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THE IMPACT OF INWARD FOREIGN DIRECT INVESTMENT (IFDI) ON HUMAN CAPITAL DEVELOPMENT IN DEVELOPING COUNTRIES: THE CASE OF SAUDI ARABIA

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Aleksandra Gottas

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Editorial



The current issue of the International Journal of Sales, Retailing and Marketing is once more dedicated to the best research papers from the area of retailing, sales and marketing presented at the 13th

International CIRCLE Conference which was organized by the University of Naples "Parthenope" and Second University of Naples in the beautiful Italian town of Naples from March 30th – April 1st 2016. More about the Conference can be found at:

<http://circleconference2016.wixsite.com/circle2016>. In this issue we are proud to present eleven original research papers from: United Arab

Emirates, United Kingdom, Poland, Switzerland, Saudi Arabia and Nigeria. The contributing authors published an interesting researches about the inward foreign direct investment, price and product policy standardisation, co-branding, events, creative accounting, elderly consumers, urban infrastructure development, outdoor advertising strategies and other interesting areas of management and marketing.

The profile of contributors to the Journal ranges from well-known established professors to young and promising doctoral students whose time is yet to come.

Thank you for taking interest in publishing and reading ***The International Journal of Sales, Retailing and Marketing***. We hope it will be a valuable help in your professional and academic advancement.

Editor,

Mirko Palić, Ph.D.

THE IMPACT OF INWARD FOREIGN DIRECT INVESTMENT (IFDI) ON HUMAN CAPITAL DEVELOPMENT IN DEVELOPING COUNTRIES: THE CASE OF SAUDI ARABIA

Abdalmohsen Alalshiekh

Abstract:

This research investigates the impact of inward foreign direct investment (IFDI) on human capital development in developing countries, and that when multinational enterprises (MNEs) provide training in developing countries through their subsidiaries. This paper will seek to examine the effect of MNE subsidiaries on human capital development through spillover effects of managers' mobility from foreign –owned MNE (FMNE) subsidiaries to public organizations such as public private partnership organizations (PPP). This paper addresses the following problem, "there is lack of quality in official education and training in developing countries, however, MNEs do not invest in resources of human capital, which lead for shortage in the knowledge and skills in these countries". Further, specifically, it focus on the gap in the literature "The evidence on managers' mobility as a channel for spillovers from MNEs to local firms is far from complete, and comes mainly from developing country studies". We argue that MNE subsidiaries in developing countries may have potential impact on human capital development through managers' mobility from FMNE subsidiaries to public organizations in developing countries. To achieve the research objectives, qualitative research will be used for this study through semi interviews and case study approach.

Key words: *Inward FDI, human capital, developing countries, MNE subsidiaries, spillovers, managers.*

Introduction

According to a World Investment report by the United Nation Conference on Trade and Development (UNCTAD), the formal definition of Foreign Direct Investment (FDI) is, "an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in

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one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor" (Harhara, 2014). In developing countries, inward FDI (IFDI) became an important source of funding. Also, empirical evidence suggests that IFDI may be the leading conduits by which human capital are made in developing countries. Secondly, there is evidence in the literature which suggest that human capital plays

an important part in the growth and development of lesser developed countries (Gittens, 2006).

To continuously improve and maintain the quality of human capital, it is essential to invest in human capital through training (Blunch and Castro, 2005). Further, according to Mina (2007), in The Gulf Cooperation Council (GCC) countries such as Saudi Arabia, human capital is important for IFDI. One important aspect in human capital development is training activities and development, an increase in the supply of trained people as well as the quality of their training can improve a country's competitive advantages and results in a labour force that are skilled in the use of modern production facilities and techniques.

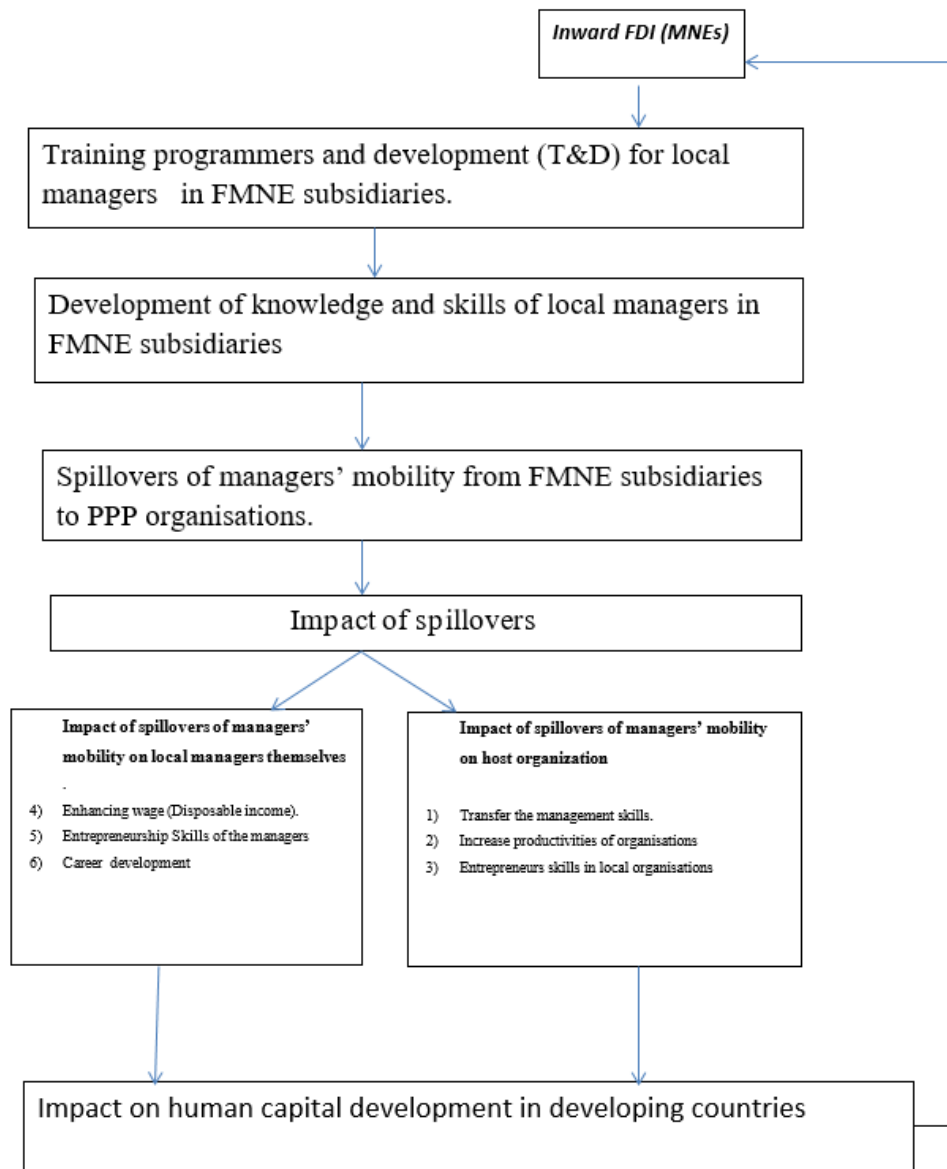
For that, the quantity of training programs and development was found to be positively related IFDI by foreign-owned MNE (FMNE) subsidiaries in developing countries (Shen and Darby, 2006). Investment policies' FMNE subsidiaries generate spillovers which benefit the host economy (Fosfuri *et al*, 2001). However, the fact that spillover effects were taken into account was generally motivated by empirical evidence from case studies rather than by comprehensive theoretical arguments (Blomstrom and kokko, 1997). Furthermore, the evidence on spillovers from the FMNE subsidiaries' training of local managers is far from conclusive, and comes mainly from developing country studies. As the public education systems — and, hence, the knowledge base — in developing countries tend to be relatively weaker, it is also possible that spillovers from training are relatively more important there (Blomstrom and Kokko, 2002). This research concerned on managers' mobility as a channel for spillovers from FMNE subsidiaries to public private partnership organisations (PPP) in developing countries such as KSA. As shown in the Figure (1), Inward Foreign Direct Investment (IFDI) carried out by multinational enterprises (MNEs) which has a

strong impact on training local Saudi managers in MNE subsidiaries. Created training programs and development for local managers in FMNE subsidiaries, such as on job training, out job training, training for managers and managerial training will lead to development of knowledge and skills of local managers in FMNE subsidiaries. Then, some of these managers who got knowledge and skills will move from FMNE subsidiaries to local organisations. This movement called in international business science (spillover of managers' mobility) from FMNE subsidiaries to public organisations in host country.

This movement of the local managers include all level of managers who gained managerial skills, as well as engineering management. Gaining the necessary knowledge and skills and expertise, they will be able to deliver these knowledge and skills to local organisations, increase productivity of organisations and entrepreneurs' skills in local organisations. On the other hand, there are spillovers effects on managers themselves, these effects involve enhancing wage of managers (Disposable income), entrepreneurship Skills of the managers which give them abilities to establish their own business and companies. Furthermore, the impact will be on career development for these local managers in public organisations after their movement. In the end, all these spillovers effect of managers' mobility will lead to human capital development in the host country which will encourage other MNEs to enter host country and invest more in developing countries as a result of a good quality of human capital in developing countries.

1.1 Research Aim:

The principal aim of this research is to investigate the impact of IFDI on human capital development through spillovers of managers' mobility from FMNE subsidiaries to local organisations in developing countries such as KSA.

Figure 1: Proposed Theoretical Framework:

1.2 Initial Assumption:

As the concept of human capital refers to the knowledge, skills and capabilities of the country's manpower, it is that every country should build its human capital capabilities to acquire and increase their educational, training activities, skills and expertise that are critically needed for economic growth and national development. In developing countries, the educational and training quality in low standard which explain that education and training cannot teach enough knowledge and skills to create qualified human capital. Human capital capabilities don't limit to

the knowledge and skills of managers, but covers as well the managerial knowledge and skills of technical and efficiency of communication among the organisation and its stakeholders. For that, there is important role from MNEs which entered to developing countries through their subsidiaries. These subsidiaries have a role in develop human capital in developing countries through spillovers of Managers' mobility.

1.3 Reasoning for the focus of the study:

In achieving the necessary knowledge and skills, training programs determine the economic

capabilities in creating new ideas, skills, vision, knowledge and skills for the development of human capital in developing countries. The development of these factors is very essential for sustaining the long-term growth (Blomstron and Kokko, 2002). There is an array of studies that encourages the positive role of IFDI condition on adequate local variables toward the human capital development; i.e., human capital development depends mainly on their qualification and experience (Kottaridi and Stengos, 2011).

IFDI contributes human capital since MNE subsidiaries are active providers of the necessary training programs and development to host countries (Miyamoto, 2003). Several International Agencies called for the MNEs to activate and deepen their training programs to promote linkages with the hosting countries (Kapstein, 2002). FMNE subsidiaries may have different contribution programs in terms of quality of training and suitability of workforce to raise their skills (Velde, 2002). There is growing evidence that MNEs can raise knowledge and skills of host countries' human capital through training on both managers and workers or group levels (Rodríguez-Clare, 2004). This means MNE subsidiaries are working for more international exposure and better training and learning capabilities (Malik, 2010).

There are several reasons for proceeding to such a comprehensive analysis of the literature. First, according to the authors in international business, there is importance of the movement of managers from FMNE subsidiaries to local organisations as a channel for spillovers of IFDI to host country (Görg and Strobl, 2005). Second, although there is the awareness and already aware of that spillovers can come in many forms, such as technologies, working methods, and management skills, but they have one thing in common which is transfer the knowledge and skills (Leshner and Miroudot, 2008). Also, Blomström and Kokko (2002) indicate to the evidence on spillovers from the FMNE

subsidiaries' training of local managers is far from conclusive, and comes mainly from developing country studies. In addition, Fosfuri *et al*, (2001), indicate that the evidence on spillovers due to managers' mobility is scarce and far from conclusive. We still struggle to understand how this theoretical underpinning has evolved over time and in what degree this could be progressed further. Third, considering that spillover of training activities and development of managers in MNE subsidiaries can have a dual role in explaining several aspects of international business.

1.4 Research Objectives:

The objectives of this study:

O1) To review existing literature on the impact of foreign –owned MNE (FMNE) subsidiaries on human capital development through spillovers of managers' mobility from FMNE subsidiaries to local organisations in KSA.

O2) To investigate the nature of training programs and development (T&D) for local managers who working in FMNE subsidiaries in KSA.

O3) To explore the impact of T&D in FMNE subsidiaries on knowledge and skills of local managers.

O4) To explain the natural spillovers of managers' mobility from FMNE subsidiaries to public private partnership organisations (PPP) in KSA.

O5) To examine the impact of spillovers of managers' mobility from FMNE subsidiaries PPP organisations in KSA.

O6) From the research analysis and synthesis, to make recommendations for improving the impact the mobility of managers on the productivity improvement in in local organisation such as PPP in the context of developing countries such as KSA.

1.6 Research Questions: The main question is: What is the impact of IFDI on human capital development through spillovers of managers' mobility from foreign owned MNE subsidiaries to

local organisations in developing countries such as Saudi Arabia (KSA)?

The sub questions:

Q1) What are the training programs and development (T&D) for local managers working in foreign-owned MNE subsidiaries (FMNE subsidiaries) in KSA?

Q2) What are the impacts of T&D in FMNE subsidiaries on knowledge and skills of local managers?

Q3) What are the natural spillovers of managers' mobility from FMNE subsidiaries to public private partnership organisations (PPP) in KSA?

Q4) How are impacts of spillovers of managers' mobility from FMNE subsidiaries on PPP organisations in KSA and on the local managers themselves?

2. Background

2.1 Fundamentals of Human Capital

Development:

Schultz (1964), defines Human Capital; as the knowledge and skills that people acquire through education and training; being a form of capital, and that this capital is a product of deliberate investment that yields returns. In addition, De La Fuente and Ciccone (2000), define Human Capital as "the knowledge and skills embodied in humans that are acquired through schooling, training and experience, and are useful in the production of goods, services, and further knowledge". As shown from these definitions of Human Capital Development (HCD), the main outcome from investment in people is the change that is manifested at the individual level in the form of improved performance, and at the organisational level in the form of improved productivity and profitability or at societal level in the form of returns that benefit the entire society. While Human Capital Theory argues that investing in people makes them productive. (Holton and Naquin, 2002). Human capital enters as a distinct input in the production function of the economy. In the Lucas model (1988), human capital has "internal productivity effect" as well as "external

productivity effect." An individual's human capital increases not only his or her own productivity but also the productivity of other workers with any given skill level. Therefore, in the presence of this externality effect, the growth rate will be higher in those regions that invest more to accumulate human capital (Mathur, 1999).

The concept of Human Capital refers to the abilities and skills of human resources of a country (Okojie, 1995). Human Capital includes the general skills of workers, but it also includes their knowledge of organisation-specific technology, managerial skills specific to the organisation, and efficient communication skills with co-workers (Kim and Park, 2013). Most successful organisations depend on intangible advantages, such as human capital that is more difficult to imitate and to transcend. Human capital influences the performance of organisations in strategic management (Hitt *et al.*, 2001).

On the other hand, human capital of subsidiaries means the knowledge, skills and capability of the employees of FMNE subsidiaries, likewise the combinations of accumulation of organisational skills and personal knowledge. Human capital have divided into four dimensions as follows: (1) the senior managers' competence; (2) employees' ability of entrepreneurship; (3) input of human capital; (4) investment of performance (Jaw *et al.*, 2006). Human capital development for any organisation is achieved through import knowledge, skills, or abilities from its external environment. It is related to the investment of staffing and training employees so that they possess the necessary knowledge, skills and abilities for executing the strategic business plan (Grossman, 2000). In other words, investment in human capital is related to those things that an organisation does to ensure that the employees in the organisation have the skills required to execute a given organisational strategy (Wright and Snell, 1991). Investment in human capital measures the categories of an organisation's

work force and the willingness of an organisation to understand and invest in its employees (LeBlanc *et al.*, 2000). To foster and build the human capital, organisations must not only recruit and select top quality employees, but also invest in training and development, to produce a unique pool of human capital (Hitt *et al.*, 1998).

2.2 The impact of training programs and development (T&D) through FMNE subsidiaries on human capital development in developing countries:

To continuously improve and maintain the quality of human capital, it is essential to invest in human capital through education and training (Blunch and Castro, 2005). Improvement in human capital through training program and development is essential for getting the economic benefit of IFDI in host country. The relationship between IFDI and human capital is highly non-linear, and multiple equilibrium points are possible, for instance, host economics with relatively high level of human capital may be able to transfer a large amount of technology that contributes significantly to the development (Nkechi and Okezie, 2013). Education level of working age population provides a picture of the current state of human capital, focusing on the present state of education among students and training activities among enterprise workers sheds light on the future prospects of human capital (Miyamoto, 2003).

Using cross-country data, we will demonstrate that training indeed has a greater impact on organisation efficiency in developing countries than formal education of the workforce (Zhao and Zhang, 2010). Lynch and Black (1995), indicate that it is likely that if FMNE subsidiaries invested more in host countries, they would also invest in human capital through training. Shen and Darby (2006), pointed out that a number of studies conducted in developing countries demonstrate that FMNE subsidiaries positively relate to more training provided. In addition, Ngoc and Quang (2007), indicate to that FMNE

subsidiaries tend to provide more training for employees than is provided by state-owned enterprises and recognize the lack of skills and qualifications in labour force.

According to Bhaumik and Dimova (2013), the stock of human capital reflects a weak situation about labour forces quality in developing countries. This, in turn, has two implications. First, it suggests that MNEs investing in developing countries (or, broadly speaking, in countries with inadequate educational quality) should not rely on the perceived quality of the local labour forces and be prepared to use targeted training to improve the importance of their subsidiaries. Second, it suggests that developing countries aiming to attract IFDI should perhaps not worry about progressively deepening the educational attainment of their labour forces, and concentrate instead on ensuring that a large proportion of the labour force has some minimum level of education that can then be the base on which MNEs can build using targeted training programs. There is some evidence that MNEs are important providers of training activities in developing countries (Lindsey, 1986). Djankov and Hoekman (1999), show that FMNE subsidiaries provide higher levels of training than domestic organisations. Sousa (2001) finds that FMNE subsidiaries are more likely to provide training, as well as higher intensities of training, than domestic organisations, while controlling for a number of workplace and sector-specific characteristics.

FMNE subsidiaries make a positive contribution to human capital formation through their training programmes and development, and through the transfer of specific knowledge and skills that are required for particular functions. It should be emphasised that the knowledge base required to perform these skills may be in short supply or even non-existent in some developing countries. From the perspective of economic development, this “skills transfer through training” may be no less important than the sort of “technology transfer” that is embodied in a firm’s physical

capital. Indeed, international agencies, particularly UNCTAD (2001), have called upon FMNE subsidiaries to deepen their training programmes in order to “promote linkages” with the domestic economy (Kapstein, 2002).

2.3 Training programs and development for local managers in FMNE subsidiaries in developing countries:

To achieve the benefits from IFDI in developing countries, these benefits are not only embodied in machinery, equipment, patent rights and of IFDI (Tasnng, 2001). Training programs and development in FMNE subsidiaries affects most levels of employees, from simple manufacturing operatives through supervisors, to technically advanced professionals and top-level managers (Blomstrom and Kokko, 1997). McPherson and Roche (1997), stressed the importance of MNEs to provide training to host country nationals and also to all other managers and workers their subsidiaries in order to develop and enhance the quality of knowledge and skills in host country. Many organisations in developing countries have recognized that training programs and development as a strategic priority rather than a tactical response. In addition, acquisition of skills through training has also been found in developing countries (Middleton, *et al.*, 1993). For that reason, training programs and development issues are getting much more important in most of FMNE subsidiaries which are working in developing countries. This obligates organisations such as FMNE subsidiaries to focus on training initiatives in all its activities for all of its managers (Jain and Agrawal, 2005).

Training of managers in FMNE subsidiaries is not only to improve the standards and quality of service or products, continual innovation and increased productivity and profitability, but it is also provided to enhance long term employment and develop human capital which will reflect on the economic growth in the end (Taylor and Davies, 2004). Training programs and development are classified into different types,

expatriate managers and technicians, but is also realized through the training of FMNE subsidiaries for local managers (Blomstrom and Kokko, 1997). For that, the quantity of training and development programs were found to be positively related to IFDI through FMNE subsidiaries in developing countries (Shen and Darby, 2006). FMNE subsidiaries had to establish means for an effective knowledge and skills transfer through training, which is one of the core objectives

namely on-the-job training (as a proxy for specific training), off the-job training (as a proxy for general training), and informal training (Ng, 2005). Also, Blomstrom and Kokko (1997) indicate that, types of training range from on-the-job training to seminars and more formal training, to overseas training, perhaps at the headquarter of parent company, and training in the workplace depending on the skills needed. Training of managers can be through on-the-job training, technical training, training of managers and managerial training and overseas training. All these types of training involve different levels of cost to the enterprise. The ultimate goal of these types of training programme and development is to develop human capital and raise the productivity of managers (Ng, 2005).

2.4 spillovers of managers’ mobility from FMNE subsidiaries to local organisations in developing countries:

The earliest discussions of spillover effects of FMNE subsidiaries’ training in the literature back to the early 1960s. The first author to systematically include spillovers effects among the possible consequences of IFDI was MacDougall (1960), who analysed the general welfare effects of foreign investment. Other early contributions were provided by Corden (1967), who looked at the effects of IFDI on optimum tariff policy, and Caves (1971), who examined the industrial pattern and welfare effects of IFDI. The common aim of these studies was to identify the

various costs and benefits of IFDI. Spillover effects were discussed together with several other indirect effects that influence the human capital and welfare situation. The fact that spillover effects were taken into account was generally motivated by empirical evidence from case studies rather than by comprehensive theoretical arguments.

Spillover effects occur “when local firms benefit from FMNE subsidiaries superior knowledge of product or process technologies or markets, without incurring a cost that exhausts the whole gain from the improvement” (Blomström and Kokko, 1997). Thus, spillovers arise when MNEs cannot reap all the benefits from internalising their activities. It has been suggested that spillover effects from FDI are the most significant channels for the dissemination of modern, advanced technology and transfer knowledge and skills (Blomström, 1989).

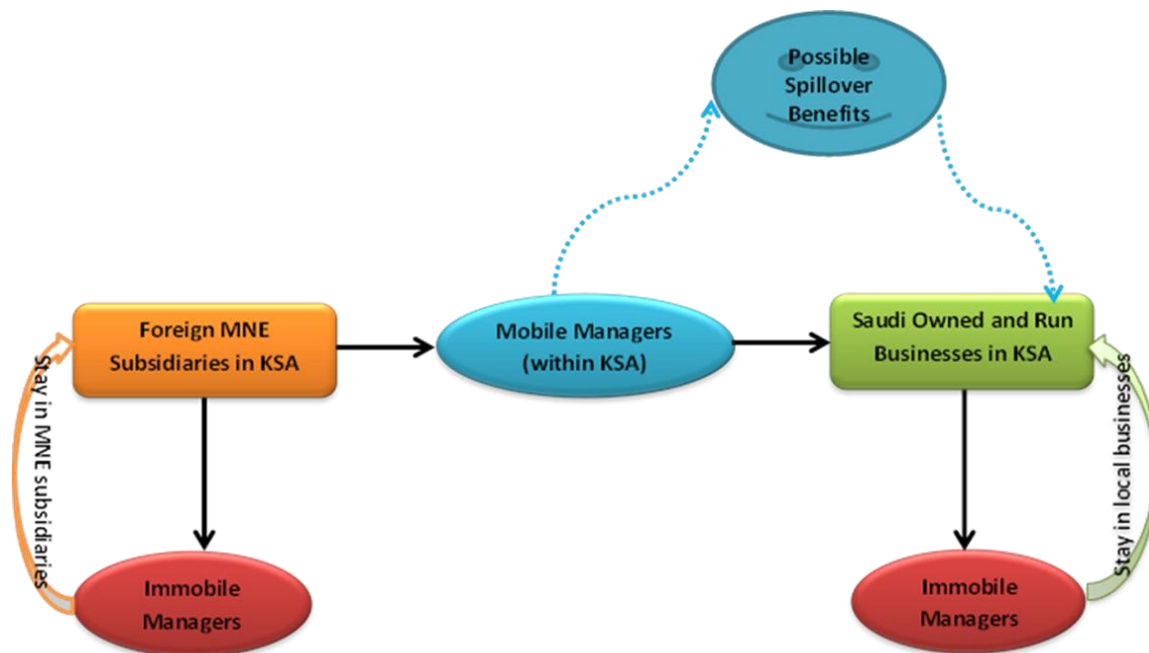
Spillovers are generally measured as the impact of the presence of FMNE subsidiaries on productivity in local organisations. Productivity spillovers take place when the entry or presence of FMNE subsidiaries lead to productivity benefits for local organisations and the FMNE subsidiaries are not able to fully internalise the full value of these benefits (Blomström *et al.*, 2000). Most studies recognise four different channels through which productivity spillovers can take place. These are (1) demonstration effects, (2) movement of labour (i.e., labour turnover), (3) competition effects, and (4) market access spillovers (export externalities). It is important to differentiate between these all types of spillovers

as there are different mechanisms involved for their emergence (Gerschewski, 2013).

The second channel for knowledge and skills diffusion refers to the movement of managers. It is shown that FMNE subsidiaries may provide more training for their managers and invest more in staff development than local organisations (Gerschenberg, 1987), and, thus, may build local human capital. Spillovers occur when these FMNE subsidiaries’ managers move to other local organisations. Thus, the managers transfer their gained knowledge and skills from FMNE subsidiaries to local organisations, thereby increasing the productivity of local organisations (Meyer, 2004).

However, it is relatively difficult to measure the effects of manager’s turnover empirically as it would involve interviewing managers who used to work for MNEs and then estimate the knowledge and skills which are transferred to the domestic organisations. However, some studies showed that managers and workers’ mobility plays an important role for productivity spillovers. It is often argued that managers and workers turnover are the most important channel for spillovers (Görg and Greenaway, 2004). On the other hand, the evidence on spillovers from the MNE subsidiaries’ training of local manager is far from complete, and comes mainly from developing country studies. Considering that the public education systems in developing countries are relatively weaker, it is also possible that spillovers from training are relatively more important there (Blomstrom and kokko, 1997).

Figure 2: Spillovers' mechanism of managers' mobility from FMNE subsidiaries to local organisations in developing countries.



2.5 The impact of spillovers of managers' mobility from FMNE subsidiaries to local organisations.

The spillovers of managers' mobility from FMNE subsidiaries to local organisations have some implications (outcomes) which usually accompany with the spillovers as follows:

Enhancing the wages for skilled managers and workers as a result of the mobility (Disposable income).

One of the most important effects of managers' mobility from FMNE subsidiaries to local organisation is enhancing the wages (Wong and Granato, 2013; Grip and Sauermann, 2013). However, some studies have shown that there are Pecuniary spillovers, which arise when the MNE pays the worker a higher wage to prevent the worker from moving to the local competitors (Fosfuri *et al*, 2001; Pesola, 2007).

Increase productivity and transfers the management skills to host organisations through managers' mobility as a channel for spillovers.

Management skills transfer is one of the implications of managers' mobility from FMNE

subsidiaries to local organisations in developing countries (Fosfuri *et al*, 2001; Spencer, 2008; Perri and Peruffo, 2014). Further, the ability of managers who have attended training in FMNE subsidiaries and are able to run local organisations and increase productivity (Hakkala and Sembenelli, 2012; Mariotti, *et al*, 2015).

The ability of managers to establish own private business (entrepreneurship skills) and create new projects and ideas in host organisations(entrepreneurial skills) via managers' mobility.

One of the most dominant sub-forms of spillover of managers' mobility from FMNE subsidiaries to local organisation in host countries is the ability of managers to establish their own private businesses and investments in training and education centres such as entrepreneurship skills. Whilst Görg and Strobl (2005) suggested that there are spillovers through manager movements and such domestic entrepreneurs bring with them knowledge accumulated in the multinationals and put it to use in the domestic

firms; Miyamoto (2008) has contested that labour turnovers occur when the demand and supply of skills clear in the labour market. Thus, training spin-offs occur when such employees decide to use their acquired skills to start up new enterprises (Fosfuri *et al.*, 2001; Kapstein, 2002; Valde, 2002; Meyer, 2004)

3. Methodology

Inward FDI is about investment and international business, including how it impact, work and make it useful for the host country. Interpretivist brings the researcher's work closer to an understanding training activities and development in FMNE subsidiaries and spillover of managers' mobility from these subsidiaries to public private partnership organisation (PPP) in developing countries and also to the development of a conceptual framework, enabling practical recommendations to be made to industry practitioners and academics.

This research aims to investigate the impact Inward foreign direct investment (IFDI) on human capital development in developing countries through investigate the spillover of managers' mobility from FMNE subsidiaries to local organisations such as public private partnership organisations (PPP) in developing countries. Then, analyse the impact of these spillovers on productivity in local organisation such as (PPP) and on managers themselves which will reflect in the end on human capital in host country.

To reach this aim, the research will employ the inductive approach. Inductive approach is used for exploring data and to develop theories that will subsequently be the literature. The researcher decided to interview some managers in FMNE subsidiaries and in PPP organisations. The first interviews will be held with managers who are working at FMNE subsidiaries (not moved out to local organisations) in the KSA. The researcher is interested in their knowledge and experience about training programs and

development which subsidiaries have presented to managers and their feeling about the role of training programs and development in improve knowledge and skills of local managers. Then, the second interviews will be held with local managers who have moved out from foreign-owned MNE subsidisers to public private partnership (PPP) organisations in the KSA. The researcher is interested in their knowledge and experience about what is the benefits that they got during their working in foreign subsidiaries and that benefits they have been given to the local organisation. Then, the third interviews will be held with managers who are at a high position than local managers who moved away from FMNE subsidisers to local PPP organisations in the KSA. The researcher is interested in their opinions about the knowledge and skills that the managers who use to working in FMNE subsidiaries brought with them and the impact on transfer knowledge and skills to local organisation and on productivity and entrepreneurs skills in local organisations.

To achieve the research objectives, qualitative research will be used for this study. The qualitative data enables the researcher to obtain detailed information from the respondents' perspectives, and describe their experiences, feelings, attitudes, preferences, perceptions and positions (Patton, 1990). The researcher will use a prepared list of questions in semi-structured interviews. There will be possibility to change the order of the questions, omit, and add questions, based on the nature of the interview (Saunders *et al.*, 2012). Semi-structured interviews will be used in this study for the managers in foreign-owned MNE subsidiaries in Saudi Arabia and PPP organisations in KSA.

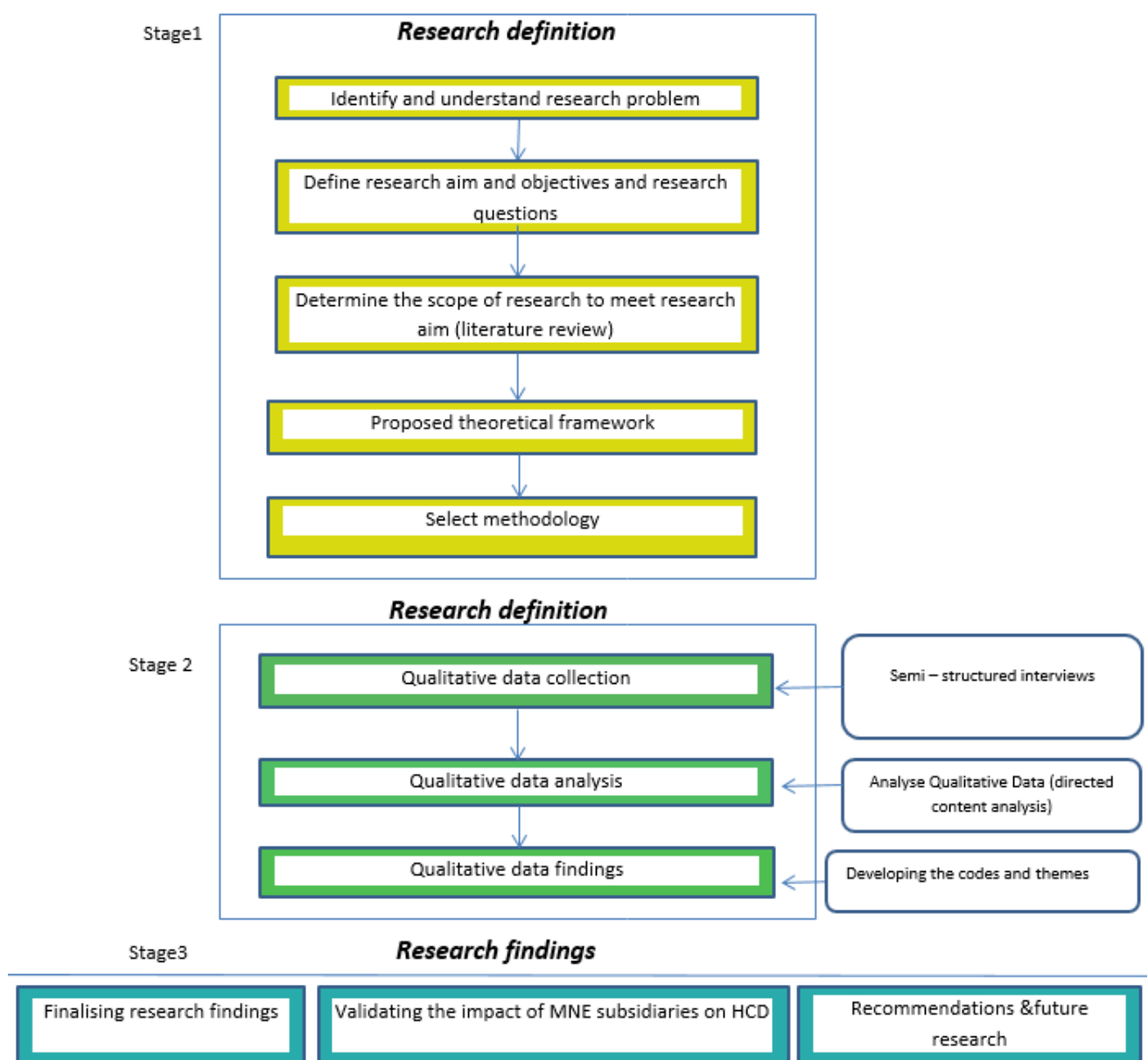
The researcher will go to designed of "themes" and questions to be covered. However, these questions may vary from respondent to respondent. This method gives the research the opportunity to vary the question by omitting or adding questions where appropriate depending on the organisation and status of the respondent.

In this way, questions are tailored to particular respondents based on what they know because of the privy position in their organisation. In addition, face-to-face or personal interview produce a very good way of collecting important and good quality data. Furthermore, Face-to-face interview are always the best way of collecting data when the subject of the research

is sensitive. Also, where the question is complex or where it involves need for clarifications of terms, Semi-structured interview technique always help to do so (Erickson, 2012). Using semi-structured also meant that order of questions may vary depending on the flow of the conversation (Saunders et al., 2011).

4. Research design

Figure 3: Research design



Research design is a “road map” that connects the empirical data to the research questions and ultimately to the findings and conclusions (Yin, 2009), concerned with collecting, analysing, interpreting and reporting research findings (Creswell and Plano Clark, 2010). The researcher decides on all elements of the research: philosophical assumptions, research method, data collection techniques, approach to data analysis and a written record of the findings (Myers, 2009), with the aim of aligning the empirical evidence with the research questions. In effect, the present research was designed in two stages: 1) research definition (qualitative data collection and analysis). 2: research findings

As Figure above shows, the research design starts with the identification of the research problem, followed by an in-depth review the literature of IFDI and its effect on human capital development in developing countries, with the aim of evaluating the literature gap and addressing the research questions. Stage I of the research design concludes with the selection of the most suitable research methodology. Stage 2 then focuses on defining the appropriate research design for qualitative method of data collection and analysis. Finally, stages 3 involve finalising research findings, validating the impact of MNE subsidiaries on human capital development and then provide recommendations and some idea for future research.

5. Expected Results and Knowledge Contribution

In completing this research, it is expected to provide a complete understanding on how far the inward foreign direct investment (IFDI) might benefit human capital development in developing countries through spillover of manager’s mobility from foreign-owned MNE (FMNE) subsidiaries to local organisations in developing countries such as KSA. The outcome of the prospective research will be not only beneficial to developing countries or Saudi Arabia only but for international business literature. This research will contribute to the international business literature by establishing

policies and practices that would accommodate differences in training programs and development through FMNE subsidiaries to develop human capital in developing countries.

In concluding this study, it is very essential to note that the findings of IFDI were very positive. IFDI is very significant for developing countries. In searching profitable markets, MNEs select to enter certain countries that might have a shortage of foreign investment programs, but enjoys skilled human capital capable to generate profits for the firm. IFDI also encourages the local governments that have growing economies to set policies of improving their human capital through encourage FMNE subsidiaries to establish training centres and create a suitable training programs and development programs for their local managers which are useful for local organisations and effect on improvement of productivity. Furthermore, make recommendation for local organisation to give local managers who are working in FMNE subsidies in KSA more motivations such as increase wages and career development (promotion) because to encourage them to move to local organisation which.

In addition, this research encourages developing countries to create road map to build a good training programs and development standard, professional skills and build human workforce capabilities for maximizing the efficiency of their workforce. Therefore, it is important to note that FDI Inflow facilitation depends mainly on various factors covering the socio-cultural to politico-economic issues that may shape the human capital development programs in every country. Accordingly, Saudi Arabia after more than couple of decades on continuing partnership with different MNEs around the world managed to establish a strong human capital capable to management country’s work requirements. Due to the huge infrastructures that the Kingdom is executing, millions of foreign labours are still working heavily in the Kingdom’s Mega-projects. This might take time until Saudi Arabia is fully equipped with workforce to handle all or at least

most of its developmental schemes that exceeds billions of dollars early.

I have a strong believe that Human Capital Development Programs in developing countries provided by FMNE subsidiaries whether locally or abroad based ones enabled Young Generation to fill a huge gap of professions that was earlier filled by foreigners or unqualified workers.

In the end, it is the belief of the researcher that the most important significance of this research will be to fill an academic void that currently exists with regard to IFDI flows into Saudi Arabia (KSA), with its unique features. At the same time, the researcher expects the research to make a positive contribution to the current debate as to whether IFDI leads to human capital development in KSA as an example of developing countries. At a micro level, a better understanding of the relationship between IFDI and human capital development will allow the FMNE subsidiaries in KSA to alter the incentives that it offers and training programs and development for Saudi managers who may move

to PPP organisations as an example of local organisations taking with them the knowledge and skills that increase the local managers efficiency and make them able to increase productivity and innovation projects and the dissemination of knowledge and skills they have acquired from their work in the branches of multinational companies.

At the macro level, it is the belief of the researcher that this research will have a significant impact on the manner in which young and dynamic economies seek to encourage developing countries to improve human capital through FMNE subsidiaries. This is especially the case for the KSA, which has been a pioneer in creating innovative methods to encourage IFDI, training programs and development for local employees in FMNE subsidiaries. After completing the research, we look to put the KSA as the model state in human capital development for many developing countries around the globe.

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DETERMINANTS OF PRICE AND PRODUCT POLICY STANDARDISATION: THE CASE OF SMES IN THE B2B MARKET

Juergen Wieland

Abstract

***Purpose** – The investigation of the determinants of price and product policy standardisation amongst satisfied stakeholders in the business-to-business (B2B) sector of small and medium-sized enterprises.*

***Design/methodology/approach** – This explorative research was conducted qualitatively, with 12 personal semi-structured in-depth interviews which were realised with marketers of small and medium-sized enterprises. These marketers are involved in marketing mix management decisions, and in price and product policy standardisation. The interviewees belong to 12 organisations with the B2B industry, located in Germany. Content analysis was used to analyse the data collected.*

***Findings** – Results show that no framework for standardising price and product policies, particularly for the business-to-business industry, was available. A coherent standardisation framework for price and product policies contributes to the success growth of SMEs. This paper proposes such a framework for prioritising, initialising, developing and implementing standardised price and product policies within a structured marketing mix approach.*

***Research limitations/implications** – The developed framework for standardising price and product policies provides the opportunities to investigate how such a framework can be applied successfully in small and medium-sized enterprises, including the management of marketing mix variables. The sample size of this research, which is adequate for an explorative and qualitative in-depth study, has to be further validated in terms of a quantitative study, particularly in the B2B area of SMEs.*

***Practical implementation** – This paper identifies and investigates price and product policies necessary for a successful marketing mix management. Further, this paper develops a framework for standardising price and product policies and integrating standardised policies within a structured marketing mix management approach. This research is important for those firms standardising their price and product policies, ensuring thereby the synergic and successful application of these policies as part of a structured marketing mix management approach. How such firms standardise their mix policies is important for the later development of a standardisation framework. For those firms using a standardisation framework, an understanding of how to integrate mix policies synergically and successfully is important, as it will enable them to integrate mix policies successfully within a structured marketing mix management approach.*

***Originality/value** – This paper provides empirical research on standardising price and product policies. Furthermore, this research is the first paper investigating the standardisation of price and product policies in small and medium-sized enterprises of the business-to-business sector. The results of the literature review discovered price and product policies and a framework for successfully standardising price and product policies which were not evident in the extant literature.*

Keywords: price and product policies, marketing mix management, business-to-business marketing, interdependency management, small and medium-sized enterprises

1. Introduction

Price and product policies have become a buzzword. However, this is also true for the undeniable phenomenon of standardisation which broadly describes the homogenisation of marketing mix policies according to stakeholders' wants and needs. Price and product policy standardisation reduces an organisation's resource consumption, helps the SME to rely on a synergic marketing mix, and increases a company's reputation. This is particularly true in terms of increasing SMEs' economic benefit, where economies of scale and cost saving in production as well as research and development are major challenges. In this, exceeding stakeholders' wants and needs by standardising price and product policies propels companies' performance (Kim & Hyun, 2011; Mintz & Currim, 2013; Richter, 2002). Furthermore, standardisation enables the company to effectively plan, organise and control price and product policies, leading to high consistency in product offerings (Theodosiou & Leonidou, 2003; Yaprak, Xu, & Cavusgil, 2011). While a significant amount of literature examines the standardisation as faithful replication of actions and the standardisation of the marketing mix strategy, there has been little research on those firms standardising their price and product policies for their synergic and successful application (Kreutzer, 1988; O'Cass & Julian, 2003; Ozsomer, Bodur, & Cavusgil, 1991), and on the development of a framework for standardising mix policies (Kasum, 2011; Swoboda & Elsner, 2012; Vignali, 2001). Buzzell (1968) research was one of the first investigating the benefits of standardising marketing mix variables. This study has been realised in the context of multinational enterprises, examining the extent to which multinational companies standardise their marketing mix variables, and the relative importance of standardisation itself. Hence, studies investigating the standardisation extent in SMEs, particularly in terms of a standardisation framework, are not yet available.

Studies which investigated how firms standardise their mix policies discussed factors such as cost-efficiency, organisational drivers and corporate identity (Melewar, Saunders, & Balmer, 2001; Reichel, 1990; Solberg, 2002; Vrontis & Kitchen, 2005). A body of research investigated the impact of cultural differences on the standardisation of the marketing strategy (Dolnicar & Grün, 2007; Herrmann & Heitmann, 2006; Jain, 1989; Shoham, 1996; Zou, Andrus, & Norvell, 1997). Only Papavassiliou and Stathakopoulos (1997) have researched the effects of a standardisation framework, determining the selection of the appropriate marketing strategies and tactics to push standardisation. Other research examined the perception of standardisation in terms of marketing aspects (Nasir & Altinbasak, 2009) and in terms of technical aspects (Sherif, 2003). Only the research by Nasir and Altinbasak (2009) focussed on investigating frameworks' implications, demonstrating the factors related to standardisation in a SME's marketing mix. The study of relations between the external and internal environments of a company that have an impact on the standardisation decision is valuable, particularly in terms of increasing business attention, realising interdependent rather than isolated relationships between marketing mix variables (Nasir & Altinbasak, 2009). Hence, if SMEs want to improve the performance of marketing mix variables and increase economic benefit, it follows that an understanding of the price and product policies necessary for a successful marketing mix management and for the later development of a standardisation framework is indispensable (Papavassiliou & Stathakopoulos, 1997). Furthermore, this paper is important for those SMEs applying a standardisation framework, as it will enable them to successfully integrate mix policies within a structured marketing mix management approach. In conclusion, for those SMEs that attempt to standardise their marketing mix variables, an understanding of how to

integrate mix policies synergically and successfully is important, as it will enable them to successfully develop a marketing mix in order to exceed stakeholder's needs and wants (Lee, 2008; Shaw & Jones, 2005).

2. Research on standardisation

Scholars comment that research on standardisation rose with Theodore Levitt, examining business-to-business enterprises in a global context and boosting the discussion on standardisation (Levitt, 2001). The author argues that standardisation is 'worth the effort' as standardised industrial goods are highly developed, functional and reliable (Levitt, 2001). Further, most research on standardisation investigates its impact on stakeholders' preferences in terms of homogenous needs and wants, with little focus on standardising price and product policies and the use of a standardisation framework. Gatignon, Anderson, and Helsen (1989, p. 44) state that, given the prominent role of standardisation in marketing, enterprises will retaliate with their standardised "marketing mix 'weapons' and retreat with their ineffective marketing instruments". Further, standardisation facilitates company growth, as consistent policies reduce costs (Theodosiou & Leonidou, 2003). This represents an interesting research area. With regard to small and medium-sized enterprises, while there are some publications on standardisation available which address the implications for business performance and stakeholders' characteristics (e.g. Codita, 2011; Richter, 2002; Theodosiou & Leonidou, 2003), there are no studies available which identify

standardised price and product policies, develop a standardisation framework and investigate the integration of mix policies within a structured marketing mix management approach in a single model. This is the reason why this study addresses these research gaps by asking the following questions:

- Which price and product policies should be chosen for a synergic and successful application within the business-to-business context of small and medium-sized enterprises?
- How do German small and medium-sized enterprises standardise their price and product policies?
- Which are the key determinants of a standardisation framework for enabling SMEs to integrate standardised price and product policies within their structured marketing mix approach?

In order to answer these questions, the paper is structured as follows: first, the literature on the transference of a policy standardisation framework and the standardisation of price and product policies is examined. Then, the methodological approach of this research is clarified. After that, the research findings are presented and discussed. Finally, the implications of these findings are examined and propositions for future research are made.

2.1. Definitions of policy standardisation

There are several definitions available which explain the standardisation of marketing policies (see

Table 1: Definitions of policy standardization

). A lot of research assumes policy standardisation to be the degree of similarity in the policies and practices of an international firm across markets (e.g. Boddewyn, & Grosse, 1995; Richter, 2002), stating that the definition is not without controversy, as policy standardisation depends

very much on environmental similarities, becoming much more complex when the size of the B2B market share is relatively small and the similarities in the competitive position of the parent and the subsidiaries are few (Jain, 1989). They further argue that the nature of policy

standardisation is such that SMEs standardise if highly similar market conditions are available, as in the case of the B2B industry (Yanamandram & White, 2006).

Table 1: Definitions of policy standardization

Author	Definition
Boddewyn and Grosse (1995)	Marketing mix standardisation is defined as the degree of similarity in the policies and practices of an international firm across markets.
Boddewyn and Grosse (1995)	Policy standardisation refers to the degree of similarity in the marketing policies and practices of an international firm between its home country and a host country. The standardisation of the marketing programme entails offering identical product lines at identical prices through identical distribution systems with identical promotional programmes.
Buzzell (1968)	The standardisation of marketing-mix policies depends on its policies and market segmentation.
Richter (2002)	The standardisation of marketing activities is defined as the extent to which a global supplier standardises its marketing activities, including marketing-mix and supply chain activities, across nations to serve a global account stakeholder.
Shi, White, Zou, and Cavusgil (2010)	The standardisation of the marketing programme refers to the standardisation of the marketing mix meaning the extent to which the marketing instruments are identical across countries.
Swoboda and Olejnik (2013)	The standardisation of marketing mix policies refers to the standardisation of the pattern of resource allocation across marketing mix variables integral to the marketing strategy of a business.
Szymanski, Bharadwaj, and Varadarajan (1993)	
Walters and Toyne (1989)	Policy standardisation is defined as the marketing of uniform policies across markets.

2.2. Transference of policy standardisation framework

There exist fundamental differences between the standardisation framework of organisations working in the business-to-business area and those of the business-to-consumer area (Codita, 2011; Helm & Gritsch, 2014; Lages, Abrantes, & Lages, 2008; Richter, 2002). Several differences in terms of the standardisation concept of B2B have been cited, stating that standardisation in the B2B sector is more complex (Papavassiliou & Stathakopoulos, 1997) than in B2C, as standardisation of B2B marketing involves the organisational and environmental tasks to a much greater degree (Codita, 2011). Furthermore, B2B marketing is characterised by a multi-person involvement in the decision making process,

referred to as the buying centre (Yanamandram & White, 2006). These are the reasons why the development of a standardisation framework for SMEs in a B2B context affects much more those marketing mix variables which significantly affect the buying process of goods and services (Richter, 2002). Furthermore, the specialisation and force of innovation and technology is higher in the B2B area than in the B2C area, as industrial goods are developed and produced particularly to meet the industrial and stakeholder requirements (Håkansson & Group, 1982). In this, industrial products seem to be more technological in nature than consumer products, because of the greater complexity of technological and organisational needs (Jackson, 1985). This implicates that the standardisation process differs from the process

of B2C (Fitzsimmons, Noh, & Thies, 1998). In this, SMEs operating in the B2B sector achieve greater profitability by standardising their marketing mix variables than B2C enterprises (Lages et al., 2008). In the B2B sector, marketers complain about the complexity of managing marketing mix variables due to technological specifications and product requirements. Some of these concerns are linked with political legal issues (e.g. governmental policies such as price control) and the degree of technological development, and therefore the standardisation framework helps the marketer to increase the performance of marketing policies (Codita, 2011). Furthermore, marketers prefer a clear identification of standardised price and product policies, because they can increase quality and reliability while decrease the price (Samiee & Roth, 1992). Research in the B2B context indicates that the clear identification of price and product policies and the examination of the key determinants of a policy standardisation framework for enabling SMEs to integrate those standardised policies within their marketing might improve export performance, as they can take advantage of the exchange rate between different countries (Lages et al., 2008). The following section discusses the identification of the price and product policies for the synergic and successful application of these policies within the B2B context of SMEs. Furthermore, a standardisation framework for integrating those identified policies within the marketing approach is developed, as such a standardisation framework is integral to the marketing mix strategy of any business (Szymanski et al., 1993).

3. Literature review

A body of research examines the various price and product policies that seem to directly influence stakeholders' satisfaction during the buying process of industrial goods. Several studies have investigated product attributes and features (Codita, 2011; Richter, 2002; Swoboda & Elsner, 2012). None of the studies focussed on the

effect of the service features and after sales amongst the product programme. Furthermore, there exists a stream of research focussing on identifying and successfully standardising price policies in a B2B context (Aydin, 2014; Gabrielsson & Gabrielsson, 2003; Matthyssens et al., 2008; Midgley & Venaik, 2012; Morris & van Erkom Schurink, 1993). These studies suggest that pricing and financing strategies are an integrative part of the price mix elements, enabling buyer attempt and decreasing the possibility of consumers to compare prices, particularly in the B2B market. A study by Obadia (2013) investigated abatement and price conditions as potential determinants of price mix elements and estimated their relative influences in the B2B market. However, Obadia's (2013) study left out the potential determinants of contract conditions and their study did not investigate its integration within the overall marketing mix approach of a SME. Sousa and Bradley (2008), however, specifically investigated price standardisation strategies having a positive impact on the business performance of the firm and, a surprising result, SMEs performed better in the case were similar price mix elements were applied. Nevertheless, none of the cited studies identified comprehensively all the price and product policies of successful mix standardisation amongst satisfied stakeholders in a B2B context in the industrial sector within a single study. In conclusion, the importance of undertaking an expanded study on identifying those price and product policies comes from empirical studies by Oxenfeldt (1983) and Sousa and Bradley (2008), suggesting the development of a standardisation framework to be integrated into a structured marketing mix management approach. The identification of price and product policies and development of a standardisation framework forms an important segment, deserving particular attention in the context of a structured marketing mix management approach (Lee & Ng, 2001). While very little attention has been paid to of price and product policy standardisation in the

B2B sectors of SMEs (Helm & Gritsch, 2014; Katz & Safranski, 2003; Saha, 2013), almost no work has been carried out investigating a framework for integrating mix policies synergically and successfully within a structured marketing mix management approach.

3.1. Price policies

Price policies are defined as any particular action necessary to reach a final price (Oxenfeldt, 1983). A literature review discovered a variety of pricing policies, presented in Table 2. Some of the price policies are adopted for the specific use of the SMEs (e.g. abatement and price conditions), while others such as pricing strategies and financing strategies are expected to be used by the B2B market in general. Nevertheless, there is an almost complete lack of empirical research on the issue of price policy standardisation. More in detail, there are only three studies available in the literature, identifying price policies in the B2B market of SMEs. Morris and van Erkom Schurink

(1993) investigated SMEs and conclude that 82% of these enterprises use standardised price policies according to the total turnover of the B2B stakeholder. The authors further conclude that the standardisation of pricing policies, mainly pricing strategies, financing strategies, and price conditions hold important implications for the synergic and successful integration within a structured marketing mix management approach (Morris and Fuller; 1989). The results of a study by Pepels (2011) show that in B2B markets a standardised approach according to stakeholders' characteristics is used, and for doing so, pricing strategies, financing strategies and abatement have to be standardised. Andrews, Luo, Fang, and Aspara (2014) found that SMEs used standardisation as a predominant approach, placing the emphasis on pricing strategies, financing strategies and price conditions, if effective price mix decisions are to be made.

Pricing strategies	Set a standardised pricing strategy according to the B2B market that the SME wants to target (Langeard, 2000; Obadia, 2013) by the use of penetration pricing, price skimming, flat pricing and high pricing (Toptal & Çetinkaya, 2015).
Financing strategies	Financing strategies are any type of financial structure that relies primarily on the stakeholders' decision how to pay for industrial goods (Cincera, 2003) and a firm's financing decisions depends greatly on the pricing decisions. The most common financing strategies in B2B are instalment buying, factoring and credit payment (Akroush, Nuseir, Asoub, & Mahadin, 2009; O'Cass & Julian, 2003).
Abatement	Abatement to B2B stakeholders is defined as a constant relative price of the import good in terms of the domestic aggregate price level in order to promote and support an industrial offering (Akroush et al., 2009).
Price conditions	Price condition is considered in the case of SMEs where the regulatory constraint on costs is assumed to be binding for the development of a robust and suitable pricing strategy (Bretcu, 2014).

Table 2: Price policies

Pricing strategies refer to a marketing mix instrument in which prices change either over time, across a B2B market or across an industrial product (Langeard, 2000). Furthermore, pricing strategies are seen as a recurrent interaction between the stakeholder and the SME by which the bond to a certain industrial product can be

highly strengthened, leading to long-term relationships (Toptal & Çetinkaya, 2015). Pricing strategies are especially important because they represent a framework that directs pricing decisions. Despite the integral role of pricing strategies it is a topic of little presence within B2B marketing research (Akroush et al., 2009;

Hinterhuber, 2008). Liozu, Andreas Hinterhuber, and Carricano (2014) discovered that this is particularly true for SMEs in terms of high pricing, penetration pricing and flat pricing, positively influencing the extent to which stakeholders repurchase industrial products. In fact, an even greater focus on these pricing policies and the purchasing, the focus on new forms of value creation, particularly in a B2B context and the product policies with its distinct characteristics direct future pricing practices (Obadia, 2013). Pricing strategy remains what Oxenfeldt (1983) calls an ambiguous term, as this framework directs future pricing and its synergic implementation within a structured marketing mix management approach. Besides its manifoldness, it is important to develop a standardisation framework, guiding “the choices that determine the nature and direction of an organisation” (Gabrielsson, Gabrielsson, & Seppälä, 2012, p. 17). Thus, the dimensions of such a framework have to be investigated, existing at different operational levels. In Kepner & Tregoe’s (1980) terminology, the development of a policy framework is seen as mandatory. Hence, pricing strategy is treated in this study as an important policy within such a standardised framework (Leone, Robinson, Bragge, & Somervuori, 2012).

The success of price mix standardisation critically depends on the *financing strategy* that is adopted during the introductory phase of standardisation (Cincera, 2003). The term financing strategy is used to describe at least three different fundamental elements, including instalment buying, factoring and credit payment (O’Cass & Julian, 2003). Recent studies focus on how a financing strategy is implemented within a standardised price mix, leaving the mentioned financing elements to be included within the standardised price mix completely out of sight. Zou et al. (1997) recommend to proactively promote financing standardisation with the help of the different pricing strategy levels, whereas value creation through offering different

financing strategies to the stakeholder represents the foundation and price mix standardisation the top. This view is constituent with the financing strategy elements pointed out by Shi et al. (2010), which have to be standardised and managed to create “cross-functional schemes and synergistic goals” (Hwang, Tsai, Yu, & Chang, 2011, p. 234). Opponents such as Hinterhuber and Liozu (2012) state that including only credit payment and factoring as standardised elements might hint to reasons why a financing strategy has to be standardised in order to accomplish a set of standardised elements. This includes in particular the fact that leasing might minimise financing difficulties and maximises the SME’s profit over time (Elmaghraby, Jank, Karaesmen, & Zhang, 2012). The author concludes that any financing strategy, particularly in the B2B world, has to be standardised in such a way that the overarching price standardisation of the SME is fulfilled (Elmaghraby et al., 2012). This is particularly the case when considering Eskin and Baron (1977) who highlight the conflicts when financing elements are not standardised and therefore he relates financing strategy to price mix standardisation.

Abatement is conceptualised as a price element offered to a stakeholder in order to promote or support an industrial offering (Cha, Jun, Wilson, & Park, 2008). The abatement is applied according to the size of an individual order in form of a cash discount, rebate or incentives (Morris & Fuller, 1989). The abatement definitions in marketing mix literature mostly agree that the abatements offered to the stakeholder have to be implemented within the pricing strategy so that the formulated price intentions are fulfilled (Birnik & Bowman, 2007; Boddewyn & Grosse, 1995; Chung & Wang, 2007). Moreover, in connection with the objectives Farris, Hanssens, Lenskold, and Reibstein (2015) discuss financing strategies. The authors adds that cash discount offered in a B2B market, nearly every SME offers a fixed discount, thus lowering the regular price effectively, resulting in reducing a marketing mix

problem to one of finding the optimal price and product mix standardisation (Farris et al., 2015). In addition, interaction effects between abatement and pricing strategy reinforce the fact that both elements have to be planned, managed and controlled synergically (Naik, Raman, & Winer, 2005). Thus, when abatement is used as a standardised pricing strategy, its impact on product mix standardisation is attenuated (Mela, Gupta, & Lehmann, 1997). Indeed, the direct impact of the standardisation of abatement on the price mix is positive, making it an effective marketing activity, when used consciously (Nijs, Dekimpe, Steenkamps, & Hanssens, 2001). Of all elements of abatement, the single most important effect that stands out is supposed to be the large positive effect of promotional frequency on a short term of demand (Mela et al., 1997). However, such an abatement strategy actually blunts the effectiveness of price mix standardisation in the long run (Mela, Jedidi, & Bowman, 1998). This myopic view might explain why abatement promotion is not included as a standardised element within the price mix, making this so attractive to marketing mix managers who are often responsible for a product only for a relatively short time (Abraham & Lodish, 1993; Mela et al., 1997).

The impact of price conditions can be characterised by two elements, namely barter transaction and old against new (Kotler, Armstrong, Saunders, & Wong, 2001). In the case of marketing mix management, barter transaction can be defined as a transaction involving the exchange of non-monetary item with another non-monetary item (Rubin, 2014). In line with a managerial orientation, the study by Rathod (2013) focuses on how the price mix can be executed, standardising barter transactions. The author recommends the improvement through a mixture of managerial training with the aim of seeing barter transaction as a less-prioritised issue and by the use of software standardising price conditions (Rathod, 2013). This is confirmed by Liesch, St Hill, and Birch

(2015), arguing that the need to standardise price conditions is a very important issue, presenting a framework with old against new as another central price condition. Similarly, Iveroth et al. (2013) analysed the different price conditions, stating that SMEs have to move beyond classic price approaches, offering a way to change old industrial goods against new. The standardised price conditions which a company in a B2B market offers are a vital strategic issue affecting marketing mix performance (Obadia, 2013). Iveroth et al. (2013) conclude that SMEs have to consider standardised and imaginative pricing approaches, such as price conditions based on the barter transaction and later provisions of add-on service or other outcomes (Kienzler & Kowalkowski, 2014). A study by Andrews et al. (2014) investigate the cause of marketing effectiveness and the moderating role of price conditions and discusses why SMEs are reluctant to implement standardised price conditions. The main reason, therefore, is a missing standardisation framework, particularly on how such elements can be integrated within a structured marketing mix. Fitzsimmons et al. (1998) argue that SMEs have to ensure the application of standardised mix policies. Furthermore, there exists a great need to train personnel not only in price setting and price standardisation, but also in price policies skills in order perform well when it comes to the marketing mix ((Kienzler & Kowalkowski, 2014).

3.2. Product policies

Strongly standardised product policies can strengthen companies' competitive advantages and lead to several marketing advantages (Fastoso & Whitelock, 2010). Strongly standardised product policies refer generally to all actions through which goals are established, strategies are chosen, and measures that dictate SMEs' behaviour and fulfilment of stakeholders' expectations on the B2B market are planned, managed and controlled efficiently in order to dimension, structure and develop the programmed industrial good (Stoenica, 2014;

Verona, 1999). A literature review revealed several standardised product policies, presented in Table 3. SMEs seem to follow the practice of applying particularly selected product policies for a B2B market (Merrilees, Rundle-Thiele, & Lye, 2011). The application of standardised product policies and the standardisation of the product according to B2B market requirements are the main aspects marketers focus on when designing their marketing mix to maximise market coverage and minimise product portfolio overlap (Carson, 1990; Sadeghi, Mollahosseini, & Forghani, 2014). This is the reason why the key to successful product mix standardisation lies particularly in a well-orchestrated product programme that is reasonably standardised in terms of product attributes and service features (Nicola, Ferreira, & Ferreira, 2012). Furthermore, SMEs have to strategically build a standardised product portfolio in which service policies might be adopted for the specific use of a B2B market, since a firm's marketing mix is becoming increasingly important as a resource to be exploited for attaining stakeholders' satisfaction (Spence & Hamzaoui Essoussi, 2010). Nevertheless, it seems that in the existing literature the fact that besides services the after sales is an important element within any standardised product portfolio has not been covered (Yap & Yazdanifard, 2014). For SMEs, product policy effectiveness and a coherently

standardised product portfolio are the messages found in most studies (Arzeni, Cusmano, & Potter, 2012; Knight, 2001; Li, Merenda, & Venkatachalam, 2009; Sadeghi et al., 2014). SMEs show an increase in their implementation of after sales as a standardised product policy leading to a standardisation of marketing programmes (Yip, 1997). After sales is, therefore, a key policy and relies heavily on the standardisation of the marketing programme which strongly impacts SMEs' overall performance and B2B market success (Krake, 2005). In the few papers studying product policy standardisation in SMEs, after sales was an integral part of the product programme (Schmid & Kotulla, 2011). Swoboda and Elsner (2012, p. 112) talked about a "higher degree of success" with regard to SMEs' performance and posited that this can strengthen the degree of price competition as a result. This is confirmed by Wang and Liao (2014, p. 56), stating that the innovation process of industrial products "is satisfying the requirements of stakeholders [...] with the standardisation of product elements". According to Schmid and Kotulla (2011), the standardisation of product features, product programme, service features and after sales can only lead to a synergic and successful application of product policies if they are well-integrated within the SME's overall marketing mix approach.

Product features	Offering a standardised product set of "distinctive aspects or characteristics that are visible to various stakeholders" and also abstractions of the product functionality, innovation and technique (Cha et al., 2008, p. 298). Decisions on product design and product technology are made that will influence all decisions throughout the business plan and manufacturing, therefore standardised process execution steps within a structured marketing mix have to be used (Reichel, 1990).
Product programme	Product programme is determined based on agreements between the SME and its stakeholder (Baud-Lavigne, Agard, & Penz, 2012). According to Steinert and Zen (2012), product programme includes a process by which product compatibility is attained implying the adoption of a unique product programme policy everywhere.
Service features	Managing components or aspects of a service that stakeholders see as crucial when assessing the service. This includes leasing, installation,

	<p>training, spare-part availability and recycling. The effort to standardise this product policy to a maximum level will continuously enable a SME to offer standardised service features for the B2B market, which, in turn, leads to efficiency in production in the manufacturing industry (Barman & Canizares, 2015).</p>
After sales	<p>A standardised stakeholder oriented approach, aiming at the development of a long-term relationship with the stakeholder, to generate market knowledge by complaint management and to understand the stakeholders' needs and develop products according to those needs (Cardoso, Hahn, Biegelmeyer, Rohr, & Camargo, 2013). After sales includes the standardised support offering to stakeholders regarding problems encountered when using the industrial product by warranty, guarantee and maintenance (Windahl & Lakemond, 2010).</p>

Table 3: Product policies

Product feature standardisation is influenced by inward and outward mix elements. The first one is divided into product design, performance, technique and technology, whereas the second one is divided into normative elements such as health and safety regulations and technical manual (Cha et al., 2008). Reich-Weiser, Vijayaraghavan, and Dornfeld (2010) state that inward product elements are the most important elements when setting product features. Therefore, the standardisation of product features has to be planned in an integrative and synergic manner for the whole B2B market with minimal adaption or modification (Jain, 1989). The standardisation of these inward elements is the starting point or, in other words, the basis for the whole price and product standardisation (Levitt, 2001). However, a challenge that most SMEs face is how to plan, manage and control these inward product features, given the fact that no standardisation framework is available which enables marketers to integrate those mix policies synergically with other price and product policies (Krake, 2005; Swoboda & Elsner, 2012). On the other side, health and safety regulations are the ceiling of the product feature policy (Avlonitis & Indounas, 2007; Cha et al., 2008), representing a standardised written form with regard to how to plan, monitor and control guidelines for other product policies such as technical manuals and

product quality (Awrey, 2010). Powers and Loyka (2007) underline that it is of paramount importance to focus on the synergic integration of product features as this represents the basis for any price or product policy standardisation to be made.

With respect to product programme characteristics, Zou et al. (1997) discover that the most important elements are product arrangement, product assortment and troubleshooting. This is confirmed by Baud-Lavigne et al. (2012), emphasising the need to incorporate product programme policy within the marketing mix objectives and the overall business objectives, as this policy is regarded to be very important, indicating an extensive impact when setting product features. As in the case of product features, only a few empirical studies have been conducted with reference to a process triggering a synergic and integrative management of these policies. More in detail, a study by Gabrielsson and Gabrielsson (2003) stated that the product programme was found to be the most important policy providing the cornerstone of the strategic marketing effort (Theodosiou & Leonidou, 2003). Moreover, a study by Pehrsson (2001) shows that the need for a standardised product programme is apparent, as the product programme represents the underlying rationale for any SME

to compose an industrial product for satisfying stakeholders' needs.

Service features entail specific policy elements such as leasing, installation, training, spare-part availability and recycling (Gabrielsson & Gabrielsson, 2003). Several studies of standardised service features report their positive influence on a structured marketing mix and on SME's performance (Chung, 2003; Fastoso & Whitelock, 2010; Powers & Loyka, 2007; Waheeduzzaman & Dube, 2004). Lovelock (1983) proposed a standardisation system for tactically applying and managing service features within a structured marketing mix. The author emphasises that a consistent and standardised service policy has to be realised in order to implement service features within a structured marketing mix and to profit from useful cross-fertilisation of concepts and strategies (Lovelock, 1983). Furthermore there is a growing interest in the idea of the standardisation of service features, as it facilitates the positioning of service features (Blankson & Kalafatis, 1999). There is also a strong consensus in the literature that the strategic and practical standardisation of service features is a fundamental policy of the marketing mix strategy (Lovelock, 1983; Rigger, 1995; Smith & Reynolds, 2002; Talluri, Kim, & Schoenherr, 2013), but there has been no single universally accepted conceptual standardisation of service features for SMEs (Blankson & Kalafatis, 1999). According to Rigger (1995) the standardisation of service features involves, in particular, leasing, training, complaint management and spare-part availability. This is confirmed by Smith and Reynolds (2002), stating that, for implementing standardised service features within a structured marketing mix, a definition of the dimensions of service features that adequately represents the target stakeholders' perception, measures the set objectives and manages/controls the standardised service features has to be involved. Talluri et al. (2013) write that the effective standardisation of service features is achieved if the standardised characteristics are proactively

involved within the product programme by the marketer.

SMEs, in their aim to standardise *after sales* policies on the B2B market, seek for a strategy to incorporate this policy within the marketing mix. Many challenges related to the saturation of B2B markets might be overcome by standardising after sales and its related instruments (Cardoso et al., 2013). Literature quoting practical evidence suggests that SMEs have to make standardisation choices, which relate to warranty, guaranty and maintenance (Windahl & Lakemond, 2010). A study by Malhotra, Dash, Gupta, and Malhotra (2013) suggest that there are gains to be had as a result of standardising these after sales instruments and of implementing them within a structured marketing mix strategy. The author suggests that in the B2B world after sales is homogenous and satisfied through the provision of standardised after sales of industrial products created by SMEs. Mela et al. (1998) asserted that a well-managed after sales portfolio can cover stakeholders' needs in a standardised way and ultimately deliver a meaningful solution for the stakeholder with professional and attentive after sales service. Williams et al. (2013) emphasise that the standardisation of after sales allows a SME to maintain a consistent image and stakeholder support, minimises confusions amongst two businesses, allows SMEs to develop a single tactical approach and makes it easier to take advantage in learning curve effects. Therefore, the use of after sales standardisation is of paramount importance as according to Williams et al. (2013) industrial standardisation in a B2B context is at hand. Steinert and Zen (2012) confirm this, stating that after sales standardisation is a crucial element in the marketing mix when considering SMEs. To analyse the optimal strategy the elements guaranty, warranty and maintenance have to be planned, identified and targeted according to the B2B market requirements. Mela et al. (1998) conclude that the marketer has to possess sufficient after sales process knowledge assisting

SMEs in the delivery of strategic after sales objectives and to include this policy within a structured marketing mix. This refers particularly to the possession of marketing mix skills together

4. Methodology

4.1. Research setting

SMEs are chosen as research setting, as the German economy depends to a high degree on the B2B sector and its exporting success (CAEF, 2012). In this, the extent to which price and product policies in SMEs are standardised is investigated. The small and medium-sized sector of the B2B industry is interesting to study because these companies cannot afford to fail, as SMEs depend on short-term results for survival (Lages et al., 2008). Furthermore, the value of a standardisation framework is given, as SMEs depend to a high degree on B2B markets. This is the reason why such a standardisation framework for SMEs becomes crucial, even more vital in times of recession and limited domestic growth (Samiee and Roth (1992). Within the German context, the B2B industry is particularly interesting since is commerce has contributed significantly to economic wealth.

4.2. Qualitative approach

For this research, a qualitative approach was chosen, as price and product policy standardisation in the business-to-business context has not been fully explored, and thereby, an explorative research is assured. Advocates of this approach state that qualitative research methods are valuable for a profound understanding of phenomena in the marketing domain and provide flexibility and suitability therein ((Leahy, 2011; Malterud, 2001). In order to get a profound understanding of the price and product policy domain, semi-structured in-depth interviews were selected. In-depth interviews can elaborate incomplete ideas and provide a rich view to encourage the profound development of a phenomenon (Eylon & Linn, 1988). This is the reason why semi-structured in-depth interviews were seen to be useful in discovering the

with a sound knowledge of the B2B interface and the aftersales process which the company standardises.

explorative nature of the price and product policy standardisation domain. In other words, in-depth interviews were seen to be fruitful for developing a framework for standardising marketing mix variables, much more as it is not sufficiently researched yet. Furthermore, a convenient sample of marketers working in the B2B area was selected. Practitioners working in the price and product policy standardisation domain, particularly in SMEs, are scarce (CAEF, 2012). In Germany, no more than 60 marketers are expected to work in this area (CAEF, 2012). Even though there are no universally accepted rules for sample size in qualitative data collection, there are some general guidelines (Teddlie & Tashakkori, 2009). Thus, the general rule in qualitative research, as also stated by Strauss and Corbin (1998, p. 188), is to “sample until theoretical saturation of each category is reached”. This means that data should be gathered until no new or relevant data seems to emerge regarding a category; the category is well developed in terms of its properties and dimensions demonstrating variation, and the relation between categories is well established and validated. This is the reason why the sample size is representative and comprehensive, as stated by Slade (1991). Furthermore, measures have been realised to validate respondents' qualification for this research. In total, 12 marketers of the marketing mix management domain, more specifically involved in activities of price and product policy standardisation, have been selected as interviewees. All of these interviews have been realised personally, whereas the respondents were expected to have more than 5 years of practical experience within the chosen research area. Redundancy in terms of saturation was reached after 9 interviews, whereas 3 of these interviews served as a safety

margin. This is the reason why this research complies with the sample size tests of usefulness, credibility and availability of personnel, provided by Malterud (2001). When choosing interview subjects, particularly in the qualitative arena, the researcher should ensure the anonymity of the interviewees (Slade, 1991). Therefore, the names and personal data which might disclose the identity of the interviewees were erased. All of the interviews were carried out in a formal location, and the choice of the location was left to the interviewee. The interview commenced with a broad and brief introduction to the research area, as this ensured its complete understanding – particularly the standardisation of price and product policies and the integration of those policies within a standardised approach. The interviewees were asked about the relationship between price and product policies and its contribution to the success of a policy standardisation framework. Further, they were asked to think about the structure of product instruments and its interaction with price instruments. In this, the interviewees were asked for their opinion with respect to how critical a standardisation framework is for the success of such an activity (Papavassiliou & Stathakopoulos, 1997). Studies show that a standardisation framework is critical for the success, partly because of interdependencies occurring within price and product policies (Naik et al., 2005). Furthermore, this happens because the marketer has to anticipate how policies are planned and standardised (Naik et al., 2005). As part of the interview, the interviewees were provided with the interview guideline and interview information document, detailing the background to the research and freedom of consent. As part of the interview protocol, the interviewees received a paper with 28 questions, asking questions about marketing mix management and standardisation of price and product policies. The interviewees were asked varying questions about success factors of a standardised marketing mix management approach, in particular they were

asked about the identification and result-oriented coordination of marketing policies; whether the structure of the small and medium-sized enterprise impacts a standardised approach; and how the infrastructure of a B2B market impacts standardisation of price and product policies. In this, only the findings from those aspects of the interview that inform this study are provided in this paper (Yanamandram & White, 2006). Debriefing the interviewees established credibility, as qualitative data collection gains credibility if it 'rings true', that is, when it presents such faithful descriptions or interpretations of human experience that people having this particular experience would immediately recognise it from "those descriptions or interpretations as their own" (Sandelowski, 1986, p. 30). Furthermore, the interviews were recorded and transcribed verbatim, whereas a copy of the transcription was handed out to the participants to prove validity. In this, the average time for each of the 12 interviews was about 85 minutes and the word count was 12,500 words on average.

4.3. Data analysis

For the analysis of the data, the content analysis approach by Collis and Hussey (2009) has been used, as this analysis method enables the examination of 'open-ended' data "to be structured for the purpose of diagnostics" (Babbie, 2013, p. 46). Based on a literature review of the standardisation of price and product policies, this research started with an examination of the main issues in the data. First, the interviews were transcribed and then read through and the transcripts were underlined and marked at their margins with different colours, in order to find similar ideas, substantiated information and central ideas. Based on the preliminarily underlined parts of the transcripts, an initial coding frame with different segments of information was developed. After having become more familiar with the data, additional categories emerged. In this way a much more detailed

picture of the transcripts was generated, as opposed to unwittingly imposing consensus on the data by stating “this is how it is or appears” in too simplistic or univocal terms (Creswell, Plano Clark, Gutmann, & Hanson, 2003, p. 149). With this, the goal of selecting main thoughts and ideas appearing in the collected data is achieved.

Another technique for the analysis of the data was used, referred to as ‘eyeballing’ analysis technique (Hutchinson & Alba, 1997). This technique is useful to gain a deeper understanding of the key determinants of price and product policy standardisation and key perceptions surrounding their integration within a structured marketing mix. This technique required the interview transcript to be read and examined several times, and finally revealed that more key policies than those examined in the literature might be valuable to be standardised and integrated within a structured marketing mix.

5. Results

The semi-structured interviews with marketers of SMEs working in the B2B context provided ground for the following key policies with regard to price standardisation:

- Pricing strategies
- Financing strategies
- Abatement
- Price conditions/Conditions of contract

The synergic and successful application of standardised product policies was also suggested as having resulted from:

- Product features and attributes
- Product programme
- Service features
- After sales

In all instances the respondents mentioned that a standardisation framework for integrating mix policies synergically within a structured marketing mix is an important process for marketing and also business success. All respondents but one complained that no framework for integrating standardised policies within a marketing mix is available. An

assessment of the key determinants for such a framework revealed that the identification of policies to be standardised, strategy derivation and definition, policy implementation with measurable objectives and controlling enable the successful integration within a structured marketing mix.

5.1. Price policies

The marketers interviewed used a range of *pricing strategies* to encourage SMEs’ growth. High pricing, flat pricing, penetration pricing, promotional pricing and price skimming are used as standardised pricing policies to enhance SMEs’ economic benefit. The marketers mentioned that it was a conscious decision to allow the SME to standardise pricing strategies and to go beyond the original price structure, particularly on a middle-term basis. This contradicts Toptal and Çetinkaya (2015) suggestions. The standardisation of pricing strategies includes not only the identification of mix elements, but also a long-term value creation for the B2B stakeholders, in order to sell potential new industrial products more easily because of standardised pricing decisions, acquisition of new clients and recurrent interaction with existent clients. It also includes different operational levels within decision making. For the implementation of pricing strategies within a structured marketing mix, the interviewees mentioned several steps, including the identification of pricing policies to be standardised, the qualitative analysis of policies to be applied to the B2B market, the definition of measurable objectives, pricing strategy response planning and monitoring. These steps have different purposes, but they all might be included within a standardisation framework to ensure the synergic standardisation of price policies, to ensure the SME’s growth and to spread price risk over several segments of the product portfolio. The various *financing strategies* can be standardised, according to the interviewees, to credit payment, instalment buying and factoring. According to the interviewees, the critical issue in

implementing standardised financing elements within a structured marketing mix is to identify the financing elements to be applied and to examine the feasibility of the financing strategies to be applied within the B2B market. It is of strategic importance to select appropriate and similar financing strategies, as they play an important role in the determination of the price policy standardisation. With regard to the similar elements of financing standardisation, the interviewees indicate that the success of standardising financing strategies depends to a high degree on the B2B market conditions, particularly in terms of stakeholder characteristics and PLC-stage. These findings are consistent with earlier research efforts examining the standardisation of financing elements and the implementation of these elements within an overall marketing strategy (e.g. Cincera, 2003; Hinterhuber, 2008; Zou, Andrus, & Norvell, 1997). The interviews further indicate that the implementation of these elements within an overall marketing mix plays an important role in the determination of the degree of financing standardisation. The interviewees provided the insight that the standardisation of financing strategies represents a major element of the price mix standardisation and products' total cost and, thereby, has a significant effect on any price and product policy decision of the SME. It seems, therefore, and this is not covered in existing literature, that, first, the financing elements have to be standardised, in order to accomplish certain objectives, and, second, the SMEs need one business marketing and business standardisation strategy to sustain growth and fulfil stakeholders' expectations. Therefore, it could be possible that the B2B market which a SME serves and the intense competitive environment in which a SME establishes standardised financing strategies make it possible to rely on one standardised marketing and business strategy.

Managerial decision-making regarding the standardisation of *abatement* to promote any industrial offering has to be based on a thorough

analysis of the macro- and micro-environmental factors of the B2B market. The results of the interviews indicate, furthermore, that three factors – stakeholder characteristics, PLC-stage of the industrial product and economic factors – have to be taken into account. The interviews further indicate that these factors are significant correlates, particularly in terms of abatement standardisation. As confirmed by the literature, the selection of standardised abatement elements is B2B market specific. Therefore, an analysis of the B2B market conditions has to be performed in order to find out which type of cash discount, rebate and incentives can be given to the stakeholder. The results further substantiate that, after having analysed and defined the abatement elements, an appropriate price mix according to the B2B market requirements is developed (Boddewyn & Grosse, 1995; Chung, 2003). Beside the standardisation of abatement special attention might be paid to the coordination of standardised marketing operations across the B2B market, the active learning with regard to the changes implemented and the possible exploitation of economies of scale with the objective of enhancing the SME's performance. Finally, the interviews indicate that, because abatement affects the revenue side of the profitability equation and because the effect of discounts is relatively short-lasting, the ultimate objective of marketers in setting standardised abatement policies is placed on revenue maximisation.

In accordance with the insights provided by the interviews, the results show that the standardisation of *price conditions* never should be undertaken in isolation without considering the *conditions of contract*. Both elements together have a significant impact on objective standardisation, on managerial and stakeholder satisfaction. This is a completely new insight not yet covered by studies previously carried out (Iveroth et al., 2013; Liesch et al., 2015; Obadia, 2013). The interviews provided the insight that there are significant similarities regarding price

conditions and conditions of contract, as they are both standardised to the same degree according to the standardisation degree of the SME's marketing mix strategy. According to the interviews, the contract as central instrument invests the necessary rights and duties of the stakeholders in terms of the contract and thereby stipulates the price and product mix conditions of a sold technical good. Thereby, price condition elements, precisely barter transaction and old against new which involve an exchange of two non-monetary items (Rubin, 2014), are directly linked to the rights and duties negotiated in a contract and stipulate the sale of a technical good. Thus, objective standardisation and managerial satisfaction with conditions of contract are achieved by applying marketing mix strategies characterised by standardised price conditions. In this term, the results of the interviews provide support for the synergic standardisation and application of both elements within the price mix construct. In other words, SMEs have to focus on matching price conditions according to the macro- and micro-environmental market characteristics of the B2B market and on implementing, in this process, price condition policies within the conditions of contract. Indeed, the impact of conditions of contract on the marketing mix performance is a strategic issue, being contingent on the one hand upon the price conditions and on the other hand upon the size of the firm, as revealed by the interviews. More precisely, the insights show significant similarities in terms of the selected pricing approach and regarding the relationship established to contract conditions. In this sense, the results further show that the standardised application of both elements has to be ensured by the thorough application of a standardisation framework, having positive influence on price performance, managerial and stakeholder satisfaction. Therefore, it can be argued that SMEs choose a more standardised version of price conditions in their quest for achieving

superior stakeholder satisfaction (Kienzler & Kowalkowski, 2014).

5.2. Product policies

The insights of the interviewees show that the standardisation of product features is mainly driven by inward and outward looking elements, as confirmed by the extensive literature review (Cha et al., 2008; Reich-Weiser et al., 2010). The results show that SMEs prefer a version of deeply standardised product feature in order to achieve higher product performance, as thereby marketing managers are enabled to realise high investments in terms of the product capacity, and thereby reap higher product performance, product quality and degree of innovation. In the same line, the results show that the more product features were standardised, the more satisfied with product performance and product quality the marketing managers appeared to be. This can be explained by the fact that for SMEs it is more unlikely to invest into product technique and technology which are not standardised, as the learning curve decreases and economies of scale are not possible to achieve. Therefore, the effort has to be directed to standardise both inward and outward looking product features according to the B2B market which the SME serves. According to the results, the marketing managers of the SME have to consider that a realised product standardisation effort results in growth in sales, economies of scale, the realisation of set growth objectives and in obtaining satisfactory results in inward elements (e.g. product design, performance, technique and technology). Furthermore, according to the results industrial goods in a B2B market belong to a technology intensive industry, in which the product feature standardisation for high-tech firms positively influences export performance. In line with previously published research it can be suggested that SMEs of the high-tech industry have to standardise product features to such a level that inward elements, mainly product quality and product technique, achieve satisfactory levels in

terms of product performance (Aydin, 2014; Zou et al., 1997). Finally, the results show that there is a synergic relationship between product features and product policy standardisation; according to the selected product features it is of paramount importance to implement them within a structured marketing mix. The findings show that for SMEs with highly standardised product features, the overall standardisation of the marketing mix according to the B2B market requirements is realised by establishing necessary service level agreements, a clear definition of end-to-end product responsibility and standardised product support. Therefore, it can be argued that, given the high standardisation of product features, the SMEs have to realise maximal effort for establishing necessary SLAs and realise a standardised product model, thus attaining operational efficiency and superior product policy performance (de Vries, Blind, Mangelsdorf, Verheul, & van der Zwan, 2009; Stallinger, Neumann, Schossleitner, & Kriener, 2011).

The most powerful *product programme* elements include product arrangement, troubleshooting and assortment. The insights provided by the interviewees show that there is a tremendous need to incorporate product programme characteristics within the marketing mix strategy. The interviewees mentioned that differences in the degree of product programme standardisation make it difficult to include it within the marketing mix strategy. A reason for this might be that for a marketing manager it is a major challenge to communicate the best fitting product programme to a potential stakeholder, thus meeting stakeholders' requirements (Baud-Lavigne et al., 2012). This somehow contradicts the frequently evocated argument of the interviewees that modular product programmes imply a high degree of standardisation, thus favouring marketing mix standardisation. Certainly, in accordance with the results, in the case of SMEs with a highly standardised product programme, the overall standardisation of the

marketing mix according to the B2B market leads to highly satisfied stakeholders/managers and drives companies' performance. The results further show that the strategic analysis and forecast in terms of the actual situation and future market development are the main components triggering the integrative management of product programme policies. According to the interviews, this also includes the development and evaluation of strategic alternatives and action planning, by which the product arrangement is standardised according to the B2B market. Therefore, it can be argued that when evaluating strategic alternatives and implementing them within a structured marketing mix, the SME has to employ maximal effort for standardising the mix according to the B2B market characteristics. This is the reason why for SMEs characterised by environmental barriers perceived as high, as it is the case in high-tech industry, a deeply standardised product programme leads to superior business and marketing performance (Stoian, Rialp, & Rialp, 2012). Finally, clearly developing and evaluating strategic alternatives drives marketing mix performance and, beside this fact, the presence of high environmental barriers forces a SME to standardise its programme according to the B2B market. Hence, for achieving the integrative management of product programme policies the SME has to employ these phases within its marketing mix and has to emphasise a deeply uniform mix.

The standardisation of *service features* is an ongoing phenomenon, affecting the structured marketing mix in that SMEs have to simultaneously focus their attention on the thorough standardisation of spare-part availability, recycling and installation (Gabrielsson et al., 2012). The results of the interviews show that this requires consistent service offering and attention upon aspects that demand B2B market responsiveness. This includes a very straightforward process, in order to implement these service policies within the

product mix. The interviewees emphasise that SMEs therefore must strive to find strategic solutions when faced with perceived high environmental, competitive and B2B market barriers. Thus, deciding in favour of standardisation includes the conceptual standardisation of installation, training and maintenance of the industrial good. The results illustrate that the standardisation of service features is a challenging conundrum and ongoing task. This is achieved by the identification of the necessary service policies with regard to stakeholders' characteristics and, thus, straightforwardly communicating these policies within the product team and future process owner. It is discovered that huge costs are involved when not standardising service features and therefore, the development of a standardisation process and the integration of best practices of the selected service features should be realised in alignment with the overall marketing mix strategy (Blankson & Kalafatis, 1999). Furthermore, the study results show that the implementation of standardised service policies in all instances saves costs, but benefits of standardisation can only be ensured by setting measurable objectives. This is confirmed by the more recent literature, stating that SMEs therefore should clarify responsibilities in terms of service feature standardisation and clarify the responsibilities for product mix operations and enhancement (Barman & Canizares, 2015; Fastoso & Whitelock, 2010). The research results show that the marketing reasons pushing standardisation bear a very high degree of significance and therefore, escalation procedures in terms of service feature standardisation might be defined. Finally, SMEs should therefore proactively involve marketers and incorporate those escalation procedures within the structured marketing mix, based on a thorough understanding of the B2B market dynamics. The results show that for the standardisation of after sales policies the most important elements for SMEs are warranty and guarantee, as the

interviewees stated that due to regulations the degree of standardisation of both elements is effectively manageable. The findings of this research confirm the results that warranty and guarantee belong to the most standardised marketing elements, as both elements are highly regulated and can be seen as an entity, thus accelerating the implementation and perfection of after-sales standardisation (Cardoso et al., 2013; Windahl & Lakemond, 2010). The findings of the research also show that the standardisation of after sales is highly correlated to the standardisation of product mix, depending on macro- and micro-environmental factors. Only obligingness as stakeholder specific factor was found to have a less significant influence on after sales standardisation as it is voluntary rather than being coerced or being a product. The interviews indicate that after sales in the B2B sector is becoming increasingly homogenised, so that SMEs can market their industrial products in the same way. The interviewees state that a concomitant element of identical after sales are lower costs, thus providing benefits of higher margins which equate increased SME's profitability. This is confirmed by a study by Steinert and Zen (2012), asserting that a highly standardised after sales portfolio affects SME's performance, but that, therefore, a clear understanding of the B2B market dynamics is necessary. The results indicate that for after sales standardisation, former B2B experiences help in standardising after sales policies, taking the environmental conditions into consideration. Therefore, marketers have to understand the benefits of utilising standardised after sales elements, achieving a certain level of demand homogenisation (Williams et al., 2013). The results imply that the thorough analysis of environmental factors and their thorough understanding are important for successful after sales standardisation. It is shown that SMEs can and do simultaneously focus their attention on standardising warranty and guarantee and react with obligingness to aspects that demand local

responsiveness. Finally, the results indicate that when and where possible, after sales should be standardised, however, obligingness helps to maintain a certain degree of flexibility.

5.3. Policy standardisation framework

The main purpose of a standardisation framework is to define the conditions necessary for SMEs to be able to integrate price and product policies within a structured marketing mix management approach (Szymanski et al., 1993). The interviewees underlined the importance of the standardisation framework and the manner in which SMEs operating in a B2B market can prioritise, initialise, develop and implement the price and product policies whose synergic application ensures the ability to implement these policies within a structured marketing mix management approach to generate successful marketing planning. This in turn ensures competitive advantage, which represents a key element from both the perspective of the marketer managing price and product policies and the perspective of the stakeholder, successfully contesting this demand for the future integrative development of the SMEs (Lages et al., 2008). The results show that the use of a standardisation framework is an evident requirement, mostly due to the relationships existing between price and product policies, thus leading towards a synergic marketing mix orientation of standardised activities. The results further show that from a marketer's perspective, the marketing mix activities from a SME, particularly standardisation activities, cannot take place randomly. This is the reason why resource allocation, an important characteristic of any standardisation activity, and the objectives in terms of successfully integrating policies within a marketing mix and economic efficiency maximisation claim the clear prioritisation, initialisation and development of those standardisation activities in a manner that represents the implementation of the strategy previously assumed. The interviewed marketers

emphasised that within such a framework, the standardisation appears to be a complex process that comprises standardisation, positioning and marketing mix management. The results show that the utilisation of the standardisation framework within SMEs depends to a great extent on the later marketing mix integration; an approach directly linked with a series of factors such as management quality, result-oriented coordination of mix variables, controlling and the influence of the marketing managers of the SME. The implications of the *prioritisation* activity of SMEs are based on the thorough definition of each strategic price and product policy, where the marketer can find, when identified and applied correctly, the identification of the process for standardisation with regard to the B2B market. The interviewees emphasise that the *prioritisation* activity can be seen as a starting point of strategic standardisation itself, and therefore has to be implemented within business planning. This is confirmed by Fitzsimmons et al. (1998), granting that due to this phase the SME has a simple and flexible tool by which the marketer defines the necessary mix policies in terms of stakeholders' needs, B2B groups, and technology. But the interviews show that there is a huge difference from Fitzsimmons et al. (1998) point of view, showing that the identification of policies has to be characterised as a decisional strategy and direct prioritisation of the initialisation of price and product standardisation. Thus, the decisional process also involves the thorough communication of the prioritised mix policies to all parties. Therefore, the prioritisation of mix policies should be regarded as part of a complex process of decisional planning of the standardisation activity. Finally, the *prioritisation* activity integrates the objectives of the company and reflects the standardisation objectives of each functional price and product policy (Helm & Gritsch, 2014).

The *initialisation* of policy standardisation, according to the interviews, leads to an

enrichment of the whole strategic marketing mix planning due to the fact that a process is created which constrains choices and results ultimately in the adoption of the same instruments by all departments of the SME. This step ensures the SME's success through the satisfaction and determination of stakeholders' needs, in utilising the identified price and product policies, and furthermore represents the basis for the accomplishment of measurable marketing mix objectives. The results show that for doing so, three essential determinants within this step have to be taken into account and which have as base component of strategic prioritisation that defines: the clear communication to all involved parties, the clear and transparent definition of a marketing mix team with a sample of standardisation experts from affected parties, and the appointment of the future process owner of price and product policy standardisation. In the same vein, Fitzsimmons et al. (1998) writes that in understanding the role of the standardisation framework within the SME, the marketer has to take into account the sample of standardisation and process experts from the affected parties. This is confirmed by Helm and Gritsch (2014), stating that the marketing mix elaboration has to ensure the development of a thorough step of initialisation within the standardisation framework, in which the policies and methods used are properly standardised according to the specific SME's limitations.

From a marketer's perspective, the *development* of the standardisation process is the point where a direct connection between the price and product policies having an influence upon SMEs and the marketing mix characteristics is set. According to the marketers, standardised price and product policies act synergically rather than unitary, so that the marketer has to reflect the standardisation character of the selected policies. This in turn confirms the importance of integrating and using best practices with regard to how to standardise mix policies and implement them thoroughly within a structured marketing

mix. Among the factors that influence the SME's standardisation performance, the results show that the integration of best practices for standardisation process variants must be regarded as the central element. Thus, the main objective of this step is the development of a thoroughly standardised mix which can be achieved through the competent use of financial and marketing resources. According to the marketers, a successful standardisation process is also achieved by introducing the expertise of specialists, tending to be specialists in standardisation rather than generalists in marketing mix or business planning.

A logical standardisation sequence, as part of a structured marketing mix approach, can only follow the *implementation* of the identified price and product policies which the marketer has selected. According to marketers, the implementation step that the marketer intends to realise in terms of selected price and product policies has to be underlined that implementation refers to the position that the SME or acts with stakeholders mind-set. This result is confirmed by Kotler et al. (2001), emphasising that the project team and all involved parties have the task to standardise the SME's offerings, while, at the same time, keeping them distinct from the offerings by of the competitors, and create a motivation to acquire the industrial product. The complex implementation step comprises the effort to create a standardised product by the implementation of standardised price and product policies at all marketing mix instances while keeping in mind the stakeholders' demands and wants which the SME wants to successfully satisfy. The interviewees show that in the case of standardised industrial offerings the product should be accompanied by the identification of points of parity. Taking into consideration the marketers' insights, it can be concluded that the idea of implementation does not only include the creation of a new offering, but also the standardisation of existing relationships in terms

of the B2B market, particularly in terms of relevant influences of price and product. This in turn reflects the remarkable value of a standardisation framework and therefore, a clear clarification of the responsibilities for price and product implementation and its enhancement is particularly important. The results further show that the main objective of this stage are the clear definition of standardisation procedures as well as internal and external communication procedures. In this, the main objective of implementing the standardised policies within the structured marketing mix is to gain competitive advantage by developing a standardised marketing mix that exceeds stakeholders' satisfaction in the context of economic maximisation of efficacy, and thereby fulfils the objective functions of marketing mix standardisation.

6. Managerial implications

This study discovered several new insights in terms of price and product standardisation that have been subject to little prior research before. Particularly, this study adds new knowledge to the existing understanding in terms of identifying standardised price and product policies and develops a framework for their standardisation. This refers particularly to the B2B context and to the fact that SMEs synergically and successfully integrate mix policies within a structured marketing mix management approach. This is the reason why this research is highly relevant for marketing managers on both a strategic and operational marketing programme and process level, particularly in terms of marketing mix management and price and product policy standardisation, as recommended by Hwang et al. (2011). More in detail, the synergic management of price and product policy standardisation, executed by those marketing managers, helps the SME to rely on a synergic marketing mix and reduce resource consumption. It is conceivable that the development of a standardisation framework is indispensable for

successful marketing mix management, as it helps to manage "price and product policies which they [marketers] will deploy to maximise returns on investment in new products" (Oakman, 1986, p. 75). This is the reason why the development of such a standardisation framework enables marketers to manage the key determinants for enabling SMEs to integrate standardised price and product policies within their marketing approach. Furthermore, it enables marketers to direct efforts, resources and money more appropriately in terms of the synergic and successful application of these policies (Theodosiou & Leonidou, 2003). Marketing managers have to take a cautious approach to the suggestions that price and product policy standardisation is a strategic mechanism to increase companies' economic benefit, where economies of scale and cost saving in production as well as research and development are a major challenge. In this context Papavassiliou and Stathakopoulos (1997) noted that SMEs should be aware of the way in which they standardise price and product policies on the B2B market, as it has an impact on stakeholders' perception of the SME (Gatignon et al., 1989). The standardised price and product policies therefore have to be coherent with the mission, vision and values the SME wants to communicate for its business (Papavassiliou & Stathakopoulos, 1997). This implies that product policies such as product features enhance product quality in a premium segment, which is linked to the SMEs' capabilities and the market they serve. This is the reason why the company has to assess the number of price and product policies available and investigate which are the ones most suitable for the SME and the market. After having identified and defined the policies to be applied, the selected policies are standardised. This in turn reduces the risks of new product streams and ensures a more complete coverage of the B2B market. Actual research confirms this managerial limitation, stating that standardisation in SMEs is a companywide affair

(Kasum, 2011; Swoboda & Elsner, 2012; Vrontis & Kitchen, 2005). The SME has to keep a focus on the core market to be served and has to communicate the applied price and product policies clearly. This also means that the number of core market segments should be restricted to enable high impact after sales support. Furthermore, this research also has implications for those SMEs which want to integrate their standardised price and product policies within a structured marketing mix approach. Dolnicar and Grün (2007) write that it is not a question of whether to integrate policies within such an approach, but rather a question of the thorough application of a standardisation framework. The results of this research demonstrate that best practices, selected policies, measurable objectives and clear responsibilities are the most important steps within such a standardisation framework. It is evidenced that such a framework helps to overcome standardisation barriers; marketers have to aim at maximising standardisation effort and minimising disruption and errors.

7. Limitations and future research

In presenting the results of this research it is important to acknowledge its limitations. The exploratory nature of this research is understood as a caveat with regard to the appreciation of the findings, much in the same vein as Cialdini's (1984) statement "no matter how careful and thorough I tried to be, the practices I observed were seen only through my eyes and registered through the filter of my expectations and previous experience". The selected sample size can be seen as adequate for qualitatively guided explorative analysis, but further quantitative research has to be undertaken in order to validate the findings of this research (Yanamandram &

White, 2006). This implies that the quantitative research should address the question of whether the identified and defined price and product policies and the identified key determinants for a standardisation framework exert a main effect on the successful integration within a structured marketing mix approach. This study was conducted in Germany and therefore further research in other countries has to be conducted, including a cross-cultural component to ensure the generalisability of the findings. This includes the further investigation of determinants to be implemented within the proposed standardisation framework which are not yet identified in the extant literature. This is the reason why further research might include the applicability of such a framework in multinational enterprises, the degree of standardisation, industry classification and the reason why a company decides to standardise its price and product policies. In conclusion, this research is the first to have investigated a range of determinants to be implemented within a single standardisation framework in a B2B industry context, including the identification of price and product policies to be standardised in a synergic manner. The findings that confirmed price and product policies found in the literature also discovered policies not yet evident in marketing literature. By the identification of these policies and the analysis of how SMEs standardise their mix policies, a better understanding of the factors important for the development of a standardisation framework was gained. SMEs that want to integrate their standardised price and product policies also need an understanding with regard to how to integrate mix policies defined within the standardisation framework successfully within a structured marketing mix management approach.

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CO-BRANDING AS A STRATEGY – FASHION MARKET PERSPECTIVE: PRESTIGE OR MASSTIGE?

Barbara Mróz-Gorgoń

Abstract

Co-branding, is a marketing arrangement to utilize multiple brand names on a single product or service. Basically, the constituent brands can assist each other to achieve their objectives. Co-branding is an increasingly popular technique for transferring the positive associations of one company's product or brand to another. In the absence of a clearly defined strategy, co-brand mergers are frequently driven by short-term goals to mistrust and failure (Chang, 2009). Co-branding strategies may be effective in exploiting a product performance advantage or in introducing a new product with an unfamiliar brand name (Washburn, Till & Priluck, 2000).

In this paper corporate co-branding is analysed within the context of a case study on the examples of the relationships and partnerships of two different companies, that represents fashion sector- H&M and Reserved. The study indicates that corporate brands create co-branding relationships in order to redefine brand identity, discursively reposition the brand and build brand equity, and in the same time confirms the previous study of J. Motion, S. Leitch and R. J. Brodie, (Motion, Leitch & Brodie, 2003). Co-branding is part of marketing strategy and influence the brand values and organizational culture of the organization. Co-existing of two different brands as co-partners (co-brands) influences the marketing communication of the brand and image of this brands.

Discourse theory provides insights into the importance of an articulation campaign in order to increase the equity of corporate brands. Co-branding offers corporate brands access to the brand strategy of the co-brand partner, the alignment of brand values, the marketing communication association and brand reach and network of relationships (Motion, Leitch & Brodie, 2003). Finally, this research aims to provide clues and for the future research in co-branding issue.

Key words: brand, co-branding, marketing communication, strategy, fashion

Introduction

Effective branding is essential to the success of most companies. A brand has been defined as: “an identifiable product, service, person or place augmented in such a way that the buyer or user perceives relevant unique values which match their needs most closely” (de Chernatony, 1998). “Brand” can also be defined as the name, design (shapes, colours, sounds, etc.), logo, symbol, or

any other characteristics or attributes that distinguishes one company's product or service from those of other companies (Ghodeswar, 2008). Brands need to evolve and adapt to dynamic competition, consumer expectations, and environmental changes. Marketing efforts and advertising campaigns should be made by companies to build positive perceptions for their corporate and product brands and thus to achieve better sales and profit margins than competitors (Shuliang i Jim Zheng, 2014). Brand

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architects are making all the effort in order to create desirable brand awareness. As Shuliang & Jim Zheng (Shuliang i Jim Zheng, 2014) pointed out, increasing brand awareness is pivotal to the survival and success of most businesses. Effective branding may lead to improved customer loyalty, larger number of orders, better sale volume, and higher revenue and profits.

There are diverse branding strategies including company names, individual branding, attitude branding and private labels. One of the branding strategy is co-branding. In academic literature as well in practice, the definition of co-branding is not evident. There are different definitions of co-branding (Grębosz, 2012):

1. According T. Blackett and B. Boad co-branding is a form of co-operation between two or more brands with significant customer recognition, in which all participants' brand names are retained. It is usually of medium to longterm duration and its net value creation potential is too small to justify setting up a new brand and/or legal joint venture (Blackett, Boad i (Eds.), 1999,);
2. A.M. Levin, J.C. Davis and I.P. Levin consider that co-branding is the use of two distinct brand names on one product (Levin, Davis i Levin, 1996);
3. According to Ph. Kotler and G. Armstrong, co-branding is a technique of combining two or more well-known brands in one product (Kotler i Armstrong, 2009);
4. C. Hillyer and S. Tikoo define co-branding as the practice of doublebranding products, in which a product features more than one brand name.⁴ Taking into consideration these definitions, in the paper the co-branding is defined as the strategy of double branding of

products when two distinct partners brand names are used on one product. According this definition, we distinguish a co-branding from the brand alliances and other forms of co-operation, like co-advertising and co-promotion (joint promotion). In co-branding we can distinguish inviting and invited brand (Hillyer i Tikoo, 1995).

Referring to Washburn, Till & Priluck, in recent years the study of branding strategies has become increasingly important to both marketing academics and practitioners (Washburn, Till i Priluck, 2000). One of the most significant findings in brand alliance research is that an unknown brand can benefit from joining a brand ally with a favourable reputation (Washburn, Till i Priluck, 2004) (Rao i Ruckert, 1994) (Simonin i Ruth, 1998) (Rao i Ruckert, 1994).

There is still a need to analyze the pros and cons (resented on Table 1.) of brand alliances. As Woisetschlaeger, Michaelis i Backhaus points out (Woisetschlaeger, Michaelis i Backhaus, 2008), while many positive effects of brand alliances are currently being investigated more thoroughly (Gammoh, Voss i Chakraborty, 2006), less attention is paid to the non-positive "dark side" of brand alliances that might appear, for example, if an alliance partner experiences negative feedback effects due to quality problems relating to the partner brand (McCarthy i Norris, 1999) or when brand alliances fail. Nevertheless, some authors have acknowledged the negative effects that can derive from brand alliances (Hillyer i Tikoo, 1995), (Washburn, Till i Priluck, 2000), (Janiszewski, 2000). Given these potential drawbacks, brand alliances are not necessarily win/win strategies for the alliance partners (Washburn, Till i Priluck, 2000).

Table 1. The pros and cons of co-branding strategy in fashion industry

	Pros	Cons
Luxury Fashion Designer Brand	<ul style="list-style-type: none"> - High media exposure - Expand of the brand and new customer segments - Increased sales volume - Democratization of luxury fashion 	<ul style="list-style-type: none"> - Possibility of spoiling the brand image and dilute brand equity - Possibility of negative experience associated with partner brand transfer
Fast Fashion Brand	<ul style="list-style-type: none"> High media coverage Increased sales revenue Differentiate from other fast fashion brands Positioning brand as more premium 	Might confuse consumers and weak brand equity (especially brand image)

Source: Authors own study

In literature of marketing and brand management, we can find different classifications of co-branding strategy, according the level of involvement, nature of commitment or character of co-operation (Grębosz, 2012). For instance, T. Blackett and N. Russell classify four types of co-branding in term of shared value creation (Blackett i Russell, 1999): reach-awareness co-branding, values endorsement cobranding, ingredient co-branding and complementary competence co-branding.

The principle of reach-awareness co-branding is creation awareness quickly by targeting the partner's customers. As an example the co-operation between credit cards suppliers and other parties can be mentioned. The values endorsement co-branding intends to mutually endorsement of the brand values and positioning of both brands (Grębosz, 2012).

In this paper corporate co-branding is analysed within the context of a case study on the examples of the relationships and partnerships of two different companies that represents fashion sector- H&M and Reserved. The study indicates that corporate brands create co-branding relationships in order to redefine brand identity, discursively reposition the brand and build brand equity, and in the same time confirms the

previous study of J. Motion, S. Leitch and R. J. Brodie, (Motion, Leitch i Brodie, 2003).

Co-branding is part of marketing strategy and influence the brand values and organizational culture of the organization. Co-existing of two different brands as co-partners (co-brands) influences the marketing communication of the brand and image of this brands.

Discourse theory provides insights into the importance of an articulation campaign in order to increase the equity of corporate brands. Co-branding offers corporate brands access to the brand strategy of the co-brand partner, the alignment of brand values, the marketing communication association and brand reach and network of relationships (Motion, Leitch i Brodie, 2003).

Co-branding reflects the true spirit of branding, which has to do with innovation and distinctiveness. It is a way to increase the scope and influence of brands, enter new markets, reduce costs through economies of scale and refresh a brand's image. For established brands, it offers the opportunity to create an entirely new income stream or to boost sales of existing products. For new brands, it may bring instant credibility in a normally sceptical marketplace. It is a widely used business strategy in industries

like food and drinks, retailing, air travel and financial services, with the number of firms using it growing by forty percent/year (Blackett i Boad, 1999).

Co-branding is a popular strategy in the fast fashion industry. For example, the fast fashion brand, H&M has launched many co-brands with

luxury designer fashion brands including Karl Lagerfeld, Stella McCartney, Jimmy Choo, Lavin, Marni and Maison Martin Margiela since the latest decade (Choi, 2014).

This research aims to highlight the meaning in brand perception and provide clues and for future research in co-branding issue.

Literature Review

K.L. Keller, T. Aperia, M. Georgson define the customer-based equity which is “the differential effect that brand knowledge had on consumer response to the marketing of that brand (Keller, Aperia. i Georgson, 2008). The brand has positive customer-based brand equity when customers react more favourably to a product and the way it is marked when the brand is identified than when it is not (Grębosz, 2012).

The purpose of co-branding is to capitalize on the reputation of the partner brands in an attempt to achieve immediate recognition and a positive evaluation from potential buyers. The presence of a second brand reinforces the reception of high product quality, leading to higher product evaluations and greater market share (Rao, Qu i Rueckert, 1999). According K.L. Keller, T. Apéria and M. Georgson, co-branding is a way to increase the scope and influence of brand, enter new markets, embrace new technologies, reduce costs and refresh brand image (Keller, Aperia. i Georgson, 2008). As M. Grębosz points out, co-branding is also common in business-to-business settings, where companies discover that their capability might not always be in line with their credibility. Two partner brands used in co-branding may provide additional information to the customer and can make the co-branding product more attractive. Consequently co-branding may contribute to the development of favourable attitudes toward the co-branding product and partners brands (Grębosz, 2012).

Referring to I. Wyrzykowska (Wyrzykowska, 2003) marketing strategies often lead to so-called verification of the convergence of a brand's

symbolism and the customer's personality. If brand X manifests independence and self-assurance in its image, consumers with a corresponding personality are most likely to indicate their preferences towards it. The sought after benefits of a brand result from the dominant need in the customer's personality structure. Consumers reveal considerable convergence between what they think they are and what they buy. It is generally believed that consumers chose those products which comply with their image of themselves and reject those which stand in contradiction. In this case, a brand image constitutes an extension of the consumer's self. However, there are some groups of consumers who are drawn to an image different from their own, especially if it is an image they would like to identify with. In the case of such consumers, their highly unsatisfied needs constitute the motivating force behind their choice. The mental image of oneself in the real and ideal dimension often explains choices made by consumers and their preferences towards particular brands.

Previous results proved that the perceived quality of co-branded product is higher than perceived quality of single brand even if this brand is paired with low brand equity partner brand as well as that the level of brand loyalty is higher for co-branded product in case of co-operation of two high-equity brands and high and low equity brands than in case of single high equity brand (Grębosz, 2012), (Washburn, Till i Priluck, 2000), (Ueltschy i Lacroche M., 2004).

This research aims to explore the strategy of co-branding from a managerial perspective within

the context of fashion industry and to analysed corporate co-branding within the context of a case study on the examples of the relationships and partnerships of two different companies, that represents fashion sector- H&M and Reserved. Both brands use co-branding strategies.

Both, primary and second data has been collected. The article is based on literature review, homepage and the reports of H&M and Reserved, as well as on authors' own research – online questionnaire survey (September 2015-March 2016). The respondents of the research were the students of Wroclaw University of Economics from Poland and from abroad – students of Erasmus Programme from Austria, Germany, Italy, Spain, Russia, Czech Republic and Portugal (N=300).

According to Shen, et.al. (Shen, Jung, Chow i Wong, 2014) fashion industry has seen much of partnerships between fast fashion and designer fashion brands launching a special co-branded line. This kind of popular strategy of brand development is recognized as “fast fashion co-branding”. Co-branding, in the fashion industry, is

Fashion designers and H&M “Collaboration”

H&M was established in 1947 by Erling Persson in a town called Västerås in Sweden. According to H&M website (H&M, 2010), in the beginning of 2010, the company is present in 37 countries, has about 2000 stores and employs some 74 000 people. There is always something new happening in the H&M stores, aiming to keep them inviting, exciting and surprising which makes the consumers come back for more. The success formula has involved major campaigns such as celebrity- and designer collaborations as well as charity campaigns (e.g. Fashion Against Aids) complemented by smaller campaigns (H&M.com, 2009).

The product range is divided into several concepts including women's, men's and children's wear as well as a home interior line.

commonly described as ‘collaborating’. In fast fashion co-branding the designer brands can be seen as the previous described ‘more familiar brands’. In name, both brands might be equally familiar, but the designer brand offers a much higher quality. Therefore the brand alliance with a fast fashion brand does not give the designer brands' consumers any extra quality guarantee (Simonin i Ruth, 1998). Only the fast fashion brand will see a great spillover, their products will be seen to be of much higher quality and will be more desired. Therefore, fast fashion brands will see a great increase in their brand image and brand equity (Shen, Jung, Chow i Wong, 2014).

The effects designer brands will see after a brand alliance are more indirect. Of course they will get their share of the great profit the collaborated line will have in the fast fashion stores. By creating a collaborated line designer brands get a lot of publicity, in broader media outlets than the fashion focused media they would normally appear in. Also more people get in contact with the brand, therefore they receive a wider appeal from the mass market (Shen, Jung, Chow i Wong, 2014).

Essential issues for H&M are their corporate responsibilities and how to meet the social and environmental obligations in order to continue to reach profitability and growth (H&M.com, 2010). H&M's main idea is to bring the customer fashion and quality at the best price (H&M.com, 2010). Referring to Forbes Report: The World's Most Valuable Brands of 2015, H&M is on the 33th position, with a brand value of \$16.2 billions, and brand revenue of \$10.9 billions (Forbes, 2015).

H&M initiated designer collaborations starting with Karl Lagerfeld in 2004. Collaborations in subsequent years include those with Stella McCartney, Victor & Rolf, Madonna, Roberto Cavalli, Commes de Garçons, Matthew Williamson, Jimmy Choo, Sonia Rykiel, Lanvin, Versace and Marni (Shen, Jung, Chow i Wong, 2014). To mark 10 years of designer

collaborations, Alexander Wang became the first American designer to lend his talent to H&M in 2014 (HarpersBazaar, 2015). In 2015 Olivier Rousteing, the designer of Balmain decided to collaborate with H&M. He declared, that "H&M allows him the unique possibility of bringing everyone into the world of Balmain, getting a piece of the dream and creating a global #HMBalmaination: a movement of togetherness, fuelled on a hashtag. The collaboration felt extremely natural to him as H&M is a brand that everybody connects to. It calls for unity, and I am all for it" (Hutchings, 2015). That statement proves the thesis of the need of luxury goods democratization in a modern market. Collaboration with Balmain was the most successful of all. Co-brands of H&M receive high popularity and are always under spotlight. Consumers are willing to queue up for a whole night to buy cobranded items, and the products are usually sold out in a very short time (Fitzsimons, 2011), (Chilvers, 2012). Taking the collaboration between Marni for H&M as an example, the whole collection of Marni for H&M was sold out by the lunchtime of the first day of Opening in London (Milligan, 2012).

According to Okonkwo, by collaborating with luxury designer fashion brands, the brand equity as well as the image of fast fashion brands increased (Okonkwo, 2007). At the same time, the collaborated designers fashion brands can also get benefits from this co-branding. For example, Lanvin, one of the oldest Paris designer brands, received a wider audience appeal from the mass market after expanding its market with new products and retail outlets through co-branding with H&M (Horyn, 2010).

Reserved - Co-branding case

Several Polish clothing companies try to build strong and appealing brands that could compete also outside Poland with the international giants like H&M or Zara. One of such companies is **LPP SA** based in Gdansk, an incorporated company noted on the Warsaw Stock Exchange since 2001 which owns and distributes the following

brands: **Reserved** (flagship mainstream brand), **Cropp** (urban & streetwear style fashion), **House** (youth fashion), **Mohito** (active women's fashion), **Esotiq** (women's underwear), **Rene Vilard** (exclusive women's underwear), **Henderson** (basic men's underwear) and **Promo Stars** (advertising clothing) (AdBuzzer, 2016).

Reserved is a clothing brand which offers the latest trends for women, men and children. Reserved collections are inspired by global trends and feature simple and classic designs, stylish cuts and original patterns for brave customers. Reserved is a fast fashion brand – the stores have the newest models delivered every three weeks (LPP, 2016).

The first stores under Reserved brand were opened in mid-1990s in Poland and until now there are over 110 Reserved stores across Poland. LPP soon launched the Reserved brand also in other countries such as: Czech Republic, Slovakia, Estonia, Lithuania, Latvia, Russia, Romania, Bulgaria, Hungary, Ukraine, Qatar, Kuwait and Saudi Arabia – until now there are over 120 stores under Reserved brand outside Poland (AdBuzzer, 2016). In 2014, as the first LPP brand, Reserved made its debut in Germany (LPP, 2016).

Polish company LPP continues the expansion in west Europe. In 2016 LPP SA has signed "a preliminary lease of retail space" with the department store chain (BHS) to bring its Reserved fashion fascia to the UK (Tugby, 2016). The group intends to open a Reserved store in London, on one of the most important streets of the city. LPP has signed a preliminary lease of retail space with BHS Limited – British department store chain with branches located in high street locations, selling clothing and household items (ErgoStore, 2015).

The fashion market in Poland is still developing. Among the luxury brands, we can find many Polish fashion designers names like Paprocki & Brzozowski and Gosia Baczyńska. What also

proves the evolution of this market since the change of the political system in Poland is that the most known Polish chain clothing brand – Reserved, owned by LPP SA, invites the above-mentioned designers to cooperate (Mróz-Gorgoń, 2014) since 2008.

Gosia Baczyńska, whose original creations often costing twice the average monthly salary in Poland and she is one of the fashion luxury designers collaborated with Reserved pointed out: “I decided to prepare the collection for Reserved, because I was intrigued by the thought that thousands of young people who can not afford things from my showroom, will walk in the clothes of my project, so I will have a real influence on street fashion” (Baczyńska, 2010). The reason for cooperation (co-branding) was very similar to the one given by the Olivier Rousteing (the designer of Balmain). That statements also prove the global democratization of luxury goods trend, and so, according to fashion industry it can be considered as *masstige* - a combination of mass-production and prestige.

Till now, only two collaborations had been made by Reserved: with Paprocki & Brzozowski and with Gosia Baczyńska. The brand focused its' activity on internationalization and expanding the brand globally.

Concerning the marketing strategy it is clear that Reserved is a follower of H&M strategy model, as well as in case of collaboration with fashion luxury designers H&M has been an inspiration for Reserved, although Reserved didn't succeed in using co-branding with luxury Polish fashion designers as a strategy.

According to H&M and Reserved case study, one can conclude, that in case of H&M both parties been involved in marketing campaigns of the collaboration projects- H&M brand and the luxury fashion designers, while in case of Reserved there is a lack of proof of strong engagement of luxury fashion designers and Reserved in promotion of their co-branding.

Findings

In present world consumers are constantly seeking for new experiences. In fashion world it means not only new line of clothes but also new excitement, element of surprise, that can be created by co-branding. That strategy can attract new customers, strengthens the brand identity, boost sales. Co-branding is very symbiotic cooperation – both partners gain new competences. It is unarguably one of the best strategy to gain attraction from customers. Referring to Shen, Jung, Chow & Wong (Shen, Jung, Chow i Wong, 2014), as it has been illustrated by the H&M example, fast fashion co-branding has shown an incredible marketing response and it can create a win-win situation for the brands involved. It is interesting to explore why consumers have this response, as well as what kind of consumer behaviour is related to this phenomenon.

The research of a primary character had been carried by the author – an online questionnaire survey (September 2015-March 2016). The respondents of the research were the students of Wrocław University of Economics from Poland and from abroad – students of Erasmus Programme from Austria, Germany, Italy, Spain, Russia, Czech Republic and Portugal (N=300). All students been aware of both brands: H&M and Reserved and they knew the products of these brands. The great majority of the respondents (88%) declared, that they are very interesting in buying clothes of co-branded collections from both: H&M and Reserved brand. The respondents defined designers fashion brands collection for H&M as: “luxury” or “high fashion” (67%), and designers' fashion brands collections for Reserved as: “artistic” and “unique”.

The price of the co-branded by the fashion designers had been considered as:

“too expensive”- in comparison with the quality of the product – in case of H&M (92%);

“Adequate” – in comparison with the quality of the product – in case of Reserved (76%).

More than half (65%) of the respondents knew all the fashion designers that collaborated with H&M, and only 12% knew the fashion designers co-branded with Reserved. That is not an extraordinary result- the designers collaborated with H&M are globally famous and the designers cooperated with Reserved are Polish designers, mainly young and not yet globally recognised.

It is important to point out the result, that the great majority of the respondents (96%) rated the

Conclusions

The aim of this paper has been to analyse corporate co-branding within the context of a case study on the examples of the relationships and partnerships of two different companies, that represents fashion sector- H&M and Reserved and to highlight the meaning in brand perception and provide clues and for future research in co-branding issue.

Co-branding is great opportunity of finding new clients. Even the biggest and strongest brands are on the constant way of finding such opportunities. Many different international research prove that co-branded products are better perceived by the clients – the companies can improve image of one or other, this also can be signal of greater quality and improve brand loyalty. That is why many major world known brands consequently implement co-branding strategy.

In co-branding a good brand name in addition to the brand gives the customer an extra quality guarantee. Therefore it is important that the quality level associated with the other brand is similar or higher than the brand itself, as the study has shown.

It appears that fast fashion and luxury goods co-branding have been highly successful for H &M

co-branding strategies of H&M and Reserved as a very “interesting”, but they assumed that in case of H&M and the collaborating with the brand fashion designers it is a win-win situation (both brands are highly recognised by the consumers), and in case of Reserved they assumed, that the strategy is more effective for the Reserved and not so much for the fashion designers. That needs to be explore in the future.

and its partners in the past, that they have found a unique formula that contributes to both brands involved. In case of Reserved it is not so clear. The study analyze suggest that through co-branding strategy Reserved created more premium position in consumers’ minds, but fashion designers

On the basis of this study, the authors’ own reflection and synthesis of the literature, the following hypotheses has been formulated for further research on this topic:

Hypothesis 1: The announcement of an luxury fashion designer brand to join the fast fashion brand leads to a more positive evaluation of the fast fashion brand image compared to the luxury fashion designer brand image;

Hypothesis 2: The success of collaboration on luxury fashion designer brand and fast fashion brand depends on the similarities of the main values that two brands represents;

Hypothesis 3: The success of collaboration on luxury fashion designer brand and fast fashion brand depends on the same engagement in marketing campaign for both: luxury fashion designer brand and fast fashion brand.

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EVENTS, INTERNATIONAL BUSINESS – THE ECONOMICS AND CASE OF ABU DHABI

Mohamed Awad Al Jeaidi & Dr. Razaq Raj

Abstract

The research follows an anti-positivism research paradigm and adopts a qualitative approach to ascertain the economic impact of events. Detailed interviews were conducted with key persons who included policy makers and policy experts and even event organizers to seek information on how events play a key role in triggering economic activity in the hosting region. The focus of the study was on the region of Abu Dhabi which has recently taken a center stage on global arena and has been hosting many international events ranging from sports and adventure, to trade and business, and leisure and entertainment to international geo-political conferences.

The results suggest that events have a key role in the economic well-being of the hosting location if proper planning and prior management is done. Events not only facilitate the growth of local businesses and entrepreneurship but are also a very good avenue to increase international business and tourism. The study found that people visiting any particular event also spend time on sightseeing and exploring the location which helps the local community. The hospitality sector also gets a boost during major events.

The study also finds some deficiencies and limitations in the event management framework and process and how can these be removed or the process be enhanced to cater even more economic prospects.

Keywords: *Economic Well-being, Event Management, Event Hosting. Economy, Events*

1. Introduction

Studies have indicated that events have a grave impact on the economic well-being of a country. The world of events is constantly evolving and growing due to the aptitude of planned events as lively, authentic, and rich exhibition of an age empowered through mass communication and evolving methods of entertainment (Getz, 2008). It is imperative to evaluate the various perspectives of events, policy makers and policy experts need to realize that events are not specified to just one day or the days during the

event is actually hosted but impacts the economy and community in the long term also. The domain of how events play a major contribution in the economic well-being of a country and triggers a continuous chain of economic activity has been studied by many experts and policy makers. European countries have explored many interesting policy matters related to planning of events, including the rationale for public intervention and support, and the costs and benefits that have to be balanced. When an economics researcher or sociologist observes the impacts of an event irrespective of any interest in

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its planning or production, it is considered to be one approach to event studies (Klauser, 2013).

UAE is these days at the center stage of many international mega-events and major events of all forms. These events range from entertainment and leisure events to global business trade shows and exhibitions, professional conferences and sporting events. All these events do not only serve the primary objective but also serve in the economic development and well-being of UAE. Abu Dhabi acts as a regional hub for the events and tourism industry through its wide ranging exhibition and infrastructure facilities, two international airports, the two larger international seaports, broad range of the road networks, very modern and advanced facilities and state of the art exhibition and conference centers which draw attention to the position of Abu Dhabi in the map of global events (Joaquim Bellmunt, 2011).

This research paper is focused towards how various events are helping the economic development of Abu Dhabi. How event planning can help Abu Dhabi in extracting more long term benefits out of the events that are hosted in Abu Dhabi. The aim of this paper are dual fold, first it would explore how events can impact the economic well-being of Abu Dhabi and secondly how can better planning and management of events also serve in the economic growth and prosperity in the long run.

2. Literature Review

Mega-events like sporting events, reality events, leisure and entertainment events, exhibitions, religious gatherings, congregations, pilgrimages and trade show trigger economic activity that is translated into economic growth and well-being of the hosting location. Events are the important part of the economy as well as for the creation of the activities in the society (Abbott, 2000; Ahmad Nazrin Aris Anuar, 2012). The events are successful if they are priory planned and organized within the context of the objectives and goals (Clark, 2002). Events are actually an

important platform for businesses and governments to promote and market a product, an idea, nation or company (Abed & Hellyer, 2001). In regions where economies are hugely driven by accelerated population growth and oil revenues, events are to a large extent deployed as catalyst of enhancing social development and economic diversification (Feng & Miller-Hooks, 2014). According to (Getz, 2012), festivals, conventions and congregations have for a long time been a means to social integration, knowledge sharing and interchange, as well as a vital element strengthening relationship growth among different communities with the aim of fostering an environment that supports social cohesiveness and collaboration (Getz, 2012).

With regard to special events (Borch, 2013) has defined in two perspectives both from the guests and event organizers. According to him special event is infrequently or one time occurring event exterior to normal activities or program of organizing or sponsoring body (Borch, 2013; Allen, et al., 2012). From customer point of view, special events are an opportunity for a social, leisure or cultural experience exterior to the normal range of the choices or beyond to the everyday experience (Adil Parvez, 2011). A special event is an opportunity for a leisure, social, or cultural experience (Hancock, 2002). In simple words it could be said that special events are such phenomenon occurring from those occasions of non-routine that have cultural, leisure, organizational or personal objectives set separately from the normal activity of the daily life, which objective is to celebrate, enlighten, challenge or entertain the experiences of group of people (Boukas, 2013).

According (Fischer & Halibozek, 2008), festivals, conventions and congregations have for a long time been a means to social integration, knowledge sharing and interchange, as well as a vital element strengthening relationship growth among different communities with the aim of fostering an environment that supports social

cohesiveness and collaboration (Al Sharyani, 2002). The practice of events management and planning has been evolving and growing as a body of knowledge and formal discipline (Cheuk & Ing, 2010). Beginning from 1990s attempts to aggregate and streamline fragmented practices and theories commenced within academia being championed by a number of scholars but expediently attracted freelance practitioners and consultants (Hislop, 2013). This inner group of professionals initially studied the use of project management concepts in events organizations. Events- small or big-are successful when they are run smoothly, enough resources are offered to the participants, and the expectations of patrons are met fully (Balbastre, et al., 2003).

An important role is being played by the events and exhibitions for promotion of services and products and for enhancement of the national economy of any country in modern world because of focused attention to the displayed products during a promotional event or trade exhibition (Aiber & Landau, 2008). The events are necessary to development from policy frameworks for regulating and supporting exhibitions and events by the economic development agencies and governments for the purpose of supporting and regulating exhibitions and events industry and also for ensuring smooth running and organizing of each exhibition and event regardless of its nature and volume (Hassall, 2009). Who support the event industry and to whom support is provided by this industry will also discussed in this study. The most important elements that are important for the failure or success of the events are the regulations and rules about the management and organization of the events (Singh, 2010).

All such consequences will lead to enhancement of the national economy about which it has been considered in this study as the utmost objective of the exhibitions and events. It has been indicated by Getz (2010), that governments from all over the world have increasingly paid attention

on achieving regional development by hosting the major events (Aib, 2007; Getz, 2010). Remarkably, positive economic results and support to the sectors for instance tourism, construction, and leisure time can generate more employment. As a result, it is significant for formulating robust policies for integrated and effective functioning of all such sectors in order to successfully organize events. According to the UAE Year Book (2007), after considering strategic location and vibrant economy of the UAE it would not be surprising that it is the destination for choice of the international business meetings, conventions, incentive travel, trade fairs, exhibitions and events (Michelson, 2006).

3. Research Methodology

Bogdan and Taylor (1975) describe research methodology as a systemized procedure or a system that utilizes various tools, techniques, standards and methods to search for the solution to pre-characterized issues. Research methodology can also be delineated as a formal mechanism applied by the researcher to seek solutions for the research problem at hand. Likewise, this also incorporates the methodology of the researcher towards exploration outline, speculations, investigation, and information gathering (Saunders, et al., 2007). Research methodology would contain various significant elements like research philosophy, research approach, research design, research sample and research instrument. This section covers all these important elements of the research methodology and how the researcher applied them for the sake of exploring the research problem that is how events impact the economic well-being and economic growth and prosperity of hosting location with special emphasis on Abu Dhabi and how with better planning and management events could serve as a major contributor to the economic development of Abu Dhabi.

3.1. Research Philosophy

A research "philosophy" can be delineated as a comprehensive systems that contains various

norms and strategies that would serve as a guide for the research in exploring the domain and finding answers to the research questions (Wellington et al., 2007). The quest for answers and elucidations to the research question takes place in various layers that include schemes, stratagems, choices, systems, and technique (Walter, Van Maanen, 1983). In every layer, the researcher fuses particular plans of choices that the researcher is obliged to pick as appropriate in the context of the research. Researchers usually pick among the two most popular research paradigms of Positivism and Anti-Positivism or

interpretivism. Positivism is a research paradigm that is based on the natural sciences. Positivism depends on the assumption that the social truth is autonomous and is not based on the researcher subjective nature but rather based principally through target data acquired by scientific discoveries (Yin, 1984, Wellington et al., 2007). Anti-Positivism is a critique of positivism, it a paradigm that emphasizes upon understanding of social sciences and interpret or extract key assumptions by studying the natural process to seek solutions for the research problems (Heshusius & Ballard, 1996).

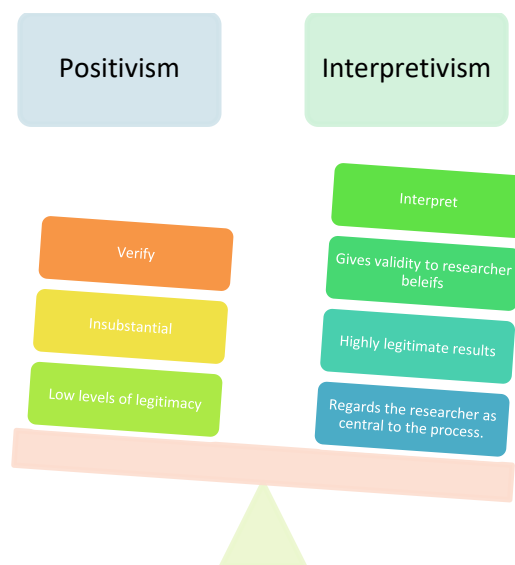


Figure 1: Key Characteristics of Positivism versus Interpretivism (Heshusius & Ballard, 1996)

The research philosophy that this particular study utilizes is “Anti-Positivism” or interpretivism. It would be more focuses on extracting relative information and understanding of the social processes of events and its impact on economic well-being

3. 2. Research Approach

Research Approach serves as a blue print for the entire study. Research approach includes all the plan and the procedures that the researcher has

undertaken or plans to perform from mere assumptions to detailed methods and techniques for collection data, analyzing it and interpreting (Creswell, 2013). The approach specified for this study is qualitative approach, it is an ideal approach for exploring and understanding a researchable phenomenon. The goal of qualitative analysis of data and information is to unearth and find the embryonic themes, patterns, concepts, insights, and understandings (Patton, 2002).

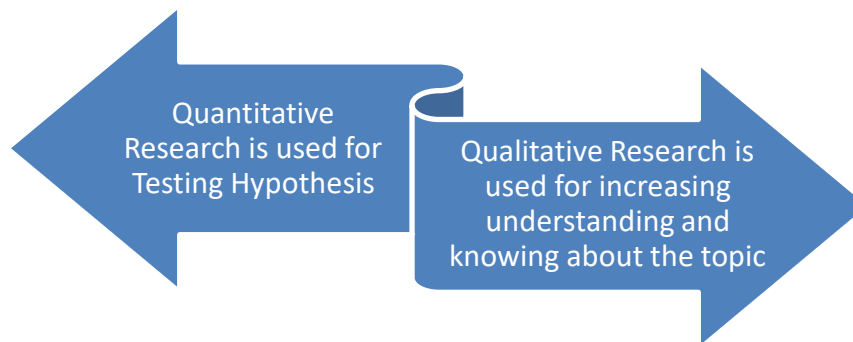


Figure 2: Qualitative and Quantitative Approaches of Research

3.3. Research Design

The research design is a detailed framework that suggest the steps, methods, procedures and techniques that would be used to investigate and explore the research questions (Marczyk, 2005).

The design of the research includes all the key details about the various steps of the research including the sampling details to measures and measurement being used.

Table 4: Research Design of the Study

<i>Steps of Research</i>	<i>Description</i>
<i>Sample Selection</i>	The sample for this study consisted of 60 individuals who were directly involved in planning of key events and were also considered among the policy makers and policy experts. Heads of small and medium businesses and strategic designation holders of industries and businesses that are direct beneficiaries of various events.
<i>Population Frame</i>	The sample frame was divided into 3 groups, each had a sample size of 20. The three group consisted of the following: Government officials including policy makers Key event organizers and planners Heads of businesses that were beneficiaries of events
<i>Type of Study</i>	The study is an empirical qualitative study
<i>Measures and Analysis</i>	An in depth semi-structured interviews were conducted to seek information and content analysis was done for analysis

3.4. Research Sample

The research sample consisted of three different groups all were directly involved in the management and organizing of events. The three group consisted of the following:

1. Government officials including policy makers
2. Key event organizers and planners
3. Heads of businesses that were beneficiaries of events

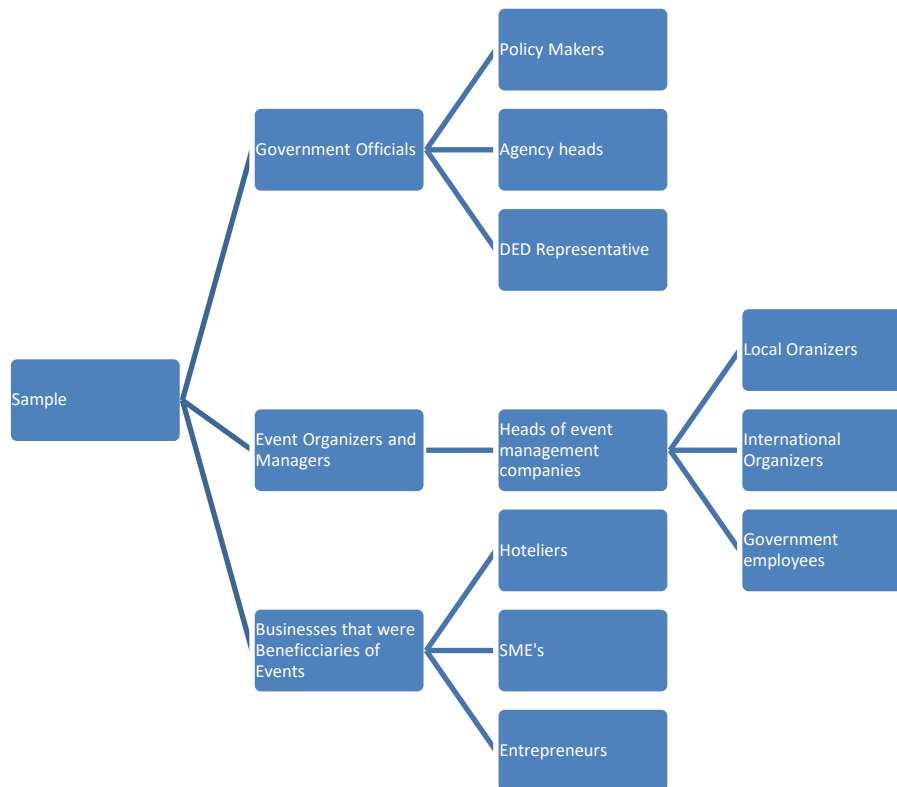


Figure 3: Details of the selected sample

3.5. Data Collection and Research Instrument

Data collection is one of the significant aspects of the study on which the entire study is based. The data collection can be done through various research instruments. The study uses both

primary and secondary data, the secondary data is the information that is sought from already published body of knowledge and primary information is the information that is extracted specifically for the purpose of research through research instruments.



Figure 4: Qualitative Research Methods and Instruments (Myers, 1997)

Among the many research instrument available for qualitative research, interviews were opted by the researcher. Interviews are one of the most common methods of extracting qualitative information, the study uses in-depth interviews with strategic designation holders to extract information and seek answers to the research questions at hand. The interviews were semi-structured and required an approximate time of 90 minutes to 120 minutes per participant.

4. Results, Analysis and Discussion

4.1. Summary of Results

The results of the study clearly indicate that any major or mega event has the potential to trigger economic activity both directly and indirectly. The apparent measures are increase in employment and increase in the occupancy rate in major hotels, apart from these there are many other industries that get direct and indirect benefit out of events. The events also serve as a catalyst to transformation of the hosting location. Hosting locations also aim at conveying a positive impression and would involve in activities that would help convey a good impression about their governance and appreciation of green practices of doing business. Events also facilitate international business, as the scale of the event increases, the required resources necessary for the event also increases and this triggers the host location to import resources or outsource certain facilities. Events also help in the capacity development of the human capital as many subject matter experts and other professionals are called for their professional services and project would serve as a learning and evolving opportunity. There are many other benefits that can help the host location in a longer run. The lessons learned while hosting a particular event can even help the host location to better organize and manage the future events. Infrastructure and construction industry also develops.

The focus and emphasis of the study was on how various events are helping the Emirate of Abu Dhabi in terms of economic well-being. The

interviews with the people who have been directly involved in event management and hosting at both government and policy level and even operational levels highlight 11 key areas where Abu Dhabi was benefitting economically due to hosting various events like educational and business conferences, sporting events and even religious tourism.

4.2. Increase in Employment

One of the key economic indicators is the unemployment rate, Abu Dhabi enjoys a much better unemployment rate compared to other emirates of UAE and even in the region. The statistics Center of Abu Dhabi (SCAB) has estimated the rate of unemployment to 4.1% whereas in other parts of the Middle East the unemployment rate is much higher. The World Bank indicates that in certain parts of MENA unemployment is as high as 40%. The interviewees indicate that even for small events there is always a significant number of people who are hired for both short term and for permanent positions. One interviewee who the operations manager at a key event management firm shared his experience,

“For any mid-size event, like a regional conference which is a routine event as there are many conferences on a score of topics hosted throughout the year in Abu Dhabi, at least 3 to 10 permanent employees are hired and the number of short term employment is would be a couple of hundred. This statistic is a representation of only the direct employment for the event, the volunteers and employees hired by venue provider, catering and other service providers isn’t included in it.”

Another interview who represented a Small and Medium Enterprise sector and was involved in the printing business shared his experience.

“I started my business in 1997, prior to that I was working for a large printing business in Sharjah. I have now expanded my business in 3 Emirates. Initially I was printing packaging material for large corporation but now most of the work I get is printing of various brochures and advertising

material of conferences and exhibitions. I am also increasing my workforce every year.”

The same feeling and sentiment was shared across all interviewee. Hosting of events is

definitely helping Abu Dhabi in closing the employment Gap

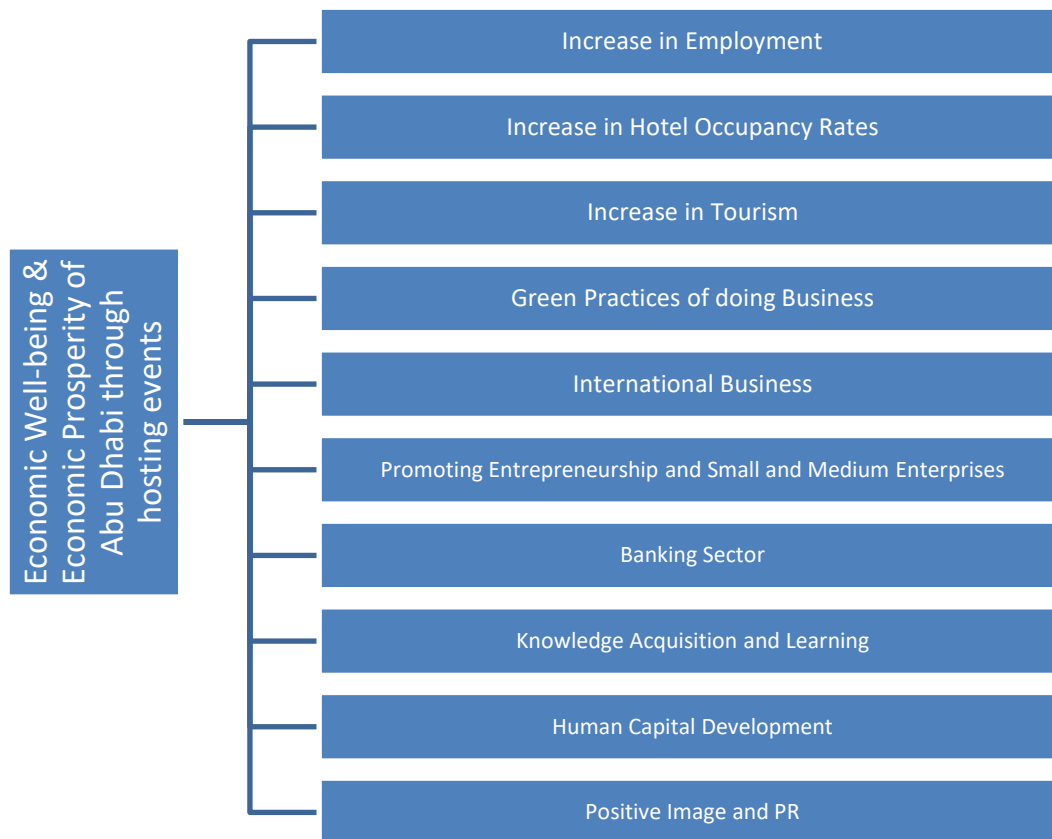


Figure 5: Economic Well-being & Economic Prosperity of Abu Dhabi through hosting events

4.3. Increase in Hotel Occupancy Rates

Events also have a direct impact on hotel occupancy rate, if there is any international or regional event, the hotel occupancy rates show a dramatic increase. One interviewee who was the operations manager shared his opinion.

- During the Abu Dhabi Grand Prix, we reach almost 100% occupancy
- Another interviewee shared a generic rate of increase in occupancy
- During trade shows and conferences, the occupancy rates increase by minimum of 30%

All events impact the rate of occupation as visitors need a place to stay and they at times stay a little longer to explore the place

4.4. Increase in Tourism

Abu Dhabi is determined to increase its share of tourism and is promoting various forms of

tourism like religious tourism, sustainable tourism, sports tourism and event-based tourism. Every year many visitors to events also stay a little longer to explore the Emirate. There has been a considerable increase in tourist destinations in Abu Dhabi over the past couple of years. Even many event organizers make special arrangements for visitors to explore the city.

One event manager shared his opinion, *“I think approximately 50% of visitors who attend any sports or business event in Abu Dhabi, also spend at least a safari night.”*

Another event organizer shared his experience that people who are attending the events also make many queries prior to registering for the event about tourism related facilities.

“I get queries about various tourism and cultural exploration queries from people willing to attend

the conferences. They request maps of nearest tourist destinations and shopping malls while registering. Some even request information of full tourism activities for their spouses while they are attending the conference”

4.5. Green Practices of doing Business

Abu Dhabi is very determined to adopt to green business practices and the example of the MASDAR city is one of the key example. The government even encourages the event organizer to use greener business practices. One interview shared his experience,

“I was working for a government agency and organizing an international trade fair, we had clear guidelines to use maximum sustainable material. Environment was a key priority and the initiatives taken were also conveyed to the visitors and delegates in the opening speech by one of the ministers.”

4.6. International Business

Hosting of events is also opening avenues of international business. Events directly and indirectly trigger a lot of development and infrastructure growth. Many materials are imported and many Memorandum's of Understanding are signed with international partners for events and events-based development.

One Hotelier shared his experience,

“We have at least 20 international partners around the globe who provide us with special services and even supplies, we are able to get a good rate because of the frequency of events.”

Another event manager also shared a similar experience,

“Every month there is something happening in Abu Dhabi, sometimes the events are gigantic whereas others are a little less grand and then there are numerous small and medium size events. The frequency has helped us in having good relationship with our international partners be it florists in Netherlands or ceramics and crockery suppliers in France, Turkey or English, food suppliers from 20 countries or security and intelligence professionals from America or

Chocolate manufacturers from Belgium, France and Luxemburg or simple rice from India and Pakistan. We do a lot of dealing with international partners to meet the growing demand of various commodities whenever an event is happening”.

A Project Manager from a construction firm also added similar experience.

“Events also trigger construction, I have been part of many hotels and infrastructure projects that were made considering the visitors and delegates of various events. The construction of the new airport is prime example, when there are events, people will come to visit it, and they would need hotels, airports, roads and other places to see. Construction industry is a clear beneficiary of events taking place in Abu Dhabi”

4.7. Promoting Entrepreneurship and Small and Medium Enterprises

During the year 2012 more than 8000 new businesses were registered in Abu Dhabi, government officials indicate that many small and medium businesses spring up when there are any events and then they continue to operate even after the event has long gone.

One government official shared his example,

“We aim to promote entrepreneurship and every year we see young entrepreneurs working at events. From small suppliers and service providers to large manufacturers who are exploring new avenues. One large food and beverage producer opened some organic food retail stores during a conference on food security and organic farming in 2010, now the number of stores is more than 14.”

4.8. Banking Sector

The banking sector is one of the clear receivers of the event based economy. Being sporting events or a conference. One banker shared his opinion.

“Banks benefit from all forms of economic activity, events trigger economic activity, and there is a tremendous amount of exchange of capital. Some businesses take loans and financing from banks whereas other employee new people. When visitors come they also swipe their credit cards or use the ATM's or other banking facilities.

Banks play a key role in promoting and organizing events, organizers use over drafting facilities and so on. All these small actions add up to big profit for banks.”

4.9. Knowledge Acquisition and Learning

Knowledge acquisition and learning is one of the key earning of events. Many may argue that gaining of knowledge or acquisition of new skills isn't directly connected to the economic well being of the host location but the interviewees shared a very different opinion. One event organizer shared his opinion,

“In a knowledge economy, knowledge is power, knowledge is money and knowledge is the key competitive edge. Events be it big or small, help us learn so many things. Once the event is over, all project and team leads share their experience and we make sure that we learn from our experience. Every event has something for us to learn and help us shed a layer of ignorance.”

One government official shared his opinion on how various events help them in gaining new insights and learning new knowledge.

“While organizing a major sporting event immediately after the 9/11 incident, we called upon many security professional from USA and Europe to help us realize the security gaps and overcome them. The tactics that were learned for managing security during a sporting event helped us manage security conditions during Arab revolution and even now when the political situation is changing rapidly.”

Another government official who was a key policy maker shared his experience and opinion regarding how organizing and hosting events help them in acquisition of new learning and knowledge.

“Whenever an event is hosted or is being planned, there are many opinion surveys conducted, seemingly these surveys are simple and focused toward a particular question but it helps the government in understanding the overall sentiment of the people, events help us stay connected to the people, we get to know their pulse.”

Another important government official also shared an important insight on how events can help them even deal with terrorism.

“We use a lot of volunteers, especially youth for various conferences and trade shows. When we are working with them we can assess their mindsets and know if they are inclined towards any radicalism or not. This helps in building intelligence fighting terrorism.”

4.10. Human Capital Development

Human capital is referred to the combined set of resources that is the knowledge, skills and abilities of the humans. Human capital has a direct relationship with the economic development of any country. Events play a key role in developing and up-gradation of these skills. Events help workforce learning new thing and continuous evolve. One event organizer shared his opinion

“It is commonly said that practice makes perfect, due the frequency of events our staff and members of the workforce have gained a level of proficiency that would be at par with the world. Organizing an event with approximate 10,000 or 20,000 visitors would definitely cause nightmares to many event organizers but for us it is a piece of cake. I can recall organizing a trade show in 2004 with estimated audience of 5000 and all my team was burning the mid-night oil still we were on the verge of a nervous breakdown but now we have developed a system and level of competence that even an event that has an audience of 50,000 isn't a big deal.”

A government official shared his opinion of how they have learned a lot from studying other mega-events.

“When there is a mega-event anywhere in the world, be it FIFA World Cup or Olympics, teams from UAE go there to see their organizing strategies. Even after the event we collaborate with the host and aim to learn from their mistakes. This has helped us develop a system for organizing safe and secure events and now we are at the center stage of global events. If there is a

law and order situation in Pakistan they would host their cricket matches in UAE, if there is mega-Bollywood award show they would also come to us, if there are any international conferences they would also prefer UAE. We have evolved so much and are able to create an event based economy that UAE is one of the ideal locations for all forms of events be it fashion, sports, political, entertainment or any other.”

4.11. Positive Image and PR

The joy of a well-organized event is doubled when there is international praise for the way it was organized. When visitors go back and share their experience about the facilities it also creates a positive and soft image of UAE.

One Government official shared his experience regarding how managing events helps in creating a positive image of the country.

“Every year we spend a huge amount on Public relations and on imaging a soft image of the country, but when ordinary people tweet or blog about the facilities and the high quality of service they experienced during an event they experienced in UAE, it works 10 times better than what the agencies could do. They do word of mouth advertisement for us and at times even come back as mere tourists.”

5. Conclusion, Limitations and Future Recommendations

5.1. Conclusion

The study clearly showed that events trigger economic activity and help in the economic well-being of Abu Dhabi and UAE. It was very evident from the interviewees experience that there are many direct and indirect benefits and advantages for the host location for organizing events. Though organizing and managing events is a laborious process and requires a lot of hard work but the fruits of hosting events are also sweet. There some key advantages of hosting events identified.

1. First of all it helps in generating employment which both short term and permanent

2. The occupancy rate of hotels and their profits during an events increase significantly
3. There is also a significant increase in tourism, people who would come to Abu Dhabi to attend a conference or a trade show would also spend a little time on exploring the culture and the city
4. Green business practices are also encouraged
5. Events facilitate international business and many companies that are directly involve in managing or planning events in Abu Dhabi have developed international partners
6. Events are also opportunity windows and entrepreneurs and small and medium enterprises to grow and spread their wings
7. The financial sector also grows due to events in many ways
8. Government, policy makers, event organizers and managers, and everyone else also learning new skills
9. There is also opportunities for development of the human capitals
10. Well managed events convey a good impression of the country and when satisfied visitors share their experience, it works better than paid public relations or marketings.

5.2. Limitations

The study was based solely on interviews and no causation was tested. Though the use of qualitative data was a good source for helping in understanding the economic impact of events and how does it help the hosting location but for more specific relationship between a variable in event hosting and economic benefits a quantitative study could be more helpful.

The study is based on the experience of government officials, policy makers, policy experts and business sector personal with regard to their specific experience with events and their economic impact to Abu Dhabi economy. It could have been compared with other regional country or western countries to draw a comparative picture.

5.3. Future Recommendations

There is little doubt that events generate a lot of economic activity but it is also important to assess the specified ROI or return on investment both in the short term and long term. There could be a case

study based on any international event in Abu Dhabi and its exact impact and ROI could be explored and examined to further understand the impact of events on the economic well-being of Abu Dhabi.

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CREATIVE ACCOUNTING: A WHITE KNIGHT OR A POISON PILL?

Remilekun Bakare

Abstract

Creative Accounting has been identified as a major factor leading to corporate failures in the last four decades. This paper seeks to examine the creative accounting practice and the reasons for its continuous application. The paper is structured as follows. First we examine the various definitions of creative accounting with a view to appreciate and situate the practice. Second, to identify the motivations for creative accounting and the effect on major corporate failures. Third the paper examines the various attempts by financial regulators to curb creative accounting practices and the effects of such regulations. Some jurisdictions have gone a step further by criminalizing the practice, but it remains to be seen if the legislation option will work without dealing with the causes and motives that give rise to the practice. The research method is deductive and provides further opportunities for future research. Corporate players are still actively employing the practice to hoodwink the unsuspecting public and shareholders. The persistent pressure on managers to deliver exceptional earnings and pay high dividend were discovered as the major reasons for the rise in the application of creating accounting in financial statements. The paper concluded that rather than serving as a white knight which was the original motive of the adopters' of creative accounting, the practice eventually ends up as a poison pill, which is an unintended but inevitable consequence.

Keywords: *Creative Accounting, Corporate Failure, Earnings Management, Corporate Governance, Accounting Principles*

Creative Accounting has been in existence in one form or the other since the invention of accounting but was brought into the front burner of academic discourse when Griffiths (1986) asserts that every company in the UK was fiddling its profits, and every set of accounts was based on books which have been greatly cooked or completely roasted.

Though creative accounting has no universally acceptable definition but following are few of the attempts by researchers to properly situate it in the academic context. Healey and Wahlen (1999) say that creative accounting occurs when managers use judgment in financial reporting and

in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers. Colasse (1996) defined it as a cumulus of accounting information practices, at the limit of legitimacy, practised by some economic entities in order to beautify the image of the financial position and the economic-financial performances. Dechow et al (1995) on the other hand defined it as the process of taking deliberate steps within the constraints of generally accepted accounting principles to bring about a desired level of reported earnings. According to Mulford and Comiskey (2009) earnings management is the

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active manipulation of accounting results for the purpose of creating an altered impression of business performance. Trotman (1993) defines creative accounting as a communication technique having in view the amelioration of the information provided to the investors, (existing and prospective) financial statements filtered through some techniques capable of generating a favourable market image and the illusion of presenting to investors financial results more attractive and buoyant than the normal. Barnea et al. (1976) defined it as the deliberate dampening of fluctuations about some level of earnings considered to be normal for the firm. Including any action on the part of management, which affects reported income and which provides no true economic advantage to the organisation and may in fact, in the long-term, be detrimental. Merchant and Rockness, (1994) describe it as the repetitive selection of accounting measurement or reporting rules in a predictive pattern, the effect of which is to report a stream of income with a smaller variation from trend than would otherwise have been.

In spite of the avalanche and variations of definitions, one universal point of convergence is that creative accounting has to do with the process through which accountants use their professional knowledge to manipulate figures in the financial statements by choosing the accounting bases, concepts or convention that will boost the accounting profit for the period even if their choices are morally wrong. Accounting principles weren't meant to be a straight jacket because Accountants cannot anticipate every business structure, or every new and innovative transaction, hence the need to develop accounting rules, principles, conventions and bases that allow for flexibility to adapt to changing circumstances. The flexibility in the rules to keep pace with business innovations is now being abused.

Beneish (1997) identified two distinct perspectives of creative accounting, the

opportunistic perspective and the information perspective. The opportunistic perspective holds that the only motive of managers in employing creative accounting practices is to mislead investors while the information perspective holds that managers were merely employing their managerial discretion to report the private expectations of the firm's future cash flow to investors. Kellog and Kellog (1991) sum it up that the main motivations for creative accounting are to increase the company's market value and encourage investors to invest in the firm's stocks. Wang and Williams (1994) is of the view that contrary to widespread belief that creative accounting is in fact a form of cheating and misleading, it enhances the informational value of reported earnings.

Arthur Levitt (1998) Chairman of US Securities and Exchange Commission remarked that the motivation to meet Wall Street earnings expectations may be overriding common sense business practices and concluded that though the problem of creative accounting is not new, it has swelled in a market that is unforgiving of companies that miss their estimates."

From the perspective of a financial analyst, Smith (1992) considers that the highest part of the economic growth of the '80s is "due" to creative accounting, that is, to the accountants' skills rather than to a real economic growth. He analysed the financial reports of 185 UK companies, uncovered numerous creative accounting practices and concluded that hardly any company is immune.

Various studies have examined the issue of motivations for creative accounting. These include Hepworth (1953), Fox (1997), Herman and Inoe (1996) and Kamin and Ronen (1998) who identified the following; existence of tax levies based on income, management reward and bonus pay based on reported earnings and dividend payout, effect of reported income on

share price, meeting analysts' forecasts and expectations

REVIEW OF SOME MAJOR GLOBAL CORPORATE FAILURES

The failures of large and hitherto successful companies like Enron, WorldCom, Lehman Brothers, AIG, Merrill Lynch, etc. brings to the front burner the role of creative accounting in corporate failures and the general question why do companies adopt it knowing that though in the short run it is a white knight but end up in the end as a poison pill?

Low, M. (2008) identified the type, role and effect of creative accounting on some major corporate collapse in recent times.

- ENRON: Accounting/off balance sheet contrivances including the use of subsidiaries to hide losses.
- TYCO: Massive charge of \$6 billion to earnings after disposal of a Unit and tax evasion.
- WORLDCOM: Loans to CEO treated as off balance sheet item and \$3.8 billion fraud.
- XEROX: Overstatement of profit by \$1.4 billion.
- BCCI: Off balance sheet treatments, using subsidiaries to hide losses and tax evasion.
- BARINGS BANK: Concealment of huge losses and covering up by requesting additional funding from Headquarters.

CURBING THE PRACTICE

The collapse of these hitherto profitable companies negatively impacts on the confidence

CONCLUSION

The question begging for answer is 'why do companies continue to engage in creative accounting practices knowing that even if it serves as a white knight in the short run it is certainly a poison pill in the long run'? But it is a welcome relief that this accounting rascality is being curbed with the wave of new legislations globally.

reposed on the preparers of financial statements and the professional accountants who expressed opinions on such financial statements as representing a true and fair view. The first major legislation to curb the practice was the Sarbanes-Oxley Act of 2002 enacted by the US parliament. Many provisions of the Acts focused on the financial reporting system, imposing a range of penalties and criminalizing what hitherto were considered creative accounting, reclassifying them as financial fraud.

Subsequent to the enactment of the Sarbanes-Oxley Act in the US, other financial jurisdictions have followed suit by enacting similar legislations or codes to combat the unwholesome practices, this includes Clause 49 of the Listing agreement of the Indian Stock Exchange of 2005; Financial Security Law of France, 2003; Canadian 'Sarbanes-Oxley' Act of 2002 which became effective April 2003; German Corporate Governance Code, 2002; CLERP Act 2004 of Australia; King Report on Corporate Governance 2002 of South Africa.

Reducing the choice and specifying where practicable, when each choice is permissible should tighten the flexibility in the choice of accounting methods, bases, principles etc.

The concept of 'substance over form' needs to be strictly enforced, that is in recording transactions in the financial statement priority should be given to the economic substance over the legal form of the transaction.

Compliance with Corporate Governance codes should no longer be optional but mandatory.

The effect of the legislations and codes are yet to manifest as the practice continues unabated with Managers and Accountants finding ways around the legislation without running foul of the laws just like the tax avoidance schemes. Empirical evidence abounds that most companies that indulge in creative accounting practices do so believing that it is a white knight that will save

them from imminent collapse but end up to be a poison pill that quickens their journey to corporate extinction. This calls to question the role, value and independence of external auditors

who certify the financial statements as representing true and fair view only for the entity to collapse shortly after such clean bill of health.

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TEMPORAL SEARCH IN ELDERLY CONSUMER BEHAVIOR IN POLAND

Marcin Awdziej

Abstract

Consumers' price search has temporal and spatial dimensions. Consumers can benefit from promotional prices by changing timing of their purchases (accelerating or delaying their purchases and manipulating quantities purchased) or by travelling across multiple stores. This study explores temporal dimension of elderly consumers' search in grocery market. Although the elderly have bigger time budget than younger consumers, their propensity for temporal search is not high. The two modes of search- spatial and temporal - were found to be correlated. Also, propensity for temporal search tends to decline with the age of consumer.

Keywords: elderly consumers, temporal search, spatial search

Introduction

In many developed countries the retail industry has reached maturity phase, with high levels of saturation, low annual growth rate, and intensifying competition. Retailers use extensively price promotions to retain their current customers and to attract customers of their competitors (Gupta, 1988; Raghubir et al., 2004). As discounts proliferate, consumers can benefit from lower prices of frequently bought products, either adjusting timing of their purchases or by patronizing multiple stores and to "cherry-pick" the best price deals (Talukdar et al., 2010). Although frequent and deep price promotions might seem counterproductive to retailers' bottom-line, there is evidence that only a relatively small group of consumers actually engages into active price search and benefits from the temporarily lowered prices. The rich research focusing on consumers' reactions to promotional activities of packaged goods in retail

setting addressed many topics (Walters and Jamil, 2000), for example the influence of temporary price reductions on sales (Woodside and Waddle, 1975), the impact of frequency of price discounts, and consumers' reference price (Mayhew and Winer, 1992). Several studies addressed the relationships between the type of shopping trip and consumer buying behavior (Walters and Jamil, 2000), and the influence of consumers' effort investment on their buying decisions (Lala and Chakraborty, 2015). Another research streams focuses on consumers' deal or promotion proneness, that is consumers' psychological propensity to purchase promoted products, not their actual purchase (Talkudar et al., 2010; Bawa and Shoemaker, 1987; Lichtenstein et al., 1990). Also, a considerable number of empirical studies identified the determinants of deal-seeking behavior, such as demographics, psychographics, market characteristics (e.g. distance to stores) (Putrevu and Ratchford, 1997; Urbany et al., 1996). To attract and retain customers, retailers must understand not only why different segments

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patronize their stores, but also how consumers search for and between the offered promotional deals. This paper, thus, aims to investigate how elderly consumers, who constitute one of the most important segments for grocery retailers, search for price deals. In particular, this study focuses on the temporal aspect of the elderly consumers' search. The propensity for this mode of search and some of its determinants are examined in this paper.

Consumers' price search: costs and benefits

According to Miller (1993), search is the key element of consumers' decision making process in the retail settings. What different modes of consumer search identified in the literature have in common is a tradeoff between costs and payoffs of search (Monga and Saini, 2009). In order to achieve potential benefits of search, that is payoffs (e.g. lower price) a consumer must incur search costs (e.g. effort, time spent in stores). In the literature one finds a substantial evidence regarding search costs, especially in relationship to money, but search in retail context is usually time- based (Monga and Saini, 2009), and numerous empirical studies indeed confirmed that the retail situations are linked to spending time (Moorthy et al., 1997; Brynjolfsson and Smith, 2000).

Consumers respond to price promotions through price search and by evaluating the benefits of price search against the opportunity cost of time related to this search (Putrevu and Ratchford, 1997; Urbany et al., 1996). The opportunity cost of time related to purchasing special price deals is the time that could be used for other shopping or other activities, and has negative impact on consumers' reactions to such deals (Becker, 1965; Walters and Jamil, 2003). Depending on the type of shopping trip, that is shopping for special deals or just replenishing the necessities, opportunity cost of time might be different across different types of shopping trips.

The costs of searching for the best price deals involve time- related costs of searching and

personality- related costs (Gauri et al., 2006). Time- related costs are related to opportunity cost of time resulting from performing the search (Gauri et al., 2006). This include time of travelling to stores and time of search itself. For example, Fox and Hoch (2005) found that the larger distances consumers have to travel to stores result in greater cherry- picking behavior. Grewal et al. (2012) found that consumers perceive travel time more adversely when there is no guarantee that merchandise will be available. Personality- related costs are linked to remembering prices and organizing information. For consumers with greater price search skills and ability to memorize prices, this costs should be lower.

The problem of temporal search costs is relatively well addressed through field studies (Srinivasan and Ratchford, 1991; Punij and Staelin, 1983). In experimental studies, however, there is dominance of money as currency of consumers' search (Monga and Saini, 2009). This is probably due to the fact that time is an ambiguous resource, more difficult to account for than money. Several research studies found that monetary and non- monetary resources differ psychologically, so in the result consumers treat them differently (Mogilner and Aaker, 2009; Monga and Saini, 2009; Soman, 2001). Since it is difficult to combine and compare these resources in a straightforward arithmetic manner, consumers evaluate expenditure on them separately. Also investments of time and effort are perceived differently from investment in money (Mogilner and Aaker, 2009; Monga and Saini, 2009). Since accounting for time or effort is more difficult than accounting for money, consumers regret less wasting them relative to money (Lala and Chakraborty, 2015).

Monga and Saini (2009) experimentally demonstrated that when currency of search is money, a decrease in search cost has effect on the willingness to search, but this effect is weaker with time (Monga and Saini, 2009). They also found that there is relative insensitivity in time for both search costs and payoffs (Monga and Saini,

2009). Hence, consumers might ignore costs and payoffs of search when the currency is time. There is a substantial body of literature regarding the benefits of price search in durable goods market (Clemons et al., 2002; Ratchford et al., 2003), but less is known in regards to grocery shopping (Urbany et al., 2000). Shopping for necessities, such as groceries is usually less involving and often habitual, so consumers might limit their search or not perceive any costs incurred, except the effort required in the process, such as psychological (cognitive) and physical effort involved in the purchase (e.g. evaluation of products and brands, searching for deals and traveling to and across shops) (Saini et al., 2010; Lala and Charkarbotrty, 2015). The issue of effort is especially important when the elderly consumers are considered. Some studies suggest that physical limitations related to ageing, that is limited mobility or decline of cognitive abilities might affect the ways elderly consumers shop (Thompson et al., 2011). Logically, one should expect that consumers should avoid shopping experiences that require too much effort, but recent studies suggest that this might not be the case, at least with some of consumer segments. For example Gibbs and Drolet (2003) found that consumers choose more effortful experiences when their energy level is high. A study by Kivetz and Simonson (2003) suggests that consumers engage into more effortful experiences when they perceive to be better attended for task completion than others. Moreover, the more effort required might signalize better quality (Giebelhausen et al., 2011), more meaningful activity (Olivola and Shafir, 2012), or better product (Kramer et al., 2012). These findings however, need to be validated in the context of elderly consumers behavior, in light of challenges that this segment faces.

When search payoffs are concerned, in addition to savings expressed in tangible monetary terms, successful search might result in psychological benefits (Tedeschi, 2003). These benefits are personality- related, as some consumers might

derive utility from price search process itself (Gauri et al. 2006). There can be considerable psychological returns beyond financial returns from being able to “hunt” or “cherry pick” the best deals. Further, there can be social benefits resulting from sharing the best price deals’ information with others. Consumers particularly skilled in price search and with extensive knowledge of available discounts, so called market mavens, collect market information with the intent of sharing it (Feick and Price, 1987; Urbany et al., 1996; Gauri et al., 2006).

In the literature on consumers’ price search there is significant number of empirical studies that concentrate on spatial, that is cross- store dimension of price search (Beatty and Smith, 1987). The majority of these studies focused on durable goods, with relatively little inquiry into consumers’ price search for necessities or groceries (Putrevu and Ratchford, 1997; Fox and Hoch, 2005; Gauri et al., 2006). These studies found weak or rather inconsistent influence of promotional pricing on store traffic, except in higher- cost product categories (Kumar and Leone, 1988; Grover and Srinivasan, 1992). Many consumers tend to be store- loyal and thus do not search across multiple stores (Bell and Lattin, 1998). A number of studies confirmed that the number of customers actively searching for better price deals across multiple retail outlets is relatively small (Slade, 1995; Talukdar et al., 2010). This suggests that retailers might overreact to cross- store effects and might ineffectively use sales promotions as competitive weapon to attract competitors’ customers (Urbany et al., 2000; Gauri et al., 2006).

Temporal and spatial search

Research into the in- store consumer choice provides evidence that consumers might change timing of their purchases by accelerating or delaying their purchases (Hendel and Nevo, 2005), and manipulating quantities purchased. By adjusting purchase timing and quantity, they can benefit from lower process without the need to

travel to many stores (Neslin et al., 1985; Gupta, 1988). Therefore, consumers' price search has two dimensions: spatial (cross- store) and temporal (changes of purchase timing).

Gauri et al. (2006) identified four types of price search patterns: incidental, temporal, spatial and spatio- temporal. Incidental search typifies consumers who in fact do not search actively (temporally within a store nor spatially across retail outlets). Any benefits of price search are randomly or incidentally achieved, through shopping in a store at the time of price deal's availability.

With temporal price search, consumers loyal to a particular store and not prone to search across multiple outlets can achieve price benefits by shifting timing and quantities of their purchases, that is by delaying or accelerating their purchases, and stockpiling products available at lower price for future consumption.

Spatial price search is typical for consumers prone to travel across stores to take advantage of cross- store price differences. These consumers are less loyal to a particular retail outlet, but as Gauri et al. (2006) notice, there is possibility that they undertake cross- store trips to buy only low- priced products, while purchasing most of necessities at a preferred, primary store.

Spatio- temporal price search pattern is typical for consumers who take advantage of both temporal and spatial price variations. These make regular shopping trips to multiple stores, and adjust their purchases in time in order to obtain the best possible price deals.

The groups of consumers, who would travel across multiple stores to buy heavily discounted products is called in the literature "extreme cherry- pickers" (Talkudar et al., 2010). These would seek price promotions and excessively benefit from deep discounts, generating loss for retailers (Talkudar et al., 2010). Talkudar et al. (2010) studied the determinants, prevalence and impact of such consumers on retailers. They found extreme cherry pickers segment to be relatively small, with greatest negative impact on

secondary stores (Talkudar et al., 2001; Gauri et al., 2006). Extreme cherry pickers exhibit greater cross- store and in- store inter- temporal search propensity, are market mavens, have considerably higher search skills and shop secondary stores for price savings (Talkudar et al., 2010). Moreover, while shopping for frequently purchased groceries at a primary store, where they actively engage in in- store, inter- temporal search, they travel to secondary stores to benefit from deep price discounts of selected items (Talkudar et al., 2010).

Elderly consumers in grocery market

Elderly consumers comprise the fastest growing segment, which is forecasted to reach 1-2 billion people over the age of 60 years by 2025 (WHO). One of the typical misunderstandings when dealing with the elderly consumers is assuming that they constitute a single homogeneous segment (Moschis et al., 2004). There is substantial empirical evidence available supporting just the opposite, and as people age they become more diverse (Moschis et al., 2004). For elderly consumers the independence and ability to care for oneself are of paramount importance (McKie, 1999). Shopping for groceries is not only a necessity, but also strengthens an individual's sense of independence (Thompson et al., 2011). Being able to shop for groceries and prepare own meals at home is important to elderlies' sense of identity, as it epitomizes ability to function independently (Munoz – Plaza et al., 2013). This might explain why seniors more often than the younger segments prepare food at home. Additionally, shopping for groceries, requiring leaving one's home, provides elderly with some form of social experience and might constitute basic amount of physical activity.

For older consumers shopping might become difficult, due to the limitations resulting from ageing process, such as declining health, limited mobility, decreasing memory and decline of cognitive abilities (Herne, 1995; Yoon, 2005; Thompson et al., 2011). Among the magnitude of

challenges that elderly experience when shopping for groceries, Herne (1995) points at carrying weights, limited transportation options, and financial constraints. One of the biggest challenges, identified by Munoz- Plaza et al. (2013) was shopping at multiple stores for desired quality of food at prices considered suitable for limited budgets of elderly. These factors might considerably affect how elderly shop for groceries, including search for price deals.

Numerous research studies indicate that grocery shopping of elderly consumers is often restricted to their immediate neighborhoods (Smith, 1991; Munoz- Plaza et al., 2013). This might explain the fact that older consumers tend to be more store-loyal than younger segments (Moschis et al., 2004). Also, older consumers spend on the average more money in grocery stores than younger ones (Moschis et al., 2004). Munoz – Plaza et al. (2013) found that elderly consumers tend to shop more frequently and buy fewer items, not only to avoid carrying heavy weights, but also to minimize wasting food. On the other hand, dissatisfaction with the quality and prices of offerings might result in shopping at grocery stores outside the immediate neighborhood. It is observed that when elderly have transportation options and enough strength, they can engage into surprisingly long- distanced shopping trips. It is assumed that the elderly have more time for shopping, as they usually are retired. In the absolute time terms this holds true, however, as some studies suggest, performing many tasks demands from the elderly more time, their time budget might not necessarily be bigger than the one available to the younger consumers (Szmigin and Carrigan, 2001).

Hypotheses

The hypotheses for this study were developed based on literature review. First, it was assumed, that with ageing and henceforth resulting physical limitations, elderly consumers, in order to benefit from price deals, will prefer rather to

search temporally, but in limited number of stores (to avoid longer shopping trips). Hence:
H1: Propensity for temporal search grows with consumer's age.

It was also assumed, in line with the previous studies, that the propensity for temporal price search will be higher for the elderly consumers who are market mavens, hence:

H2: Propensity for temporal search grows with consumer's mavenism.

As physical limitations might result in more discouraging effort required to travel to multiple stores, the reverse relationship between age and spatial price search is expected, hence:

H3: Propensity for spatial search declines with age.

As elderly consumers are considered to be more conservative, with more traditionalist perception of the gender roles, it is expected that females, responsible for grocery shopping and management of household budget, will exhibit stronger propensities for both temporal and spatial price search. Hence:

H4: Female consumers are expected to exhibit greater propensity for both temporal and spatial search.

It was assumed that elderly consumers, due to the psychological costs and effort required for searching for price deals will demonstrate preference towards one mode of price search, hence:

H5: There is negative relationship between propensity for temporal and spatial search.

Methodology

The data was gathered with a self – administered paper- and – pencil survey, conducted in three locations in Poland (Warsaw, Warsaw metropolitan area and Białystok). The questionnaire consisted of total 46 questions, and included scales measuring propensity for temporal and spatial search, consumer mavenism and self- perceived search skills. These scales were based on proposition by Gauri, Sudhir and Talukdar (2006), Feick and Price (1987), Urbany et

al. (1996), and Putrevu and Ratchford (1997). The list of items for multi- item scale constructs used in the study is presented in Appendix. The scale for measuring propensity for temporal search included questions related to acceleration and delaying of purchases or visits in stores, as well as 'consumer patience' that is propensity for waiting for better price deals, buying products in advance for special occasions when discounted, and not leaving important purchases to the last moment. The scale for measuring propensity for spatial search included questions related to visiting multiple stores, shopping trips, awareness of prices in nearby stores, and taking advantages of price discounts in many stores. The scale for market mavenism included questions related to knowledge of deals in stores and sharing information about them with the others. The scale for the self- perceived search skills included questions related to perception of individual's search skills, such as knowledge of availability of price deals in time and stores, ability to compare prices and quality of products across stores. All questions' response mode was based on five – point Likert scale, where 1 (scale's minimum) meant "Strongly disagree" and 5 (scale's maximum) meant "Strongly agree". The means for the scales were computed of values of the responses given by respondents. The validity of the scales was assessed with Cronbach's alpha. For propensity for temporal search Cronbach's alpha was 0.814, for propensity for spatial search Cronbach's alpha was 0.723, for the market mavenism – 0.856. The lowest value of Cronbach's alpha was found for the self- perceived skills - 0.588. Therefore further analysis of internal structure of this scale was performed to verify whether this scale measured one or more constructs. Factor analysis, namely principal component analysis with Varimax rotation revealed that questions within this scale actually formed two separate scales of visibly better reliabilities, with the three items related to planning shopping trips, and three related to self- evaluation of knowledge and search skills.

Cronbach's alphas for these isolated scales were, respectively – 0.767 and 0.685. One can conclude that the original scale as proposed by Gauri et al. (2006) includes two dimensions, that is: propensity for planning shopping activities and the self-evaluation of one's search skills. One of the questions included in this scale related to preparing shopping lists with retailers' flyers. This was rephrased question from the scale proposed by Putrevu and Ratchford (1997). Such a behavior is observed often with Polish consumers, especially the elderly, and flyers are important communication medium used to inform consumers about price deals or other specials available. This question occurred not to be loaded by any of the identified factors (it did not correlate significantly with any of the sub- scales). The possible explanation for this is that this item in fact included two aspects. Wording of the question, relating both to preparation of shopping list and using flyers might have produced confusing results as some of the respondents could focus on the list preparation aspect, with the other on using flyers. Therefore, this question was excluded from both sub- scales identified in the previous self – perceived search skills scale, as it was found not to belong to any of the two scales.

The convenient (incidental) sample comprised 144 elderly respondents (M = 67.2 years, SD = 6.87; the youngest respondent was 57, the oldest- 86). The sample consisted of 114 females and 30 males.

Results

Generally, the highest scores for all the scales included were observed for planning orientation (M = 3.97, SD = 1.04), while the lowest was for search skills (M = 2.59, SD = 0.946; propensity for temporal search scale M= 2.92, SD= 0.897, propensity for spatial search M= 3.00, SD = 0.851. This supports conclusion that the original scale for research skills as proposed by Gauri et al. (2006) can be in fact a combination of the two separate constructs. Also, for planning scale the

values were relatively high, which can be observed also with skewness. This might result from the specificity of the sample, namely older consumers, who often prepare lists as external memory aid for grocery shopping (and might equate this with planning) (Block and Morwitz, 1999). For all scales' means no significant differences were found between female and male respondents. Females had slightly lower propensity for temporal search ($M = 2.92$, $SD = 0.897$; for male respondents $M = 3.01$, $SD = 0.999$), the propensity for spatial search was almost equal for both genders ($M = 3.00$, $SD = 0.851$ for female respondents, for male respondents $SD =$

0.799). Also means for propensity for planning and self-evaluation of search skills were almost equal for both genders (means, respectively $M = 0.976$ and $SD = 2.636$ for females and $M = 3.833$ and $SD = 2.416$ for males). The lowest means were found for the self-evaluation of search skills ($M = 2.636$ for female respondents and $M = 2.416$ for male respondents). One can hypothesize that this is either due to influence of cultural norms (where high self-evaluation of one's skills is considered inappropriate) or due to characteristics of elderly sample in general. Table 1 presents summary of findings.

Table 1. Summary of findings – descriptive statistics for scales.

	Market mavenism	Propensity for temporal search	Propensity for spatial search	Propensity for planning	Self-perceived search skills
Mean	3,137	2,9421	3,0042	3,9468	2,5898
Median	3,250	3,0000	3,0000	4,0000	2,7500
Std. Deviation	1,1317	,91679	,83850	1,03600	,93794
Skewness	-,218	,040	,108	-,996	,011
Minimum	1,0	1,30	1,40	1,00	1,00
Maximum	5,0	5,00	5,00	5,00	5,00

Source: Based on survey results

To validate the hypotheses Person correlation was calculated to investigate correlations between the identified variables, namely scales and age. The summary of findings is presented in Table 2. There is relatively strong correlation between propensity for temporal search and spatial search ($r = 0.761$, $p < 0.01$) and propensity for temporal search and market mavenism ($r = 0.658$, $p < 0.01$). on the contrary, there is much weaker correlation between propensity for temporal search and propensity for planning and the self-perceived search skills (respectively $r = 0.199$ for $p < 0.05$ and $r = 0.316$ for $p < 0.01$). In light of these results, hypothesis H5 about the negative relationship between the two modes of search behavior was not confirmed. The relatively strong correlation between these two modes of search behavior suggests that there is no trade-

off between these two modes of search and they both might depend on other factors, and that is there is a segment of shoppers who exhibit high levels of propensity for both ways of searching for better price deals. The two modes of search might in fact result from psychological characteristics of individuals, and those who have strong tendency to patronize many stores at the same time have high propensity to delay or accelerate shopping. Also hypothesis H2, regarding the positive relationship between the propensity for temporal search and consumer market mavenism was confirmed. The more knowledgeable a consumer is in regards to stores' offer and the more willing she is to share this information, the more likely she will manipulate timing of her shopping trips to benefit from price deals.

Table 2. Summary of findings – correlations for scales and age

		Propensity for temporal search	Market mavenism	Propensity for spatial search	Propensity for planning	Self-perceived search skills	Age
Propensity for temporal search	Pearson Correlation		,658**	,761**	,199*	,316**	-,226*
	Sig. (2-tailed)		0	0	0,017	0	0,01
Market mavenism	Pearson Correlation			,691**	,267**	,336**	-,266**
	Sig. (2-tailed)			0	0,001	0	0,003
Propensity for spatial search	Pearson Correlation				,223**	,412**	-,293**
	Sig. (2-tailed)				0,007	0	0,001
Propensity for planning	Pearson Correlation					-0,16	0,106
	Sig. (2-tailed)					0,057	0,235
Self-perceived search skills	Pearson Correlation						-,292**
	Sig. (2-tailed)						0,001
Age	Pearson Correlation						
	Sig. (2-tailed)						

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Based on survey results

It was assumed that the propensity for temporal would grow with consumer age, that is due to the lower mobility consumers would prefer to visit less stores and benefit from price deals or sales promotions by manipulating time of purchases rather than switching between stores. However propensity for temporal search was found to decline with age of consumer ($r = -0.266$, $p < 0.01$), so hypothesis H1 was not confirmed, although this relationship was relatively weak. A possible explanation is that due to either decline of cognitive abilities, which might progress with ageing, or more cognitive effort required, the propensity for this mode of search weakens with age, but not considerably.

It was assumed, based on literature review, that due to the physical effort required, consumers' propensity for spatial search will decline with age (due to the weaker health and, therefore, more effort required for shopping). It was found that indeed, propensity for spatial search declined with age ($r = -0.293$, $p < 0.01$), which allowed to confirm hypothesis H3, although, again, the relationship in the sample is relatively weak.

Moreover, age might not be the best proxy for general psychophysical condition of a consumer, which, in authors' opinion could be more appropriate determinant of propensity for spatial search rather than age alone.

Propensity for planning is more strongly correlated with market mavenism than it is with the propensity for temporal search. This suggest that the relationship between propensity for planning and temporal search in shopping behavior might be weaker. Consumers might plan what and where they would buy, but not necessarily when. On the other hand, propensity for temporal search is more strongly correlated with search skills, which might indicate that people perceive managing timing of their purchases more as a one of search skills (or a type of thereof) rather than something like a sub - dimension of planning. Another possible explanation could be that consumers with higher level of the self- perceived search skills have greater ability to manipulate timing of their purchases.

Shopping for groceries was considered in the past a female task in a household, an attitude that still persists among elderly consumers in Poland. Therefore, it was assumed that female respondents would exhibit stronger tendency towards both modes of search than male respondents. It was found, however, that propensity for neither temporal nor spatial search were correlated with respondents' gender (the results of independent sample t- test for

temporal search were $t(142) = -0.455$ for $p = 0.65$; for spatial search – $t(142) = -0.041$, for $p = 0.967$. These results indicate rather insignificant influence of respondent's gender on his or her propensity for one of the two modes of search Hence, hypothesis H4 was not confirmed The summary of findings regarding the relationships between gender and the two modes of search is presented in Table 3.

Table 3. Gender and the two modes of search.

Gender		Mavenism	Propensity for temporal search	Propensity for spatial search	Propensity for planning	Self - perceived search skills
Female	Mean	3,123	2,9242	3,0027	3,9766	2,6362
	Std. Dev	1,1625	0,89773	0,8519	1,04163	0,94672
	Skewness	-0,314	0,035	0,116	-1,023	-0,025
Male	Mean	3,192	3,0101	3,0098	3,8333	2,4167
	Std. Dev	1,0249	0,99908	0,79938	1,02367	0,89859
	Skewness	0,395	0,021	0,081	-0,976	0,1
Total	Mean	3,137	2,9421	3,0042	3,9468	2,5898
	Std. Dev	1,1317	0,91679	0,8385	1,036	0,93794
	Skewness	-0,218	0,04	0,108	-0,996	0,011
Independent sample t- test	t	-0,295	-0,455	-0,041	0,673	1,140
	df	140	142	142	142	140
	p	0,768	0,650	0,967	0,502	0,256

Source: Based on survey results

Discussion

All the variables in this study, namely propensities for two modes of search, as well as market mavenism, propensity for planning and the self-perceived search skills were found to be correlated. This is because, in author's opinion, the questionnaire in general measured rather the level of engagement in shopping trips or shopping process. Correlation between propensity for temporal and spatial search supports the proposition that these might be in fact various dimensions of a single construct. It was observed in the sample that respondents who characterized with high level of propensity for temporal search exhibited at the same time also a high level of propensity for spatial search,

therefore this suggests that it might be rather a psychographic property of a very narrow consumer segment, such as "extreme cherry-pickers" identified by Talukdar et al. (2010). The correlation between these two traits confirms findings of the study conducted by Gauri et al. (2006).

Propensity for planning was found to be more strongly correlated with mavenism than with the propensity for temporal search. This suggest also that the first one might be a trait not necessarily related to temporal search mode in shopping behavior. On the other hand, propensity for temporal search was more strongly correlated with self- perceived search skills, which might

suggest that people perceive managing timing of their purchases more as a one of search skills (or a type of thereof) rather than something like a sub- dimension of planning.

Limitations

This study is constrained by certain limitations that point at possible further research. First, the size of the sample was too small due to objective problems with reaching elderly respondents, which are widely discussed in the literature. In author's opinion the sample is also homogeneous, and inclusion of other age cohorts would provide more in- depth insight into relationship between age and the two modes of search, temporal in particular. Further, for the sake of simplicity to secure responses of the elderly participants, some information was not intentionally included into the questionnaire which might influence temporal mode of search. These could be: proximity and number of retail outlets available to respondents, general psychophysical condition (affecting cognitive skills and mobility), social status, or relying on aid from others. Last, but not least, one can expect that consumers might exhibit different propensity for temporal search depending on the product category. This study concentrated on groceries, but it seems possible that for durables or more involving product categories the results might differ. Moreover, the brand of purchased goods might impact when and where consumers shop. Also, the study relied on declarative data, that is stated search propensity and inquired into some of its determinants, but did not verify whether actual price search was consistent with the stated measures, which is a problem discussed in the literature (Gauri et al., 2006).

Summary

Managers of grocery stores must understand how their customers use price discounts across stores and across time. This study offers insight into elderly consumers' propensity to search for price deals in time. Taking into consideration the

relatively higher temporal budget available to these consumers, one finds that seniors do not engage actively into temporal (and also spatial) search in grocery stores. The older they are the less prone they are to perform temporal search. There are no significant differences between female and male consumers in this respect. Propensity for both temporal and spatial search, on the other hand, is linked to consumers' knowledge of market and search skills. The more knowledgeable and skilled consumers are, the higher propensity for temporal search they exhibit. Understanding consumer price search is vital, as price promotions are important element of retailers' competitive strategies. However, considering the level of propensity for temporal search among the elderly, they might not necessarily respond in accelerating or delaying their purchases or by undertaking trips across multiple stores.

Appendix

List of Items for Scale Constructs Used in the Study

1. Propensity for temporal search (ten items, Cronbach's alpha= 0.814)

I usually plan the day I will go to a particular grocery store so I can get the best promotions and prices deals offered by this store. (Gauri et al., 2008)

I delay buying specific products because I prefer to wait for their price to be lowered. (Gauri et al., 2008).

Even if I planned buying a specific product, I do not buy it during the next shopping trip because I know it will be available at lowered prices soon. (Gauri et al., 2008).

I keep track of discounts and promotions in the grocery stores I visit most frequently. (Gauri et al., 2008)

To benefit most of discounts and promotions I often buy products to stockpile them (New item developed for this study).

I buy some products before I will actually need them because I know they will be more expensive

later (e.g. before Christmas) (New item developed for this study).

I patiently wait for discounts of products I need. (New item developed for this study).

I wait patiently and do not buy products I need, because I know I can get them as a gift (e. g. for Christmas or birthday). (New item developed for this study).

I do not postpone purchasing presents to the last minute (e.g. for Christmas or birthday) (reverse coded, New item developed for this study).

I always take advantage of price discounts, even if I will need the discounted product later. (New item developed for this study).

2. Propensity for spatial search (10 items, Cronbach's alpha = 0.723)

I often compare the prices of two or three grocery stores. (based on Urbany et al., 1996)

I buy all products I need in the nearest grocery store (New item developed for this study).

I used retailers' flyers to plan in which store I will shop. (based on Urbany et al., 1996).

I regularly shop the price specials at one store and then the price specials at another store. (based on Urbany et al., 1996)

Before going grocery shopping, I check where I can buy the products I need cheaper (based on Putrevu and Ratchford, 1997).

To get the best price deals, I often shop in two or three stores. (based on Urbany et al., 1996).

I know well the prices in grocery stores in my neighborhood (New item developed for this study).

I often undertake longer shopping trips to other part of the town to buy specific product cheaper. (New item developed for this study).

I have good knowledge of quality of products in stores in my neighborhood. (New item developed for this study).

I think searching for better price deal in many stores is wasting time (reverse coded, New item developed for this study).

3. Market mavenism scale (four items, Cronbach's alpha = 0.856)

I like sharing information about lower prices, promotions and sales with others (based on Urbany et al., 1996; Feick and Price, 1987).

I like when people ask me where to buy specific products cheaper (based on Urbany et al., 1996; Feick and Price, 1987).

I have good knowledge of what's available in stores, and I share this information willingly (based on Urbany et al., 1996; Feick and Price, 1987).

I think I am trustworthy source of information for other people when it comes to products, stores' offer and promotions willingly (based on Urbany et al., 1996; Feick and Price, 1987).

4. Propensity to plan (four items, Cronbach's alpha= 0.767)

I know what products I am going to buy before going to store (based on Putrevu and Ratchford, 1997).

I am a well – organized shopper (based on Putrevu and Ratchford, 1997).

Before going shopping I often prepare shopping list (based on Putrevu and Ratchford, 1997)).

Before going to the store, I prepare shopping list based on flyers or other information about price deals (item deleted, based on Putrevu and Ratchford, 1997).

5. Perceived search skills (four items, Cronbach's alpha= 0. 685)

I know well when there are price deals or sales (New item developed for this study).

Comparing prices between stores is difficult (reverse coded, based on Urbany et al., 1996)

Comparing prices between different stores has no sense (reverse coded, new item developed for the study).

Comparing products' quality in different stores is difficult (reverse coded, based on Urbany et al., 1996).

Scales 4 and 5 in the first version of the questionnaire were parts of one scale, with additional question ("Before going to the store, I prepare shopping list based on flyers or other information about price deals"). Since the reliability of this scale proved to be relatively low,

after factor analysis, the scale was split and one item- question: "Before going to the store, I

prepare shopping list based on flyers or other information about price deals"- was deleted.

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A SYSTEMATIC ANALYSIS OF STRATEGIC PLANNING KEY SUCCESS FACTORS AND ITS REQUIRED PROFESSIONAL SKILLS - CASE STUDY OF ABU DHABI POLICE GHQ

Abdulla Rashed Al Darmaki

Abstract

The present report is a study on the systematic analysis of key success factors and professional skills needed for strategic planning and implementation in a public sector organisation - Abu Dhabi Police GHQ. The main aim of this research is to summarize the critical success factors as well as the professional skills needed for the implementation of strategies. To this effect three main objectives were identified-to review strategy execution in Abu Dhabi Police GHQ, to determine the relationship between professional skills and successful strategy execution and to study the impact of professional skills and strategic planning on the organisational performance. This research was attempted to answer three most important questions "What are the required professional skills that influence strategic planning in Abu Dhabi Police GHQ?" What are Critical Success Factors required for the successful implementation of strategies in Abu Dhabi Police GHQ? To what extent did both strategic planning and professional skills affect Abu Dhabi Police GHQ performance?

Key words: Strategic Planning; Key Success Factor; Abu Dhabi Police; Professional Skills.

Introduction

UAE has developed at an unprecedented rate. The modernization efforts of UAE are remarkable. The nation has grown from nomadic population to one of the most developed industrial and urban centres. This massive growth is the result of the oil income, as UAE has 97.8 billion barrels of proven oil reserves. This makes the country richest and future of UAE is secure. However, the government is investing not only in the urbanisation, but also in infrastructure, health, and safety of public. When it comes to safety of public, the Police department plays an important role (Gibson & Farah, 2012). The impressive growth of UAE is partly due to government's

strategic planning. In public organisations of UAE, strategic planning and management is widely and regularly practiced and it is an important aspect of the public management reforms undertaken by the UAE government. The public sector management at both the federal as well as local level is aware of advanced strategic planning tools and frameworks such as balanced scorecard method. The strategic management standards followed by both local and federal organisations in UAE are similar with little variation (Elbanna, 2013). However, it is important to understand the impact of strategic planning on the performance of public sector organisations in UAE. The researcher contends that the way strategic plans are implemented depends on the professional

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skills as well as certain factors. Therefore, this study focuses on finding the critical success factors needed for the strategic planning implementation. To this end, the study purports to summarise the professional skills that are necessary to execute strategic plans especially in public agency like police department. The main motivation to choose Abu Dhabi Police GHQ for this research is that the implementation of strategic plans in public safety and law enforcement agencies is essential, in that it, affects the lives of citizens. Moreover, policing strategies are always evolving and new approaches to policing are being introduced with an aim to improve services as well as to strengthen police-community relations. While community policing is the latest trend, which is getting a lot of attention from the researchers, the problem solving is another area that needs to be incorporated as one of the essential area of improvement. Therefore, broad policies of police department, its priorities, and resource allocation procedures should be aligned with the strategy of improving the community relations as well as problem solving (Cordner, 2014). However, it is important to focus on the skills that are essential to change the execution with the change in plans. Police officers need to understand that they have to develop new skills and work with new technology and tools in order to solve new problems related to law enforcement. Thus, not only the problem solving skills are essential but other professional skills such as interpersonal skills and communication skills, strong work ethics, work commitment, adaptability as well are important to execute policies into actions (Hassan, 2010).

Significance of the Study

In order to achieve its objectives, an organisation needs to invest time and resources in making strategies. More and more organisations are planning strategically. Even the public sector has adopted strategic thinking and strategic management. This is also influencing the way

government operates and functions (Joyce, Bryson, & Holzer, 2014) However, the results of strategic planning in public sector organisations are not as impressive as they are in the private sector. While most researchers have attributed this failure to the different interests of public and private sector (Shahin, 2011), others have focused on the contextual factors (Sa, 2013). Contextual factors may act as significant barriers for public sector to execute strategic plans successfully, yet these factors can be minimized largely (Williams & Lewis, 2008). However, the researcher contends that lack of professional skills to implement strategies is one of the biggest challenges facing public sector organisations today. A public agency is different from a private sector organisation in its professional approach towards the work. While employees in private sector are more customer-centric and have strong inter-personal skills, employees in public agencies are yet to develop these skills. Therefore, it is important that public sector organisations start developing professional skills of their employees through effective training and skills development (McDermott & Hulse, 2012). Moreover, these skills not only help in implementing the strategies successfully but also affect the performance of an organisation in a positive manner. Thus, it is important that the organisations understand the importance of professional skills development. The terms like accountability, performance management and organisational design are no more restricted to private sector. They are becoming the part of the government's rhetoric as well. For many public sector organisations, it is essential that they improve their performance and be accountable to public. Moreover, the change is a rule rather than an exception, even for government agencies. Boundaries between public, private, and non-profit sectors are eroding. Public sector has to think, act, and learn strategically (Bryson, 2011).

This study is aimed at analysing the key success factors that are responsible for the effective

implementation of strategies. Moreover, previous studies have failed to take into consideration the key success factors. This is why this research is unique in nature. Another significant addition of the current research is to fill the gap between the research agenda of public and private sector in strategic planning literature. Over the years, the strategic management approaches including strategic planning tools and frameworks are designed with a manufacturing focus. The methodologies and models are profit-driven. However, when public sector organisations adopt such models, methodologies and tools, they get little benefits from these. Hence, it is important to consider the service dominant approach of public agency when designing and implementing strategic planning tools. In other words, strategic management research that is relevant to private sector may not be beneficial to the public management. Therefore, it is important to set a research agenda for a public service dominant theory for future (Osborne, Radnor, & Nasi, 2013). This research tries to fill this gap and takes into consideration the service dominant aspect of public agencies like Police department and studies the relevant factors that influence the strategy implementation.

Literature Review

Over the years, several studies related to strategic management has been conducted. The academic literature includes both the qualitative as well as quantitative research in the area of strategic planning. However, there is little attention paid to the execution of strategy. In other words, the processes followed to implement the strategies as well as the barriers in effective implementation of strategies have not been well-researched. Despite the efforts in the strategic planning, strategies often fail (Rummler & Brache, 2012). There are many reasons for this failure. First, it is important to identify the flaws in the organisational structure as well as management systems that are mainly responsible

for the implementation. Making a plan on papers and writing a vision statement is not enough. In order to translate that vision into reality, organisations need to implement strategies as they have planned. Different organisations get different outcomes of strategy execution due to the difference in the structure of management. When it comes to the structure of management system, the top management team composition plays an important role. Some teams are highly structured and their members can operate independently, while others are unstructured and the role of one person is dependent on the role of the other member (Hambrick, Humphrey, & Gupta, 2015). Organisations with structured team are able to accomplish more and deliver better results because each team member contributes to the goal without coming in the way of other team member. On the other hand, the unstructured teams do not have a fixed starting point or end-points. Public sector organisations are more or less unstructured in that the tasks are interdependent and so are the roles. Hence, it takes a longer time for the public sector organisation to accomplish the objectives.

Professional Skills

Management team composition alone is not responsible for the failure in strategy execution. Developing managerial skills is also an important especially for lower and middle managers. Moreover, some managerial skills are needed at all the levels. One of these skills is to develop a strategic perspective. Thus far, it was considered that having a strategic perspective is a skill that differentiates top management from the middle and lower management. However, in this world of dynamism, it is important to take a strategic view of the situation and respond to the situation appropriately (Zenger & Faulkman, 2014). Managers are key actors in various processes and therefore practices that are being followed and the results of those practices are directly impacted by the way managers envision the future of the organisation. Whether a public

agency provides excellent public service or fails to do so, the responsibility lies with the managers (Berman, 2015). For a public agency like Abu Dhabi Police department, managers are law enforcement officers or police officers. Their skills and their strategic perspective affect the performance of the agency.

Performance and Strategy

The academic research has found the linkage between strategy and performance. Most of the researchers have focused on the impact of strategic planning on performance. However, performance is the result of the implementation of strategies not just formulation. Therefore, it is important to understand the implementation and its impact on the improvement in organisational performance. In a research conducted in the manufacturing firms in Indonesia, a significant relationship between strategy implementation and the performance was found. Formality of structure plays a moderating role in this relationship. In other words, if the organisational structure is formal, the implementation of strategy will affect the performance positively (Ibrahim, Sulaiman, Kahtani, & Abu-Jarad, 2012). Although a relationship exists between the formal structure and organisational performance, commitment to strategy implementation also affects the company performance indirectly. In a study conducted on 160 small and medium sized Finnish IT companies, it was found that when participative strategic planning process is adopted the employees' commitment to strategy implementation increases and as a result they pay more attention to strategy implementation. Therefore, the way strategic planning process is carried out also affects the implementation as well as organisational performance (Kohtamaki, et al., 2012). Very often, managers focus more on performance. However, in the case of public agency it is not always about following the performance metrics. Also, performance is not just about doing right thing, it is about doing practical thing (Berman, 2015). Thus the

difference in performance of different organisations is justified in the philosophy of managers. In order to measure and evaluate the performance, it is important that appropriate performance measurement matrices are used. By improving process efficiency, managers can optimise their resource allocations (Karim & Arif-Uz-Zaman, 2013). The managers and leaders play an important role in organisational performance. Transformational leadership influences the organisational performance positively (García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012).

The Contextual Factors

Strategy implementation is an important part of the strategic management. The success of strategy execution is dependent on not only the top managers and employees but also the organisation and company's culture. Strategy implementation gives the life to the plans and is an integral part of decision making process. It is necessary to find appropriate performance indicators looking at the company culture (Mišanková & Kočíšová, 2014). Most of the researchers have suggested that contextual factors such as macro-level firm characteristics have a noticeable influence on the performance of an organisation when it comes to strategic planning. However, the results may vary not due to the firm characteristics or their influence but because of the specific techniques used by managers in formulating the strategies or developing practices. It is important that the managers identify some publicly known and adopted best practices or techniques that are known to deliver results. The practice based view of strategic management has suggested that the organisational performance may be influenced by generally applicable firm practices (Bromiley & Rau, 2014). Although there is a marked difference between private and public sector organisations, the use of strategy implementation tools and principles especially in relation to organisation structure and performance management is the

same. Therefore, it is essential that the gaps between strategy discourse and strategy as a practice should be identified and minimised as far as possible (Grant, 2016). The competitive environment of private sector makes it necessary to measure the organisational performance. For public sector organisations too it is equally important to measure the performance. Unlike private sector, public agencies do not compete for profits or market revenues. They work for the welfare of citizens. However, the gap between strategic planning and strategic outcomes is a cause of worry for public agencies as well. Therefore, it is important to minimize that gap by identifying the differences between the strategy execution of successful private sector organisations and their own strategy execution. Moreover, it is important for public agencies to adopt new thinking and use the tools in the manner they are used by private sector (Williams & Lewis, 2008). Therefore, for the current research, a public sector organisation, i.e., Abu Dhabi Police GHQ, has been chosen so that the researcher gets opportunity to identify contextual factors that affect the implementation and draw the summary of key success factors.

Organisational Structure

Most of the strategies fail due to the old ways of implementation. The processes and organisational structures used by organisation to implement the new strategies catering to the new environment must also be in line with the new environment. However, most of the organisations do not pay attention to these details and as a result they fail to accomplish their objectives. This is the case in not only small organisations, but large organisations as well. Strategic planning and implementation is not a one-time activity. In order to survive the competition, organisations need to take stock of their strategic directions every few years and change their course according to the changes in market (Kotter, 2012). Over the years, public sector organisations have been content in their

old ways. However, more and more public sector organisations are feeling the need to adopt strategic thinking. The advent of strategic management has changed the way the governments operate across the world and how they are introducing new ideas. However, public sector organisations need to undergo significant changes in their management and thinking in order to develop the strategic capabilities similar to private sector. Given the challenges for the next decade, even governments have to be strategic and effective (Joyce, Bryson, & Holzer, 2014). This does not only apply to governments in Europe and United States. It is true of UAE as well. Therefore, the researcher has focused on the key factors that govern the success of strategic planning in UAE public sector.

Communicating the Strategy

Over the years, a firm's strategy is shaped and formulated by different factors such as external competitive environment, internal resources as well as technologies and techniques that have huge impact on the organisations. Thus, not only the private sector, but also the public sector has changed its approach from time to time and this is reflected in the rhetoric used by public agencies. Since public sector organisations are also subject to change, it is important that their strategies are also reviewed in light of changes in the academic literature of strategy. In order for the firms to be successful it is important that the strategies are described and are futuristic (Grant, 2016). Therefore, apart from organisational structure and management system, the way a strategy is designed also influences the strategy execution. The ambiguity of strategy or lack thereof is an important aspect to consider when implementing strategy. Sometimes, the ambiguity creates an enabling environment in that the team members clear their understanding about the strategy. At times it is difficult to balance the view of team members as regards to strategy and this gives rise to internal conflict (Abdallah & Langley, 2014). Often times the

strategy is not clearly translated into objectives and strategic objectives do not tie up to overall strategy. This is the reason why strategy is not understood clearly by many people. Even in top management teams the strategic initiatives are not clearly understood by as many as half of the people. The strategic priorities are not clear to the most of the managers at the lower and middle level (Sull, Homkes, & Sull, 2015). Sometimes, strategies are designed effectively and top management is efficient enough to gauge the long term situation, yet the strategies fail because they are poorly implemented by middle and entry level managers. The reason for this mismatch is lack of communication. Once strategy is formulated it is important to communicate the strategy effectively across all levels of managers. Often non-communication of strategy leads to the failure in implementing the strategy (Rummler & Brache, 2012).

Linking Performance with Rewards

Some organisations do communicate the strategies using vision statements and written policies. However, communicating strategies like this may not guarantee effective execution in that due to lack of adequate instructions, middle and lower level managers fail to buy the vision of the top management. It is therefore necessary that top management anticipate the needs of instructions and training to the lower level managers so that they can understand the implications of the strategies and how their day to day work is affecting the strategy as well as the performance (Latif, Gohar, Hussain, & Kashif, 2013). After people have understood the strategy, the next step is to help them implement the strategy by building a infrastructure that supports the strategy. Therefore, adequate training as well as support needs to be provided by the top management on a regular basis. Moreover, the strategy needs to be implemented at three levels: organisational, process and job level. Therefore, it is important to understand the goals, design as well as management at all these

levels. These offer the metrics on which the performance of an individual, process or an entire organisation needs to be evaluated (Rummler & Brache, 2012). In order to implement strategy, many managers tighten the alignment and focus on improving the existing processes such as performance management as well as strategic planning (Sull, Homkes, & Sull, 2015). Setting the performance metrics is also not enough in ensuring strategy implementation as per the plan. Employees' performance needs to be linked with incentives or rewards. It is at the stage of strategy formulation, that employees need to be communicated about the rewards that they are going to be getting for the efficient performance (Latif, Gohar, Hussain, & Kashif, 2013). In order to develop the skills of public service personnel, it is important to provide training and development on a regular basis.

Accountability

Apart from the rewards and performance management systems, several other factors affect the implementation of strategic plans. Often times, lack of accountability by people at all levels causes a strategy to fail. In some organisations, after the strategy is planned and communicated, top management does not bother to review or monitor the performance of employees. As a result, the plans are not translated into actions. In order to implement plans, they need to be reviewed and monitored effectively on a regular basis (Latif, Gohar, Hussain, & Kashif, 2013). In public sector these problems occur more often due to several bureaucratic systems and process in place that hinder the execution process (Williams & Lewis, 2008). Therefore, bureaucracy and red-tape are often the barriers in the strategic vision of government. Even in private sector, the execution or implementation has been neglected for so long. Although firms know a great deal about strategy formulation and strategic planning, little attention has been paid to the strategy implementation or execution. Findings of a

survey conducted in different countries revealed that as many as 400 companies in different regions including Europe, United States, and Asia are struggling with the strategy execution. Studies have also found that approximately 75% of large organisations are challenged with strategy execution (Sull, Homkes, & Sull, 2015). Another major challenge before the organisations is the resource allocation. Most of the times, organisations fail to reallocate their resources if the need arises. According to a survey conducted, it is found that the resources that are trapped in unproductive projects are not mobilized quickly. When it comes to human resources and allocation of personnel, it is even difficult. To achieve strategic goals, less than 20% organisations redeploy their staff to different projects. If this situation is in the private sector, public sector organisations are full of bureaucracy and red tape, and it is all the more difficult to mobilize and reallocate resources (Sull, Homkes, & Sull, 2015).

Lack of Coordination

The main reason cited for strategy implementation failure is lack of coordination between different units of an organisation. Within the same business unit, a firm may have coordination among its team members. Yet, when working with other business units of the same organisation, they may not produce the same results. Insufficient support from other teams can prove detrimental to strategic goals not only in terms of missing the performance goals but also the morale of the entire organisation. This shows that if an organisation is not able to seek cooperation and coordination among its own members, it may fail to deliver value to the customers. For successful implementation, coordination and agility is important (Sull, Homkes, & Sull, 2015). It is even more challenging for organisations to implement strategies because executing strategies require cooperation among team members. Strategy implementation takes into consideration the

design and processes within the organisation. Without successful implementation, even the greatest strategies fail. Organisation structure and management systems are associated with effective implementation (Grant, 2016). For a public agency it is all the more important to maintain the coordination between various units and departments. Thus, it is important to understand that communication and interpersonal skills are important professional skills that need to be acquired by personnel working in the police department.

Practice-Based View vs. Strategy as Practice

When it comes to empirical research in the field of strategic planning, some researchers have focused on resource based view, which proposes the use of unique human and physical resources if the firm has to succeed. However, the practice based view of strategic management has suggested that the organisational performance may be influenced by generally applicable firm practices and a firm can still compete strategically if it uses the universally accepted best practices of strategy management (Bromiley & Rau, 2014). Although practice based view has made a significant contribution, it has been criticised by strategy as practice scholars. The practice-based view of strategy takes a narrow look at the specific practices rather than the process of strategy implementation and professional skills of the people who are implementing the strategies. According to this view two different organisations can get the same results when implementing strategies if they follow standard practices. However, practices are important and so are the way these practices are being used in day to day operations and at how engaged are people who are practicing the strategies. In addition to the standard strategy practices, other contextual, and critical factors that account for the differences in the results there are (Jarzabkowski, Kaplan, Seidl, & Whittington, 2015). Strategy as practice in organisations is also an important construct in the strategic planning and

management literature. Much of the research has focused on how strategy formulation is positively or negatively impacted by the current organisational and social practices. The research in this area has so far provided important insights into methodologies of strategy making practices and the role of the strategy practitioners. However, it is important to study the impact of macro-institutional practices on the agents as well as how the strategies are analysed and emerged within an organisation (Vaara & Whittington, 2012). Strategy as practice is a significant departure from the practice-based view and thus has resulted in different approach to strategy research. However, the impact of specific practices across different organisations cannot be undermined (Bromiley & Rau, 2016). Sometimes, managers in both the public and private sector adopt different strategic planning tools like balanced scorecard method to deliver better results. These tools are adopted without taking into consideration the reasons why the strategies are not implemented as planned. However, these tools remain ineffective because they cannot guarantee effective execution, which depends on the people and their skills to implement and to adapt to the situation (Sull, Homkes, & Sull, 2015). While some of the researchers have criticised the strategy tools as being ineffective in delivering outcomes as expected, the strategy failures have much to do with the way tools and techniques are used and also the social context in which they are being used. The techniques or tools used for strategy formulation are the same for the entire organisation whether public or private. Tools are based on sound management principles and practices. It is therefore important to pay attention to the way these tools are selected and applied. Same tool can produce different results at different times because of the incorrect use (Jarzabkowski & Kaplan, 2015). Therefore, if value chain analysis is used in a market where there is no competition, it will not produce effective results as a balanced scorecard method will do.

Therefore, it is important that the impact of local factors is accounted for when implementing strategy as practice. However, these local factors do act in tandem with larger social phenomena. Therefore, social practices are important in the study of strategy as practice (Seidl & Whittington, 2014).

Research Methodology

This research is guided by the philosophy of positivism. Since, researcher has observed the phenomenon rather than getting directly involved, thus this research is objective and is not influenced by the judgement and opinion of the researcher. Positivism attempts to describe the reality in an objective manner. Moreover, for this research the observations that are made can be repeated in other similar circumstances and this research can be applied to other industries or organisations (Hinkelmann & Witschel, 2013). The main aim of this research is to summarize and prepare the framework of critical success factors that are necessary for the effective execution of strategies in public sector organisation in general and Abu Dhabi Police GHQ in particular. The main aim was to collect the data that can be repeated and generalized. Hence, researchers chose the quantitative approach and collected quantitative data. This research does not deal with personal opinions. Thus, the collection of fact justifies the philosophical stance of the researcher (Saunders, Lewis & Thornhill, 2009). The current study focuses on the critical success factors as well as professional skills needed for the successful execution of strategies in public sector. Thus, a deductive approach was selected for carrying out the research. After conducting a comprehensive and thorough literature review that included various academic sources that are latest, the researcher was able to draw a theoretical and conceptual framework. From the conceptual framework, the hypotheses were developed. Based on the theoretical framework, the hypothesis was tested. Moreover, the use of quantitative data justifies the deductive approach

chosen by the researcher (Bryman, 2012). Deductive approach is often preferred due to its scientific approach and structured manner in which the research is carried out. Deducing the results out of theory and generalizing the findings is a scientific approach that lends validity to the research (Saunders, Lewis & Thornhill, 2009). This research was carried in a highly structured manner and data was collected using survey and it was enough to suggest some specific data from the general observations. Moreover, deductive and quantitative approach that focuses on generating and testing hypothesis is essential to recommend some reliable and generalised findings (Hinkelmann & Witschel, 2013).

The purpose of this research as well as the outcome of this research was to establish a linkage between the way strategic planning execution and professional skills within the public sector organisation. In order to do that, the key success factors were identified and summarised in the form of a framework. The study aims to establish that there is an impact of professional skills and managing critical success factors on the organisational performance. Therefore, quantitative approach was chosen over qualitative. This gave researcher an opportunity

to systematically develop a framework and generalize the findings (Gary Goertz, 2012: 3). Moreover, in this study, rather than using direct observation, a survey was chosen as the primary instrument. The relationship between different variable was studied in order to test the hypothesis. (Creswell, 2013: 4). A questionnaire that included 12 questions was developed on five point Likert scale. The questionnaire was distributed to 300 police officers, whose information was randomly collected from the databases and directories available through the website of Abu Dhabi Police. The questionnaire was designed to collect the responses on different variables such as organisational performance, professional skills of police officers, as well as the implementation of strategies and critical success factors. The questions related to various professional skills included various skills such as interpersonal skills, communication skills, adaptability, work ethics, as well as problem solving ability (Hassan, 2010). To analyse the responses, SPSS software was used by the researcher. This study will make significant contribution to strategic planning literature in general and public sector in particular.

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URBAN INFRASTRUCTURE DEVELOPMENT IN NIGERIA: FOCUS ON ROAD INFRASTRUCTURE IN METROPOLITAN LAGOS

Osinakachukwu T. Ideozu

INTRODUCTION

Infrastructure is a broad concept that embraces public investment in physical assets and social services. It refers to the resource systems that have been harnessed for the development of a society. Such systems include telecommunications, energy, transportation, governance, and other public utilities (Akinwale 2010). The urge to increase public investments in urban areas stems from the view that they are key determinants of long-term sustainable growth and the capacity of the poor to benefit from the growth process (Ogun 2010). Thus, infrastructures are at the very heart of economic development for a good number of reasons. First, they provide the foundation for virtually all modern-day economic activity as well as constitute a major economic sector in their own right. Second, they make major contributions to raising living standards and quality of life. Third, they constitute a vital tool in resolving some of the major challenges faced by society such as supporting economic growth, meeting basic needs and lifting millions of people out of poverty, facilitating mobility and social interaction (Ogun 2010; OECD, 2006: 14; Cotton and Franceys, 1993; Fay and Yepes 2003; Estache, 2010).

According to Akinwale (2010), major infrastructures can be classified into the following categories:

- Energy/power infrastructure: electricity, gas, and petroleum pipelines
- Transportation infrastructure: surface roads, rail system, ports, and aviation
- Water infrastructure: piped water and irrigation
- Communication infrastructure: mass media, internet, phones and postal services
- Health infrastructure: primary, secondary and tertiary health care services
- Education infrastructure: all categories of schools and higher institutions

The importance of infrastructure in the governance system of a city has been highlighted by UN-HABITAT (2010) which argued recently that the quality of urban infrastructure and services available to urban residents is a good indicator of a city's governance.

In this context, problems of urban infrastructure planning and development have over the years attracted increasing interest of urban researchers which in the case of Nigeria has been topped by issues with regard to metropolitan Lagos (Koolhas et al 2000; Gandy 2006; Fourchard 2011). In addition, the novelty of community-led approaches to social infrastructure provision in Nigeria has also been suggested as a means to address the infrastructural crisis plaguing the more heterogeneous urban space (Uduku 1994; Ibem 2009).

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From the 1960s, the trend in the rate of infrastructure need running ahead of supply incepted formally. From then onwards, governments have not ceased to strive to reduce infrastructure deficit in both developed and developing countries to bridge the gap. The infrastructural development problem in Nigeria was given significant policy attention by the Federal Government of Nigeria with its inclusion in the 7-point Agenda (others being education, poverty reduction and wealth creation, power and energy, food security and agriculture, land reform, and security) – an articulation of policy priorities of the government (Nzeadibe and Ajaero, 2010). The unprecedented and complex challenges of government in providing infrastructure especially road network which is a 21st Century major global social and economic development concern, underscore past inadequacies and the current precarious situation.

There are structural reasons to believe that the current size of the required infrastructure increase is greater today than it has been in the past. They include the unprecedented rate of population growth and concomitant rise in the number and size of urban centres; financial turmoil especially in the light of the complexity of the recent global financial crisis (with governments taking a wide range of new responsibilities); and climate change and sustainability issues which clearly top today's global agenda. Others include energy crisis as more people demand greater levels of fuel consumption (as governments in developed countries search for investment to deliver on most of their carbon reduction targets on renewable low carbon power generation); and globalization, and terrorism.

These aforementioned factors account for the current state for the decades of under-investment in infrastructure development in developed and high growth economies. In developing countries on the other hand, tight

budget constraints and difficult allocation choices in addressing investment environment and social concerns have constrained investment in development of infrastructure especially road network. The outcome is to be expected. In sub-Saharan Africa for example, infrastructure lags behind that of other developing countries. In addition, services are twice as expensive as elsewhere, while a large share of infrastructural projects is domestically financed with an estimated USD 31 billion funding gap (Foster and Briceño-Garmedia, 2010).

STATEMENT OF THE RESEARCH PROBLEM

Roads and streets are perhaps the oldest of all forms of infrastructure and continue to play vital roles in the circulation of people and commerce among and within centres of habitation (Jacobson and Tarr, 1994). Also, road infrastructure is the backbone of the transport sector system (World Development Report, 1994). Road transport, the largest component of the road infrastructure requirement arises from the need to maintain, upgrade and replace existing road assets which deteriorate over time with a smaller component going to augment the road capital asset value (OECD, 2006). Over the past decades, the demand for road is hitting critical levels thereby putting governments under significant pressure to deliver a better and more efficient network (World Development Report, 1994). However, the inadequacy of budget resources available from governments and donors to provide and maintain infrastructure at a pace that keeps up with demand persists.

Road infrastructure is of significance in developing countries. It is pertinent to note that urban infrastructures such as roads are often seen as public goods in Nigeria. Cities need development and investment in urban infrastructure to maintain a certain level of functionality. Urban infrastructure such as waste disposal, water supply, sewage, sanitation, drainage, roads and electricity are the main

drivers of cities as centres of economic and social development. The optimal functioning of cultural and industrial services depends on the resilience effectiveness and capacity of urban infrastructure to respond meaningfully to effective demand. In this context, UN-HABITAT (2002) observes that cities hold tremendous potential as engines of economic and social development, creating jobs and generating ideas through economies of scale and creative and innovative civic cultures. This explains the attention paid to urban infrastructure development with its high financial investment profile. In Nigeria's transport sector, road networks are in poor condition from lack of maintenance (Foster and Pushak 2011). Consequently, Otegbulu (2011) argues that the inefficiency and lack of urban transport services and infrastructure is a major impediment to economic growth and urban productivity in cities of developing countries like Nigeria.

It is therefore an incontrovertible fact that urban road infrastructure is strategic in the entire process of urban development and urbanization as it provides the key support for urban functionality, efficiency and economic growth within the city and the nation and enhances its competitiveness in the global economy. In seeking to address issues of road infrastructure decay, Nigeria has established the Federal Road Maintenance Agency (FERMA) as a stopgap before undertaking more substantive sector reforms, but continues to rely on traditional budget allocations to fund road maintenance and rehabilitation (Foster and Pushak 2011).

For a nation to experience sustainable economic growth and development, it must have developed efficient cost-benefit road infrastructure system (Nwuba & Salawu, 2010). The World Bank (2007) has indicated that poor road infrastructure and services in sub-Saharan Africa are serious obstacles to poverty reduction and urban development, which can undermine the achievements of the targeted MDGs.

Consequently, sub-Saharan Africa, with few exceptions, is unique in that the roads that have been created are inefficient and insufficient to spawn and sustain growth, and require not only substantial upgrading and rehabilitation, but also substantial new road constructions (Campbell, 2009).

Critical examination of Nigeria's transport system indicates a warped modal development tilted in favour of the road with road being responsible for about 90% of both freight and passenger transport (Okanlawon 2007). Under the military rule, planning for urban infrastructure development was haphazard while a semblance of chaos characterized attempts at development of urban infrastructure in Nigeria. Cost recovery for investments in urban infrastructure has remained low because of issues bordering on transparency and accountability which are key components of the concept of good urban governance (UN-HABITAT 2002). Contemporary issues in infrastructure development in Nigeria were the focus of a recent conference of Association of Nigerian Geographers (Ogbonna et al, 2010). This conference which appeared to promise so much on the theme of infrastructure development in Nigeria regrettably delivered so little on issues related to cost recovery (Alabi and Ocholi, 2010a, 2010b). A related study sought to appraise the involvement of the private sector in infrastructure development in Lagos State through the use of the public-private-partnership (PPP) and notes that the level of PPP involvement in infrastructure provisioning is insignificant (Taye and Dada 2012). Furthermore, recent research on infrastructure development has examined such issues as regulatory framework and evaluation of public-private-partnership in infrastructure development (Ibem 2009; Awodele et al. 2012; Dahiru 2012) and economic valuation of poor road infrastructure (Otegbulu 2011). All the above identified aspects of road infrastructure development arguably have urban political ecological dimensions and implications

particularly in cities facing rapid population growth and urban expansion.

Political ecology reflects an ever-growing field of research that assesses the unequal relations of power in the interactions between man-environmental resource systems worldwide (Kim et al. 2012a, Kim et al. 2012b; Ojo 2012). In this context, Nygren and Rikoon (2008:767) argue that 'within the last 15 years, political ecology has become one of the most important approaches for studying human-environment relations in the environmental social sciences'. It is noteworthy, therefore, that previous researches in Nigeria have not examined urban road infrastructure development as urban political ecological phenomena whose provision and maintenance is influenced by a multiplicity of politico-social and ecological conditions, decisions and actions in the interaction of the human and environment systems (Heynen et al., 2006; Heynen 2013).

Lagos metropolitan area exemplifies problems of urban road infrastructure development in a rapidly developing Nigeria city and more development research related to urban road infrastructure has been published on this city. In addition, the city has in recent times attracted tremendous interest from investors and multilateral donor agencies interested in urban infrastructure development in Africa. For these reasons, this study focuses on metropolitan Lagos and examines road infrastructure development from an urban political ecological perspective

AIM AND OBJECTIVES OF THE STUDY

This study aims at contributing to the dialogue revolving around the main challenges of governments in providing road infrastructure in developing countries, and to propose a set of policy recommendations to help redirect government efforts to achieve sustainable road infrastructure provisioning. It examines road

infrastructure development in Nigeria from an urban political ecology (UPE) perspective

The objectives for achieving the above aim are to:

- To identify the political and socio-ecological influences impinging on urban road infrastructure development;
- Take a stock of the major challenges of government in providing road infrastructure in Nigeria;
- Make a critique of how the government is responding to present-day challenges; and
- Suggest a set of policy recommendations to enable governments achieve sustainable road infrastructure provisioning.

RESEARCH METHODOLOGY AND THE STUDY CITY

This study focuses on the Lagos megacity. A methodological triangulation using qualitative dominant mixed methods approach shall be utilized (Dunning et al 2008). This comprises a critical review of extant literature and reference to secondary data sources namely monographs, journal articles, reports from international development agencies and publications from relevant government departments. The search strategy will be performed using standard and network approaches to source the literature. Standard databases such as *ScienceDirect*, *SAGEJournals*, *Springer Link*, *Business Source Complete*, *Academic Search Complete*, *Wiley Interscience* etc will be searched and relevant articles retrieved based on set inclusion criteria. Relevant key words will be identified to facilitate the turning up of articles from the databases via Google Scholar and Scopus.

In addition, Content Analysis will be used to analyze press articles in at least four recognized Nigerian newspapers to capture current editorial thinking and citizens' perceptions of PPP in road infrastructure development in Lagos. Based on the results of the press analysis, a selection of PPP road infrastructure projects in Nigeria will be case studied to identify major socio-political and

ecological issues involved in the development of the projects. Key-informant interviews (KIIs) will be conducted with identified major stakeholders and key stakeholders will be identified using an adaptation of the methodology of stakeholder analysis (Burton, 1999). This will complement qualitative data from secondary sources.

Growth and Urbanization of Lagos

Lagos is a State as well as a megacity (Ilesanmi, 2010). It is one of the 36 states of Nigeria. Although it is the commercial and industrial nerve centre of the country, it is the smallest in size with a land area of 3,600 square kilometers (km²) and an estimated population of about 17.5 million people (Government of Lagos State, 2011). The State presently has a very high population density of over 4,000 persons per square kilometer. Per U.N estimation by year 2015, going by 6% growth rate, Lagos will be the 3rd largest mega city in the whole world after Tokyo in Japan and Bombay/Mumbai in India (Government of Lagos State, 2011). The State is presently divided into 20 local government and 37 local council development areas (LCDAs) totaling 57 municipalities. The city of Lagos is the largest and most heterogeneous single settlement in Nigeria (Oduwaye 2008).

Lagos is also the economic capital of Nigeria. Abiodun (1997) has noted that since the turn of the twentieth century, Lagos has grown phenomenally, both demographically and in spatial terms. Pre-colonial Lagos originated as fishing and farming settlement in the seventeenth century. Owing to its physical characteristics as the only natural break for about 2,500 km along the West African coast, it became an important slave-exporting port in the eighteenth century, continuing, despite the abolition of the slave trade, until the mid-nineteenth century, when the British enforced the trade's termination (Mehretu, 1983). With a population of about 25,000 in 1866 (Ayeni, 1981), Lagos was one of the smaller settlements in Nigeria, the largest being Sokoto with a population of 120,000 (Mabogunje, 1968). The end of slave trading caused a temporary decline in the population of the settlement, growth of which was resumed only with its cession to the British as a colony in 1861. Earlier refugees from slavery and war in the interior, freed slaves from Brazil, and later colonial administrators and traders settled in the port, the population of which reached 40,000 by 1901 and 74,000 by 1911. By 1963 it had reached 665,000, covering 69.9km² (See Table 1 below).

Table 1: Population of Lagos (1911-1963)

Year of census	Area covered by the census (km ²)	Total population
1911	46.6	73,766
1921	52.3	99,690
1931	66.3	126,108
1952	69.9	272,000
1963	69.9	665,000

Source: Federal Office of Statistics, *Population Census of Nigeria, 1952 and 1963*, Lagos

Today, this settlement has engulfed neighbouring towns and villages and metropolitan Lagos now encompasses about 1,068km² out of which

209km² is covered by water and mangrove swamps which are yet to be reclaimed.

The population of Lagos State as indeed that of Nigeria has been subject of controversy. The

provisional results of the 1991 census gave Lagos metropolis a population of 5.3 million or 93 per cent of the total population of Lagos State and the population was projected to reach 7.5 million by A.D. 2000 (National Population Commission, 1991). However, the 2006 population census returned a population figure of 9.01 million as the population of Lagos State (National Population Commission, 2006) which was officially rejected by the Lagos State Government who later undertook its population census and came up with a figure of over 15 million.

It is important however that the Lagos State Water Corporation estimated a population of 7.9 million for metropolitan Lagos in 1990 while current estimates put population of Lagos at 15 million inhabitants (Government of Lagos State 2011). The mega city has a growth rate of 6% per annum and is expected to hit the 25 million mark by 2015 (LAMATA 2010). Fig. 1 is a map of Lagos state showing the major roads.

The urban economy also benefitted from the growth and expansion of Lagos with the result that Metropolitan Lagos accounted for 38 per cent of total manufacturing employment in Nigerian cities in 1976, and over 60 per cent of the total value added in manufacturing in the six major industrial centres while 53 per cent of all manufacturing employment in Nigeria was located in Lagos State (Abiodun, 1997). In addition, Lagos State accounted for 62 per cent of gross industrial output and 61 per cent of the total national industrial value added. As of December 1985, 1,227 industrial establishments were identified in Lagos State, constituting more than 31 per cent of the national total (Lagos State Government, 1989).

As noted earlier, transportation is a key component of urban development, in this context, Abiodun (1997) notes that up to 1981, there was no urban transportation plan for the whole Lagos metropolitan area. The author

further stated that what often happened was that road networks were laid out in specific areas as they became incorporated into the built-up area of the city. There are about 2,700 km of road, about 40 per cent of which are tarred, and three main bridges linking Lagos Island and the mainland (Abiodun 1997). However, inadequate land was generally reserved for road networks, with the result that some houses cannot be reached by motorable roads. In many cases the provision of parking spaces for motor vehicles was virtually ignored.

Road transportation in Metropolitan Lagos

Estimates of transport demand in metropolitan Lagos in 1990 ranged from 7 to 10 million passenger trips daily, of which over 95 per cent were undertaken by road, primarily by car, bus, and taxi. Of these, 80-85 per cent was made by public transport. However, there has been a considerable decline in the number of vehicles available for public transport, particularly since the mid-1980s. The total vehicle fleet in Lagos State declined from 165,000 in 1984 to 100,000 in 1988. Newly registered vehicles declined from 72,000 in 1982 to 17,000 in 1986 and 10,000 in 1988. New public transport vehicles declined from 16,500 in 1983 to 1,500 in 1988 (Lagos State Government, 1990). Imported used cars and buses have partially filled the gap. In 1991, 80 per cent of the 35,000 used vehicles imported into Nigeria were concentrated in Lagos. Many of these are used to operate the unconventional, unregulated, and unregistered services called *kabu-kabu*. A survey of the *kabu-kabu* services in December 1991 recorded 3,961 such minibuses on 24 of the over 300 public transport routes in metropolitan Lagos (Abiodun 1997)

Total annual passengers carried by the Lagos State Transport Corporation have fluctuated from 90 million in 1978 to 53 million in 1983, 76 million in 1989, and possibly fewer than 60 million in 1992. Consequent upon the SAP riots in 1989, the federal government introduced the Mass Transit

Scheme, under which buses were distributed to states to assist in both inter-urban and inter-state transportation. Lagos metropolis benefited from this. In addition, in 1991, the Lagos State government introduced new fleets of buses for metropolitan Lagos. In 1992, the State Government bought 90 buses and leased them to private operators to help ease the acute transportation problem. However, the scheme appears to have been grounded owing largely to default by many beneficiaries. A Task Force has been set up to recover payments. As of June 1994, four buses had been seized by the Task Force. Other bus operations sponsored by Lagos local government, which started in 1991, have reached more than half of the Lagos State Transport Corporation's capacity. Eventually, in 1993, the Corporation was dissolved and its staff laid-off owing to inefficiencies and frequent breakdown of the buses. A few local governments continue to operate their own intra-city bus

services. However, the services remain grossly inadequate and private sector operators have taken advantage of the vacuum to increase their operations. The 14,000 taxis in operation carried about 1.1 million passengers in 1989. In contrast, the minibuses and midi-bus operators may be carrying about 4.5 to 5 million passengers daily. They are thus the most significant means of public transport. This major adaptive service comprises mostly old, often rickety used cars and minibuses used to operate largely unregulated public transport and accounts for the bulk of the public transport service in metropolitan Lagos. They are the only means of transport available in some localities. The second adaptive service is the use of motor-cycles to carry passengers from the suburbs to the main transport interchanges or terminals. These two adaptive services have provided substantial relief to the working class and the urban poor who were not served by conventional public transport.

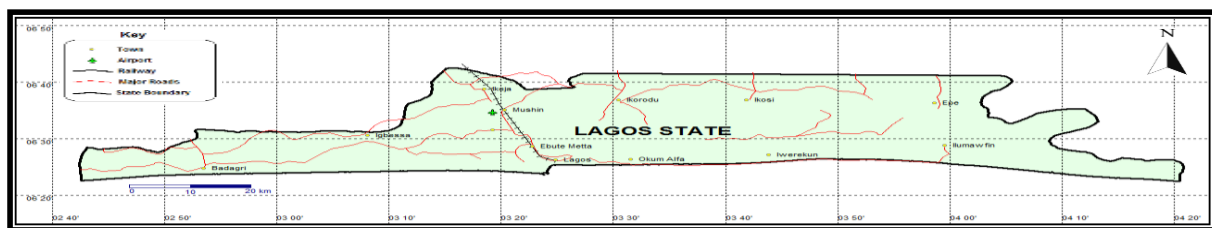


Figure 1: Map of Lagos State showing Major Roads

URBAN POLITICAL ECOLOGY OF INFRASTRUCTURE IN AFRICA

The main plank on which this study rests is governance. The term governance is such an all-embracing concept that nearly every facet of the human society is amenable to governance analysis. This centrality of the governance concept and its overarching and preeminent position in today's world plays a considerable role in shaping contemporary social, economic and environmental policy and discourse (UN-HABITAT, 2010; Nzeadibe and Anyadike 2010; Bjerkli 2013).

On the other hand, enormous interest has been shown over one and half decades in 'the myriad articulations of how urban environmental and social change co-determine each other and how these metabolic processes offer insights into creative pathways toward more democratic urban environmental politics' (Heynen, 2013). In this regard, Myers (1999, p.85) contends that 'urban areas are increasingly important to African economies, are the central stage on which the dramas of recent political transformations have been played out, and are quite often proximal to, embedded within or catalysts for the degradation of sensitive environments'.

African cities are also important centres of culture, generation and dissemination of information and innovation (Koolhaas et al. 2000; Nzeadibe and Anyadike, 2010) in addition to commercial and service functions. Cities often represent numerous real and perceived opportunities for upward mobility for the determined and enterprising individual (Otchet, 1999). Thus, varying economic, political and cultural processes, as well as ecological dynamics that create and re-create urban environments play out very well in African cities (Njeru, 2006) while invariably leading to degradation of urban space (Myers 1999; 2011). Urban political ecology (UPE) approach has featured in some of the studies as a means of addressing the intertwined impacts of neo-liberalism, democratization and environmentalism in African cities (Myers 1999; Njeru 2006; Bjerkli, 2013).

Recent research in urban Africa has, however, noted that UPE has provided critical insights into the socio-material construction of urban environments, their unequal distribution of resources, and contestation over power and resources (Lawhon et al. 2013). Thus, UPE attempts to weave together the politics of production with the socioeconomics of consumption through the medium of the ecological landscape of the city (Smith 2002, p.3). In this regard, Heynen et al. (2006, p.2) have argued that 'the central message that emerges from UPE is a decidedly political one'. The authors further state that 'to the extent that cities are produced through socio-ecological processes, attention has to be paid to the political processes through which particular socio-environmental urban conditions are made and remade'. Thus, UPE asks questions about who produces what kind of socio-ecological configurations for whom. Arguing further, Heynen et al. (2006) state that, 'UPE is about formulating political projects that are radically democratic in terms of the organization of the processes through which the environments that we (humans and non-humans)

inhabit become produced' (p.2). Thus, UPE arguably represents a radical departure in the traditional analytical regimes of cities and has been described as one of the most important, provocative, and necessary intellectual terrains for understanding the future of socio-natural relations in urban cultures (Blaikie, 2008).

In the context of the above, Bjerkli (2013) arguing along the lines of Keil (2003) notes that UPE is a critical theoretical framework that links specific analyses of urban environmental problems to larger socio-ecological conditions. Similarly, Swyngedouw and Heynen (2003, p. 914) aver that UPE is to enhance the democratic content of socio-environmental construction by identifying the strategies through which a more equitable distribution of social power and a more inclusive mode of environmental production can be achieved.

In the words of Bjerkli (2013), 'the purpose of UPE is to examine critically the production of urban environments by identifying actors and their agendas, and exploring power relations within a given context. In this way, it should be possible to understand the underlying reasons for uneven development and come up with strategies to achieve a more equitable distribution of resources among urban citizens and to improve democracy. The researcher shall be applying the lens of urban political ecology (UPE) to view the development of road infrastructure in urban Nigeria.

ORGANIZATION OF THE STUDY

This discussion is organized in three parts. The first part takes stock of the multiplicity of diverse interrelated challenges of government in providing road infrastructure especially in developing countries. These have been consolidated into five main groups. They comprise:

- The relevance of good governance;
- Financing of road investment;

- Public sector participation;
- Urban road infrastructure; and
- Sustainability, equity and inclusion.

The second part focuses on an appraisal of how governments are coping with the above major challenges to providing road infrastructure in developing countries. Discussion is organized according to the “three pillars of sustainable development” identified as:

- Economic
- Social
- Environmental (Pope et al., 2004).

The Good governance concept is explored to show the effectiveness of government in the provision of infrastructure.

The third part deals with a set of policy recommendations to enable governments achieve sustainable road infrastructure provisioning.

CONCEPT OF GOOD GOVERNANCE

Introduction

Good governance has been retained as an appropriate concept with the potential to provide guidance as well as the capability to connect the diverse study on the main challenges of government in providing road infrastructure especially in developing countries. The concept of governance is not new. It is as old as human civilization. Per the United Nations Development Programme (UNDP) (1997:2 – 3), governance is an exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

UNESCAP (2009) highlighted three aspects of the concept of governance that are relevant to the present study. The first aspect has to do with the attributes which enables its use in several contexts such as corporate governance,

international governance, national governance and local governance. The second aspect has to do with the functions of governance as the process of decision-making and the process by which decisions are implemented (or not implemented). The third relates to analysis of governance which focuses on the formal and internal actors involved in decision-making and implementing decisions made, and the formal and informal structures that have been set in place to arrive and implement the decision. All these have bearing on the interrelated challenges of government in providing road infrastructure especially in developing countries, as well as in an assessment of how governments are coping; and policy recommendations.

Good Governance or Good Enough Governance?

Recently, the terms *governance* and *good governance* are increasingly used in the development literature (UNESCAP, 2009). *Bad governance* is being increasingly regarded as one of the causes of evil in societies. Discussion revolving around the pure concept of governance which implies the neutral relationship between government and the governed has yielded the term *good governance*. *Good governance* leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes (office for Public Management Limited (OPM)), and the Chartered Institute of Public Finance and Accounting (CIPFA) (2005).

Stren et al, (2004) opined that the notion of good governance carries with it a premise of institutional design that is at once *open* and *accountable* to civil society in general and effective in terms of financial management and policy implementation. More closely related to this study is their argument that *good governance* involves the proper expenditure of this revenue on services and investments that are based on accountable decisions. This model, in term, implies that many levels of government and

many local stakeholders and social groups will be involved (Stren et al, 2004:359).

Taking cognizance of the rather unrealistically high expectations of the good governance notion as defined by the international development community and fervently embraced by domestic reformers especially in developing countries, a new paradigm of 'good enough governance' is beginning to emerge (Grindle 2011). For Grindle (2004: 526), good enough governance is 'a condition of minimally acceptable government performance and civil society engagement that does not significantly hinder economic and political development and that permits poverty reduction initiatives to go forward'. Working toward good enough governance, it has been argued, means accepting a more nuanced understanding of the evolution of institutions and government capabilities among other things (Grindle, 2004).

However, Bjerkli (2013) notes that Grindle's (2004) observation that the expectations of good governance are too high, and points out that there is a need to focus on 'good enough governance', with goals that are more realistic for countries to achieve. She calls for empirical research that is more grounded, to help us understand what works and what does not work, rather than a focus on the gaps between everyday governance and idealistic goals. Andrews (2008) argues that it would be better to understand the factors that influence what works, and when and how, instead of merely having a list of what should work, that is, to focus on what is rather than on what should be. There is a need to consider the reasons behind the normative use.

Thus, the concept of good enough governance is currently under serious debates and contestations (Bjerkli, 2013) while the notion of good governance continues to gain currency in development discourse, often resulting from

pressures by bilateral and multilateral donor agencies (Bjerkli, 2013). Governance reforms are also being initiated often yielding mixed results. Instructively, the promise of good governance has not really translated to improved infrastructure performance largely because governments have merely adapted good governance principles and policies promoted by these agencies to suit their primordial political interests and agendas (Bjerkli, 2013; Obeng-Odoom, 2013). Despite this, the present paper sticks with the more widely acceptable notion of good governance to explicate urban infrastructure development in Nigeria.

Essential Principles of Good Governance

Good governance principles vary in number in consonance with the context of the proponents. For example, while the office for Public Management Ltd (OPM) and the Chartered institute of Public Finance and Accountancy (CIPFA) (2005) adopted six core principles, the United Nations has an expanded version of eight in number (Agere, 2000: UNESCAP, 2009). Nevertheless, both proposals contain essentially all the element of good governance.

The eight principles of UNESCAP (UNESCAP, 2009) referred to as essential elements of a good governance as **participatory** (key cornerstone of good governance); **consensus oriented** (mediates the interest of several stakeholders); **accountable** (actors must be accountable to institutional stakeholders and the public and those affected by its decisions); **transparent** (decisions taken and enforcement follows rules and regulations). The rest are **responsive** (meets the needs of all stakeholders within a reasonable time frame); **effective and efficient** (processes and institutions produce results that meet the needs of society); **equitable and inclusive** (all members feel that they have a stake in it); and **follow the rule of law** (calls for fair legal framework and impartial assessments).

In taking stock of the major challenges of government in providing road infrastructure especially in developing countries, effort will be made to examine the issues against the backdrop of these principles. The major problems of interest comprise: financing of road investments; public sector participation; urban road infrastructure; and sustainability; equity and inclusion considerations.

PUBLIC-PRIVATE PARTNERSHIP (PPP) IN INFRASTRUCTURE DEVELOPMENT

Public-private partnerships (PPPs) have been proposed as a possible major solution to delivering Africa's infrastructural development needs (Kwak et al., 2009; Loxley 2013). Multilateral bodies within Africa, such as the African Union (AU), the UN Economic Commission for Africa (UNECA) and the African Development Bank (AfDB) have all endorsed their use, prompted by financial and technical support from the World Bank, the OECD (2012), and by endorsement, albeit a cautious one, by the IMF (International Monetary Fund, 2004).

One approach to address the challenge of infrastructure development in Nigeria is to facilitate the increase of private provision of public infrastructure services through public-

private partnerships (PPPs). This approach, which is a relatively new arrangement in Sub-Saharan Africa, is multifaceted and requires strong consensus and collaboration across both public and private sectors (Shendy et al, 2011). There are several defined models of PPPs. Each type differs in terms of government participation levels, risk allocations, investment responsibilities, operational requirements, and incentives for operators. Our definition of PPPs assumes transactions where the private sector retains a considerable portion of commercial and financial risks associated with a project.

CONCLUSION

This study plans to review road infrastructure development in metropolitan Lagos using the framework of UPE and focuses on the examination of PPP in road infrastructure investment in Lagos metropolis. It seeks to unravel the urban political ecological conditions which have influenced the development of road transport infrastructure in the megacity. Lessons learned and future challenges will be identified in the study. The outcome of the study is expected to be a holistic picture which will inform policy to improve sustainability of urban road infrastructure development in Nigeria in line with the principles of good governance.

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STRATEGIES & THE REGULATORY ENVIRONMENT OF THIRD-SPACE ADVERTISING IN NIGERIA BY GROWTH

John David Africs

Introduction

Outdoor advertising as properly defined, indicates its “in-your-face”, “open”, and “public”, rather than “private” or “closed”, credentials. Herein lies the need for some modicum of regulatory control on the part of governmental/constituted authority (Federal, State or Local). Similarly, its practice and practitioners, professionals and business entrepreneurs as they are, not only need to make profitable gains from their ventures, and practice, they are very conscious of the important roles they play in the lives of their employees, government, and society at large. How they navigate their professional calling in the advertising value-chain, as information merchants while remaining profitable and achieving modest growth in an increasingly difficult and austere business climate, and at the same time working closely and side-stepping the numerous landmines set in their paths by government-controlled regulatory agencies in Nigeria, is the focal point of this article.

Keywords: *growth strategies; regulatory agencies; out-of-home advertising; OAAN.*

Abbreviations:

LASAA – Lagos State Signage & Advertisement Agency

APCON – Advertising Practitioners Council of Nigeria

OAAN – Outdoor Advertising Association of Nigeria

IGR – Internally Generated Revenue

PESTLE – Political, Economical, Social, Technological, Legal, Environmental

SWOT – Strengths, Weaknesses, Opportunities & Threats

AMA – American Marketing Association

OOH – Out of Home

Exchange rate

1USD – N300.00

Outdoor advertising is out-of-home advertising, or third space advertising (MOLOKWU, 2014), and represents basically the advertising that is done both outside of the home and work spaces – anywhere in between – a marketing function to attract and retain the consistent purchase decision of a product, good or service offered by a manufacturer, producer or service provider, or representative. As the oldest form of mass communication it has proven to be very effective in creating awareness and fostering brand recall –

in Nigeria, for example, a 2016 study posts 72% of respondents recalling outdoor adverts, compared with 77% (Television) and 64% (online ads).

The “in your face”, “like it or not” nature of outdoor advertising – coupled with the variety it offers, and its easy adaptation and modification driven by technological advancements – have made it a permanent, albeit unmissable element of advertising in the new era. Similarly, in

buttressing this point, points to the ubiquitous and pervasive form of outdoor advertising, and concludes that it will continue to grow and expand as mankind continues to be on the move (mobile audiences and urbanization).

The eye stopping, legibility, and memorability/recall potentials of advertising done outside that publicizes a business' products and services on such formats as billboards, bus benches, interiors and exteriors of buses, taxis and business vehicles, and signage posted on the exterior of personally-owned brick-and-mortar locations, give outdoor advertising its unique advantages over other media formats. The benefits of outdoor advertising are clear for all to see, in attesting to the high cost of billboard advertising in Nigeria identifies some benefits derivable by few brands (and firms) with the requisite resources, namely: high brand retention and recall; increased consumer loyalty; increased sales; positive brand repositioning and image building.

Out-of-home advertising is service-oriented, and as appropriately defined by the American Marketing Association (AMA) as "activities, benefits and satisfactions which are offered for sale or are provided in connection with the sale of goods" – its characteristics include intangibility, heterogeneity/variability, perishability and inseparability/simultaneity of production and consumption.

In a similar breadth, note that two characteristics of services – the intangibility of the offering and simultaneity of production and consumption – have important implications for strategic planning. They suggest a revision of growth strategies for service firms, as the life cycle, experience and market share implications which are the usual determinants of profitability that provides guides for strategic planning, are not easily applicable to them.

Difference between Goods and Services

Given below are the fundamental differences between physical goods and services:

Goods	Services
A physical commodity	A process or activity
Tangible	Intangible
Homogenous	Heterogeneous
Production and distribution are separation from their consumption	Production, distribution and consumption are simultaneous processes
Can be stored	Cannot be stored
Transfer of ownership is possible	Transfer of ownership is not possible

TABLE 1: Present fundamental differences between physical goods and services.

Source: managementstudyguide.com

In Nigeria, outdoor advertising services are rendered by qualified advertising practitioners (and appropriately registered by APCON and OAAAN) for a fee, usually paid by (or through) media independents or advertising agencies, on behalf of clients who are producers,

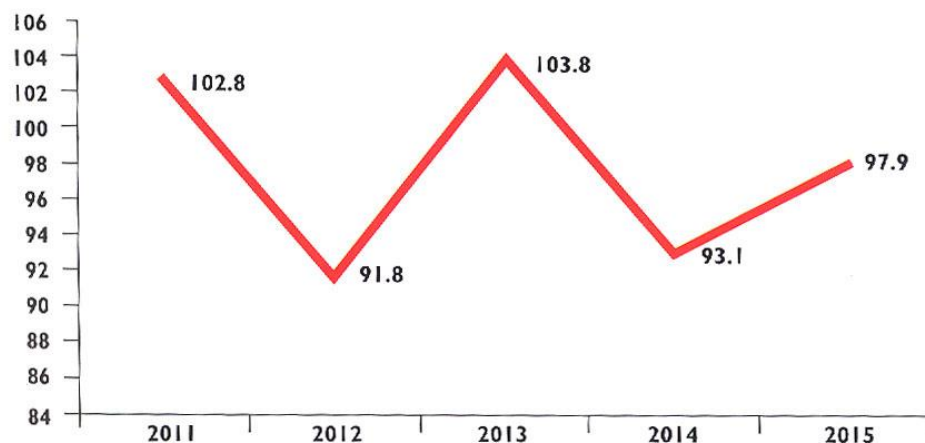
manufacturers or suppliers of goods, products and services that have a need to reach out to the general public (or a segment of the market) – in an attempt to attract and retain patronage of its buying decision over a long period of time. Effectively therefore, the outdoor advertising

service chain involves three active participants (outdoor service company; media-advertising agency; the client), and other indirect participants, essentially made up of the constitutionally recognized practitioners council (APCON) and state-legislated regulatory agencies (LASAA, OGSAA, OYSAA, etcetera). Within the latter group are sectoral groups of the practitioners' council to which advertising practitioners are members, for example, OAAN.

Nigeria's economic and population figures portend positive marketing communication potentials for business owners, advertising practitioners and the general public at large. Advertising, in particular, is a growth industry

with great economic potentials to all stakeholders if properly harnessed. In spite of the global economic and financial challenges attendant upon the global financial crisis of 2007/2008, the Nigerian advertising services sector have continually posted relatively impressive figures, judging by the advertising figures available. According to MEDIAFACTS (2015), total advertising spend for the year amounted to about N100 billion (about \$333m) – representing a year-on-year increase of about N5 billion (about \$17million), compared to 2014 figures. Specifically, the outdoor advertising share of this figure ranks third, behind television and print spends – N20.1 billion, downwards from N20.5 billion (2014).

ABOVE THE LINE (ATL) ADVERTISING TOTAL EXPENDITURE IN NGN BILLION: 2015



Graph 1

Source: 2015 Media Facts

ABOVE THE LINE (ATL) ADVERTISING EXPENDITURE FOR LAST 5 YEARS

Medium	2011	Share	2012	Share	2013	Share	2014	Share	2015	Share
TV	46.1	45%	49.4	54%	47.0	45%	34.6	37%	39.0	40%
Radio	13.1	13%	15.8	17%	15.1	15%	12.1	13%	15.1	15%
Outdoor	28.1	27%	17.7	19%	23.2	22%	20.5	22%	20.1	21%
Press	15.4	15%	9.0	10%	18.5	18%	25.8	28%	23.7	24%
Total	102.8	100%	91.8	100%	103.8	100%	93.1	100%	97.9	100%

Table 2, Source: 2015 Media Facts

GROWTH IN ABOVE-THE-LINE (ATL) ADVERTISING EXPENDITURE

	2011 Vs 2010	2012 Vs. 2011	2013 Vs. 2012	2014 Vs. 2013	2015 Vs. 2014
TV	16.20%	7.20%	-4.90%	-26.30%	12.72%
Radio	2.60%	20.10%	-4.00%	-20.40%	24.79%
Outdoor	-1.50%	-37.10%	30.90%	-11.30%	-1.95%
Print	-6.80%	-41.70%	105.80%	39.80%	-8.14%
Total	5.30%	-10.60%	13.00%	-10.30%	5.16%

Source: 2015 Media Facts

THE NEED FOR GROWTH STRATEGY

In the face of tougher and more challenging business outlook, advertising contractor firms in Nigeria have had to re-access, readjust, remodel and retool their business operations, in order to remain profitable and survive in the increasingly harsh economic climates that producers, manufacturers and even the general buying public are faced with. Outdoor advertising business owners, in addition have to grapple with additional challenges in remaining relevant in business (through profitability calculations), while meeting (minimally) and surpassing the service expectations of clients or advertisers. These challenges, in large part, have to do with the rise in attractiveness and usefulness of the other modes of advertising e.g. internet or digital advertising – which ultimately influences the amount of funds available for OOH advertising. The unstoppable technological advancements experienced in the changing faces and formats of outdoor advertising, and the increasingly creative and innovative demands of advertisers, lately, jointly exert a heavy financial and operational burden on outdoor advertising concerns. All of these, necessitate systematic, strategic and forward-looking situations from business owners, desirous of playing key roles in the Nigerian OOH industry.

As presently operational in the Nigerian context, outdoor advertising business firms are seriously disadvantaged in their individual abilities to obtain necessary financial support from banking and money market sources. Not only is it almost impossible to secure operational funds from banks, using OOH site location approvals and authorization form government and private land owners as collaterals (based on an independent assessment of the revenue yielding potentials of the proposed OOH signage on the approved site location), similar perfected service contract agreements with blue-chip companies and government advertisers are considered unworthy to be accepted as “guarantees” for bank overdraft facilities.

These “advertising documents”, in advanced climes are valid guarantee documents advertising practitioners use to obtain working loans to carry out contractual client assignments. As such, business owners in the outdoor advertising industry are left with no other alternative but to adopt alternative growth strategies so as to remain in business.

REGULATION

Prior to 2006, the advertising services sub-sector experience massive growth stemming from positive economic and social conditions

experienced by both manufacturing and industrial sectors of the economy. Unfortunately, the inability of outdoor advertising practitioners, and its umbrella sectoral group, OAAAN, to self-regulate members' operations and activities, led to the emergence of state-orchestrated and appropriately empowered, external regulatory agencies – championed in LAGOS STATE, through the Lagos State Signage and Advertisement Agency (LASAA), an outdoor regulatory State apparatus established by an edict of the State House of Assembly in 2006. This singular act became the harbinger, as other state governments have since followed suit. Ordinarily, one would presuppose that the essence of institutional and governmental regulatory activities would evolve around providing a conducive environment (socio-cultural, political, business) for qualified, competent and duly accredited and registered advertising professionals to carry out legitimate business operations incumbent upon their specialized competencies. However, inasmuch as several justifications have been put-forward for setting up regulatory agencies in several states in the Nigerian nation, particularly to check the unbridled proliferation and erection of outdoor advertising hoardings without adequate structural engineering control and curb haphazard and chaotic outdoor practice control – it has become clear to all to see that it “real” justification is as a “cash cow” to bolster state governments' dwindling revenue capacities. As federally-allocated national revenues have continually dwindled in the face of difficult economic situations, these outdoor advertising regulatory agencies are used to boost Internally Generated Revenue (IGR) of each state by controlling the issuance of outdoor permits and charging outrageously exorbitant rates for them.

The additional complications of “subjective” charges imposed by state regulatory agencies on both used and vacant OOH hoarding suggest that outdoor contractors either have to pass this extra

costs to advertisers or have their profit margin reduced – both situations bad for advertisers and the contractor – and ultimately, the practice of outdoor advertising.

GROWTH STRATEGIES

A healthy post-SWOT, PESTLE, and Porter's Five Forces analysis, would help to strategically position OOH advertising firms to better perform in a rapidly changing global business environment⁷. The traditional logic as presented by SWOT analysis suggests that firms that use their internal strengths in exploiting environmental opportunities and neutralizing environmental threats, while avoiding internal weaknesses, are more likely to gain competitive advantages than other kinds of firms⁶. Porter's “five forces” model, and PESTLE analysis, both offer the much needed understanding of the external environment in which an organization operates. Specifically, the “five force” analysis provides a model that enables organization to analyze their industry in a way that takes your competitors activities into account – in itself, a vital part of creating a strategy.³

Internal growth strategy refers to the growth within the organization by using internal sources, focusing on developing new products, increasing efficiency, hiring the right people, better marketing, etcetera – either by expansion, diversification and modernization. While business expansion implies raising the market share, sales revenue and profit of the present product or service, the strategies to be adopted include market penetration, market development and product development. On its part, diversification allows a company to enter new lines of business that are different from current operations – via vertical, horizontal, concentric, and conglomerate diversification methods.⁴

As its name implies, external growth strategy refers to growth within the organization through external sources, by foreign collaboration, joint venture, mergers and acquisition, and amalgamation. The objectives are clearly articulated even as the collaboration helps to remove financial, managerial and technological gaps in the operations of the business.

These basic principles of business growth strategies have been and are still operational in varying degrees in the Nigerian OOH advertising sector. As the world continues in its inexorable march to becoming a “global village”, and synergies are encouraged in an increasingly turbulent economic and financial global space, outdoor advertising companies have devised several ingenious ways to raise badly needed funds to be able to purchase newer OOH formats, much more technologically advanced than before, hence more expensive. The local banks, foreign partners (individuals and corporate bodies) have been sources of some of these fresh injection of funds.

Some form of horizontal and concentric diversification strategies have become commonplace in Nigeria, as more and more advertising agencies are known to offer tacit and veiled support and backing (even, ownership and control) of some outdoor advertising companies.

Similarly, OOH businesses have embarked upon a massive re-investment of their financial proceeds to make up for the paucity of funds available from the banking sector. While a few have gone to the capital market to raise long term operating funds, quite a number of others have invested in improving their human resource components for effective and efficient service delivery.

In spite of the obvious challenges to raising funds for appreciable growth in the out-of-home advertising sub-sector,⁷ advises a strict control of

OOH expenditure; guarding OOH treasures from loss; increasing OOH signage ability to earn more.

PIVOTAL ROLE OF OAAN & APCON

As the umbrella association of outdoor advertising practitioners and companies in Nigeria, and a sectoral group within the constitutionally-recognized advertising practitioners registration body in Nigeria (via APCON), OAAN has its work well cut out. In unison with APCON, it needs to urgently engage federal, state and local government authorities, putting forward a carefully drafted road-map of outdoor advertising practice in Nigeria, enumerating the challenges it faces, and the opportunities the sector is capable of offering the beleaguered Nigerian economy. This way, the political will of the executive arms of government would be sensitized and won over.

Internally, the organization (OAAN) and its members must implicitly and tacitly commit to self-regulation (by obeying its own codes of practice), raising the standards of outdoor advertising practice, endeavor to know its clients better, investing in research and audience measurement, befriending competitors, and work out harmony paths with the regulators.

The Way Forward for Out-of-Home Advertising

A proper understanding of the out-of-home advertising industry dynamics indicate appropriate growth strategies to be adopted by OOH contracting firms. In the Nigerian advertising services sub-sector, a number of subtle, less obvious factors indirectly shape these growth strategies, and help shed light on the way forwards for outdoor advertising business operations.

Principally, in the absence of the hitherto to elaborate marketing budgets that many businesses used to have, marketing executives are under more pressure to show a high return on

investment for all major marketing expenses, including advertising (and OOH advertising). Unfortunately, in Nigeria, due to the slow pace at which the OOH industry has adopted and promoted performance metrics, many marketing executives have moved away from OOH advertising spending, preferring digital and other marketing formats that are easily measured on the performance scale – for example, online advertising. Consequent upon this, to win back a greater percentage of the marketing budget, the Nigerian OOH advertising sector needs to get better at measuring performance and demonstrate a return on investment indicator.

As many businesses in Nigeria have turned away from elaborate, lengthy marketing campaigns in favor of smaller and more impactful campaigns, the outdoor advertising industry is feeling the trend with shortened lead times and request for shortened campaign lengths. Hence, advertising agencies and media owners are required to become more nimble and able to reach the market faster.⁵

The explosion experienced in the usage of social media in the last decade in Nigeria – with its ever increasing adult numbers using social networking sites – have left digital billboards manufacturers and out-of-home media owners no choice but to develop creative and ingenious ways of making social media to drive revenue and build brands. Consequently, the social media platforms are becoming more intertwined with out-of-home advertising in Nigeria.

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The other factors that openly influence the growth strategies OOH advertising concern take within the Nigerian context are: market trends; consumer behaviour; regulatory stipulations; technological advancements. A thorough analysis of these factors help chart a course of alternative growth strategy options to OOH advertising concerns. However, the key component of the business decision model to be adopted by any OOH firm, depends on its major promoters or ownership class – acting alone or in collaboration with other critical investors in the business.

CONCLUSION

Regulation, self or imposed, is a necessary requirement of growth and development. To avoid a state of Hobbesian crisis, governments, elected or military, owes it a duty to regulate the affairs, relationships and processes of men and organizational and units. Outdoor advertising practice and practitioners in Nigeria deserves all the support and encouragement it can get from the Nigerian government – owing to the huge employment potential it is capable of generating, not to mention the taxation revenues accruable to government from its successful operations.

As such, an adequately and appropriately staffed governmental agency, with high quality personnel, possessing requisite skills and devoid of political affiliations to deliver creative, objective and forward-looking leadership, is desirable in harnessing the potentials inherent in the entrepreneurial endowments of advertising practitioners in Nigeria.

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ARE GREEN BUYERS FASHION CONSCIOUS OR SUPPORTING TOWARDS LOCAL FARMERS?

Mohamed Bilal Basha & Farid Shamsuddin

Abstract:

Food related diseases have been steadily increasing past two decades. The world has witnessed many new diseases such as food and mouth, and bird flu. There is a cry from the consumers and government towards the corporates to provide extra care towards the environment. Organizations understand the consumers growing concern towards safeguarding the environmental and safety measures.

Many soils have either been occupied by industrial purpose or being destroyed by chemical waste. With limited resources of soil and greater demand for food has led the farmers to adopt unhealthy cultivation process by suing genetic modified, pesticide and chemicals, However, the practices have started hoovering back the consumers with many environmental and health related issues. The consumer is now turning back towards the organic food which is better for environmental and health. This growing demand has led scholars across the globe to investigate increasing demand. The significant findings support the health and environmental care. However, many factors need to be studied and understand to generalize the consumer interest towards the organic food.

This study has intended to take the factors like local support farmers, subjective norms, safety/trust and animal welfare factors and its impact towards the consumer purchase decision towards the organic food. This study has been undertaken in the UAE, in specific to Abu Dhabi. The total number of responded that been selected for the survey is 50. Cronbach alpha .79 shows the intended study questionnaire is reliable. Multiple regression analysis has been used to check the dependency impact. The R-square .698 show there is a greater dependency between the independent and dependent variable. The P-value is less than .05 which show the model fit.

Keywords: *Organic, Purchase Intention, subjective norms, animal welfare, Green consumers*

1. Introduction:

Consumers are buying the organic food to protect the environment and health. However, there are many studies which taken over in the western

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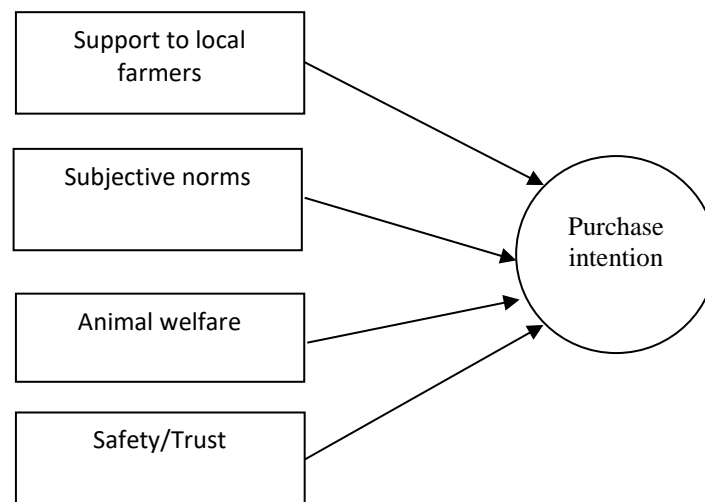
Dr. Farid Shamsuddin, Unikl Business School Universiti of Kuala Lumpur

countries which describe green consumer are not only find health and environmental as important factors, but also believe consuming organic food are safer, fresher, prestigious, and protect animals. The major supplier across the globe are falling to satisfy these consumer concern and their mass production, and cheap product makes them important the food from across the planet. This global supplier profit motive drive makes the

consumer to buy the fruit/vegetables which is not fresh, purchase the livestock which grown in unacceptable condition, and lacks safety/trust towards the product. The consumer is now going towards the local suppliers, which they believe the product is fresh from the farms, and also it helps them to support their local farms. Consumers are increasing opting towards the organic farms which look after the animals

according to rules rather a cruelty. And moreover, consumer are nowadays believe having organic food is a status symbol and being influenced by their leaders and role models. This study will look at the four variable (local support farms, subjective norms, animal welfare, and safety/trust) that influence the consumer towards the organic food.

Figure 1: Conceptual framework for the study:



2. Supporting local farmers:

Increasing demand for food and products have led rise in globalization. Major players are started dominating the food industry such as Carrefour, Tesco, and Wall Mart. The Global and Multinational organization began producing the mass production food to meet the global needs, which turns them to provide the food by means of genetic modified, pesticides and unhealthy ingredients. Moreover, the food that is transported across the countries tastes less and not fresh. Consumers started moving towards more fresh, healthy and free from pesticide, and would like to buy the food that is locally produced, fresh, and better nutrition. This movement has been witness by Aschemann-Witzel *et al.* (2013) in Germany where as consumers are found more likely to choose the products that are locally grown.

2.1 Subjective norms:

Consumers are influences by the external surroundings. We are constantly manipulated either by the reference group or self-absorption. Consumers are constantly seeking a social approval for their actions that includes clothing, eating food or buying products. People constantly like to associate or look similar to their role model, which turns their buying pattern influenced by the social norms. Consumer seek to buy the product to be part of the society, or seek their attention or wants to feel proud of consuming the product/services. The majority of studies on organic food buying behavior have suggested consumer are constantly seeking the product that provides social egoism, prestige, or socially acceptable. Subjective norms influences have been positively associated with the

purchase intention across the counties by many scholars (Fishbein & Ajzen, 1975; Hanno & Violette, 1996; Eagly and Chaiken, 1993; Huda, *et al.* (2012).

2.2 Animal Welfare:

As the consumers are having wider choices of food to choose. Consumers are not only started questioning the quality of the product they consume, but also they wanted to know from their suppliers/manufacturer the way the animal fed, breed, and look after. Over the increased use of social media consumers are easily able to see the Mistreatment/cruelty against animals. Consumers are demanding a better treatment towards the animals. Consumers are very much conscious about companies using any kind's types of pesticides, hormone injection to meet the food demand. This has headed to many health related issues. The consumer is now turning towards the natural food and demand the company to provide food that is organic and safer. There have been many studies which describe consumer buying pattern towards organic food positively influences by animal welfare. A study by Wee *et al.* (2014) has concluded consumer are choosing organic chicken while purchase food in Malaysia. And similarly many others researchers had supported the arguments. Lea and Worsley (2005), Golnaz *et al.* (2011), Phuah *et al.* (2011), and Kulikovski and Agolli (2010).

2.3 Safety/Trust:

There is an increase in food violation and food-related diseases such as foot and mouth, bird flu, pesticide-related death, and mad cow. Consumers are growing concern about the way food meets the safety regulation. Corporates are following the least norms about the food safety. The consumer is taking this threat seriously and turning towards the organic food. Organic food is considered to be more safety as its goes through the rigorous security measure. Local and international brands have gained the consumer trust. There has been much research which

supports the consumer's positive attitude towards the organic food due to safety/trust. Research by Hsu and Chen (2014) in Taiwan concluded that consumer pays a high concern and turning towards the organic food and the organic food goes through regress certification and observation.

3. Research Objectives:

The primary research objective is to identify the consumer attitude towards the organic food. This study has identified the four broad areas and their impact towards the consumer buying behavior towards the organic food. Based on the primary research objectives. The following objectives have been developed.

1. To investigate attitude towards the support towards the local farmers and its impact towards the consumer buying behavior
2. To identify the important of social norms and its influences towards the consumer buying behavior
3. To investigate the attitude towards the animal welfare and its impact towards the buying behavior
4. To investigate the safety/trust concern and its influence towards the buying behavior.

4. Hypothesis:

- H1: Support towards local farms has a positive impact towards the consumer buying behavior
 H2: Animal welfare concern has a positive impact towards the consumer buying behavior
 H3: Subjective norms has a positive influence towards the consumer buying behavior
 H4: Safety/Trust concern has a positive impact towards the consumer buying behavior

5. Research Methodology:

The methodology used in collected the data is random simple. A total of 50 questionnaires were distributed and collected. The data was analyzed using multiple regression. The independent variables are supporting local farmers, animal welfare, safety/trust, and subjective norms and

the independent variable is the attitude towards the product. 5 point Liker scale used for both the independent and dependent variable, options like Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, and Strongly Agree = 5. Demographic survey carried out using nominal scale.

6. Results and Discussion

6.1 Demographic Characteristics

The demographic characteristics of this study have shown below in the table. The total number of chosen respondents were 50 in which 60

percent of male and 40 percent of female consumers. The major group of people who attempted the survey are below 31 years old. And moreover, the majority of the respondents were married. And 84 percentage of the responded hold minimum degree and major respondents were belong to the religion of Islam. The major respondent occupation recorded as either being an accountant/customer service/administrator and followed by middle/supervisor level. The detail descript of the demographic characters shown below

Table 1: Demographic Characteristics of the consumers

Particulars	Variable	Frequency	Percentage
Gender	Male	30	60
	Female	20	40
Age(Years)	Below 31	29	58
	31-40	16	32
	41-50	5	10
Marital Status	Married	25	50
	Unmarried	22	44
	Widow	3	6
Religion	Muslim	35	70
	Christian	12	24
	Hindu	3	6
Educational Qualification	Higher Secondary and below	8	16
	Graduate	17	34
	Post-graduate & above	16	32
	Professional/Technical	9	18
Monthly Income	Less than 5000	10	20
	5001 – 10000	21	42
	10001 – 15000	11	22
	15001 – 20000	3	6
	20001 – 25000	4	8
	25001 and above	1	2
Occupational Status	Executive/Manager	8	16
	Middle/Supervisor	12	24
	Accountant/Customer Service/Administrator	13	26
	Self-employed (Business/Trade/Artisan, etc.)	4	8
	Professional (Doctor/Engineer/Consultant, etc.)	10	20
	Others	3	6

6.2 Reliability test and correlation.

The Cronbach alpha shows the variable correlation and consistency. The test shows the Cronbach alpha items, more than .6 are considered to be acceptable. This study Cronbach

results shows all the items are above .6. The overall Cronbach alpha for this study is .793 which is beyond .6. Henceforth, we can consider all the items are reliable and consistent with the study

Table 2: Cronbach alpha

Reliability Statistics

Cronbach's Alpha	N of Items	
.793	5	
	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SLF	.822	.667
SN	.801	.668
AW	.128	.882
ST	.835	.667
PI	.707	.704

Cronbach alpha****

Correlations:

The descriptive analysis, reliability analysis, and correlation analysis of the data is presented in below Table 2. The results indicate that the respondents weighted high for the variable of supporting local farms (M=3.7425, SD = 0.65583) followed by subjective norms with the mean value 3.6975 and the SD 0.68702. Safety and trust as (M= 3.6825, SD = .63848), followed by Purchase intention (M = 3.6631, SD = .57813) and

Animal welfare as mean value (M = 3.3867 SD = 1.132211).

The reflective of the correlation between the items was deliberate using Pearson’s correlation coefficient, glassy of meaning is presented in below Table 2. It is interesting to discover that the dependent variable attitude toward organic food has implicitly positive relationship with all the independent variables like support local farmers, subjective norms, animal welfare, and safety and trust.

Table 3: Correlation effects

	Mean	Std. Deviation	SLF	SN	AW	ST	Attitude	PI
SLF	3.7425	.65583	1	.941**	.189	.935**	.308*	.768**
SN	3.6975	.68702	.941**	1	.118	.903**	.351*	.812**
AW	3.3867	1.13211	.189	.118	1	.193	-.005	.070
ST	3.6825	.63848	.935**	.903**	.193	1	.339*	.803**
PI	3.6631	.57813	.768**	.812**	.070	.803**	.348*	1

6.3 Regression analysis to test the hypothesis

Correlation analysis confirms the relationship between the dependent variable and independent variable. Multiple regression

explains the dependency among the variables. Multiple regression analysis used to test the hypothesis for the study.

Table 4: Multiple regression results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.835 ^a	.698	.671	.33158

a. Predictors: (Constant), ST, AW, SN, SLF

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.430	4	2.857	25.990	.000 ^a
	Residual	4.947	45	.110		
	Total	16.377	49			

a. Predictors: (Constant), ST, AW, SN, SLF

b. Dependent Variable: PI

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.036	.294		3.520	.001
	SLF	-.307	.267	-.348	-1.149	.256
	SN	.535	.212	.636	2.528	.015
	AW	-.024	.043	-.048	-.561	.577
	ST	.510	.215	.563	2.376	.022

a. Dependent Variable: PI

The dependent variable is purchase intention, and the independent variables are subjective norms, supporting local farmers, animal welfare, and safety/Trust. The hypothesis is tested by using multiple linear regression. The result of the study shows that the R-square is .698, which means the impact or interdependency is 69% between the independency variable and dependency variable. Significant level is .000 which is less than .05. This shows the model is

well fitted and accepted. Thus, the following hypothesis has been discussed using the multiple regression analysis.

6.4 Supporting local farmers concern:

The dependent variable is purchase intention towards organic food, and the independent variable is supporting local farmers. The hypothesis is tested using multiple regression. The Beta co-efficiency value is -.348 and the P

value is .256 (not significant). This shows supporting local farmers has an adverse impact towards purchase intention. Thus, H1 hypothesis is rejected. And henceforth support towards local farmers doesn't have a positive influence towards consumer buying behavior.

6.5 Animal Welfare:

The dependent variable is purchase intention towards organic food, and the independent variable is Animal Welfare. The hypothesis is tested using multiple regression. The Beta coefficient value is -.043 and the P value is .577 (not significant). This shows animal welfare has a negative impact towards purchase intention. Thus, H2 hypothesis is rejected. And henceforth animal welfare doesn't have a positive influence towards consumer buying behavior.

6.6 Subjective norms:

The dependent variable is purchase intention towards organic food, and the independent variable is subjective norms. The hypothesis is tested using multiple regression. The Beta coefficient value is .636, and the P value is .015 (significant). Thus, H3 hypothesis is accepted. And subjective norms concern has a positive impact towards the consumer buying behavior.

6.7 Safety/Trust:

The dependent variable is purchase intention towards organic food, and the independent variable is Safety/Trust. The hypothesis is tested using multiple regression. The Beta coefficient value is .563, and the P value is .022 (significant). Thus, H2 hypothesis is accepted. Therefore Safety/Trust concern has a positive impact towards the consumer buying behavior.

7. Limitation:

The sample size for this study is small. Therefore, the outcome cannot be generalized as a possible solution. Moreover, the chosen independent

variable doesn't cover all the essential aspect of the organic food industry. Hence, the study need further research to provide the generalized conclusion. This study used the random sampling and hence the chosen sample may not represent the particular population. Snowball or Quota sampling may use to enhance and validate the research.

8. Conclusion:

This study has provided an important implication for the manager to look into. The study examines the organic food purchase intention into a different perspective by not using a variable such as health or environmental factors. Rather, the study has looked into the other factors important factors that have a positive impact towards the organic purchase such as support local farmers, subjective norms, animal welfare, and safety/trust. The outcome of the study shows that the subjective norms and safety/trust have an active and significant contribution towards the organic food. The consumer is positively motivated and shows consideration towards these two factors. However, the other two factors, such as Support local farmers, and Animal Welfare have shown adverse effects towards the purchase intention. The Beta coefficient for both factors has negative consequences and insignificance toward the consumer purchase intention.

9. Managerial implication:

This study provides valuable insight for the manager in understanding the consumer attitude towards the organic food. Outlet managers, Marketing Department, and the policymakers can use this research in understanding their consumer perspective and target their consumer accordingly. This study is a milestone in the Middle East region, where managers can use and further research to understand the consumer's psychological emotion purchasing process.

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The connection of the world of science with social technology has a substantial impact on a structural change in the organization of scientific conferences.

Aleksandra Gotłas, University of Szczecin, Poland

Abstract

The use of technologies is becoming more and more widespread. Thorough examination and demonstration of changes is intended to help in optimization of actions and appropriate management of not only time, but a whole group of people working on a project in accurate and intelligent way. The objective of the article is to examine the process of changes which is occurring in the organization of scientific conferences.

Researches have been carried out among cyclic conferences of University of Szczecin, on the basis of gathered source materials. As it was demonstrated, the organization of conferences has undergone grate changes maximally using technology and optimizing time designed for arrangement of events. The time needed for information flow was hugely shortened, the use of human resources was dispatched to external actions related to electronics and promotion of a specific event by taking over internet-related fields, including social networking sites. The registration of conference attendees is currently available for everybody and is incredibly easy in use. The change processes not only touch the organizational back office, but also the final form of the event. The attendees can communicate with each other by using hotspots, which were created just for the conference, also a conference talk can be held through the Internet. We are currently living in the era of technological development, thus it is important to use this time appropriately and together create a new path of organizing not only scientific conferences, but all sorts of group events.

Keywords: Social technologies, Digitization, Organization, Scientific conferences, Events

The main body of Article

The size of the world is changing at alarming rate. It is getting smaller consistently for hundreds of years. Now there are no boundaries, no distance. Each of us is born and growing up and learning in the process the meaning of words such as: the state, the nation, borders, we learn how to use the map to know with what countries are bordered other nations. Then there is the stage of exploring the world in the context of real, more tangible knowledge, that everyone takes from own empirical experience. What then happens to the knowledge so insistently learned at school? It encounters daily routine/everyday life, where the teenager has the ability to play the computer with

his team of players from different parts of the world, wears clothes ordered via the Internet regardless of where it were made and where have to be send. The global village, that how we can determine/denote what is currently the world now, thanks to process of globalization. We are part of this process, there is no modern day person who could defend themselves, ignore or isolate his own personality from the changes and the consequences posed by the globalized economy. We wear clothes from different parts of the world, we drive cars that have been manufactured in their native countries. We eat food that comes from different cultures thus

change the world around us, we adapt our lives, and this process is becoming faster with every year. Globalization has a substantial impact on not only the daily life but directly affects technological advance and science/process of learning itself. Regular meetings, conferences or events changed its form and the way of the process of organization throughout the years.

At this point, we need to ask proper question - what event or conference is nowadays?

According to the Cambridge Business Dictionary, the conference is considered to be an occasion when a group of people meet in order to discuss something'. Let us look at the considerable event, but not from the side of any participant, the work and efforts of the people so called arrangers or

stuff. The process through which we achieve a successful result of the event will be the subject of my work.

Digitization allows faster and much more efficient organizing of events and conferences.

The changings in application forms, posters and general cooperation between the organisers and the participants. Currently the use of social media to disseminate information about the Conference is becoming more and more popular. Facebook, Snapchat, Instagram and LinkedIn are integral part of the organization. Young people involved in the organisation of the event will try to implement as much of the media as possible because for them it is a natural form of communication.

Figure 1.1



Komitet Organizacyjny:
dr Grażyna Maniak (koordynator)
dr Tomasz Bernat
dr Katarzyna Włodarczyk-Spliwak
dr Renata Lewandowska-Nowak
dr Marek Kunasz (webmaster)
mgr Patrycja Zwiech
mgr Jarosław Korpysa
mgr Jarosław Poteralski

Rada Programowa:
prof. zw. dr hab. Danuta Kopycińska,
Uniwersytet Szczeciński
(przewodnicząca RP)
prof. zw. dr hab. Urszula Grzełowska,
SGH w Warszawie
Prof. zw. dr hab. Zofia Dach,
AE w Krakowie
Prof. zw. dr hab. Andrzej Wojtyna,
AE w Krakowie
Prof. zw. dr hab. Marek Rekowski,
AE w Poznaniu

Organizator:
Katedra Mikroekonomii
Wydział Nauk Ekonomicznych i
Zarządzania
Uniwersytet Szczeciński
**Sekretariat
Komitetu Organizacyjnego:**
Uniwersytet Szczeciński
Katedra Mikroekonomii
ul. Mickiewicza 64-66
tel/fax: (091) 444-20-91

**KOMITET ORGANIZACYJNY
OGÓLNOPOLSKIEGO ZJAZDU KATEDR EKONOMII
„WYZWANIA XXI WIEKU POLSKA – UNIA EUROPEJSKA –
ŚWIAT”
5 – 7 czerwca 2006, Międzyzdroje**

Szanowni Państwo,

Kontynuując tradycję Ogólnopolskich Zjazdów Katedr Ekonomii, Katedra Mikroekonomii Uniwersytetu Szczecińskiego uprzejmie zaprasza do wzięcia udziału w III Zjeździe Katedr, który odbędzie się w dniach 5 – 7 czerwca 2006 w Międzyzdrojach. Tematem przewodnim będzie „Wyzwania XXI wieku. Polska – Unia Europejska – Świat”

Głównym motywem rozważań, jakie chcielibyśmy podjąć, jest określenie roli szeroko pojętej ekonomii w gospodarce. W szczególności proponujemy następujące zagadnienia:

1. Interwencjonizm państwowy we współczesnej gospodarce
2. Zachowania rynkowe przedsiębiorstw i gospodarstw domowych
3. Rynek pracy
4. Kapitał ludzki w gospodarce opartej na wiedzy

Do udziału w Konferencji zapraszamy wszystkich pracowników naukowych, którym bliska jest powyższa tematyka.

Kalendarium Konferencji:

- Do 20.02.2006 zgłoszenie udziału (temat i abstrakt)
- Do 15.03.2006 informacja zwrotna o akceptacji tematu
- Do 30.04.2006 nadsyłanie referatów, uiszczenie opłaty – 750 zł (po tym terminie opłata + 10%)
- 5 – 7 .06.2006 Zjazd Katedr Ekonomii, Międzyzdroje

Szczegółowe oraz najnowsze informacje znajdziecie Państwo na naszej stronie internetowej:
www.lama.edu.pl/zjazd

Kontakt z Przewodniczącym Komitetu Organizacyjnego
dr Grażyna Maniak, tel. 0-601 85-57-08

Zgłoszenia można przysyłać w formie tradycyjnej do Sekretariatu Konferencji lub drogą elektroniczną (formularz www)

Z wyrazami poważania

According with researches of Nikola Draskovic, PhD Rochester Institute of Technology Croatia, Ana Kustrak Korper, MA, MBA Zagreb School of Economics and Management, and Katharina

Kilian-Yasin, PhD University of Pforzheim. Among the respondents, Facebook is the most popular social media platform because almost all of respondents use it (91.1%), also students use

Youtube (82.3%) to followed events or their friends, Students also use Instagram (59.5%) and Skype (59.5%) to communicate to each other and to collect information about events. Nowadays it is enough to put the information on Facebook that way it conveyed to a group of people interested in event. Marketing and organization slowly narrows down to the laptop, the Internet and communication through network connection.

When we go through organizational process:

The first thing that the participant encounters is the leaflet/brochure of the event, from which he/she finds out the details. In the era of digitization not only the form but also the content enclosed in it has changed. Figure 1.1 shows a paper invitation from 2006, it is meant to be sent to each participant traditionally by mail. Currently used electronic invitations distributed by email you can see at Figure 1.2. Exceptions are conference invitations addressed to professors that regarded as experienced workers of their field, such invitations are issued in paper for special meetings.

Figure 1.2 (1)

RADA PROGRAMOWA KONFERENCJI

Dr hab. prof. US Tomasz Bernat (Prodziekan ds. Nauki i Współpracy Międzynarodowej, Kierownik Katedry Mikroekonomii, WNEiZ, US) - Przewodniczący Rady Programowej Konferencji

Dr hab. prof. UE Piotr Bartkowiak (Katedra Zarządzania Strategicznego, WZ, UEP)

Prof. zw. dr hab. Jerzy Dudziński (Kierownik Katedry Handlu Zagranicznego i Międzynarodowych Stosunków Ekonomicznych, WNEiZ, US)

Dr hab. Renata Knap (Katedra Handlu Zagranicznego i Międzynarodowych Stosunków Ekonomicznych, WNEiZ, US)

Dr hab. prof. US Barbara Kryk (Dyrektor Instytutu Ekonomii, WNEiZ, US)

Dr hab. prof. US Danuta Miłaszewicz (Kierownik Katedry Makroekonomii, WNEiZ, US)

Dr hab. prof. US Halina Nakonieczna - Kisiel (Katedra Handlu Zagranicznego i Międzynarodowych Stosunków Ekonomicznych, WNEiZ, US)

Dr hab. prof. US Iga Rudawska (Katedra Analizy i Strategii Przedsiębiorstw, WNEiZ, US)

Dr hab. prof. UE Wrocław Waldemar Tyc (Katedra Mikroekonomii, UEWJ)

Prof. zw. dr hab. Edward Urbańczyk (Kierownik Katedry Analizy i Strategii Przedsiębiorstw, WNEiZ, US)

Prof. Jorge Eduardo Vila Biglieri, Vigo University, Vice dean of international relations at Economic and Business Administration Faculty, Spain

Prof Martin Samy, Leeds Business School, Faculty of Business and Law, Great Britain

Prof Olena Mykhalenko, Economics and Management Faculty, Kyiv National Economic University, Ukraine

Prof. Rodica Milena Zaharia, PhD University of Economic Studies from Bucharest Department of International Business and Economics Pta Romana nr.6, sector 1 Bucharest Fulbright Scholar 2014, Marywood University, Scranton PA, USA

Prof. Bruno Sergi, University of Messina, Italy / Harvard Business School, USA

Prof. Tatiana Mostenska, National University of Food Technologies, Kiev, Ukraine

Prof Andrea Gubik, University of Miskolc, Hungary

Prof Yuran Zeng, Guangdong University of Foreign Studies, Guangdong, China

Prof Jörg Freiling, University of Bremen, Germany

Prof. Prof. Dr. Hans Ruediger Kaufmann, University of Nicosia, School of Business

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Dr Aleksandra Gąsior (Katedra Mikroekonomii, WNEiZ, US)

Dr Jarosław Korpyś (Katedra Mikroekonomii, WNEiZ, US)

Prof Claudio Vignali, Leeds University, Virtual University of Vitez;

Prof Baiba Savrina, Latvia University, Riga, Latvia

Prof. Maria Elo, Turku School of Economics, Turku University, Finland

Prof Jaroslav Belas, Tomas Bata University in Zlin, Czech

Prof Dalia Streimikiene, Vilnius University, Lithuania

Prof.US dr.hab.Beata Swiecka (Kierownik Zakładu Finansów Osobistych i Behawioralnych)

 Koło Naukowe Ekonomii

**KOŁO NAUKOWE EKONOMII AKTYWNI STUDENCI
UNIWERSYTETU SZCZECIŃSKIEGO**

ma zaszczyt zaprosić na
**IV Międzynarodową konferencję naukową
pod tytułem
GOSPODAROWANIE W XXI WIEKU**

Szczecin, 3-4 grudnia 2015

KOMITET ORGANIZACYJNY

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Paulina Jaworska
Jarosław Bakin
Katarzyna Bajor
Aleksandra Ilnicka
Cezary Grzywacz

Figure 1.2 (2)

CEL KONFERENCJI	MIEJSCE I TERMIN KONFERENCJI												
<p>Konferencja adresowana jest do studentów, doktorantów, przedstawicieli świata naukowego oraz praktyków różnych dziedzin biznesu.</p> <p>Głównym celem konferencji jest wymiana myśli, poglądów jak i również próba odnalezienia konsensusu pomiędzy posiadaniem dóbr, rozwojem a etycznym postępowaniem w biznesie.</p> <p>Obowiązującymi językami konferencji jest język polski i język angielski.</p>	<p>Konferencja odbędzie się na terenie kompleksu Uniwersytetu Szczecińskiego przy ulicy Adama Mickiewicza 64 w dniach 3-4 grudnia 2015 roku.</p>												
OBSZARY TEMATYCZNE	WAŻNE TERMINY												
<ul style="list-style-type: none"> ❖ Ekonomia ❖ Zarządzanie ❖ Finanse ❖ Marketing 	<table border="1"> <thead> <tr> <th>Data</th> <th>Działania</th> </tr> </thead> <tbody> <tr> <td>Do 15.11.2015 r.</td> <td>Nadsyłanie zgłoszeń wraz z tytułem artykułu i abstraktem (do 1000 słów)</td> </tr> <tr> <td>Do 16.11.2015 r.</td> <td>Uiszczenie opłaty</td> </tr> <tr> <td>Do 23.11.2015 r.</td> <td>Przesłanie programu konferencji</td> </tr> <tr> <td>03-04.12.2015 r.</td> <td>Konferencja</td> </tr> <tr> <td>Do 31.12.2015 r.</td> <td>Nadsyłanie artykułów gotowych do publikacji</td> </tr> </tbody> </table>	Data	Działania	Do 15.11.2015 r.	Nadsyłanie zgłoszeń wraz z tytułem artykułu i abstraktem (do 1000 słów)	Do 16.11.2015 r.	Uiszczenie opłaty	Do 23.11.2015 r.	Przesłanie programu konferencji	03-04.12.2015 r.	Konferencja	Do 31.12.2015 r.	Nadsyłanie artykułów gotowych do publikacji
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Do 31.12.2015 r.	Nadsyłanie artykułów gotowych do publikacji												
ZGŁOSZENIA I INFORMACJE ORGANIZACYJNE	KOSZTY I OPŁATY												
<p>Rejestracja uczestników wyłącznie drogą elektroniczną na stronie: www.mikroekonomia.net/konferencjaas</p> <p>Wszelkie dodatkowe pytania prosimy kierować na adres: konaekas@gmail.com</p> <p>Bieżące informacje na temat konferencji można znaleźć na Facebooku Koła Naukowego Ekonomii AS.</p>	<table border="1"> <thead> <tr> <th colspan="2">Koszty i Opłaty</th> </tr> </thead> <tbody> <tr> <td>400 zł*</td> <td>Udział w konferencji wraz z publikacją</td> </tr> <tr> <td>250 zł</td> <td>Koszt publikacji (bez udziału w konferencji)</td> </tr> <tr> <td>250 zł*</td> <td>Koszt udziału w konferencji (bez publikacji)</td> </tr> </tbody> </table> <p>* podane ceny obejmują obiad oraz przerwy kawowe.</p> <p>Wpłaty należy kierować na konto bankowe konferencji: ING Bank Śląski 46105015591000002287904474. W tytule należy podać numer subkonta: „0092” oraz imię i nazwisko uczestnika.</p>	Koszty i Opłaty		400 zł*	Udział w konferencji wraz z publikacją	250 zł	Koszt publikacji (bez udziału w konferencji)	250 zł*	Koszt udziału w konferencji (bez publikacji)				
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250 zł	Koszt publikacji (bez udziału w konferencji)												
250 zł*	Koszt udziału w konferencji (bez publikacji)												
PUBLIKACJA	BIURO KONFERENCJI												
<p>Zgłoszone referaty zostaną opublikowane w monografii. Organizatorzy zastrzegają sobie prawo nie przyjęcia referatu niewpisanego w podane obszary tematyczne. Referat może mieć maksymalnie dwóch Autorów.</p>	<p>Koło Naukowe Ekonomii AS Uniwersytet Szczeciński ul. Mickiewicza 64-66, 71-101 Szczecin</p> <p>Strona internetowa konferencji: www.mikroekonomia.net/konferencjaas Kontakt: konaekas@gmail.com</p>												

Figure 1.3 Traditional invitation to professors

Szanowny Pan
 prof. zw. dr hab.
 Kierownik Katedry Mikroekonomii

Szanowny Panie Profesorze,

Serdecznie zapraszam Pana Profesora i Jego Współpracowników do wzięcia udziału w zjeździe Katedr Ekonomii - konferencji nt. „Wyzwania XXI wieku. Polska – Unia Europejska – Świat”, który odbędzie się w Międzyzdrojach w dniach 5 – 7 czerwca 2006 roku.

Konferencja ta będzie doskonałą okazją do lepszego poznania się i wymiany poglądów naukowych, co niewątpliwie pozytywnie wpłynie tak na integrację, jak i dalszą współpracę pracowników ekonomii. Obecność Pana Profesora i Jego Współpracowników na tym Zjeździe byłaby więc niezmiernie pożądana i mile widziana!

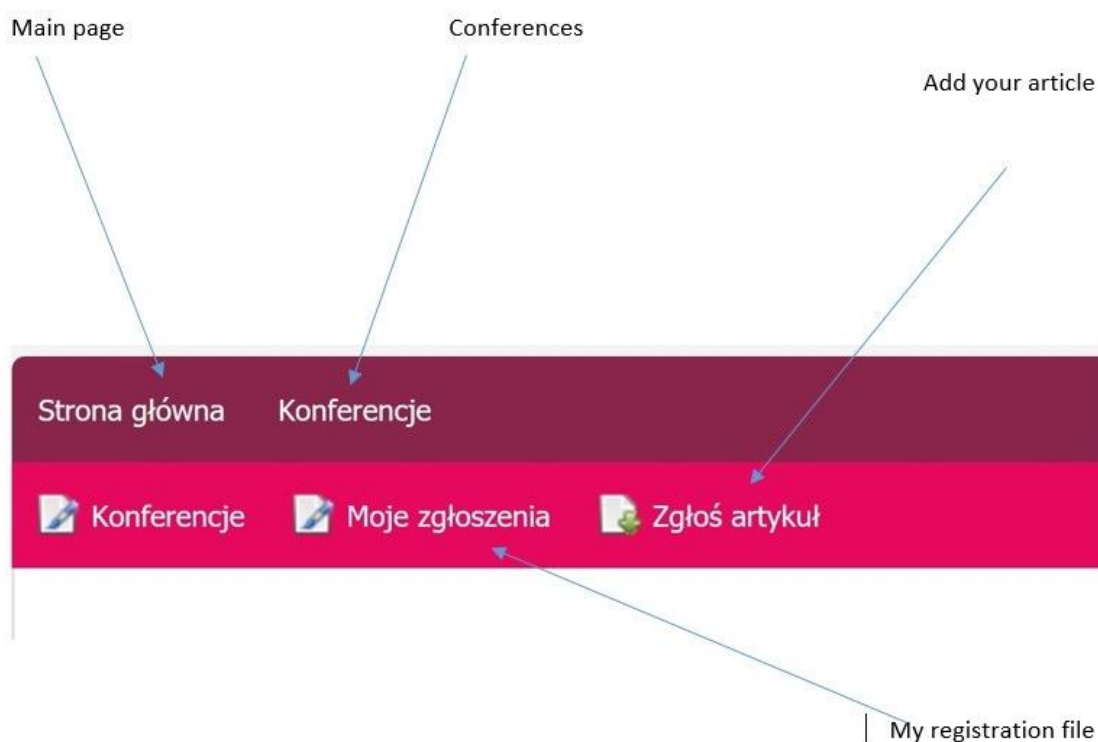
Łączę wyrazy szacunku
 i serdecznie pozdrawiam

Digitization has significantly changed not only areas related to invitations and registration of participants. The person using the electronic form has the option of entering his personal information such as phone number, mail address, alma mater, Name, Surname, place of birth, may also put the abstract of his article and see its review. From the user required to create his own registration account by means of which he will be able to communicate with the organizational team. After payment, the two sides - both organizational and applicants can see the status of payments. Figure 2.1 After the registration, the participants receive access to the panel, which can place your article, view and edit your application, also allows seeing the upcoming conferences.

Considering the type of the conference, the user has the possibility to book the hotel for the duration of their stay, which greatly simplifies and speeds up the organizational process - participants live in one place, which contributes to better integration.

One example of such a solution can be seen in the organization of the cycle conference - CIRCLE. Participants of the conference have the opportunity to reserve a space in the hotel straightaway during the registration process. This is an optional solution for every user, they have a choice of several hotels provided by the organisers that are situated near the place where the conference takes place.

Figure 2.1 Exemplary panel, access to which a participant receives after registration.



The study, which was conducted on a group of experts consisting of people every day dealing with the organization of events and conferences, highlighted the good and the bad sides of the

digitization process, which has become an integral part of the organizing.

Szczecin's festival inSPIRATION has come a long and arduous way in the process of making network connections. inSPIRATION is a festival

encompassing the visual arts, which takes place in Szczecin since 2005. Each edition has a different theme, which defines the thematic scope of the works presented. The inSPIRATION festival includes exhibitions of several international artists, an annual competition for writers, which present their works during the festival. In addition to exhibitions of contemporary art, inSPIRATION always accompanied by performances, concerts, public awareness campaigns and workshops.

Extract from an interview with the organiser Mr. Radek Nagaya:

Aleksandra Gotłas [A]: How long time ago the festival was organized?

Radek Nagay [R]: The inSPIRATION festival was organized 11 years ago. As the festival of creative photography, and later on as one of the visual arts as well, from the very beginning it was a niche event, facing a narrow range of audience.

Narrow, but not small, he aimed for Szczecin and also residents of 7 major Polish cities.

A: What were your first steps?

R: The first several editions due to a very modest budget (few, up to dozen thousands zł) were mainly promoted through posters, printed by people who were willing to help, flyers, website and most of all - word of mouth.

As the festival grew with it grew its budget, the first sponsors and consequently expectancy of greater audience. Then we made the first attempt to implement national outdoor campaigns billboards and city lights in the largest cities of Poland, more extended and positioned website, the involvement of the greatest possible number of media partners and gain patronage, mainly in the traditional media. We do not resigned, even reduced budget for traditional media.

A: When did you really start such a venture?

R: In 2011, we saw in the end the benefits of social media. First of all, in terms of precise targeting and of 100% measurability of the effects. Increasingly, there were QR codes as complementary element to promotional materials, but we did not record any particular

effect from their use. Here they are, but it seems to me that either the technology or the habits of consumers not keep up with each other a little.

In 2014, it took place 10th edition - the last of the first series. Now, after a year's break before we are 11th and 12th edition because they are implemented as a two-year project, we completely changed the approach to promotion. Firstly, the promotion budget was clearly divided into two parts - the traditional media and electronic media. Their values are similar, so we treat electronic media as much or even more serious than the traditional. The traditional still must be, because, after all, they create an image trust and are a bargaining token in negotiations with sponsors so far, but it is probably also going to change . We invest mainly in campaigns sponsored at Facebook and portals with have similar letter audience. We invest the money, but mainly we invest the time- we have posted one full time job to support all of our websites, Facebook , and Twitter. Instagram is still in its infancy, and will run probably a month before the Festival. inSPIRATION you will be able to track on several parallel channels.

The first few years we have put on the promotion of the brand - the name of the festival. Then gradually we relocated efforts on key events. Today, the whole promotion is based on names, work and things that are appealing to media. Trademark if already slightly more recognizable is in second place.

Organisers slowly perceive shades and benefits of the use of social networking.

As was said in the interview, Snapchat allows you to conduct live broadcast, thanks to it, those interested can follow the whole event. Just choose of what you want to keep track and all the live coverage will be available for the average user who does not have the chance to participate in the event. Also using this application it is possible to publish a few seconds shots, video clips to users and the participants who are concerned to visit the places where process of organization of

the event is taking place. This action builds tension and increases the willingness to wait for what happens, is also building first organizer-participant relationship.

QR codes - Quick Response Code - are bar codes through which it is possible to store large amounts of data. Each code can accommodate different number of saved data. In the case of alphanumeric characters totals to 4,296 characters.

Thanks to these codes, placed on the poster or flyer, interested person may read off information from these barcodes. You only need a phone or tablet with a digital camera and appropriate application. By using this application, the user is able to read the content, the sheer size of the code does not even have to be big. Some organizations on their leaflet print only the code, such behaviour increases the curiosity of a potential customer and reduces printing costs.

Figure 3.1 Example of QR code



Digitization has its advantages but also brings some complications. Interview with prof. Tomasz Bernat, dr Jarek Korpysa and mgr Małgorzata Zakrzewska from the Department of Economics comprised at the Faculty of Economics and Management shows areas that complicate fast and efficient organization of the event. Extract from an interview posted below touching the most important issues related to digitization:

Q: Please, tell as the organizer of events what changes have you observed over the years?

Prof. T. Bernat:

Everything goes smoothly, people have a lot of experience.

Dr J. Kospysa:

The introduction of an electronic system, that regards the registration and the possibility of placement of articles, also in terms of preference whether participants want to go on the trip or not,

program which is on the website. We do not send postal cards anymore, we distribute invitations through email and practically does not broadcast in the form of a letter. I used to call to participants and invite them, organisers can see that sometimes that paid off.

Mgr M. Zakrzewska:

More important nowadays are sponsorship marketing, social media, Facebook, Twitter, for a greater share of the Conference, speakers are more interactive – I mean they can conduct their speech by streaming.

Q:What's on your opinion helps and what hinders the process of organization in the era of the digitization?

Prof. T. Bernat:

Helps: computer systems make whole process easier, also the possibility of applying electronic systems.

Does not help: not all organisers are prepared to use such systems.

Mgr M. Zakrzewska:

Helps: network access multi-lane makes it easier to computerize the universities,

Does not help: hard find people who are experts in the use of the Internet for promotional purposes

Dr J. Korpysa:

Helps: enter the system and perform needed actions in the same time not wasting the time for meetings with the people who are

responsible for the various actions.

Does not help: no ability to use the system

Q: Have you ever used other forms of dissemination of information about the Conference than dispatch. If so, what kind of?

Prof. t. Bernat: Paper, individual contact personal

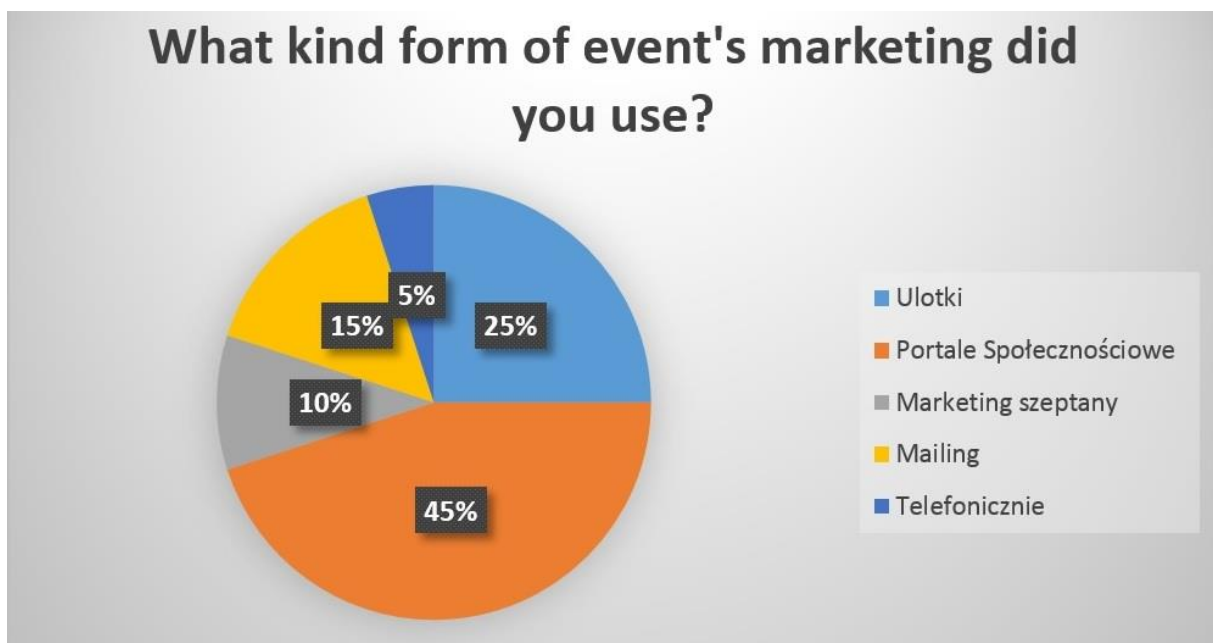
Mgr M. Zakrzewska: Social Media

Dr J. Korpysa: by letters, personal contacts ringing

Chart 1:



Chart 2:



As demonstrated by research carried out on the 100 people - economy students aged 20 to 26 years is a generation strongly associated with the life of the network. Most respondents gain information found on the Internet, that is where young people are mainly looking for info about upcoming events or conferences. The lower

average age of organisers of event the higher efficiency of organization process. The young generation know perfectly how to use social media. In the study, up to 45% of respondents use social media to distribute information related to the event that we organise.

Conclusion

Digitization has a significant impact on the development and the work of the authorities responsible for the organisation. It is clear from interviews and surveys that digitalization has its good and bad sides. Younger students cannot imagine the hard work that once was the organization. Today, with the help of the electronic system it significantly faster and easier to work, however, as we can observe is not ideal. Users are not entirely prepared to take full advantage of its capabilities, the system itself contains many flaws, despite faster contact with a potential participant, Organiser is still having problems with finding a person's personal information because not all systems have integrated searching engines (such as alphabetical search). Silver generation of organisers have quite a lot of problems with the implementation of the new system, they does not feel comfortable enough receiving an invitation via e-mail. Depending on the country the digitalization system has a completely different rate thus causes further dissension among representatives of the country concerned. The rush of the world requires us to gain skills and flexibility in the changes that are coming and they are inevitable. However, the most important question is how to reconcile tradition. In the University environment, the objectives are to keep conventionality and not to offend anyone and thus make it easier to work, accelerate it and at the same time reduce the mail's way between the organizer and the participant. Today it is possible to make the Conference between different towns, countries through the use of

streaming. Precisely such a method was used for the Fourth International Conference on management in the 21st century organized by the student scientific circle AS operating at the Department of Economics at the Faculty of Economics and Management.

The students organized the presentation for person who had no possibility to be physically on the Conference, for such a case streaming was used. Innovative and common methodology allowed not only to chat with her but also gave possibility to see her and at the same time her presentation. When such performance was finished audience was able to conduct a brief discussion with the author because both sides were perfectly seen and heard. The upcoming generation is mobile and really flexible. That is what happens when internet resources and appropriate applications are available to event organisers. But is this one particular example is enough for implementing electronic system into each conference that they have each Conference will take place using electronic system?

If in the future the answer will be 'Yes' this will mean that behaviourally digitizing reached not only daily life but also situational one.

Source:

Source: Interview with the organizer of the event inSPIRATION;

Sources:

Source: Interview with prof. Tomasz Bernat, dr Jarek Korpysa and mgr Małgorzata Zakrzewska

from the Department of Economics, Faculty of Economics and Management;

Source: Out-of-date photos of documents taken from the “Międzynarodowy Zjazd Katedr Ekonomicznych” organization of Szczecin University;

Source: Out-of-date invitation IV International Conference scientific circles AS;

Source: Own research - survey of college students.

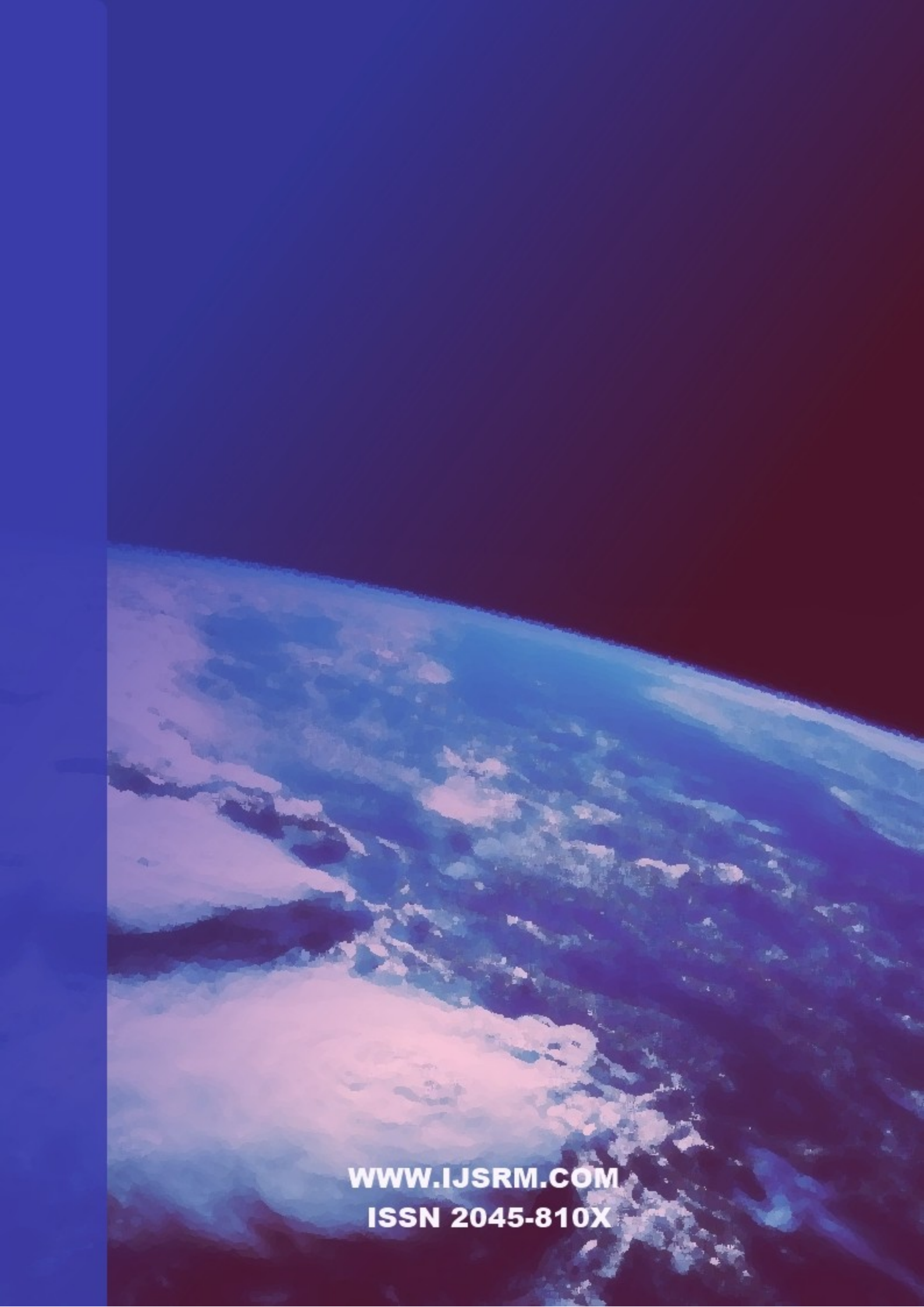
Source: STUDENTS' ATTITUDES TOWARDS USAGE OF SOCIAL MEDIA IN LEARNING PROCESS: A COMPARATIVE STUDY OF CROATIAN AND GERMAN STUDENTS, Nikola Draskovic, PhD Rochester Institute of Technology Croatia

Ana Kustrak Korper, MA, MBA Zagreb School of Economics and Management, Katharina Kilian-Yasin, PhD University of Pforzheim

Source:

<http://dictionary.cambridge.org/dictionary/english/conference>

Source: Teaching, Learning, and Sharing: How Today's Higher Education Faculty Use Social Media April 2011 Mike Moran Chief Strategist Converseon Jeff Seaman, Ph.D. Co-Director, Babson Survey Research Group Babson College Hester Tinti-Kane Director of Online Marketing and Research Pearson Learning Solutions, PEARSON



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