy of Management Journal*, 55(6), 1264–1294.
- Kangas, M., Muotka, J., Huhtala, M., Mäkikangas, A., & Feldt, T. (2017). Is the ethical culture of the organization associated with sickness absence? A multilevel analysis in a public sector organization. *Journal of Business Ethics*, 140(1), 131–145.
- Karatzas, C., Prezerakos, P., Zyga, S., & Tziaferi, S. (2016). Workplace bullying and general health status among the nursing staff of Greek public hospitals. *Annals of General Psychiatry*, 15(1), 7.
- Kivimäki, M., Ferrie, J. E., Brunner, E., Head, J., Shipley, M. J., Vahtera, J., & Marmot, M. G. (2005). Justice at work and reduced risk of coronary heart disease among employees: the Whitehall II Study. *Archives of Internal Medicine*, 165(19), 2245–2251.
- Lau, P. Y. Y., Tong, J. L. Y. T., Lien, B. Y.-H., Hsu, Y.-C., & Chong, C. L. (2017). Ethical work climate, employee commitment and proactive customer service performance: Test of the mediating effects of organizational politics. *Journal of Retailing and Consumer Services*, 35, 20–26.
- Li, N., Chiaburu, D. S., & Kirkman, B. L. (2017). Cross-level influences of empowering leadership on citizenship behavior: Organizational support climate as a double-edged sword. *Journal of Management*, 43(4), 1076–1102.
- Lin, C., Yu-Ping Wang, C., Wang, C.-Y., & Jaw, B.-S. (2017). The role of human capital management in organizational competitiveness. *Social Behavior and Personality: An International Journal*, 45(1), 81–92.
- Manning, M. L., Davidson, M., & Manning, R. L. (2005). Measuring tourism and hospitality employee workplace perceptions. *International Journal of Hospitality Management*, 24(1), 75–90.
- Neto, M., Ferreira, A. I., Martinez, L. F., & Ferreira, P. C. (2017). Workplace bullying and presenteeism: the path through emotional exhaustion and psychological wellbeing. *Annals of Work Exposures and Health*, 61(5), 528–538.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *The Journal of Marketing*, 41–50.
- Surprenant, C. F., & Solomon, M. R. (1987). Predictability and personalization in the service encounter. *The Journal of Marketing*, 86–96.
- Taloyan, M., Aronsson, G., Leineweber, C., Hanson, L. M., Alexanderson, K., & Westerlund, H. (2012). Sickness presenteeism predicts suboptimal self-rated health and sickness absence: a nationally representative study of the Swedish working population. *PLoS One*, 7(9), e44721.
- Teng, C.-I., & Liu, T.-W. (2014). How do personality interactions affect service quality? the perspective of processing efficiency theory. *Service Business*, 8(2), 375–397.
- Thunnissen, M., Boselie, P., & Fruytier, B. (2013). Talent management and the relevance of context: Towards a pluralistic approach. *Human Resource Management Review*, 23(4), 326–336.
- Yang, C.-C., & Lin, C. Y.-Y. (2009). Does intellectual capital mediate the relationship between HRM and organizational performance? Perspective of a healthcare industry in Taiwan. *The International Journal of Human Resource Management*, 20(9), 1965–1984.
- Youndt, M. A., & Snell, S. A. (2004). Human resource configurations, intellectual capital, and organizational performance. *Journal of Managerial Issues*, 337–360.
- Zhou, Q., Martinez, L. F., Ferreira, A. I., & Rodrigues, P. (2016). Supervisor support, role ambiguity and productivity associated with presenteeism: a longitudinal study. *Journal of Business Research*, 69(9), 3380–3387.

Part 7: Innovation & Entrepreneurship

Strategic Flexibility as a Key to Innovativeness: Theoretical Framework

Dmytro Shestakov

Kyiv-Mohyla Business-School, Ukraine

Abstract

The article reveals the main strategic changes of the competitive environment, the necessity of flexibility in the new competitive conditions are determined. Flexibility in its various forms has long played an important role in the organizational change and strategy literature. The theoretical approaches to the definition of the concept of "flexibility", "strategy", "strategic flexibility" are revealed. Various kinds of flexibility of the company and levels of strategic flexibility are reviewed. With the changed dynamics in the new competitive landscape, firms face multiple discontinuities that often occur simultaneously and are not easily predicted. The article substantiates that managers and government policy makers are encountering major strategic discontinuities that are changing the nature of competition. Firms must be flexible to manage discontinuities and unpredictable change in their environments. Flexibility has been a characteristic of an organization that makes companies less vulnerable to unforeseen external changes or puts it in a better position to respond successfully to change. Strategic flexibility may increase innovation performance of a firm.

Keywords: globalization, strategy, flexibility, strategic flexibility

Introduction

Despite the importance of strategies for organizational success and despite decades of research, academics have not yet agreed on what strategy really is and various approaches of strategy have evolved over the years (Das, 1995).

In 1980 Porter's seminal work "Competitive Strategy" was published. In this book Porter took a more deterministic view of strategy that still dominates the strategic management literature today. He refers to "strategic choice" where the company has a finite selection of strategies to choose from, based upon study of its external environment. Porter also supports a "single best option" approach to strategy. This was based upon the need to make strategic choices between options having varying degrees of strategic and financial risk (Sushil X. , 1997).

According to (Sarbah & Otu-Nyarko, 2014) strategy provides the systematic way for identifying and evaluating factors external to the firm and fixing them with the organization's abilities.

Strategy formulation consists of two basic components one is situation analysis which is the process of finding a strategic fit between external opportunities and internal strengths while working around external threats and internal weaknesses (Hadighi & Mahdavi, 2011). And the other component is presenting strategies based on predetermined goals.

Early research about strategic flexibility includes (Gotcher, 1977) who suggested that long range planning required flexibility. Eppink related the term "adaptiveness" as the ability of the organization to respond to unforeseen change. He added: "...flexibility can be seen as a characteristic of an organization that makes it less vulnerable to unforeseen external changes or

puts it in a better position to respond successfully to such a change.” (Eppink, 1978). Eppink argued strategic flexibility was necessary to compensate for strategic changes in the “indirect” environment of the company that reached it via the components of its “direct” environment. He suggested such changes required a high degree of unfamiliarity and could therefore be very dynamic and urgent (Sushil X. , 1997).

Shimizu and Hitt argue that maintaining strategic flexibility is one of the most important yet most difficult tasks of managers and companies in dynamic environments (Shimizu & Hitt, 2004). An effective strategy allows managers to use their organization’s resources and capabilities to exploit opportunities and limit threats in the external environment in order to achieve competitive advantage (Quaye, Osei, Sarbah, & Abrokwah , 2015).

The conceptualization of strategic flexibility has been described and studied by numerous authors. As a result of these studies notion of strategic flexibility is the ability to do something other than that which had been originally intended (Evans, 1991)

Literature Review

In today's conditions the new competitive landscape, driven by the technological revolution and significant globalization, is moving towards hyper competition.

The time frames of all strategic actions are being reduced; firms exist in highly turbulent environments that produce disorder, disequilibrium and substantive uncertainty.

Some of the most important strategic discontinuities of the competitive environment include:

- Elimination of industry boundaries.
- Fewer distinctions between industrial and service businesses.
- Major advances in logistics, computer aided design and communication.
- Opening of global markets.

Firms encounter these changes at the same time they are experiencing intense foreign competition in domestic markets. These changes rival those experienced with the industrial revolution and their impact is likely to rival that of the major advances of the light bulb, telephone, printing press, and the personal computer.

In such conditions it is more complicated for companies to maintain their competitiveness. Firms have to create innovative products and services of high quality and at low prices to satisfy increasingly informed customers with distinct needs. Managers are motivated to reduce the uncertainty by identifying new sources of competitive advantage.

It requires that they:

- Continue to develop and use innovative technology.
- Actively participate in global markets.
- Structure themselves to gain advantages.
- Develop and maintain strategic flexibility.

- Build a long-term vision that allows managers to balance short-term performance with long-term needs.

Firms must develop the ability to effectively navigate in the new competitive landscape. To do so, requires significant revision of standard management thinking and strategic process.

The processing and communication of information have facilitated the rapid diffusion of technology as well as produced an information rich, computational rich and communications rich organizational environment. These changes have shortened product life cycles, made patents less effective in protecting modern technology and thus less useful, and reduced the time required to develop and bring new products to the market.

These conditions call for firms to develop radically enhanced techniques for processing and integrating information and also provide a catalyst for further technological development. An organizational learning becomes critical importance for the firm to gain and maintain a competitive advantage.

Random events cannot be forecasted. Companies need to be flexible to control unpredictable changes in their competitive environment. The disequilibrium caused can only be managed at the time it occurs. The enhanced competition and increasing demands from consumers require from firms dynamic core competences – act rapidly in response to competitors or to proact by beating competitors to the market (Das, 1995). These require flexible strategy that allows firms to reduce periods of instability by making rapid and effective changes.

Dynamic core competences help firms remain flexible and able to respond quickly to unpredicted and unexpected changes in the environment and partially shape the environments in which they operate and compete. If firms do not continue to invest in and develop their core competences over time, the competences may become outdated, and limit future strategic alternatives for the firm (Das, 1995).

Companies use strategies as a tool for planning common actions to manage environmental changes (Sushil K. , 2000; Markides, 2004). Formulating and implementing appropriate organizational strategies are nowadays recognized as one of the most crucial determinants of successful management and business. Since environmental changes and uncertainty have significant influence on managers' and organizations' ability to formulate and implement successful strategies, it is important for organizations to handle changes by possessing flexibility.

The environment includes external factors such as regulatory, economic, political, and social changes affecting the company's primary and secondary task environments (Achrol & Kotler, 1999). Changes in the company's environment resulted in the reassessment of strategy among a given array of strategic alternatives (Porter, 1980; Porter, 1985; Harrigan, 1986; Parnell, 2003). Thus, strategic choice was based on how a company evaluated its position in the environment.

Today there are three main fundamental approaches to definition of strategy: strategy as plan, strategy as pattern and strategy as practice (Sushil K. , 2000).

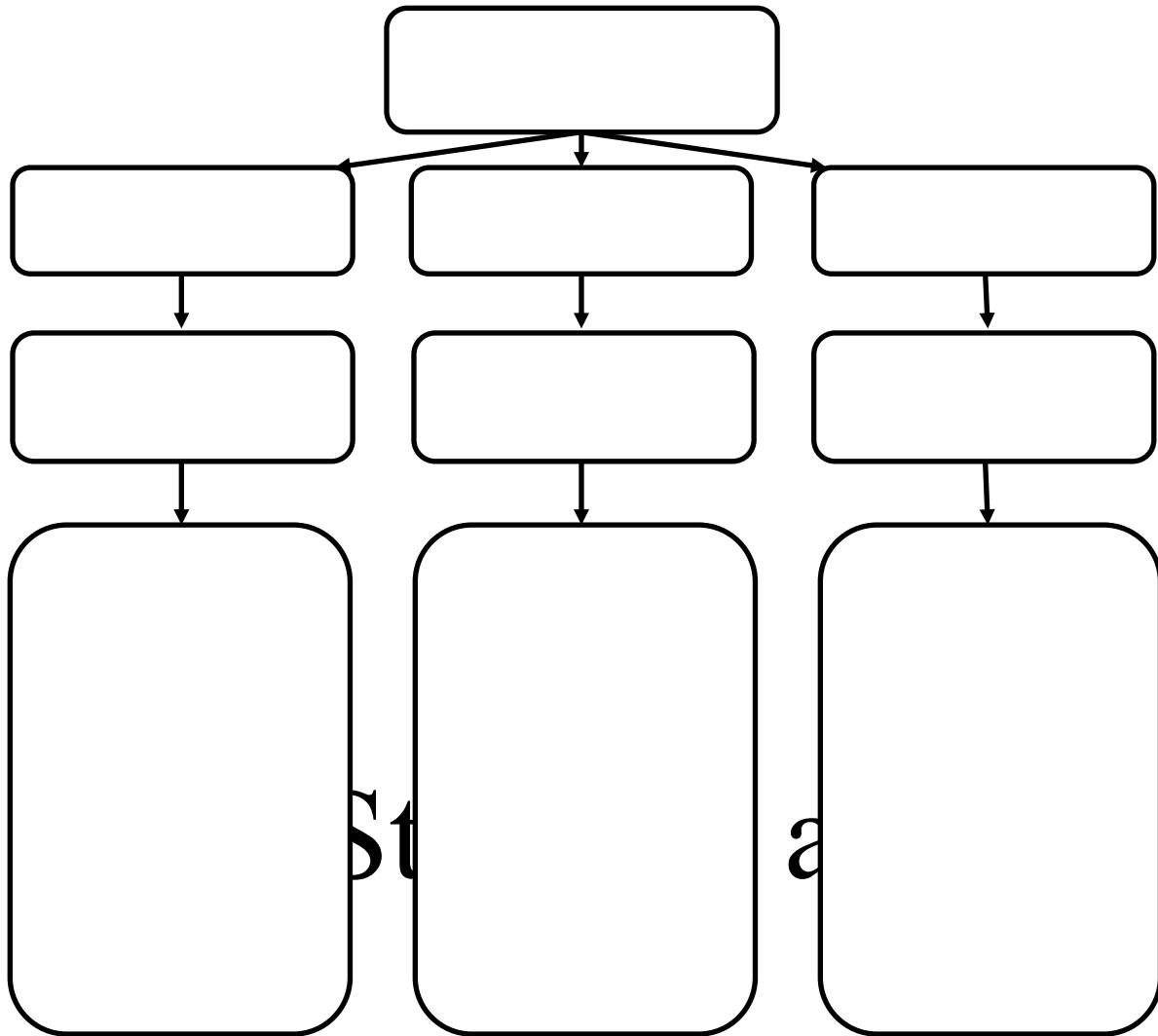


Figure 1. Approaches to strategy definition

Burnes identified three types of strategy according to the level of strategic decision making (Burnes, 1992):

- Corporate Level Strategy - concerned with the direction, composition and coordination of the various business units within a large and diversified organization.
- Business Level Strategy - related to the operation and direction of individual business units within a group of companies.
- Functional Level Strategy - related to individual business functions (Sushil X. , 1997).

Corporate level strategy deals with the question in what business a company shall compete. Business level strategy concerns the question of how to attain a position to achieve its business objectives. Operational level strategy concerns how individual business functions manage a unit's operations (Sushil K. , 2000).

Michael Porter,
Barney

For firms to manage uncertainties, strategies are not enough. It is necessary to achieve flexibility in different operations and organizational processes. As it enables organizations to manage changing environments, understanding flexibility is critical (Sushil K. , 2000).

Flexibility is the ability to do something other than originally intended. It is a response to environmental change and uncertainty (Sushil K. , 2000). There are many interpretations of the scientific concept of flexibility.

Table 1. Scientists Approach to the Definition of “Flexibility”

Author	Definition of “flexibility”
(Eppink, 1978)	Flexibility is a characteristic of an organization that makes it less vulnerable to unforeseen external changes or puts it in a better position to respond successfully to such a change
(Aaker & Mascarenhas, 1984)	Flexibility is the ability of the organization to adapt to substantial, uncertain and fast-occurring environmental changes that have meaningful impact on the organization’s performance.
(Harrigan, 1985)	Flexibility is the ability of firms to reposition themselves in a market, change their game plans, or dismantle their current strategies when the customers they serve are no longer as attractive as they once were.
(Bahrami, 1992)	Flexibility is the ability to precipitate intentional changes, to continuously respond to unanticipated changes, and the ability to adjust to unexpected consequences of predictable changes
(Das, 1995)	Flexibility is the ability of an organization to respond to changes in the environment in a timely and appropriate manner with due regard to competitive forces in the marketplace.
(Hitt, Keats, & DeMarie, 1998)	Flexibility is the capability of the firm to proact or respond quickly to changing competitive conditions and thereby develop and maintain competitive advantage.
(Volberda, 1996)	Flexibility is the degree to which an organization has a variety of managerial capabilities and the speed at which they can be activated, to increase the control capacity of management and improve the controllability of the organization.

Thus, scientists have multiple connotations with the notion of “flexibility” as per the situation; some of the important ones are:

- Adaptiveness to the changes in the environment.
- Adjustment to situation.
- Agility in action.
- Amiability in relationships.
- Autonomy in functioning.
- Balance in competing opposites.
- Broadening of mind.
- Compromising for betterment.
- Contingency in planning.

It also implies customizing solutions, elasticity under tension, freedom of thought and expression, informal attitude, liberalization from controls, openness in thinking, resilience in implementation, responsiveness to customers’ requirements, variability in parameters and specifications, mobility

in transactions, and versatility in solutions and operations (Alarcon & Caruso, 2013; Sushil K. , 2014).

Flexibility is created in enterprises via a variety of new strategic initiatives so as to adapt and respond to global change. It is imperative that maturity models of enterprises should define flexibility of various types at different maturity levels. This will facilitate organizations to become more competitive and to effectively manage risk of uncertainty in business environment (Hatch & Zweig, 2001).

Hatch and Zweig emphasize the flexibility advantages of small companies. The lack of highly formalized systems and processes results in reduction of time needed for decision-making and implementation. This allows them to respond promptly to market development and adjust their competitive position. The potential for rapid change and evolution offers them a chance to gain competitive advantage and survive (Shimizu & Hitt, 2004; Georgzén & Palmér, 2014).

There are various types of flexibilities in an enterprise, such as strategic flexibility, organizational flexibility, financial flexibility, manufacturing flexibility, information systems (IS) flexibility, marketing flexibility, operational flexibility, and technology management flexibility.

Under each category, there are many types of flexibilities. For example, the manufacturing flexibility encompasses product flexibility, process flexibility, volume flexibility, routing flexibility, tooling flexibility, labor flexibility, static flexibility, dynamic flexibility, and so on (Sushil X. , 1997).

Financial flexibility would incorporate outlay flexibility, investment flexibility, flexible budgets, and flexible exchange rates to hedge the risk and uncertainty around.

The organizational flexibility deals with flexible structure and flexible work processes like flexi-time and flexi-place (Sushil X. , 1997).

In theory, it becomes easy to distinguish and classify the different types of flexibility. In reality they can have overlapping characteristics.

Table 2. Types of Organization's Flexibility

Author	Types of flexibility
Eppink	Operational, competitive and strategic (Eppink, 1978)
Krijnen	Strategic, organizational and operational (Krijnen H. , 1984)
Volberda	Operational, structural and strategic (Volberda, 1996)

Depending upon the variety and speed combination, the flexibility could be of four types, namely:

- Static flexibility (low variety-low speed).
- Operational flexibility (low variety-high speed).
- Structural flexibility (high variety-low speed).
- Strategic flexibility (high variety-high speed) (Sushil K. , 1999).

Allowing flexibility to pervade every level of the organization becomes a vital component for competitiveness (Sushil K. , 2000).

Strategy formulation requires careful analyses. But forecasts of market development and environmental changes are burdened with high-level uncertainty (Shimizu & Hitt, 2004). Raynor suggests that one of the ways to cope with the paradox of strategy is to implement strategic flexibility in a proactive manner, as a set of ex ante actions (Cingoz & Akdogan, 2013).

Strategic flexibility in particular has gained significant importance in management practice and literature. Eppink in his research of flexibility stated that strategic flexibility as a concept will grow significantly in the future (Eppink, 1978).

Strategic flexibility is treated as more important among the other aspects of flexibility because it is a long-term perspective of flexibility. It is emphasizing a firm's managerial capability to identify, generate and maintain real options in positioning itself in response to environmental changes and uncertainties (Eppink, 1978).

Strategic flexibility is a concept that is associated with environmental dynamism, the rate and the unpredictability of changes in a firm's external environment. Firms with strategic flexibility tend to effectively and successfully manage economic and political risks by responding in a proactive manner to market threats and opportunities (Zheng Zhou & Wu, 2010).

Developing strategic flexibility is a beneficial practice for companies. Reassessing strategies in a flexible manner provides firms with possibilities for successful businesses and simultaneously creating flexible operations to manage a changing environment.

Strategic flexibility suffers from the same inconsistency in conceptualization just as the broader concept of flexibility. There is no unified definition or conceptualization exists of strategic flexibility among scientists (Sushil K. , 2000).

Strategic flexibility suggests the ability to take some action in response to external environmental changes and thus can be viewed as a strategic capability. Consequently, strategic flexibility can be conceptualized in two ways:

- Variation and diversity of strategies.
- The degree at which companies can rapidly shift from one strategy to another (Sushil X. , 1997).

Other terms that offer a similar conceptualization include the terms “strategic maneuverability” (Sushil K. , 2014), “organizational flexibility” (Volberda, 1996), and “dynamic capabilities” (Teece, Pisano, & Shuen, 1997). (Aaker & Mascarenhas, 1984) argued “organizational flexibility” was a strategic option that could be exercised by an organization.

The term strategic flexibility can be applied at two levels:

- At the level of the firm, where it is used to denote the ability of firms to respond and successively adapt to environmental change (Evans, 1991).
- At the level of decision makers, where it is the extent to which new and alternative options in strategic decision making are generated and considered (Aaker & Mascarenhas, 1984).

These two applications are not mutually exclusive, because the creation of different options by decision makers is a prerequisite for firms adapting to environment change (Sanchez , 1995; Sharfman & Dean Jr, 1997). In other words, for strategic flexibility to exist at the level of the firm, decision makers themselves must possess capabilities for strategic flexibility (Hadighi & Mahdavi, 2011).

Table 3. Scientists' Approaches to Definition of “Strategic Flexibility”

Author	Definition of “strategic flexibility”
Evans, Bahrami, Sanchez	Strategic flexibility is the ability to precipitate intentional changes and adapt to environmental changes through the continuous rethinking of current strategies, asset deployment, and investment strategies (Evans, 1991; Sanchez , 1995).
Hitt	Strategic flexibility is the capability of the company to proact or respond quickly to changing competitive conditions and thereby develop and maintain competitive advantage (Hitt, Keats, & DeMarie, 1998; Radomska, 2015).
Sanchez	Strategic flexibility is the flexibility of the resources available to the company (resource flexibility) and the company’s flexibility in applying those resources to alternative courses of action (coordination flexibility) (Sanchez , 1995).
Evans	Strategic flexibility is a function of the event that impacted on the company, by necessity of choice, being used to denote the company’s deliberate or emerging capabilities to maneuver offensively or defensively (Evans, 1991)
Anderson	Strategic flexibility is a company’s ability to restructure itself internally as well as its relationship with the external environment including competition originating from almost anywhere, even from outside a company’s industry (Sushil X. , 1997).
Volberda, Rutges	Strategic flexibility – is a non-routine steering capacity, managerial capabilities related to the goals of the organization or the environment (Sushil X. , 1997).
Grewal, Tansuhaj	Strategic flexibility - is the organizational ability to manage economic and political risks by promptly responding in a proactive or reactive manner to market threats and opportunities (Grewal & Tansuhaj, 2001)
Johnson	Strategic flexibility – is the firm’s capabilities to generate firm-specific real options for the configuration and reconfiguration of appreciably superior customer value propositions (Johnson, Lee, Saini, & Grohmann, 2003)
Combe, Greenley	Strategic flexibility is an organization’s capability to identify major changes in the external environment, to quickly commit resources to new courses of action in response to change, and to recognize and act promptly when it is time to halt or reverse such resource commitments (Markides, 2004).
Kapasuwan	Strategic flexibility is a firms’ capability to realize and generate options and to position/reposition themselves in response to environmental changes in a reactive or proactive manner (Kapasuwan, Rose, & Tseng, 2007)

This internally driven strategic flexibility split into three levels is similar to (Krijnen H. , 1979) division of the strategic decision-making process:

- The strategic level (strategic policy, economic, social goals, and product market mix).
- The organizational level (organizational structure, decision making, and communication processes).
- The operational level (production volumes) (Krijnen H. , 1984).

Sanchez argued that two critical components of strategic flexibility were “resource flexibility” and “coordination flexibility”, which are both controlled from a company’s internal environment (Sanchez , 1995). So, an inward focus is directed on the company’s internal environment, and

different strategic options are possible depending on the nature of the change and the internal company influence.

Combining strategy and flexibility, (Roberts & Stockport, 2014) and (Sharma, Sushil, & Jain, 2010) identified that strategic flexibility has three levels of strategy analysis:

- High-level - is the organizational direction.
- Medium-level - is the organizational structure.
- Low-level - is operations related to individual business units.

(Burnes, 1992) and (Johnson G. , 2011) emphasized the need for analyzing strategies on various levels in organizations and the need for integration between them (Sushil K. , 2012).

High-level strategic decision-making has been named corporate level or organizational direction. This concept aims at explaining the overall corporate strategy e.g. direction, composition and coordination of the firm (Burnes, 1992).

Based on (Sharma, Sushil, & Jain, 2010; Burnes, 1992; Roberts & Stockport, 2014) classifications, high-level strategic flexibility in this study concerns changing of overall strategies, renewal and diversity of products and services, switching to new markets or technologies and directions (Cingoz & Akdogan, 2013).

Medium-level decision-making has been referred as organizational level, competitive level, organizational structure or business level (Volberda, 1996; Eppink, 1978; Sharma, Sushil, & Jain, 2010; Burnes, 1992). From a contemporary perspective, organizational flexibility concerns activities such as co-ordination flexibility, locational flexibility and resource flexibility (Hadighi & Mahdavi, 2011; Ruiner, Wilkens, & Küpper, 2013). Measurements for medium-level strategic flexibility can be summarized as: competences, decision and communication processes, innovation, how to tackle competition and other value-adding activities (Sushil K. , 2000).

Low-level is more or less jointly termed operational level (Georgzén & Palmér, 2014; Krijnen H. , 1984; Volberda, 1996; Sushil K. , 2012). According to (Burnes, 1992), the operational level strategy concerns strategic decisions regarding processes, people and resources. Firms can be perceived to be flexible when they with ease can change production to match fluctuations, efficiently shift production between locations, withdraw production from unprofitable markets, customize products or move resources to profitable markets (Krijnen H. , 1984; Sharma, Sushil, & Jain, 2010; Kandemir & Acur, 2012). Measurements for low-level strategic flexibility can be summarized as: changing production volumes connected to supply and demand fluctuations, allowing customization of products, easily shifting production between locations and allowing people in a decentralized structure to make operational decisions (Sushil K. , 2000).

The resource-based view focuses on those assets and capabilities that provide competitive advantage. Strategic flexibility depended jointly on resource flexibility and the company's flexibilities in applying those resources to alternative courses of action (Sushil X. , 1997).

Within the competence-based view of the company, strategic flexibility characterizes the ability to respond advantageously to a changing environment. The competence-based view of the company came to the forefront of strategic management literature with Prahalad and Hamel's

“Core Competence” (Prahalad & Hamel, 1990). Core competences were identified as “...the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies.” (Sushil X. , 1997).

Conclusions

In a stable environment, traditional management concept helps organizations to attain success. But it is limited to prepare organizations for uncertainty. As an alternative approach to managing for an uncertain future, new management theory and practice have begun to focus on developing on organizations` strategic flexibility.

Flexibility can be seen as a characteristic of an organization that makes it less vulnerable to unforeseen external changes or puts it in a better position to respond successfully to change. So, flexible firms exhibit both diversity in strategic responses and rapid shifts from one strategy to another (Zheng Zhou & Wu, 2010).

Increasing globalization is reshaping the competitive landscape and will continue to do so for the foreseeable future. The dynamism, uncertainty and unpredictability in the new competitive landscape require substantive changes in many firms to be competitive. The most important attribute that firms must achieve to operate effectively in the new competitive landscape is that of strategic flexibility (Das, 1995).

Managers constantly face uncertainty in terms of rapidly changing economic and political trends, increasing global competition, shortening technology cycles, transformations in societal values, and shift in customer demands. A firm`s ability to adapt quickly to such conditions is crucial to its success in obtaining and maintaining sustainable competitive advantages (Zheng Zhou & Wu, 2010).

A firm has to develop flexible capabilities for speed and surprise. These capabilities derive from broad knowledge bases, generalizable resources, and core competencies that can be applied in various ways (Volberda, 1996).

The various definitions of strategic flexibility have tended to reflect the different perspectives taken by strategic management researchers. There are differences in both the meaning and application of the term. Strategic flexibility provides a means by which companies can become more successful. Thus, strategic flexibility can be described as the strategic choices available to a company and the company`s ability to take advantage of those choices (Sushil X. , 1997).

Strategic flexibility enables firms to lead or respond to change (Quaye, Osei, Sarbah, & Abrokwah , 2015; Najmaei & Sadeghinejad, 2009). Flexible firms rapidly shift from one strategy to another, become more proactive.

Strategic flexibility may improve to innovation performance of a firm in a dynamic environment. Strategic flexibility can influence innovation performance by providing more flexible processes and structure. Innovation is the most important source of competitive advantage (Zheng Zhou & Wu, 2010). This is because innovation can result in new products that better satisfy customer needs, can improve the quality of existing products, or can reduce the costs of making products that customers want (Hill & Jones, 2004).

Any definition of strategic flexibility must combine both the external and internal perspectives. Therefore, strategic flexibility is about:

- The ability to manage strategic risk.
- The ability to respond to environmental change, i.e., both opportunities and threats.
- The ability of a company to use its resources in both a proactive and a reactive way (Sushil X. , 1997).

Successful adaptation through strategic flexibility will likely generate superior performance, exacerbating the imitation problem for competitors. Consequently, it is becoming increasingly important for decision makers to possess the capabilities for strategic flexibility in its various forms (Hadighi & Mahdavi, 2011).

Strategic flexibility is necessary for firms to break down the institutional routines. Because strategic flexibility emphasizes the flexible use of resources and reconfiguration of processes, it reflects one type of dynamic capability that enables firms to achieve a competitive advantage in turbulent markets. It is complementary organizational capability that can help the firm achieve the full potential of its key resources when used in combination (Krijnen H. , 1984).

References

- Aaker , D., & Mascarenhas, B. (1984). The need for strategic flexibility. *Journal of Business Strategy* , 74-82.
- Achrol, R., & Kotler, P. (1999). Marketing in the Network Economy. *Journal of Marketing* , 146-163.
- Alarcon, J., & Caruso, J. (2013). Put Some Flexibility into Your Planning. *Pennsylvania CPA Journal* , 36-39.
- Bahrami, H. (1992). The emerging flexible organization: Perspectives from Silicon Valley. *California Management Review* , 33-52.
- Burnes, B. (1992). *Managing Change: A Strategic Approach to Organizational Development and Renewal*. London: Pitman Publishing.
- Cingoz , A., & Akdogan, A. (2013). Strategic flexibility, environmental dynamism, and innovation performance: An empirical study. *Procedia - Social and Behavioral Sciences* , 582-589.
- Das, T. K. (1995, March 1). Managing Strategic Flexibility: Key to Effective Performance. *Journal of General Management* , pp. 60-75.
- Eppink, J. (1978). Planning for Strategic Flexibility. *Long Range Planning* , 9-15.
- Evans, S. (1991). Strategic Flexibility for High Technology Manoeuvres: A Conceptual Framework. *Journal of Management Studies* , 69-89.
- Flexible systems management: An evolving paradigm 1997 *Behavioral Science* 259-275
- Georgzén, P., & Palmér, H. (2014). *Managing Strategy and Flexibility: A Trade-Off For Swedish Companies*. Uppsala University .
- Gotcher, J. (1977). Strategic Planning in European Multinationals. *Long Range Planning* , 7-13.
- Grewal, R., & Tansuhaj, P. (2001). Building Organizational Capabilities for Managing Economic Crisis: The Role of Market Orientation and Strategic Flexibility. *Journal of marketing* , 65-80.
- Hadighi, A., & Mahdavi, I. (2011). A New Model for Strategy Formulation Using Mahalanobis-Taguchi System and Clustering Algorithm. *Intelligent Information Management* , 198-203.
- Harrigan, K. (1985). Vertical Integration and Corporate Strategy. *The Academy of Management Journal* , 397-425.
- Hatch, J., & Zweig, J. (2001). Strategic flexibility: The key to growth. *Ivey Business Journal* , 44.
- Hitt, M., Keats, B., & DeMarie, S. (1998). Navigating in the new competitive landscape: Building strategic flexibility and competitive advantage in the 21st century. *Academy of Management Executive* .
- Johnson, G. (2011). *Exploring Strategy* .
- Johnson, J., Lee, R.-W., Saini, A., & Grohmann, B. (2003). Market-focused strategic flexibility: Conceptual advances and an integrative model. *Journal of the Academy of Marketing Science* .
- Kandemir, D., & Acur, N. (2012). Examining proactive strategic decision-making flexibility in new product development. *Journal of Product Innovation Management* , 608-622.

- Kapasuwan, S., Rose, J., & Tseng, C.-H. (2007). The Synergistic Effects of Strategic Flexibility and Technological Resources on Performance of SMEs. *Journal of Small Business & Entrepreneurship* , 257-272.
- Krijnen, H. (1979). Flexible Firm. *Long Range Planning* , 63-75.
- Krijnen, H. (1984). Organization Responsiveness. *International Studies of Management & Organization* , 64-90.
- Markides, C. (2004). What is Strategy and How Do You Know If You have One? *Business Strategy Review* , 5-12.
- Matching vertical integration strategies to competitive conditions 1986 New York John Wiley & Sons, Ltd.
- Najmaei, A., & Sadeghinejad, Z. (2009). How Does Knowledge Management Matter in Enterprise Strategic Flexibility? Multiple Case Study Approach Based on SMEs in Malaysia. *Ibima Business Review* .
- Parnell, J. (2003). *Strategic Management: Theory and Practice*. Dreamtech Press.
- Porter, M. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press.
- Porter, M. (1985). *The Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.
- Prahalad, S., & Hamel, G. (1990). *The Core Competence of the Corporation*. London Business School .
- Quaye, I., Osei, A., Sarbah, A., & Abrokwah, E. (2015). The Applicability of the Learning School Model of Strategy Formulation (Strategy Formulation as an Emergent Process). *Open Journal of Business and Management* , 135-154.
- Radomska, J. (2015). Strategic Flexibility of Enterprises. *Journal of Economics, Business and Management* .
- Roberts, N., & Stockport, G. (2014). Defining Strategic Flexibility. *The Flexible Enterprise, Flexible Systems Management* , 37-45.
- Ruiner, C., Wilkens, U., & Küpper, M. (2013). Ménage à trois: Die Relevanz des Kunden in der psychologischen Vertragsbeziehung bei projektformiger Wissensarbeit. *Zeitschrift für Personalforschung* , 354-372.
- Sanchez, R. (1995). Strategic Flexibility in Product Competition. *Strategic Management Journal* , 135-159.
- Sarbah, A., & Otu-Nyarko, D. (2014). An Overview of the Design School of Strategic Management. *Open Journal of Business and Management* , 231-249.
- Sharfman, M., & Dean Jr, J. (1997). Flexibility in Strategic Decision Making: Informational and Ideological Perspectives. *Journal of Management Studies* , 191-217.
- Sharma, M., Sushil, & Jain, P. (2010). Revisiting Flexibility in Organizations: Exploring its Impact on Performance. *Global Journal of Flexible Systems Management* , 51-68.
- Shimizu, K., & Hitt, M. (2004). Strategic flexibility: Organizational preparedness to reverse ineffective strategic decisions. *Academy of Management Executive* , 44-58.
- Shimizu, K., & Hitt, M. (2004). Strategic flexibility: Organizational preparedness to reverse ineffective strategic decisions. *Academy of Management Executive* , 44-58.
- Strategic management: An integrated approach 2004 Boston Houghton Mifflin
- Sushil, K. (2000). *Cornerstones of enterprise flexibility: strategic, organizational, financial, information systems and manufacturing flexibilities*. New Delhi: Vikas Publishing House.
- Sushil, K. (1999). *Flexibility in management*. New Delhi: Vikas Publishing House.
- Sushil, K. (2012). *Flowing stream strategy: leveraging strategic change with continuity*. New Delhi: Springer.
- Sushil, K. (2014). The Concept of a Flexible Enterprise. *The Flexible Enterprise, Flexible Systems Management* , 3-26.
- Teece, D., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management* , 509-533.
- Volberda, H. (1996). Toward the Flexible Form: How to Remain Vital in Hypercompetitive Environments. *Organization Science* , 359-374.
- Zheng Zhou, K., & Wu, F. (2010). Technological Capability, Strategic Flexibility And Product Innovation. *Strategic Management Journal* , 547-561.

Part 8: International Trade & Management

Firm's Competitiveness in Global Economy and Cost (Structure) Management

Mehmet Hanifi Ayboga¹, Asaf Murat Altug², and Ersem Karadag³

¹School of Social Sciences
Marmara University, Turkey

²School of Business
Marmara University, Turkey

³School of Business
Robert Morris University, USA

Abstract

The notion of competitiveness is to present a state of being in an economy in the sense that an environment exists that can promote the activities of economic entities to achieve the potential to create value. Competitiveness can suggest the notion that there are winners and losers. Competitive forces drive firms to seek new areas of growth, with either portfolio expansion or penetration and expansion in new markets. Although the forces that weigh heavily on a firm are recognized, their influence in determining a firm's action in choosing a particular strategy is not well understood (Gehlhar et al., 2006). On the other hand firms either in local or international markets need to understand the product costs as well as other costs associated with marketing, transportation and other costs. To do so, the strategic cost management (SCM) is the tool that firms can utilize to stay competitive in the market. The cost management refers to a simultaneous focus on reducing cost and strengthening an organization's strategic position (Eldenburg & Wolcott, 2005, p. 9). Firms competing in international markets need to find a sustainable, long-term strategy, that is, a set of policies, procedures, and approaches to business to produce success. Finding a strategy begins with determining the purpose and long-term direction, and therefore the mission of the company.

Keywords: competitiveness, strategic cost management, cost analysis, value chain.

Introduction

At its most basic level, an economic foundation of competitiveness relates to the ability of an economic entity to create value to achieve sustained growth. This necessarily involves the ability to manage assets and processes as the firm increases the value (or wealth) of its activity through growth and productivity (Gehlhar et al., 2006). Such improvements and global changes not only affected firms and enforce them to change their strategies, but also had direct impacts on the competitiveness of an economy as a whole. As firms increase their global competitiveness, the economic value created by those firms contribute to the success of a country's economy and increase a nation's standard of living.

The notion of competitiveness is to present a state of being in an economy in the sense that an environment exists that can promote the activities of economic entities to achieve the potential to create value. Competitiveness can suggest the notion that there are winners and losers. When products can be differentiated and markets can grow, competitiveness is not always a zero-sum game. From a policy perspective, there are interventions that can propel an economic entity to become and remain competitive. From a business policy perspective, investments in productive capacity and production potential are encouraged. From a government policy perspective,

interventions are intended (ostensibly) to promote a competitive environment to maintain a level playing field (or remedy information asymmetries due to market failure). These interventions can be regulatory in nature or can provide or support public infrastructure and capacity (Gehlhar et al., 2006).

According to the "House of Lords on Overseas Trade Committee" competitiveness is synonymous with a firm's long-run profit performance and its ability to compensate its employees and provide superior returns to its owners. The Competitiveness Advisory Group (1995) proposes that competitiveness entails "elements of productivity, efficiency and profitability." Competitiveness, however, "is not an end in itself or a target... [but] a powerful means to achieve rising living standards and increasing social welfare -a tool for achieving targets". Accordingly, international competitiveness is achieved, "by increasing productivity and efficiency in the context of international specialization, [this is so, because] competitiveness provides the basis for raising peoples' earnings in an non-inflationary way." In short, as the World competitiveness Yearbook (IMD World Competitiveness Center, 2014) highlights, prosperity is the fundamental outcome of international competitiveness.

Traditional Cost Management and Strategic Cost Management

Cost management refers to a simultaneous focus on reducing cost and strengthening an organization's strategic position (Eldenburg & Wolcott, 2005, p. 9). For an effective cost management cost analysis is performed at product level and firm level. Cost analysis traditionally is viewed as the process of assessing the financial impact of alternative managerial decisions. Cost analysis is a broader contexts and cost data is used to develop superior strategies en route to gaining sustainable competitive advantage. The complexity of the cost structure of a firm can lead to a long way in creating the competition strategy. In firms' accounting function exists primarily to facilitate to development and implementation of business strategy (Shank & Govindarajan, 1993, p. 6). In the strategic cost management (SCM) framework, managing cost effectively requires a broad focus, external to the firm (Porter, 1998; p.43). Porter has called this focus "the value chain" (Altug, 2016, p. 129). Many managers view cost too narrowly and concentrate on manufacturing only.

Successful cost leaders draw cost advantage from throughout the value chain. The value chain for any firm in any business is the linked set of value-creating activities all the way from basic raw material sources for component suppliers through to the ultimate end-use product delivered into the final consumers' hands. This focus is external to the firm, seeing each firm in the context of the overall chain of value-creating activities of which it is only a part, from basic raw material components to end use consumers (Shank & Govindarajan, 1993, p. 13, 14).

In SCM, the role of cost analysis differs in important ways depending on how the firm is choosing to compete. Following Porter's (1980) delineation of basic strategic choices, a business can compete either by having lower costs (cost leadership) or by offering superior products (product differentiation). That these two approaches demand very different conceptual frameworks and has been widely accepted in the strategy literature. In strategic cost management it is acknowledged that cost is caused, or driven, by many factors that interrelated in complex ways. First category is "structural cost drivers". From this perspectives there are at least five strategic choices by the firm, as follows (Shank & Govindarajan, 1993, p.19).

- *Scale*: how big an investment to make in manufacturing, in R&D, and in marketing resources.
- *Scope*: degree of vertical integration. Horizontal integration is more related to scale.
- *Experience*: how many times in the past the firm has already done what is doing again.
- *Technology*: what process technologies are used at each step of the firm's value chain?
- *Complexity*: how wide a line or products of services to offer to customer.

Second category of cost drivers, “*executional drivers*”, are those determinants of firm's cost position that hinge on its ability to execute successfully.

The list of basic executional drivers include at least the following (Shank & Govindarajan, 1993, p. 22):

- *Work force involvement* (participation) - the concept of work force commitment to continual improvement
- *Total quality management* (beliefs and achievement regarding product and process quality)
- *Capacity utilization* (given scale choices on plant construction)
- *Plant layout efficiency* (how efficient, against current norm, is the layout?)
- *Product configuration* (is the design or formulation effective?)
- *Exploiting linkages with supplier and or customers*, per firm's value chain

While it may not always be true that a higher level of these *executional factors improves cost position*. Operationalizing each of these drivers also involves specific cost analysis. Many strategy consultants maintain that the strategic cost analysis field is moving very quickly towards executional drivers because the insights from analysis based on structural drivers too often old fashioned.

Global Competitiveness

A firm by finding a sustainable, long-term strategy, that is, a set of policies, procedures, and approaches to business to produce success. Finding a strategy begins with determining the purpose and long-term direction, and therefore the mission of the company. The mission is developed into specific performance objectives, which are then implemented by specific corporate strategies, that is, specific actions to achieve the objectives (Blocher et al., 1999, p. 28). Firms in the contemporary business environment use strategic management to focus primarily on strategic measures of success, many of which are non-financial measures of operations, such as market share, product quality, customer satisfaction, and growth opportunities (Blocher et al., 1999, p. 29). Business strategy literature provides a number of models for firm's strategy. A well-known model is provided by the five forces model and suggested by Porter (1998, p.35) which highlights;

- Rivalry among existing firms,
- Threat of new entrants,
- Threat of substitute products or services,
- Bargaining power of suppliers,
- Bargaining power of buyers.

Porter's 'five forces' of competition can be used to examine and analyze the competitive structure of an industry by looking at five forces of competition that influence and shape profit potential. Furthermore, Porter's 'five forces' of competition have become a central concept to business theory.

An alternative model suggested by Kay (1995), presents the notion of sustained competitive advantage in organizations obtained through (a) relational architecture, (b) reputation, (c) innovation and (d) strategic assets. At the core of Kay's model is the resource based theory of the firm which focuses on the internal attributes or the resources and capabilities of the firm where, in order for the resources and capabilities of a firm to provide superior performance. Kay states that organizations have a strong architecture where there is an expectation of long-term relationships both within the firm and among its members, a commitment to sharing the rewards of collective achievement and a high but unstructured degree of informality. He contends that this architecture adds value to individual contributions of its members through the creation of organizational knowledge, through the establishment of a cooperative ethic within the organization and by the implementation of organizational routines. Reputation enables a company to charge higher prices, or gain a larger market share at competitive price for functionally equivalent product. Innovation and being the first in the market place is a very strong source of competitive advantage. Firms find it very difficult, however, to sustain this advantage because of the potential for replication, but strategic assets which are more difficult to replicate.

A new theory of competition has been proposed in which "lean manufactures become locked in a head to-head race to create most innovative products at lowest price". This is described as a "confrontation strategy" (Altug, 2014, p. 65) in contrast to the generic strategy of the low-cost producer and differentiation. But Porter argued that (Porter, 1996, p. 62), operational effectiveness has replaced strategy at the forefront of management's concern and so attention has been refocused on the main components of strategy: performing unique activities; choosing a strategic position.

Two of the critical determinants of competitiveness in an economy are "*productivity improvements*" and "*technological innovations*" (Tyson, 1988, p. 97). When inputs become more productive, cost decline and producers can pay higher wages and charge competitive prices without sacrificing profits. Behind productivity improvements, in turn, lie both human and technological forces (Tyson, 1988, p. 97). Managerial and labor skills foundation for productivity performance - the better trained and more flexible the work force. Technological improvements also directly affect the competitiveness. Improvements in product quality or serviceability and product innovations are often. A central goal of a government policy toward the economy is to deploy a nation's resources (labor and capital) with high and rising level of productivity (Romano, 2006, p.617). To achieve productivity growth, an economy must be continually upgrading. This requires relentless improvement and innovation in existing industries and the capacity to compete successfully in new industries. Government's aim should be to create an environment in which firms can increase productivity and innovation by introducing more sophisticated technology and methods to (i) upgrade competitive advantages in established industries and (ii) develop the capacity to compete successfully in new industries (Porter, 1998, p. 616,618).

The scope for competition is no longer limited by national boundaries nor by the definition of a particular industrial sector hence the term "*global*". Competition, is about internalizing on a worldwide scale key assets such as knowledge, finance, production experience and market access

that can lead to the development and to the effective commercialization of a wide variety of products and services (Ernst & O'Connor, 1989, p.25). Government policies that succeed are those that create an environment in which firms can gain competitive advantage (Shenkar, et al., 2014, p.182). Government's most powerful roles are indirect rather than direct ones. State/ government policies can create competitiveness at both the macroeconomic and the microeconomic levels (Tyson, 1988, p.97).

At the macroeconomic level, policies can affect competitiveness over time by influencing the quantity and quality of labor, capital, and technology and should also support the ability of the nation's firms to enter new industries where higher productivity can be achieved than in position ceded in less productive industries and segments (Porter, 1998, p.128). Skill shortages in a nation's workforce can act as barrier to the introduction of new technologies and lead to reduction of a nation's competitiveness (Foley, et al., 1993, p.131). Skilled workforce associated with new technologies can be divided broadly into three group. These are (a) professional scientists/engineers, (b) technicians and (c) craft workers. Skill shortages act as constraint on adaption new technologies in local labor markets.

The public-private (P-P) partnership describe cooperative venture between the state and private business which is provide government support for firm competitiveness. And many type of public-private technology partnerships have been implemented, direct public funding of industry-led R&D projects, to public funding of private research consortia (Stiglitz & Wallsten, 2000, p. 38). At the microeconomic level, government using policy to create competitive advantage at the economy-wide level, government can use policy to create competitive advantage in individual industries or activities. Government policy influences firm strategy, structure, and rivalry, through such devices as capital market regulations, tax policy, antitrust law (Porter, 1998, p. 128).

Strategic Trade Theory

Traditionally competition policy and international trade policy have been treated as separate fields despite the fact that they are closely related. Whilst the classical and neoclassical trade theory has been developed on the premise of "*perfect competition*" prevailing on all markets, the theory of strategic trade policy took cognizance of numerous markets being served by "*oligopolies*" (Neuman, 2001, p. 8). New trade theory has concentrated on demonstrating that under certain conditions, national policies to promote or protect domestic producers in international competition can improve national welfare. There are two different type of condition that give rise to result of this kind (Tyson, 1988, p.111).

- First, industry that are "*imperfectly competitive*", often as result of economies of scale, earn higher returns than those available rest of economy and national welfare may be improved by government policies to win larger market shares for domestic producers in World market.
- A second, conditions that provide *externality* or *spillover effects*. Certain industries may be more important than others because they generate benefits for the rest of economy. And governments' policy to promote them can improve welfare by fostering these spillover effects. The industries are defined "*strategic*". Government policy creates advantage at the micro level has focused on high technology sector.

Each of the firms continually seeks to find competitive advantage and recognize that the markets it sells are highly competitive. The degree of competition they face relates not to the number of rivals against which they compete but rather to the ever present possibility that their rivals may innovate and gain a decisive cost or product- quality advantage (Metcalf & Boden, 1993, p. 83).

Causes of International Collaboration: Growing Costs, Entry to the New Technology and Foreign Markets

Recently tendency of firms to *clusters, strategic alliances, cooperative R&D programs, acquisition in foreign countries and constellation* in distinct communities about the extent and pace at which technological knowledge diffuses across national boundaries (Tayyeb, 2001, p. 1).

“*Alliance*” is broad term capturing many inter-firm cooperation that go beyond mere market transactions. It includes “*vertical*” alliance between buyers and suppliers (subcontracting). “*Horizontal*” alliance between competitors, and “*diagonal*” alliances between firms in different industries. It covers the whole range of forms from incidental cooperation between independent firms, through licensing, more systematic and lasting forms of cooperation, equity swaps and equity joint venture all the way to mergers and acquisition (Noteboom, 1999, p. 1). This have include international coalition, strategic networks in addition to the more common “*strategic alliance*”. A nation’s successful industries are usually linked through vertical (buyer- supplier) which provides *cost reduction* and tap into technology (Porter, 1990, p. 305) or horizontal (common customers, technology, channels, better access to market information etc.) relationships which provide *strong market position* (Oster, 1999, p. 240).

Inter-organizational cooperation can potentially assist in reduction of transaction cost.

Alliances are agreements between different organizations, but they tend to be less formalized. They usually involve less investment (Weston & Weaver, 2001, p. 131). Various terms have been used to describe many different form of strategic alliance (Altug, 2016, p. 99). *Coalitions* between two or more firms, either formal or informal, who share compatible goals, acknowledge a level of mutual interdependence, and a reformed for strategic reasons (Stiles, 2001, p. 23, 24).

Joint ventures are separate business entities that are formed with other organizations that allow firms to share unique skills and spread risk among participating firms. Licensing is the granting of know-how and sometimes the physical equipment required to produce specified products is return for a royalty fee arrangement (Weston & Weaver, 2001, 2001, p. 128). Licensing can rapidly expand the market and achieve a high return on investment. Franchise agreements are contracts between the franchisor (parent) and the franchisee that grant the rights to use the parent’s name, reputations, and business model at specified location within a designated market area.

Merger and acquisition (M&A) are undertaken by companies to achieve certain strategic and financial objectives (Sudarsanam, 1995, p. xiii). *Cross-border acquisitions* that firm sees profitable opportunities in serving an overseas market with its own products or services. Firms acquire unique advantage; to exploit the company brands, reputation, design, production and management capabilities, and firms to access raw materials, technology, latest innovations and cheap-productive labor (Sudarsanam, 1995, p. xiii).

A *clusters* is a geographically proximate group of interconnected companies and in associated institutors in particular field, linked by commonalities and complementarities. Clusters also often involve a number of institution, governmental and otherwise, that provide specialized training, education, information, research, and technical support (such as universities, think tanks, vocational training providers), and standards - setting agencies. Government departments and regulatory agencies that significantly influence a cluster can be considered part of it (Porter, 2003, p. 254).

Consortia focus on generic precompetitive technology, neither type of arrangement, either alone or together (Procassani, 1995, p. 284). Alliance occur, such as technology, world markets and competition and implications for their purpose. It includes the role of scale, scope, experience and learning, information and communication technology, shortening life-cycles of products and pressure towards “*radical product differentiation*”. This leads to the conclusion that firms need to concentrate on core competencies, to outsource more activities and use outside partners as sources of complementary knowledge and competence. Alliances serve a variety of additional purposes: to spread fixed cost (in production, distribution, R&D), circumvent entry barriers, achieve speed of market entry, and learning about local business conditions, adapt products to markets, acquire sources of materials, components, labor, technology or learning, facilitate technology transfer, and they can shorten the time from product conception to commercialization, set market standards, provide stable, secure, long time supplier relations which a major source of competitive advantage (Blaine, 1994, p. 81,82), pre-empt or attack competition (Nooteboom, 1993, p. 43).

Strategic alliances are a dominant form of business organization and new forms of inter-firm cooperation. Strategic alliances are continuation of competition (Dieter & O’Connor, 1989, p. 25). Various form of inter-firm cooperation, contractual- collaborative arrangements usually result from growing cost and complexity of doing business in a global environment. Cost of developing new technologies and product, and the need to simultaneously enter the world’s major markets account for the popularity of new forms of arrangements (Blaine, 1994, p. 77). These arrangements offer the firms a number of additional strategic benefits as well. And strategic alliances involve production of knowledge or the sharing of activities, may include production of new products or process and involve activities (Shyam & Waverman, 1997, p. 128) that are dynamic in nature such as innovation or competition. Technologic cooperation or the integration of technology into the firm’s business operations is crucial to its successful management and hence it’s competitive advantage.

Taking into account all of these factors that provide to firm; competitiveness and cost reduction.

Conclusion

Two of the critical determinants of competitiveness in an economy are “productivity improvements” and “technological innovations”.

The national economic system effectiveness, needs use of macroeconomic controls for achieving competitiveness. State interventions and regulates the national economic environment in which firms operate. The state is involved in micro and macroeconomic interventions to ensure this effectiveness. Since competition is no longer at national borders, government interventions are interventions that will ensure the competitiveness of national firms in the international

environment, especially in the high-tech marketplace. For this reason, the state reduces their costs by entering into cooperation with the firms and gives support to the firm as the biggest buyer (government procurement).

On the other hand, business strategy is being able to identify, attain and sustain competitive advantage (Oldman & Tomkins, 1999, p. xi). It is argued that superior value from the customer's perspective (sustainable competitive advantage) is achieved by focusing upon critical dimension of cost, technological capability, and procurement of raw materials. So firms focus on cost structure in a broad perspective rather than focusing on cost in narrow context. Michael E. Porter named this strategy as a value chain. From raw material intake to deliver of the product to the consumer. In the light of increasing intensity and velocity of competition, to meet the demands of this complex and dynamic environment, managers need new tools and perspective which to formulate and implement competitive strategies. Global competitiveness caused to collaboration of firms and act cost drivers (structural or executional). The creative destruction defined by Schumpeter means that the emergence of new products leads to a shortening of the existing product life cycles. For this reason global competitiveness has become more costly and has led companies to enter global collaborations. Failure to meet R & D costs due to product shortages leads to the main cause of cooperation. But this is not the only reason for cooperation.

While vertical cooperation provide to reduce the cost and horizontal cooperation provide monopoly power. And collaborations it is possible to reduce the R & D costs, entering new markets, exceeding entry barriers and using brand power, reputation, reducing distribution channel costs, entering new products, entering new technologies. Inter-organizational cooperation can potentially assist in reduction of transaction cost.

References

- Altug, M.A. (2014). *Yalın Üretim Çevresinde Maliyet Yönetimi*, Türkmen Kitabevi, 2014.
- Altug, M.A. (2016). *Global Oyuncu Çokuluslu Şirketlerin (MSEs) Rekabet Stratejileri ve Maliyet Yönetimleri*, Türkmen Kitabevi, 2016.
- Blaine, J.M. (1994). *Co-operation in International Business*, Avebury, 1994.
- Blocher, E. J., Kung H. Chen., & Lin, T.W. (1999). *Cost Management: A Strategic Emphasis*, Irwin McGraw-Hill, 1999.
- Dieter, E. & O'Connor, D. (1989). *Technology and Global Competition. The challenge for newly Industrialising economies*, Paris, OECD, 1989.
- Eldenburg, L., G., Wolcott, S.K. (2005). *Cost Management - Measuring, Monitoring, and Motivating Performance*, Wiley, 2005.
- Ernst, D., & O'Connor, D. (1989). *Technology and Global Competition: The Challenge for Newly Industrializing Economies*. Paris: DECD Development Centre.
- Foley, P. D., Watts, D.H. & Wilson, B. (1993). *New Technologies, skills and shortages and training strategies-* in: *New Technologies and the firm- Innovation and competition*, Edited by Peter Swan, Routledge.
- Gehlhar, M.; Regmi, A.; Stefanou, S.E.; Zoumas, B. (2006). In: *Competitiveness in Agriculture and the Food Industry: US and EU Perspectives / Fanfani, R., Ball, E., Gutierrez, L., Ricci Maccarini, E., Bologna, Italy : Bononia University Press - p. 289 - 304.*
- IMD World Competitiveness Center, International Institute for Management Development (IMD), (Accessed: April 2, 2018). <https://www.imd.org/wcc/world-competitiveness-reflections/international-competitiveness/>
- Kay, J.(1995). *Why Firms Succeed*. Oxford: Oxford University Press.
- Neumann, M. (2001). *Competition Policy. History, Theory and Practice*. Edward Elgar, Cheltenham, UK.
- Metcalfe, J. S., & Boden, M. (1993). *Paradigms, strategies and the evolutionary basis of technological innovation*. In: Swann, P. (Ed.), *New Technologies and the Firm: Innovation and Competition*. Routledge, London, pp. 83–102

- Nooteboom, B. (1999). *Inter-firm Alliances, Analysis and Design*, London: Routledge.
- Oldman, A. & Tomkins, C. (1999). *Cost Management and Its Interplay with Business Strategy and Context*, Ashgate Publishing Limited.
- Oster, S.M. (1999). *Modern Competitive Analysis*, Third Edition, Oxford University Press.
- Porter, M. E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press, 1980. (Republished with a new introduction, 1998.)
- Porter, M.E. (1990). *The Competitive Advantage of Nations*, The Free Press, New York, U.S.A., 1990.
- Porter, M. E. (1996). What Is Strategy? *Harvard Business Review*, November-December.
- Porter, M. E. (1998). *The Competitive Advantage of Nations*, Macmillan Press LTD.
- Porter, M. E. (1998). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, 1st Free Press ed, New York: Free Press, 1998.
- Porter, M. E. (2003). Location, Clusters, and Company Strategy in: *SMEs in the Age of Globalization*, edited by David B. Audretsch, Edward Elgar Publishing Ltd.
- Procassani, A.A. (1995). *Competitors in Alliance- Industry Associations - Global Rivalries and Business-Government Relations*, Quorum Books
- Romano, F. (2006). *Clinton and Blair: The Political Economy of the Third Way*, New York: Routledge, 2006.
- Shank, J.K., & Govindarajan, V. (1993). *Strategic Cost Management- New Tool for Competitive Advantage*, The Free Press, New York, USA.
- Shenkar, O., Luo, Y., & Tailan, C. (2014). *International Business*, Routledge, 2014
- Shyam, K., & Waverman, L. (1997). *Strategic Alliances- A threat to competition? – Competition Policy in the Global Economy*, edited by Leonard Waverman, William S. Comanor and Akira Goto, Routledge, 1997.
- Stiglitz, J.E. and Wallsten S.J. (2000). Public-Private technology Partnerships: Promises and Pitfalls, in Vaillancourt Rosenau, Pauline (ed.), *Public-Private Policy Partnerships*, Cambridge, MA, The MIT Press, pp. 38.
- Stiles, J. (2001). Partner selection: Motivation and objectives, In: M. H. Tayeb (Ed.), *International business partnership: Issues and concerns* (pp. 23-24). Strategic Emphasis. Mc Graw-Hill, Inc. USA.
- Sudarsanam P.S. (1995). *The Essence of Mergers and Acquisitions*, Prentice Hall, 1995 Supply and Services, Canada, Ottawa, 1991.
- Tayyeb, M. (2001). International Business Partnership, Palgrave “Technological competition”, in *New Technologies and the Firm: Innovation and*
- Tyson, L. D. (1988). *Competitiveness: An analysis of the problem and perspective on future policy*, Global Competitiveness, Martin K. Starr, ed., New York: W. W.. Norton & Company
- Weston, J. F. & Weaver, S.C. (2001). *Mergers and Acquisitions*, McGraw-Hill

Part 9: Strategy & Global Trends

Organizational Complexity and Uncertainty: A Conceptual Evaluation of Proactive Environmental Strategy on Organizational Competitiveness

Taiwo T. Lasisi, Kayode K. Eluwole, and Ali Ozturen

Faculty of Tourism
Eastern Mediterranean University, North Cyprus

Abstract

This study develops a conceptual model that try to provide maximum organizational competitiveness in hotel sector of hospitality industry. Building on social systems theory and uncertainty reduction theory, the current study proposes that uncertainty and complexity are directly antecedents of organizational complexity and the relationship can be mediated by proactive environmental strategies and moderated by hotel affiliations. Considering the increasing competition in the industry, organizations are constantly seeking to maintain their competitive edge over their competition and the findings of this study offers a bright spot for building competitiveness through organizational readiness for uncertainties and complexities.

Keywords: organizational competitiveness, proactive environmental strategies, uncertainty, complexity, hotel industry

Introduction

Industry and organizational competitiveness has been one of the most important research focuses not only in business and economic studies but also in tourism and hospitality. Porter(1990), a famous economist was the first to introduce the concept of national competitiveness and the concept has however in the past decade gained a lot of relevance among management scholars (Roy, 2011). Most researches carried out on industrial competitiveness has been connected to manufacturing industry and interrelated sectors, however in recent years, researches are being carried out to examine the competitiveness of service sector at international level focusing on tourist destinations and hotel industry (Andrades & Dimanche, 2017; Fraj, Matute, & Melero, 2015; Iraldo et al., 2017).

As tourism and hotel industry persistently thrive globally, the competition within the industry is also fiercer. The tourism and hospitality industry over a prolonged time has been operating in instability, complexity and uncertainty; the hotel industry also operating in consumer-led and interconnected environment is also exposed to dynamism and interferences. According to Joshi, Poudyal and Larson (2017); Maria, Madalina, Catalina and Diana(2008); Tsui, Yuen and Fung(2017) some of the most important factors influencing and affecting competitiveness in the tourism and hospitality industry some of which are learning organization, interaction abilities, and technology and information technology and human resources. Learning organization was defined by Bayraktaroglu and Kutanis (2003) as the process where hotel organizations utilize novel global strategies while Rodríguez-Díaz and Espino-Rodríguez (2006) defined interaction abilities as the grander aptitudes organizations possess to manage resources.

Hotels with affiliation based on Ingram and Baum's (1997) opinion are said to have more innovation and knowledge resources as well as better brand image and competitiveness. Consequently, affiliated hotels are better prone to utilizing knowledge for their organizational

innovations because learning will occur not only at the hotel but with other affiliated organizations (Fraj et al., 2015). Most literatures and researches evaluating the competitiveness in hotel industry often evaluate some of factors and they also fail to create a framework that captures the relationship or explain the mediating and moderating influences of these factors on hotel organizational competitiveness. Therefore this research is aimed at understanding the moderating influence of affiliation on the relationship between uncertainty, complexity and organizational competitiveness

Literature Review and Proposition Development

Uncertainty and Organizational Competitiveness

The industrial environment has increasingly become dynamic and turbulent following internalization and globalization; new technologies and customer needs/demands have also become unpredictable, denser and changing rapidly (Tan, Zhang, & Wang, 2015). An environment that is highly uncertain can be characterized by short product development cycles and services; also, social capital will be requisite in order to sustain the external relationships that exist between the environmental factors that influence the organizational performance and the management (Acquaah, 2007). Accumulation of social capital can give organizations access to external sources of information and knowledge; also help them in transferring and adjusting to commercialized systems (Shrivastava, Pazzaglia, Sonpar, & McNamara, 2016).

The last aforementioned authors also stated that this accumulation process is strongly linked with innovative ability of organizations which can help them benefit from market opportunities and consequently increase their competitiveness. With the uncertainty in environment and the internalization/globalization trends, tourism managers are forced to improve their innovation capability and intellectual capital (Liu, 2017) in order to meet their customers' changing demands; also maintain their ties with suppliers and their competitors which will give them the opportunity to observe and adapt quickly to the environmental changes that will enable them to modify their operations to suit the needs and uncertainty of the environment.

There are different responses of organizations to environmental uncertainties according to Miles and Snow typology (Miles, Snow, Meyer, & Coleman, 1978). If organizations respond as prospectors and become innovative as well as take risk for growth opportunities, this will lead to higher organizational competitiveness. Invariably, the disposition of organizations towards the daunting uncertainty within their environment will greatly influence their competitive capability in the industry. Thus, building on the above argue, we propose that:

- *Proposition 1:* Uncertainty exerts a positive influence on organizational competitiveness

Complexity and Organizational Competitiveness

Complexity refers to the total elements that make up an organization or its environment as well as the connections between the said elements. According to McElroy(2003), the complexity differential explain the complexity of a system and its environment; and posit that if the elements that make up an organization and their interrelations are directly proportional to each other in that the higher the number of elements and their interrelations, the higher the degree of complexity of the organization.

However, contrasting complexity definitions, social systems theory theorizes that “the environment is an organization-relative situation” Luhmann (1995, p. 181) because the complexity of an environment is totally dependent on the observing organization. An organization with high complexity often perceives its environment less complex (McElroy, 2003), however if an organization observes its environment as complex, it’s because the complexity of such organization is low. According to social systems theory, this indicates that the complexity an organization ascribes to its environment depends on the level of the organization’s complexity (Schneider, Wickert, & Marti, 2017).

According to Schreyögg and Steinmann (1987), social systems theory usually select only their aspect of their environment relevant to their existence/survival and disregard those regarded to as irrelevant. The selection process of social systems theory creates a peculiar environment, focus on distinct tasks, thereby maintaining their operational efficiency and effectiveness (Baraldi & Corsi, 2017). Nevertheless, if the organization’s complexity however remains low with respect to environment, Duncan (1972) believes the organization jeopardizes its survival because of its lack of ability to grasp its environmental complexity. With regards to political, economic, physical and technological conditions, organizational environment is constantly changing (Child & Rodrigues, 2011) and this constantly challenges organizations to uncover new and novel elements that might be crucial to their survival and they must constantly alter their complexity for them to remain competitive and viable. Following the above argument, hypotheses 2(a) and 2(b) are developed as:

- *Proposition 2a:* Organizational internal environmental complexity exerts positive influence on the observing organization’s Organizational Competitiveness
- *Proposition 2b:* Industry environmental complexity also exerts positive influence on the observing organization’s Organizational Competitiveness.

Proactive Environmental Strategies (PES)

Building on Hart's (1995) ‘Natural-resource-based view of the firm’, Aragón-Correa and Sharma (2003) claimed that PES is a dynamic capability that enable organization to develop and adjust their strategies to the uncertain and dynamic environment. PES entails implementing innovative and novel environmental reforms dependent on detectible process such as reverse logistics, prevention technologies or eco-design which implies that organizations employing PES are committed to resolving its environmental hitches via the establishment of novel practices (Buyse & Verbeke, 2003; Christmann, 2000). It is also related to complementary capabilities (Fraj et al., 2015) such as continuous innovation, stakeholders' integration ability or generative learning. PES as affirmed by Hart (1995) offers organizations competitive advantage due to the fact that it allows them to deploy complex, rare and unique capabilities that are difficult to imitate.

PES as a dynamic capability enables organizations to ‘sense and shape’ the nature and existence of environmental opportunities and threats (that is) seizing opportunities and maintaining competitiveness by enhancing and reconfiguring organizational resources (Teece, 2007). Therefore, organizational excellence in coordinating and integrating core competencies offers sustainable advantages. Proactive organizations, according to Hanna, Rocky Newman and Johnson, (2000) are able to internally ‘sense and shape’ opportunities frequently through innovative processes to prevent environmental ineffectiveness in operational procedures.

Goll and Rasheed (2004) opined that in order for organizations to manage uncertainty, they must heighten their social legitimacy by participating in social responsibilities. Managers often adopt PES by developing environmental protection program when uncertainty is characterized by flexible environmental legislation issues (Majumdar & Marcus, 2001). Additionally, complexity and uncertainty in the hotel industry will encourage managers and decision makers to take greater risks (Li & Tang, 2010) because they perceive environmental responsible behaviors as a means of improving their organizations reputations (Koh, Qian, & Wang, 2014), gain environmental legitimacy (Lewis, Walls, & Dowell, 2014) and competitiveness (López-Gamero & Molina-Azorín, 2016). Therefore, the aforementioned reasoning lends basic foundation for the argument that PES has integral relationship with uncertainty, complexity and competitiveness within hospitality organization. Hence, hypothesis 3, 4 and 5 are developed as follows:

- *Proposition 3:* Uncertainty is positively related to Proactive Environmental Strategy
- *Proposition 4:* Complexity is positively related to Proactive Environmental Strategy
- *Proposition 5:* Proactive Environmental Strategy is positively related to competitiveness

Mediating Role of Proactive Environmental Strategy

As previously mention in the literature, organizations employing PES as a dynamic capability are able to sense and shape. Sensing help organizations to understand the uncertainty in its environment which will avail them the opportunity of continuous innovation (Fraj et al., 2015) while shaping encourages flexibility and adaptability to the uncertainty and dynamism in the environment; organizations are able to adapt their strategies to align with the changes which could be from task environment (competitors, regulators, suppliers, etc.) or from the general environment (political, economic, technological, etc.) (Duncan, 1972).

PES is dependent on managers' interpretation and discretion of environmental matters such as opportunities (Majumdar & Marcus, 2001) and complexity (Leonidou, Leonidou, Fotiadis, & Zeriti, 2013). Due to the fact that PES is non-imitable and non-replicable in that it requires both involvement, commitment and coordination of staff (Sharma & Vredenburg, 1998) and logical sequential process in reconfiguring resources (Fraj et al., 2015), this will aid hotel managers in having better understanding of the environmental complexity to be able to effectively and efficiently reconfigure resources for organizational competitiveness (Cheraghalizadeh & Tümer, 2017).

- *Proposition 6:* PES mediates the relationship between uncertainty and organizational competitiveness
- *Proposition 7:* PES mediates the relationship complexity and organizational competitiveness

Affiliation as a Moderator

According to Benito, Román and Guillén (2015), brand equity literature suggests that affiliation aids in offsetting competition and obtain competitiveness through customer loyalty. It also reduces the marketing action effects of competitors, improves profit margin in comparison to their competitors as well as effectiveness of marketing communication activity (Keller, 2002). In lieu of this, there is a difference in the competitiveness of affiliated and unaffiliated hotels (Blal

&Sturman, 2014; Zhang, Ye, & Law, 2011) as well as their motivations, initiatives and ability to respond or act (Smith, Menon, & Sivakumar, 2005; Wang, Chen, & Chen, 2012). Uncertainty Reduction Theory (URT) was created by Berger and Calabrese (1975) to explain the communication process that takes place when there is interaction between two strangers. They also claimed that when interaction proceeds, there is information flow and this reduces uncertainties (Lin, Kolobov, Kamar, Horvitz, & Redmond, 2015).

According to Kramer (1999) environmental uncertainty can be abridged through cognitive process while effective cognitive process will help in understanding the complexity of the organization and its element. However, cognitive development can be achieved by many factors such as affiliation (Gerson, Simpson, Paukner, Sommerville, & Decety, 2016). A research carried out by Ayuso (2006) shows that hotels having affiliations are better informed about important information about code of conducts and best environmental practices which is in congruence with research carried out by (Claver-Cortés, Molina-Azorí, Pereira-Moliner, & López-Gamero, 2007). During affiliation, opportunities are seized through new products/service, business model or technologies (Graci & Dodds, 2008) which was done by Fairmont Hotels by collaborating with WWF and US Environmental Protection Agency to create “Green Partnership” for a sustainable business model.

PES can be facilitated by organizational configurations of strategic affiliations for competency-oriented affiliations and environmental improvements that is characterized by explorative learning (Lin, 2012). As mentioned earlier, the perspective of dynamics capabilities to PES necessitates integrating the perspective of the divergent stakeholders (Aragón-Correa & Sharma, 2003; Sharma & Vredenburg, 1998). Furthermore, adoption of PES can result in organizations valuable competitive capabilities such as stakeholder integration and this can ultimately influence establishing affiliations to reduce uncertainty, better understand the complexity of the organization/industry, product and technology development (Fraj et al., 2015) for competitiveness. Therefore we posit that

Proposition 8a: Affiliation fully moderates the mediation of PES in the relationship between uncertainty and organizational competitiveness.

Proposition 8b: Affiliation partially moderates the mediation of PES in the relationship between complexity and organizational competitiveness.

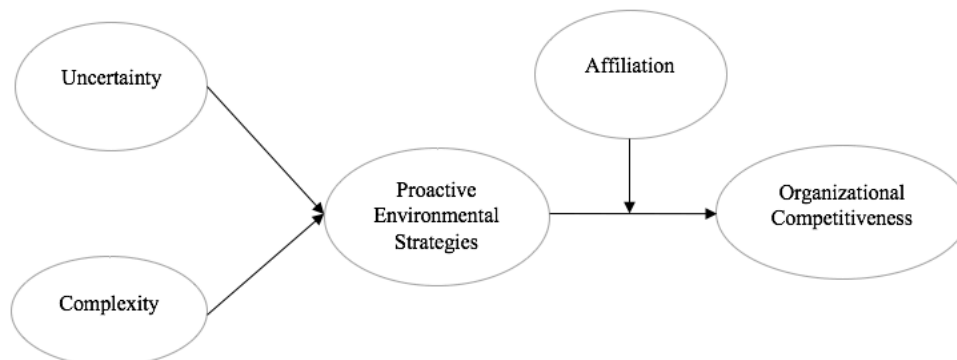


Figure 1. Conceptual model

Proactive environmental strategy in literature is often measured using a 16-items scale developed by (Gil, Jiménez, & Lorente, 2001; Sharma, 2009). The 16 items in the scale covers a divergent range of activities that exerts environmental influence on hospitality organizations. Some of such activities include organizational design, purchasing policy, environmental benchmarking, operations, customer involvement in environmental activities, implementation of environmental certification programs, environmental benchmarking, etc. This scale also indicates the depth of issues covered by the proactive environmental strategy construct.

Similarly, organizational competitiveness construct have been measured in recent literature using 5-item scale. Since competitiveness is often seen in the light of the competitions, the evaluation of organizational competitiveness requires managers to provide a candid assessment of their organization's competitive positioning with respect to their key competition as it touches gross profit, current profitability, achievement of corporate goals and long-term profitability outlook. Fraj et al.'s (2015) scale for measuring competitiveness stipulates the importance of requesting candid opinion of the managers since according to González-Benito and González-Benito (2005), managing executives have preference for providing subjective evaluation of their organization performance, the current study align with the previous studies to elucidate subjective opinions of hotel managers pertaining to their competitiveness.

Further, complexity construct considers the business environment in which business operates which may include the government and regulatory agencies. Meznar and Nigh's (1995) scale adequately address the concept and provides robust ground for determining organizational complexity. Also, uncertainty construct is robustly grounded in Hoque's (2004) scale. This scale provides specific focus on competitors, suppliers, customers; regulations, production and globalization roles in creating organizational uncertainty. Lastly, hotel's affiliation to chain, may alter their disposition towards uncertainty and complexity (Morgan, Kaleka & Katsikeas, 2004) such that collaboration with internal and external partners may influence the completion of market competition and invariably its impact on the business.

Discussion

There is a positive relationship between uncertainty and competitiveness only if the organization respond to uncertainty as prospectors which is in congruence with findings from Köseoglu, Topaloglu, Parnell and Lester's (2013) research. Prospectors are highly innovative and proactive, ascribing much importance to flexibility. They also constantly observe their environment and carry out vast R & D activities (Allen & Helms, 2006; Tan, Fischer, Mitchell, & Phan, 2009) which increases their competitiveness. Organizational internal environmental complexity according to analysis of the data has a positive effect on the observing organization's Organizational Competitiveness because if an organization is able to grasp its own internal environment's complexity, its survival is protected and increases its competitiveness (Duncan, 1972). An organization that understands its internal environmental will better understand the external environment and consequently improves its competitiveness as well.

PES also fully mediated the relationship between uncertainty and competitiveness; and also the relationship between complexity was fully mediated by PES and this can be justified because when organizations perceives PES as a dynamic capability, they are able to use their cognitive

capabilities to sense their external and internal environment (Helfat & Peteraf, 2015) which helps them to understand allocation of resource to manage uncertainty and reduce complexity.

The result of the moderation analysis of the affiliation shows that affiliation fully moderates the mediation of PES in the relationship between uncertainty and organizational competitiveness because when the four and five star hotels are affiliated with other hotels or major stakeholders in the industry, the uncertainty will be reduced to the barest minimum (Bettencourt, 1997; Calveras & Orfila, 2014); affiliation however partially moderate the mediation of PES in the relationship between complexity and organizational competitiveness.

Conclusion and Recommendations

The finding of this research shows that for four and five star hotels in Nigeria to improve in their competitiveness, they must take into cognizance the role of affiliation and PES in eliminating uncertainty and complexity of both the internal and external environment. This research is also applicable to other sectors within the tourism and hospitality industry as well as other industries.

The implication of this for managers is to firstly, adopt PES capabilities in their organizations to be able to sense and shape opportunities within the industry to reduce the uncertainty and complexity; secondly, this research will help managers understand the importance of affiliation in their competitiveness.

For future research, the role of knowledge sharing during affiliation and its impact of organizational competitiveness can be looked into. Also, leadership role can be examined in relation to using PES as a dynamic capability.

References

- Acquaah, M. (2007). Managerial social capital, strategic orientation, and organizational performance in an emerging economy. *Strategic Management Journal*, 28(12), 1235–1255.
- Allen, R. S., & Helms, M. M. (2006). Linking strategic practices and organizational performance to Porter's generic strategies. *Business Process Management Journal*, 12(4), 433–454.
- Andrades, L., & Dimanche, F. (2017). Destination competitiveness and tourism development in Russia: Issues and challenges. *Tourism Management*, 62, 360–376.
- Aragón-Correa, J. A., & Sharma, S. (2003). A contingent resource-based view of proactive corporate environmental strategy. *Academy of Management Review*, 28(1), 71–88.
- Ayuso, S. (2006). Adoption of voluntary environmental tools for sustainable tourism: Analysing the experience of Spanish hotels. *Corporate Social Responsibility and Environmental Management*, 13(4), 207–220.
- Baraldi, C., & Corsi, G. (2017). *Niklas Luhmann: Education as a Social System*. Springer.
- Baron, R. M., & Kenny, D. A. (1986). The moderator--mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173.
- Bayraktaroglu, S., & Kutanis, R. O. (2003). Transforming hotels into learning organisations: A new strategy for going global. *Tourism Management*, 24(2), 149–154.
- Benito, N. R., Román, N. V., & Guillén, M. J. Y. (2015). Measuring Store Brand Equity from the Formative Perspective: Differences between Heavy and Light Store Brand Buyers.
- Berger, C. R., & Calabrese, R. J. (1975). Some explorations in initial interaction and beyond: Toward a developmental theory of interpersonal communication. *Human Communication Research*, 1(2), 99–112.
- Bettencourt, L. A. (1997). Customer voluntary performance: Customers as partners in service delivery. *Journal of Retailing*, 73(3), 383–406.

- Blal, I., & Sturman, M. C. (2014). The differential effects of the quality and quantity of online reviews on hotel room sales. *Cornell Hospitality Quarterly*, 55(4), 365–375.
- Buyse, K., & Verbeke, A. (2003). Proactive environmental strategies: A stakeholder management perspective. *Strategic Management Journal*, 24(5), 453–470.
- Calveras, A., & Orfila, F. (2014). Intermediaries and quality uncertainty: Evidence from the hotel industry. *Tourism Economics*, 20(4), 727–756.
- Cheraghalizadeh, R., & Tümer, M. (2017). The effect of applied resources on competitive advantage in hotels: Mediation and moderation analysis. *Journal of Hospitality and Tourism Management*, 31, 265–272.
- Child, J., & Rodrigues, S. (2011). Social identity and organizational learning. *Handbook of Organizational Learning and Knowledge Management*, 2, 305–329.
- Christmann, P. (2000). Effects of “best practices” of environmental management on cost advantage: The role of complementary assets. *Academy of Management Journal*, 43(4), 663–680.
- Claver-Cortés, E., Molina-Azorí, J. F., Pereira-Moliner, J., & López-Gamero, M. D. (2007). Environmental strategies and their impact on hotel performance. *Journal of Sustainable Tourism*, 15(6), 663–679.
- Duncan, R. B. (1972). Characteristics of organizational environments and perceived environmental uncertainty. *Administrative Science Quarterly*, 313–327.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 39–50.
- Fraj, E., Matute, J., & Melero, I. (2015). Environmental strategies and organizational competitiveness in the hotel industry: The role of learning and innovation as determinants of environmental success. *Tourism Management*, 46, 30–42.
- Gerson, S., Simpson, E. A., Paukner, A., Sommerville, I. J., & Decety, J. (2016). Drivers of social cognitive development in human and non-human primate infants. *Social Cognition: Development Across the Life Span*, 98.
- Gil, M. J. A., Jiménez, J. B., & Lorente, J. J. C. (2001). An analysis of environmental management, organizational context and performance of Spanish hotels. *Omega*, 29(6), 457–471.
- Goll, I., & Rasheed, A. A. (2004). The moderating effect of environmental munificence and dynamism on the relationship between discretionary social responsibility and firm performance. *Journal of Business Ethics*, 49(1), 41–54.
- González-Benito, J., & González-Benito, Ó. (2005). Environmental proactivity and business performance: an empirical analysis. *Omega*, 33(1), 1–15.
- Graci, S., & Dodds, R. (2008). Why go green? The business case for environmental commitment in the Canadian hotel industry. *Anatolia*, 19(2), 251–270.
- Hanna, M. D., Rocky Newman, W., & Johnson, P. (2000). Linking operational and environmental improvement through employee involvement. *International Journal of Operations & Production Management*, 20(2), 148–165.
- Hart, S. L. (1995). A natural-resource-based view of the firm. *Academy of Management Review*, 20(4), 986–1014.
- Helfat, C. E., & Peteraf, M. A. (2015). Managerial cognitive capabilities and the microfoundations of dynamic capabilities. *Strategic Management Journal*, 36(6), 831–850.
- Hoque, Z. (2004). A contingency model of the association between strategy, environmental uncertainty and performance measurement: impact on organizational performance. *International Business Review*, 13(4), 485–502.
- Iacobucci, D., Saldanha, N., & Deng, X. (2007). A meditation on mediation: Evidence that structural equations models perform better than regressions. *Journal of Consumer Psychology*, 17(2), 139–153.
- Ingram, P., & Baum, J. A. C. (1997). Chain affiliation and the failure of Manhattan hotels, 1898-1980. *Administrative Science Quarterly*, 68–102.
- Iraldo, F., Iraldo, F., Testa, F., Testa, F., Lanzini, P., Lanzini, P., ... Battaglia, M. (2017). Greening competitiveness for hotels and restaurants. *Journal of Small Business and Enterprise Development*.
- Joshi, O., Poudyal, N. C., & Larson, L. R. (2017). The influence of sociopolitical, natural, and cultural factors on international tourism growth: a cross-country panel analysis. *Environment, Development and Sustainability*, 19(3), 825–838.
- Keller, K. L. (2002). Branding and brand equity. *Handbook of Marketing*, 151.
- Koh, P.-S., Qian, C., & Wang, H. (2014). Firm litigation risk and the insurance value of corporate social performance. *Strategic Management Journal*, 35(10), 1464–1482.

- Köseoglu, M. A., Topaloglu, C., Parnell, J. A., & Lester, D. L. (2013). Linkages among business strategy, uncertainty and performance in the hospitality industry: Evidence from an emerging economy. *International Journal of Hospitality Management*, 34, 81–91.
- Kramer, M. W. (1999). Motivation to reduce uncertainty: A reconceptualization of uncertainty reduction theory. *Management Communication Quarterly*, 13(2), 305–316.
- Leonidou, L. C., Leonidou, C. N., Fotiadis, T. A., & Zeriti, A. (2013). Resources and capabilities as drivers of hotel environmental marketing strategy: Implications for competitive advantage and performance. *Tourism Management*, 35, 94–110.
- Lewis, B. W., Walls, J. L., & Dowell, G. W. S. (2014). Difference in degrees: CEO characteristics and firm environmental disclosure. *Strategic Management Journal*, 35(5), 712–722.
- Li, J., & Tang, Y. I. (2010). CEO hubris and firm risk taking in China: The moderating role of managerial discretion. *Academy of Management Journal*, 53(1), 45–68.
- Lin, C. H., Kolobov, A., Kamar, E., Horvitz, E., & Redmond, W. A. (2015). Metareasoning for Planning Under Uncertainty. In *IJCAI* (pp. 1601–1609).
- Lin, H. (2012). Strategic alliances for environmental improvements. *Business & Society*, 51(2), 335–348.
- Liu, C.-H. (2017). The relationships among intellectual capital, social capital, and performance-The moderating role of business ties and environmental uncertainty. *Tourism Management*, 61, 553–561.
- López-Gamero, M. D., & Molina-Azorín, J. F. (2016). Environmental management and firm competitiveness: the joint analysis of external and internal elements. *Long Range Planning*, 49(6), 746–763.
- Luhmann, N. (1995). *Social systems*. Stanford University Press.
- Majumdar, S. K., & Marcus, A. A. (2001). Rules versus discretion: The productivity consequences of flexible regulation. *Academy of Management Journal*, 44(1), 170–179.
- Maria, I., Madalina, T., Catalina, B., & Diana, I. (2008). The factors of competitiveness in the hospitality industry and the competitive strategy of firms. *Annals of the University of Oradea, Economic Science Series*, 17(2), 213–218.
- McElroy, M. W. (2003). *The new knowledge management: Complexity, learning, and sustainable innovation*. Routledge.
- Meznar, M. B., & Nigh, D. (1995). Buffer or bridge? Environmental and organizational determinants of public affairs activities in American firms. *Academy of Management Journal*, 38(4), 975–996.
- Miles, R. E., Snow, C. C., Meyer, A. D., & Coleman, H. J. (1978). Organizational strategy, structure, and process. *Academy of Management Review*, 3(3), 546–562.
- Morgan, N. A., Kaleka, A., & Katsikeas, C. S. (2004). Antecedents of export venture performance: A theoretical model and empirical assessment. *Journal of Marketing*, 68(1), 90–108.
- Porter, M. E. (1990). The competitive advantage of nations. *Harvard Business Review*, 68(2), 73–93.
- Rodríguez-Díaz, M., & Espino-Rodríguez, T. F. (2006). Developing relational capabilities in hotels. *International Journal of Contemporary Hospitality Management*, 18(1), 25–40.
- Roy, S. (2011). Competitiveness in service sector: a case of hotel industry in India. *Global Business Review*, 12(1), 51–69.
- Schneider, A., Wickert, C., & Marti, E. (2017). Reducing complexity by creating complexity: a systems theory perspective on how organizations respond to their environments. *Journal of Management Studies*, 54(2), 182–208.
- Schreyögg, G., & Steinmann, H. (1987). Strategic control: A new perspective. *Academy of Management Review*, 12(1), 91–103.
- Sharma, S. (2009). The mediating effect of information availability between organization design variables and environmental practices in the Canadian hotel industry. *Business Strategy and the Environment*, 18(4), 266–276.
- Sharma, S., & Vredenburg, H. (1998). Proactive corporate environmental strategy and the development of competitively valuable organizational capabilities. *Strategic Management Journal*, 729–753.
- Shrivastava, S., Pazzaglia, F., Sonpar, K., & McNamara, P. (2016). Unpacking the effect of exploration during environmental uncertainty: Evidence from the information technology sector. *Canadian Journal of Administrative Sciences/Revue Canadienne Des Sciences de l'Administration*, 33(1), 36–49.
- Smith, D., Menon, S., & Sivakumar, K. (2005). Online peer and editorial recommendations, trust, and choice in virtual markets. *Journal of Interactive Marketing*, 19(3), 15–37.
- Tan, J., Fischer, E., Mitchell, R., & Phan, P. (2009). At the center of the action: Innovation and technology strategy research in the small business setting. *Journal of Small Business Management*, 47(3), 233–262.

- Tan, J., Zhang, H., & Wang, L. (2015). Network Closure or Structural Hole? The Conditioning Effects of Network-Level Social Capital on Innovation Performance. *Entrepreneurship Theory and Practice*, 39(5), 1189–1212.
- Teece, D. J. (2007). Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28(13), 1319–1350.
- Tsui, K. W. H., Yuen, A. C.-L., & Fung, M. K. Y. (2017). Maintaining competitiveness of aviation hub: Empirical evidence of visitors to China via Hong Kong by air transport. *Current Issues in Tourism*, 1–25.
- Wang, C.-H., Chen, K.-Y., & Chen, S.-C. (2012). Total quality management, market orientation and hotel performance: The moderating effects of external environmental factors. *International Journal of Hospitality Management*, 31(1), 119–129.
- Zhang, Z., Ye, Q., & Law, R. (2011). Determinants of hotel room price: An exploration of travelers' hierarchy of accommodation needs. *International Journal of Contemporary Hospitality Management*, 23(7), 972–981.

Part 10: Technology, E-Business & Social Media

Customer Engagement With Social Commerce: A Motivation Analysis

Tingting Zhang and Po-Ju Chen

Rosen College of Hospitality Management
University of Central Florida, USA

Abstract

The current study adopted motivation analysis approach to investigate the factors that drive customers to engage with social commerce. Guided by motivation theory, intrinsic and extrinsic motivation factors were identified and examined through a self-administered online survey. Results indicated that three types of intrinsic motivation including knowledge, accomplishment, and stimulation as well as two types of extrinsic motivation such as external regulation and introjected regulation had positive effects on customer engagement with social commerce. However, one type of extrinsic motivation, identified regulation was found no statistically significantly related with customer engagement behavior with social commerce. The increasing trend of social media provides an opportunity for businesses to expand their activities and enjoy the presence of thousands of potential customers in one place. By focusing on the new understudied phenomenon of social commerce, this study makes great contribution to the body of knowledge and provides valuable implications to both practitioners and policy makers.

Keywords: social commerce, customer engagement, intrinsic motivation, extrinsic motivation, motivation analysis

Introduction

Social commerce has been labeled by Google as a growing trend in the market (Kim, 2013). Various firms have proactively practiced social commerce in their strategic approaches. For example, Macy's offers product order functions on Pinterest to enable direct orders of Macy's products while people browse product pictures on Pinterest. Many other traditional retailers are also actively leveraging social media for commerce, such as Nordstrom's, Bloomingdale's, and Wayfair. On the other hand, some social networking sites also seize the opportunity and add commercial features to their websites. Facebook has further facilitated social commerce by enabling companies to create "Shop Now" virtual stores and use Facebook Messenger for pre-/post-sale customer communication and interaction. The commercial impact of social commerce is quite clear when evaluating market performance over the last few years. One study that examined Australian markets found that the total sales social commerce generated in 2010-2011 reached about 189 billion dollars (Lazar, 2015). The revenue generated by social commerce has been continuously increased in the last few years (Kholod, 2017). Therefore, practitioners and academia should study how to leverage the engine of social commerce for sustainable competitiveness and market share.

Undoubtedly, the success of social commerce mostly depends on customer participation and engagement. Understanding why and how customers engage in social commerce is the key to businesses being able to unleash the potential value of social commerce. Since social commerce has been in its fledging stage, sparse research has focused on this topic. The current study pioneers and contributes to the body of knowledge by adopting a motivation analysis of customer engagement with social commerce. Customer engagement is a broad term, and there is a lot of

discussion about its conceptualization and scope (social, emotional, behavioral, etc.). For the current research, customer engagement behavior has been defined as the concept metric. Customer engagement behavior in social commerce includes both direct and indirect commercial transactions. Direct transaction refers to the purchase behavior while indirect transactions may include referral and e-WOM behaviors. Referrals and e-WOM behaviors regarding brands and products on social media have been the subject of many diverse studies (Chu & Kim, 2011; De Vries, L., Gensler, & Leeflang, 2012; Goh, Heng, & Lin, 2013; Hollebeek, Glynn, & Brodie, 2014). Given that the essence of social commerce is to increase sales for companies (Kim, 2013), this study focuses on consumer purchase behavior via social media and ultimately suggests the underlying strategic paradigm that optimizes customer engagement with social commerce to drive customer purchases.

Literature Review

Social commerce is a new trend in social media that refers to commercial activities in online communities (Hajli, Shanmugam, Powell, & Love, 2015). This new phenomenon is composed of four major interrelated components: customers, business, information and technology (Zhou, Zhang, & Zimmermann, 2013). The role of customers is particularly significant in social commerce since customer behavior is greatly influenced by other components. Also, since social commerce turns passive customers into active participants who can engage with value co-creation, the level of customer participation in social commerce is greater than participation in any other traditional or online transaction (Pongsakornrungrungsilp & Schroeder, 2011). Thus, a new line of research that examines the factors affecting customer engagement with social commerce has emerged in academia. The studies conducted in this area mostly focus on technological and social factors that support customer activities in the domain of social commerce (Hajli, 2015; (Yadav, de Valck, Hennig-Thurau, Hoffman, & Spann, 2013).

Deci and Ryan (1985) developed Motivation Theory which focuses on the motivation behind individual behaviors and choices. This theory classifies motivation systems underlying individual behavior into intrinsic and extrinsic motivation. When an individual is motivated intrinsically, that person performs a task because of an interest in the task itself; however, when someone is motivated extrinsically, the person performs the task to achieve a specific external value or reward (Davis, Bagozzi, & Warshaw, 1992). Previous studies have examined various dimensions of intrinsic and extrinsic motivation in different contexts from education to sports, which will be reviewed in following sections.

Intrinsic motivation refers to engaging in an activity because of an individuals' internal psychological needs of self-determination and competence (Deci, 1975). Intrinsic motivation can be classified into three types: intrinsic motivation to know (Knowledge), to accomplish tasks (Accomplishment), and to experience stimulation (Stimulation) (Deci & Ryan, 1985).

Intrinsic motivation to know (Knowledge) refers to engaging in an activity for the enjoyment that an individual experiences during exploring or learning something. Prior literature of online social communities has indicated the positive effect of factors such as curiosity and learning goals on online behaviors. For example, Koo and Ju (2010) stated that curiosity motivates online shoppers to seek information about a product or service and removes their uncertainty about online purchases. In addition, other studies explored the concept of flow in online behaviors and identified

that “joy of discovery and learning” is a motivator of online behaviors (Hoffman & Novak, 2009; Pace, 2004).

Thus, the current study hypothesizes:

H1a: Knowledge has a positive effect on customer engagement with social commerce.

Intrinsic motivation to accomplish (accomplishment) refers to engaging in an activity to gain unique achievements and competency (Deci & Ryan, 1985). O’Brien and Toms (2008) conducted a study on online games and showed that players’ tendency to accomplish certain levels of an online game motivate them to engage with this online activity. Rienties, Tempelaar, Van den Bossche, Gijssels, and Segers (2009) also found that the intrinsic motivation to accomplish tasks draws academic users to engage in computer-supported collaborative learning.

Thus, the current study hypothesizes:

H1b: Accomplishment has a positive effect on customer engagement with social commerce.

Finally, intrinsic motivation to experience stimulation (stimulation) refers to engaging in an activity to experience pleasure, fun and excitement which are stimulating sensations. Lowry, Gaskin, Twyman, Hammer, and Roberts (2013) conducted a study on online games and showed that players’ motivation to experience joy and excitement drives them to play online games. In terms of online shopping, Perea y Monsuwé, Dellaert, and De Ruyter (2004) showed the positive effect of enjoyment on customer online shopping behavior.

Thus, the current study hypothesizes:

H1c: Stimulation has a positive effect on customers’ engagement with social commerce.

Extrinsic motivation refers to engaging in an activity caused by factors outside an individual’s internal feelings and stimuli (Ryan & Deci, 2000). For example, the possibility of saving time through online shopping is an external factor that motivates individuals to engage with online stores. In order to consider extrinsic motivation holistically, it is critical to focus on its three major types that are assessed along a self-determination continuum: external regulation, introjected regulation and identified regulation (Deci & Ryan, 1985).

External regulation refers to the regulation of behavior through external factors such as rewards or punishments (Deci & Ryan, 1985). In this case, an individual’s self-determination is at its lowest level and his or her behavior is fully determined by rewards and punishments. A significant body of literature investigated the influence of self-regulation on online learning (Chen & Jang, 2010; Roca & Gagné, 2008). As mentioned earlier, these studies mainly focused on perceived usefulness and perceived ease of use as two major external factors driving user behavior (Childers et al., 2001; Gefen et al., 2003).

Thus, this study hypothesizes:

H2a: External regulation has a positive effect on customer engagement with social commerce.

Introjected regulation, the second type of extrinsic motivation, refers to an individual's behavior that is internalized by understanding the reasons behind his or her behavior (Deci & Ryan, 1985). Social presence is the extent to which users psychologically experience others' presence (Fulk, Steinfield, Schmitz, & Power, 1987), which is critical to commercial activities. Previous studies showed that a high level of social presence and social influence on online platforms is the major motivator of online activities such as online purchasing (Gatautis & Medziausiene, 2014; Hajli et al., 2015).

Thus, this study hypothesizes:

H2b: Introjected regulation has a positive effect on customer engagement with social commerce.

Identified regulation, the third type of extrinsic motivation, refers to a behavior that is highly valued by an individual because it is selected by that person based on the reasons that are important to him or her (Deci & Ryan, 1985). Here, the customer is driven to do a specific task by his own will. There are a lot of studies which highlight the importance of customers' prior experience and brand loyalty in online platforms. For example, Ling, Chai, and Piew (2010) showed that prior online purchase experience and brand orientation have positive effect on customers' online purchase intentions. Naseri and Elliott (2011) also showed the positive influence of prior experience on customers' online shopping. Park and Kim (2003) indicated the positive relationship between brand commitment and online purchase behavior.

Thus, this study hypothesizes:

H2c: Identified regulation has a positive effect on customer engagement with social commerce.

Methods

Measures and Scale Development

The scales for measuring intrinsic and extrinsic motivation and customer engagement were mainly developed based on previous literature. Given the nascent nature of social commerce, to assist in developing the questionnaire instrument, focus group interviews were conducted with participants who had experience with social commerce in the prior six months. The final scale for measuring the constructs in the proposed model was developed based on the relevant literature and the results of the focus group interviews.

Data Collection

Data collection was undertaken in September 2017 and lasted for two weeks to complete the process. Consumers who made purchases of services or products through social media in the last six months were invited to participate in the study. A structured questionnaire was employed to collect responses from the participants and a panel of experts were invited to assess the word appropriateness of the questions. Amazon Mechanical Turk—an online marketing agency—distributed the survey within its system to the sample. Participants who answered the questionnaires received \$1 for compensation. At the beginning of the questionnaire, the definition of social commerce was explained with examples of related business practices and participants were asked to bear their most recent social commerce experience in mind while answering the

questions. In the final section of the questionnaire, demographic information about the respondents was collected. Qualtrics served as the platform for designing the online questionnaire. A pilot test was conducted to ensure the reliability and validity of the instrument. After data screening, 298 valid responses were collected.

Findings

Evaluating the Measurement Model

The model constructs were assessed by Confirmatory Factor Analysis (CFA) to ensure the reliability as well as the convergent and discriminant validity using SPSS Amos 22 version. Cronbach's Alpha was adopted to assess the reliability of the constructs and all the scores were above 0.80, which is higher than the 0.7 threshold indicating the reliable constructs (Chen and Hitt, 2002). As Table 2 shows, the average variance extracted (AVE) values ranged from 0.65 to 0.80, which indicate the convergent validity of the constructs. Discriminant validity was assessed by comparing the AVE scores with the squared correlation between pairs of constructs. The squared correlations were less than the AVE scores, indicating discriminant validity in the current data. In addition, Statistical package SPSS was used to test multicollinearity issues and all the variable inflation factors were less than 3, suggesting no multicollinearity issues in the dataset. The goodness-of-fit measures were used to assess the overall model fit. Based on the model fit indices, the proposed measurement model demonstrated an appropriate fit: χ^2 -to-df index = 1.50, CFI = 0.97, GFI = 0.97, AGFI = 0.92, RMSEA = 0.04, and PCLOSE = 0.77. All of the fit indices for the measurement model indicated an acceptable fit.

Testing the Structural Model

Structural equation modeling (SEM) was used to test the hypothesized model with the entire sample of 298 participants. The overall fit indices for the proposed model were acceptable, with a χ^2 -to-df = 2.12, CFI = 0.98, GFI = 0.94, AGFI = 0.91, RMSEA = 0.04, and PCLOSE = 1.00. As Figure 1 shows, the results indicated that the direct relationship between Knowledge and Engagement with social commerce ($\beta = 0.36$) was positive at $p < 0.01$, thus supporting H1a. Accomplishment and Stimulation were also found to have statistically significant relationships with Engagement with social commerce ($\beta = 0.56$, $p < 0.001$; $\beta = 0.32$, $p < 0.01$), supporting H1b and H1c. As for extrinsic motivation factors, the path coefficient indicated a significant relationship between External regulation and Engagement with social commerce ($\beta = 0.45$, $p < 0.01$), which supported H2a. The study also found significant relationships between Introjected regulation and Engagement with social commerce ($\beta = 0.34$, $p < 0.05$), which therefore supported H2b. The other external motivation factor, Identified regulation, had no statistically significant relation with Engagement with social commerce ($\beta = 0.10$, $p > 0.05$), thus failing to support H2c.

Conclusions

As social networking and electronic commerce permeate the marketplace, social commerce is believed to be instrumental in helping people engage in online social commercial activities by sharing their knowledge and experiences of products or services (Liang et al., 2011). Given that users' shared experiences, recommendations, and information typically serve as the basis for social commerce, their engagement is critical for social commerce success (Liang et al., 2011).

Consequently, it has become increasingly important to attain a better understanding of user engagement in social commerce.

Implications

Based on the Motivation Theory (Deci & Ryan, 1985), this study devised an overarching theoretical framework that comprehensively addresses the unique role of intrinsic and extrinsic motivation, including external regulation, introjected regulation, identified regulation, knowledge, accomplishment, and stimulation, in determining social commerce engagement, thus adding to the literature on social commerce. In general, results show that both intrinsic and extrinsic motivation positively and significantly impact customer engagement with social commerce, offering strong empirical evidence in support of the motivation theoretical framework's explanatory power of customer engagement with social commerce. This study has presented an initial attempt to explore the determinants of user engagement with social commerce—the constructed model exhibited high model fits (CFI = 0.98, GFI = 0.94, AGFI = 0.91)—leading to opportunities for better understanding of the underlying mechanisms of the emerging social phenomenon of customer engagement with social commerce.

Future Research

In addition, this study highlights the role of motivation in enhancing customer engagement. Several interesting points emerged from findings of empirical examinations. First, this study demonstrates that knowledge, accomplishment, and stimulation exert positive and significant impact on customer engagement with social commerce. In particular, accomplishment appeared to have the strongest impact on engagement with social commerce. This finding is enlightening in that customers may engage more in social commerce when they face reasonably more challenges to making a final decision, as their sense of achievement would increase. Overall, these findings strongly support the idea that intrinsic motivation is important in improving customer engagement with social commerce.

References

- Bai, Y., Yao, Z., & Dou, Y. F. (2015). Effect of social commerce factors on user purchase behavior: An empirical investigation from renren.com. *International Journal of Information Management*, 35(5), 538–550. <https://doi.org/10.1016/j.ijinfomgt.2015.04.011>
- Childers, T. L., Carr, C. L., Peck, J., & Carson, S. (2001). Hedonic and utilitarian motivations for online retail shopping behavior. *Journal of Retailing*, 77(4), 511–535.
- Chu, S. C., & Kim, Y. (2011). Determinants of consumer engagement in electronic word-of-mouth (eWOM) in social networking sites. *International Journal of Advertising*, 30(1), 47–75.
- De Vries, L., Gensler, S., & Leeflang, P. S. (2012). Popularity of brand posts on brand fan pages: An investigation of the effects of social media marketing. *Journal of Interactive Marketing*, 26(2), 83–91.
- Deci, E. L. (1975). Conceptualizations of Intrinsic Motivation. In *Intrinsic motivation* (pp. 23–63). US: Springer.
- Fulk, J., Steinfield, C. W., Schmitz, J., & Power, J. G. (1987). (A social information processing model of media use in organizations. *Communication Research*, 14(5), 529–552.
- Gabriela, L. P. A., Hor-meyll, L. F., & de Paula Pessôa, L. A. G. (2014). Influence of virtual communities in purchasing decisions: The participants' perspective. *Journal of Business Research*, 882–890(67), 882–890.
- Gatautis, R., & Medziausiene, A. (2014). Factors Affecting Social Commerce Acceptance in Lithuania. *Procedia - Social and Behavioral Sciences*, 110(2013), 1235–1242. <https://doi.org/10.1016/j.sbspro.2013.12.970>
- Gefen, D., Karahanna, E., & Straub, D. W. (2003). Trust and TAM in Online Shopping: An Integrated Mode. *MIS Quarterly*, 27(1), 51–90. <https://doi.org/10.1017/CBO9781107415324.004>

- Goh, K. Y., Heng, C. S., & Lin, Z. (2013). Social media brand community and consumer behavior: Quantifying the relative impact of user-and marketer-generated content. *Information Systems Research*, 24(1), 88–107.
- Harris, L. C., & Reynolds, K. L. (2003). The consequences of dysfunctional customer behavior. *Journal of Service Research*, 6(2), 144–161.
- Harris, L. C., & Reynolds, K. L. (2004). Jaycustomer behavior: an exploration of types and motives in the hospitality industry. *Journal of Services Marketing*, 18(5), 339–357.
- Ho-Dac, N. N., Carson, S. J., & Moore, W. L. (2013). The effects of positive and negative online customer reviews: do brand strength and category maturity matter? *Journal of Marketing*, 77(6), 37–53.
- Hoffman, D. L., & Novak, T. P. (2009). Flow Online: Lessons Learned and Future Prospects. *Journal of Interactive Marketing*, 23(1), 23–34. <https://doi.org/10.1016/j.intmar.2008.10.003>
- Hollebeek, L. D. (2011). Demystifying customer brand engagement: Exploring the loyalty nexus. *Journal of Marketing Management*, 27(7–8), 785–807.
- Hollebeek, L. D., Glynn, M. S., & Brodie, R. J. (2014). Consumer brand engagement in social media: Conceptualization, scale development and validation. *Journal of Interactive Marketing*, 28(2), 149–165.
- Huang, Z., & Benyoucef, M. (2013). From e-commerce to social commerce: A close look at design features. *Electronic Commerce Research and Applications*, 12(4), 246–259. <https://doi.org/10.1016/j.elerap.2012.12.003>
- Kelley, S. W., Donnelly Jr, J. H., & Skinner, S. J. (1990). Customer participation in service production and delivery. *Journal of Retailing*, 66(3), 315–335.
- Koo, D. M., & Ju, S. H. (2010). The interactional effects of atmospherics and perceptual curiosity on emotions and online shopping intention. *Computers in Human Behavior*, 26(3), 377–388. <https://doi.org/10.1016/j.chb.2009.11.009>
- Laroche, M., Habibi, M. R., Richard, M. O., & Sankaranarayanan, R. (2012). The effects of social media based brand communities on brand community markers, value creation practices, brand trust and brand loyalty. *Computers in Human Behavior*, 28(5), 1755–1767.
- Lazar, M.-J. (2015). Epic Social Commerce Facts. Retrieved May 10, 2017, from <https://www.readycloud.com/info/tweetthis-unbelievable-social-commerce-facts-for-2015>
- Liang, T.-P., Ho, Y.-T., Li, Y.-W., & Turban, E. (2011). What Drives Social Commerce: The Role of Social Support and Relationship Quality. *International Journal of Electronic Commerce*, 16(2), 69–90. <https://doi.org/10.2753/JEC1086-4415160204>
- O'Brien, H. L., & Toms, E. G. (2008). What is user engagement? A Conceptual Framework for defining user engagement with technology. *Journal of the American Society for Information Science and Technology*, 59(6), 938–955. <https://doi.org/10.1002/asi.20801.1>
- Park, C., & Kim, Y. (2003). Identifying key factors affecting consumer purchase behavior in an online shopping context. *International Journal of Retail & Distribution Management*, 31(1), 16–29. <https://doi.org/10.1108/09590550310457818>
- Ramayah, T., & Ignatius, J. (2005). Impact of perceived usefulness, perceived ease of use and perceived enjoyment on intention to shop online. *ICFAI Journal of Systems Management*, 3(3), 36–51.
- Roca, J. C., & Gagné, M. (2008). Understanding e-learning continuance intention in the workplace: A self-determination theory perspective. *Computers in Human Behavior*, 24(4), 1585–1604.
- Rohm, A. J., & Swaminathan, V. (2004). A typology of online shoppers based on shopping motivations. *Journal of Business Research*, 57(7), 748–757. [https://doi.org/10.1016/S0148-2963\(02\)00351-X](https://doi.org/10.1016/S0148-2963(02)00351-X)
- Yadav, M. S., de Valck, K., Hennig-Thurau, T., Hoffman, D. L., & Spann, M. (2013). Social commerce: A contingency framework for assessing marketing potential. *Journal of Interactive Marketing*, 27(4), 311–323. <https://doi.org/10.1016/j.intmar.2013.09.001>
- Zhang, H., Lu, Y., Gupta, S., & Zhao, L. (2014). What motivates customers to participate in social commerce? the impact of technological environments and virtual customer experiences. *Information and Management*, 51(8), 1017–1030. <https://doi.org/10.1016/j.im.2014.07.005>

Advances in Global Business and Economics

ISBN 978-1-7321275-1-7