

International Journal of Sales, Retailing and Marketing

Contents:

RETAIL THERAPY: WORKER DISPLACEMENT AND RE-EMPLOYMENT IN THE UK

Geraint Johnes

ETHICS AND ENTERTAINING IN BUSINESS: A QUALITATIVE AND QUANTITATIVE INTERNATIONAL STUDY

Boyer, S. L. and M. Rodriguez

ESTIMATES ON ELECTRONIC COMMERCE DEVELOPMENT IN BOSNIA AND HERZEGOVINA

Faruk Unkić; Džemal Kulašin and Haris Hojkurić

SOCIAL ECONOMY IN THE FUNCTION OF LONG-TERM SOLUTION OF SOCIAL PROBLEMS IN BOSNIA AND HERZEGOVINA

Slavko Simić; Rajko Macura and Erol Mujanović

MOBILE SHOPPING SITE ATTRIBUTES CREATING USER VALUE AND SERVICE SATISFACTION

Kiseol Yang; Jiyoung Kim; Yurianna Castillo and Yi-Ling Tsai

EDITORS

Professor Lazo Roljić, Ph.D. – Editor in Chief
University of Vitez, Bosnia and Herzegovina
lazo.roljic@unvi.edu.ba

Professor Claudio Vignali, Ph.D. – Editor for the UK
Professor of Retail Marketing Management
Leeds Metropolitan University, UK
c.vignali@leedsmet.ac.uk

Professor Bernd Hallier, Ph.D. – Editor for Retailing Managing Director of EHI Retail Institute
President of The European Retail Academy
pasternak@ehi.org

Dr. Anastasia Konstatopoulou – Editor for Marketing and Small Businesses
Associate Dean, The University of Edge Hill, Liverpool, UK
Anastasia.konstatopoulou@edgehill.ac.uk

Professor. Alaa Soliman – Editor for Economics
Leeds Beckett University, UK
a.sloiman@leedsbeckett.ac.uk

Associate Professor Mirko Palić, Ph.D. – Editor for Central and Eastern Europe
Marketing Department, Faculty of Economics and Business,
University of Zagreb, Croatia
mirkopalic@gmail.com

The articles published are indexed / referenced in CABELL's Library,
EBSCO, SCOPUS and ZETOC (British Library).



www.ijprm.com
ISSN 2045-810X

International Journal of Sales, Retailing and Marketing is published by:

Access Press UK
1 Hillside Gardens
Darwen, Lancashire, BB3 2NJ United Kingdom

EDITORIAL BOARD

Edin Arnaut University od Vitez	Economic Theory&Policy	e_arnaut@yahoo.com
Darko Tipuric Zagreb University Croatia	Management	dtipuric@efzg.hr
G.Orange Circle UK	Information systems	g.orange0153@gmail.com
Gianpaolo Vignali Manchester University UK	Fashion Marketing	gianpaolo.vignali@manchester.ac.uk
Daniela Ryding Manchester University UK	Fashion	Daniela.ryding@manchester.ac.uk
Bernd Britzelmaier Pforzheim University, D	Finance	bernd@britzelmaier.de
Tomasz Wisniewski Szczecin University Poland	Accounting and Finance	t.wisniewski.pl@gmail.com
Enrico Bonetti the University 2 Naples Italy	Services management	enrico.bonetti@unina2.it
George Lodorfos Leeds Met University UK	Strategic management	G.lodorfos@leedsmet.ac.uk
Alberto Mattiacci La Sapienza Rome Italy	Marketing and Business	alberto.mattiacci@uniroma1.it
Leo Dana The University of Montpellier France	Entrepreneurship	professordana@hotmail.com
Hans Rudiger Kaufmann University of Nicosia	SME	kaufmann.r@unic.ac.cy
Carmen.R. Santos University Leon Spain	European consumerism	Carmen.santos@unileon.es
Dolores Sanchez Bengoa Uni Vilnius	Cross Culture management	sanchezl@cytanet.com.cy
Michael Fass Uni of Glos. UK	Action Research	mfass@glos.AC.UK
Tomasz Bernat Uni of Szczecin Poland	Microeconomics	kontakt@tomaszbernat.pl
Mitsunori Hirogaki Kushimo University Japan	Japanese management	hirogaki@Kushiro-pu.ac.jp
Madalena Pereira Uni Beira Interior Portugal	European fashion	madaper@gmail.com
Iga Rudawska University of Szczecin Poland	Health marketing	igita@wneiz.pl
Carsten Barsch HDBW Germany	European Business	carsten.barsch@unvi.edu.ba
Edyta Rudawska Szczecin University Poland	Marketing development	edyta@rudawska.pl
Kreiso Znidar Prizma Zagreb Croatia	Marketing Research	kresimir.znidar@prizmacpi.hr
Martin Samy Leeds Met University UK	CSR	m.a.samy@leedsmet.ac.uk
Katarzyna Byrka-Kita Szczecin University, Pl	Finance in marketing	k.byrka-kita@wneiz.pl
S.Henderson Leeds Met University UK	Events marketing	s.henderson@leedsmet.ac.uk
Aftab Dean Leeds Met UK	Statistics	a.dean@leedsmet.ac.uk
Dominique Gerber Chur University Switzerland	Leisure and tourism	dominiquerolnad.gerber@htwchur.ch
Gianpaolo Basile University of Salerno Italy	Literature development	gibasile@unisa.it
Antonio Feraco Nan Yang University Singapore	Development	Antonio.feraco@gmail.com
Barry Davies University of Gloucestershire UK	Research methods	bdavies@glos.ac.uk
Vitor Ambrosio ESHTe Portugal	Religious Tourism	vitor.ambrosio@eshte.pt
Razaq Raj Leeds Met University UK	Events and tourism man.	r.raj@leedsmet.ac.uk
Tahir Rashid Salford University UK	Islamic marketing	t.rashid@salford.ac.uk
Juergen Polke Gloucestershire University	Project development	polke@gbsco.com
Marija Tomašević Lišanin, Univ. of Zagreb	Sales	mtomasevic@efzg.hr
Charbel M. El Khoury, Holy Spirit Univ of Kaslik	Retailing	charbelmelkhoury@usek.edu.lb
Ravi Kandhadai	Marketing	drravikandhadai@gmail.com
Ivan Kovač	Retailing Management	ivankovac@efzg.hr

SUBSCRIPTION FEES

2019 subscriptions are available in a number of major currencies. Exchange rates and prices will be held throughout 2019.

Subscription fees per volume are:

\$US 300
£Stg 150
\$Aus 370
€ 210
SFr 345
¥ 33,740

Individual journal editions can be purchased at the following prices:

10 Journals @ £15 per journal
20 Journals @ £10 per journal
50 Journals @ £7 per journal

Subscription information is available from the Publishers at:

Access Press UK
1 Hillside Gardens Darwen Lancashire
BB3 2NJ UK
+447815737243

Reproduction Rights

The publishers of the International Journal of Sales, Retailing and Marketing have granted, free of charge, unlimited photocopying and other reproduction rights to subscribers, for teaching and study use within the subscribing organization. Authors may also photocopy or otherwise reproduce their particular case from The International Journal Sales, Retailing and Marketing, subject to an acknowledgement of publication and copyright details.



CONTENTS

RETAIL THERAPY: WORKER DISPLACEMENT AND RE-EMPLOYMENT IN THE UK.....	7
<i>Geraint Johnes</i>	
ETHICS AND ENTERTAINING IN BUSINESS: A QUALITATIVE AND QUANTITATIVE INTERNATIONAL STUDY	14
<i>Stefanie L. Boyer and Michael Rodriguez</i>	
ESTIMATES ON ELECTRONIC COMMERCE DEVELOPMENT IN BOSNIA AND HERZEGOVINA.....	25
<i>Faruk Unkić; Džemal Kulašin and Haris Hojkurić</i>	
SOCIAL ECONOMY IN THE FUNCTION OF LONG-TERM SOLUTION OF SOCIAL PROBLEMS IN BOSNIA AND HERZEGOVINA.....	34
<i>Slavko Simić; Rajko Macura and Erol Mujanović</i>	
MOBILE SHOPPING SITE ATTRIBUTES CREATING USER VALUE AND SERVICE SATISFACTION.....	44
<i>Kiseol Yang; Jiyoun Kim; Yurianna Castillo and Yi-Ling Tsai</i>	



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 sales, retailing, and marketing. In this issue we are proud to present five original research papers from the United Kingdom (1), USA (2), and Bosnia and

Herzegovina (2). The contributing authors published next interesting researches:

Study on the labor market transitions of workers displaced from jobs in the retail sector and re-employment in retailing and other sectors;

Examination of business schools students from USA and France in their perception the relationships between Entertainment Orientation and Internal/ External Bonding on sales performance.

Investigating the most important preconditions for the development of e-commerce and most important factors which under certain assumptions affects the successful development of e-commerce;
Analyzing the policies and measures in developed countries and the state, problems and examining opportunities of one undeveloped country for employment of hard-to-employ categories;
Examining mobile shopping site attributes that deliver values to customers and ultimately lead to mobile shopping service satisfaction;
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 in chief

*Lazo Roljić, PhD, professor
lazo.roljic@unvi.edu.ba*

RETAIL THERAPY: WORKER DISPLACEMENT AND RE-EMPLOYMENT IN THE UK

Geraint Johnes

Lancaster University Management School
Lancaster LA1 4YX
United Kingdom

October 2018

Abstract

Technological changes are impacting severely on the retail sector. In contrast to many other industries, recovery of the jobs market in this sector since the 2008 recession has been extremely sluggish. In the United Kingdom there have been several corporate failures and major restructures that have generated large scale redundancies, posing questions about the future of the high street. This paper examines the labour market transitions of workers displaced from jobs in the retail sector. Many return to work quite quickly, but most of these find new employment outside retail. Individual characteristics associated with a speedy return to work are examined in a competing risks framework.

JEL Classification: J63, J64, L81

Keywords: retail, job turnover, duration analysis

Without implication, the author thanks Richard Harper, Gill Hopkinson and participants at an Institute of Social Futures event at Lancaster, October 2018, for useful comments on an earlier version of this paper.

INTRODUCTION

The advent and advance of online commerce, combined with the effects of a severe recession, have had a particular impact on the retail industry. Depending on perspective, this impact is transformational or traumatic. As online purchasing has increasingly become the norm, the viability of traditional high street shops has come into question. This has widespread implications, ranging from the role of central business districts in providing community identity through the labour market implications for those workers displaced from employment.

It is this last issue that forms the subject of this paper. In the first few months of 2018, several thousand jobs have been lost in the retail sector in the United Kingdom following company collapses or restructures. These have included several major chains such as Maplin, Poundworld, House of Fraser, and Marks and Spencer. Yet retail goods and services are still being bought and sold. As high street stores vanish, large distribution centres appear. These

provide alternative employment for some displaced workers, but by definition wholesale facilities are geographically more lumpy than retail; while such centres provide major employment opportunities in a few places, the loss of retail jobs is more spatially widespread. Little is known, however, about how workers displaced from employment in the retail sector adjust – how quickly they regain employment, the sectors in which they find new work, or the characteristics of workers that are most (or least) successful in managing the transition. This paper aims to fill that gap, drawing on both published data and statistical analysis of microdata from the Labour Force Survey.

The remainder of the paper is structured as follows. The next section provides a brief review of salient literature. This is followed by empirical analysis. The main findings are then pulled together in a short concluding section.

Received Literature

The high street has faced numerous challenges in recent decades, notably the creation of out-of-town malls and the growth of e-commerce and online shopping. Several studies, investigating the fortunes of different shopping centres in Britain, have been conducted, leading to insights concerning the characteristics that offer such centres resilience (Wrigley and Dolega, 2011; Deloitte, 2014; Department of Business, Innovation and Skills, 2014). The evidence suggests that centres located in a relatively thriving local economy, and large centres with a wide catchment area have tended to perform relatively strongly. There is some indication of a north-south divide, with centres in the south being more resilient than those elsewhere. Relatively weakly performing centres do not appear to be helped by offering a diverse portfolio of stores. Over the period of recession, declines were observed particularly in either generalist shops (department stores) or specialist shops offering luxuries and consumer durables; there are exceptions, however – for example, stores specialising in mobile telephony thrived as technological change led to increased demand for these products. Meanwhile small convenience stores – particularly the smaller outlets of grocery chains, often opened as a means of finessing Sunday trading laws - have flourished in town centres. Coffee shops too have fared relatively well. This has led some observers to argue that it is more accurate to describe the high street as being in a state of flux rather than in decline; while that is a somewhat maverick view, it does serve to emphasise that the decline is nuanced.

Shopping centres have responded to the challenge posed by these changes in several ways, notably through the development of facilities, such as catering, that allow customers to regard shopping trips as leisure activities (Jones, 1999; Howard, 2007). Nevertheless, the rate of decline of traditional retail is noteworthy, and has clear labour market implications that have included significant redundancies (Butler, 2018). The labour market aspect of the challenge facing retail has received relatively little attention in the literature, however, and this forms the subject of the next section.

Analysis

Figure 1 illustrates the change in job numbers in the retail and wholesale sector and compares this with corresponding data on all jobs in the economy over the period since 1995. Over this period there has been a 6.9% increase in the number of jobs in retail; since the start of 2001, however, there has been no gain. In contrast, the total number of jobs in the economy has risen by 26.0%. In the years to 2000, the lines are roughly parallel. Growth in distribution flattened out somewhat in the years leading up to the 2008 recession. The recession then hit jobs in distribution particularly hard – falling from a high of 5.1 million in the first quarter of 2008 to 4.8 million in mid-2011. Some 38% of all jobs lost in this period were in distribution, despite the fact that the sector only accounts for about 16% of the total number of jobs in the economy. Since 2011 employment growth in the economy as a whole has been strong, but in distribution it has virtually flatlined – and since mid-2016 it has declined.

The flattening of the line for distribution around the turn of the century is consistent with the advent of online shopping services. The severe shake-out of distribution jobs during, and slow recovery since, the recession is consistent with the demise of zombie firms that had struggled to sustain themselves up to that point.

Figure 2 shows the time path of redundancies in the distribution sector, and compares this with the picture for the economy as a whole. The series for wholesale and retail coincides with that observed for the whole economy during the recession, but otherwise generally lies below. This confirms that the distribution sector was particularly hard-hit by the recession.

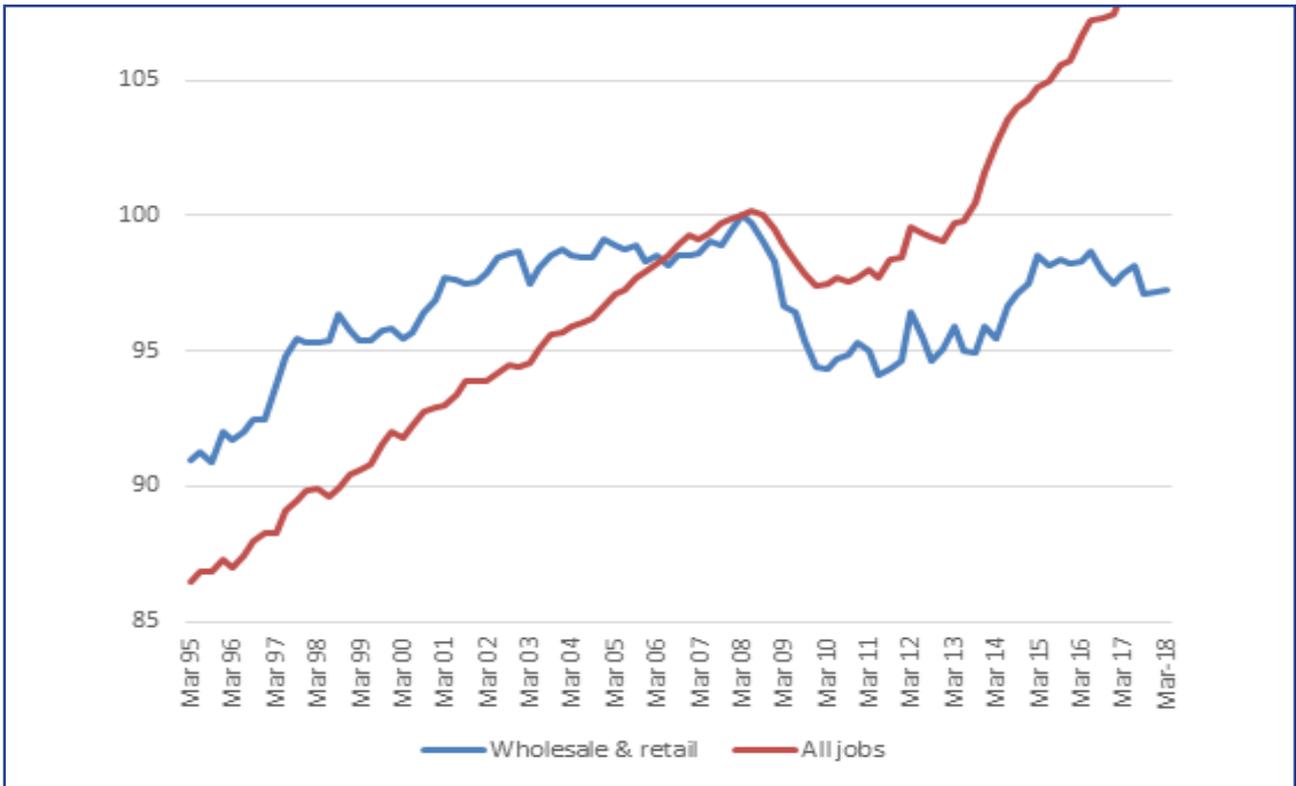


Figure 1 Total jobs and jobs in distribution, UK, 1995-2018 (index)



Figure 2 Quarterly redundancies in distribution and all industries, UK, 2001-2017 (index)

A relevant question thus concerns the destinations of workers in the distribution sector that are displaced. Many will suffer spells of unemployment, but what determines how long such spells last and what their ultimate destination will be? To examine this, we use longitudinal data from the Labour Force Survey (LFS) to evaluate a variety of duration models where, for retail sector workers becoming unemployed, the hazard of escape from unemployment into various

regimes – including return to work (i) in or (ii) out of the retail sector – is examined over the entire length of individuals’ appearance in the panel¹.

¹ The data were provided by the UK Data Archive, and analysed using the st suite of survival analysis routines in Stata.

Once selected to participate in the LFS, households remain in the sample for five quarterly waves of the survey, forming a rolling panel. We select workers whose first wave is between the second quarter 2012 and the first quarter of 2017 – that is, five full years of entrants into the survey - who, in their first wave, are employed in the retail sector (SIC 47), and who either switch to a job in a different (three digit) industry or become unemployed in one of their subsequent waves. Some of the latter subsequently re-enter employment before their final wave – either in the retail sector or in some other industry, and the survey provides information about these. Others will remain unemployed, and (since they might re-enter employment after the fifth wave) these observations must be treated as right censored.

Our focus is on modelling how quickly workers with different characteristics return to employment, and on how these characteristics explain the propensity with which that employment is in the same (retail) sector as they have left.

The sample comprises some 775 workers who, at the start of their engagement with the LFS are working in the retail sector and who move from their initial employment over the subsequent four quarters. Descriptive statistics for the main variables of interest in the analysis appear in Table 1. Other than age (which is measured in years) all variables are binary. The education variables signify the highest level of education completed.

Table 1 Descriptive statistics

variable	mean	standard deviation
male	0.3910	0.4883
age	39.2710	16.9952
degree	0.2000	0.4000
A level	0.3626	0.4811
GCSEs	0.2542	0.4357
white	0.9368	0.2435
London	0.0658	0.2481
manager	0.1226	0.3282
unhealthy	0.1368	0.3438

Around 64% of the sample of 775 workers (some 493) regain employment within their period of engagement with the LFS; the residual 282 workers remain unemployed at the end of their engagement with the survey (and are therefore right censored). To examine the factors that influence whether (and how quickly) workers return to employment, we estimate a Cox (1972) proportional hazards model. This allows construction of a baseline cumulative hazard (Figure 3) which shows the probability of escape from unemployment as a function of the time since last employed and a survivor function (Figure 4) which shows the probability of remaining in unemployment, again as a function of the time elapsed since last in work. As expected, the cumulative hazard rises (and the survivor function falls) over time, indicating that more displaced workers succeed in escaping unemployment as time passes. The horizontal axis in each graph is measured in days since displacement; changes in the probability of escape come in discrete jumps because employment status is measured only at quarterly intervals.

The hazard depicted here is known as a baseline because it can be shifted up or down by a variety of co-factors – in this case describing characteristics of the displaced worker. Hence, for example, we might expect the probability with which a worker regains employment quickly to depend upon the worker's age, gender, qualifications, ethnicity, health, occupation, or region of residence. The hazard ratios reported in Table 2 show how these variables affect the probability of escaping unemployment; values exceeding unity indicate a higher probability of escape while those below unity indicate a lower probability of escape.

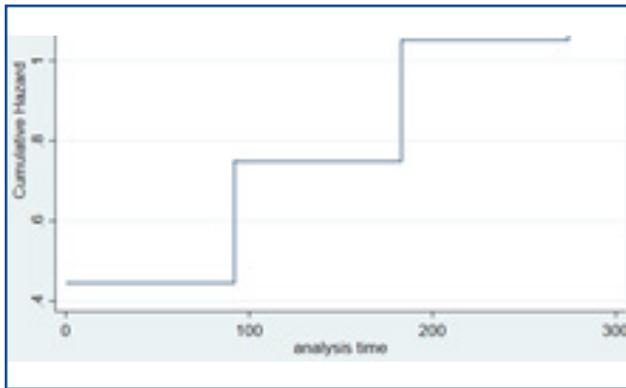


Figure 3 Cumulative baseline hazard

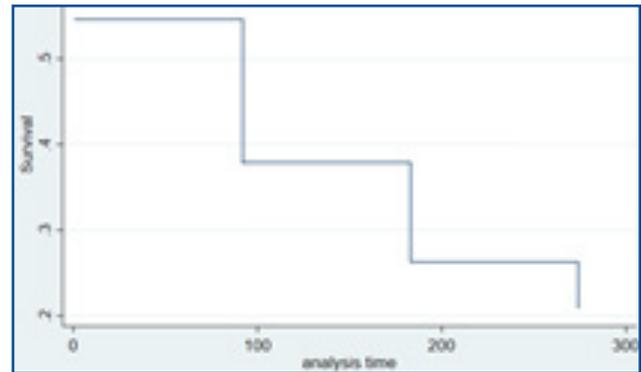


Figure 4 Survivor function

The results indicate that male workers, younger workers, and workers with a degree have a higher probability of escape from unemployment than do others, and the effect is statistically significant. Being a manager also increases the probability of escape, as does being healthy – although the estimated hazard ratios in these cases are significant only at generous levels. Ethnicity appears to have no effect.

The above results provide new information about the propensity with which displaced workers with different characteristics find new employment. Equally interesting, however, is the question of the propensity with which their new jobs are in the retail sector. This can be analysed by extending the duration analysis reported above in such a way as to accommodate competing risks (Fine and Gray, 1999).

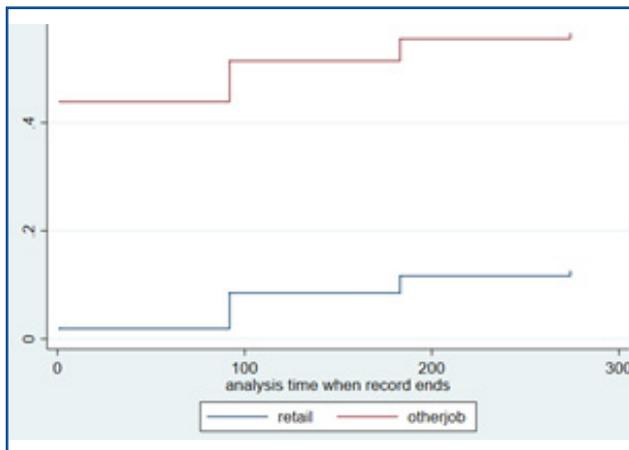
Table 2 Results of Cox proportional hazards model: escape from unemployment

variable	hazard ratio
male	1.1935 (2.26)**
age	0.9892 (4.08)***
degree	1.3228 (1.86)*
A level	1.0066 (0.04)
GCSEs	1.0948 (0.60)
white	1.1570 (0.79)
London	0.8802 (0.72)
manager	1.1138 (1.07)
unhealthy	0.8500 (1.17)
number of observations	775
log pseudo likelihood	-3349.36

Note: z values in parentheses. ***, ** and * denote significance at 1%, 5% and 10% respectively.

Of the 493 workers in our sample that gain new employment within the time frame of their engagement with the LFS, some 96 move (possibly after a spell out of work) to another job in retail; the remaining 397 move (again possibly after a spell out of work) to a job outside the retail sector². So it appears that, while displaced workers in this sector are quite successful at finding alternative employment, only a minority do so in retail. Given the flatlining of the retail jobs series reported in Figure 1, this is perhaps not surprising.

Figure 5 shows the cumulative incidence functions associated with the outcomes of escape from unemployment into, respectively, a job in retail and a job elsewhere. While both functions rise with elapsed time (of course they cannot fall), the probability of securing employment outside the retail sector is considerably higher than that of doing so within the sector. A widening of the gap between the two lines would be consistent with displaced workers initially searching for employment in the retail sector, switching to a broader search strategy only as their unemployment spells lengthened – however we do not observe such a phenomenon, and it seems that displaced workers quickly recognise the opportunities in other sectors.



² Of these, most end their period in the LFS sample working in health and social services (15.5%), miscellaneous services (14.2%), education (11.7%), or manufacturing (11.7%). Other common destinations include transport (11.3%), hospitality (9.6%) and finance and real estate activities (7.9%). In several of these destinations, workers may be utilising customer relations skills used also in retail. Omitting from the analysis those aged under 25 (who may never have regarded retail as their ultimate occupational destination), the corresponding percentages are 17.9, 11.5, 9.6, 13.5, 15.4, 6.4 and 7.7.

The subhazard ratio estimates obtained from the competing risks model are reported in Table 3. These indicate that the significant impacts attributed to gender and age in Table 2 are primarily due to entry into sectors other than retail. Indeed none of the cofactors is significant in the equation for the retail sector – and gender is significant in the equation for other sectors only at generous levels. Subject to the caveat that the estimates are not statistically significant, an interesting observation from the results in Table 3 concerns the region in which respondents are located – compared to those living elsewhere, those in London appear to be more likely to gain employment in retail and less likely to gain employment in other sectors.

variable	subhazard ratios for competing risk = employment in retail	subhazard ratios for competing risk = employment in other sector
male	1.0300 (0.12)	1.1478 (1.47)
age	1.0004 (0.05)	0.9885 (3.70)***
degree	1.3825 (0.75)	1.2136 (1.12)
A level	1.3494 (0.69)	0.9628 (0.23)
GCSEs	1.6341 (1.14)	1.0405 (0.24)
white	1.1136 (0.20)	1.1380 (0.60)
London	1.4658 (0.88)	0.8138 (0.94)
manager	1.2849 (0.66)	1.0754 (0.52)
unhealthy	0.5808 (1.27)	0.9452 (0.38)
number of observations	775	
log pseudolikelihood	-640.73	-2837.83

Table 3 Results of Fine and Gray competing risks model: escape from unemployment

CONCLUSION

The retail industry is undergoing dramatic change. This has clear implications for workers currently employed in this sector. Numbers of jobs in retail have stagnated in recent years; while the sector has struggled to recover from the 2008 recession, the genesis of the change can be traced to a few years before that. Most workers displaced from employment in the retail sector find new jobs reasonably quickly, but most of these are in other sectors – and this may be particularly true for workers located outside London. Men and younger workers are particularly advantaged in their search for new employment, particularly outside the retail sector. There is also some evidence that those with experience of management and those in good health are better placed to find new employment than are other displaced workers.

REFERENCES

- Butler, Mark (2018) A pick and mix approach to collective redundancy: USDAW, Industrial Law Journal, forthcoming.
- Cox, David (1972) Regression models and life tables, *Journal of the Royal Statistical Society B*, 34, 187-220.
- Deloitte (2014) The changing face of retail: where did all the shops go? Available online at <https://bit.ly/2jpGbkc>, accessed 11 July 2018.
- Department of Business, Innovation and Skills (2014) Policy implications of recent trends in the high-street/retail sector, BIS Research Paper 188. Available online at <https://bit.ly/2zslUWr>, accessed 11 July 2018.
- Fine, Jason and Robert Gray (1999) A proportional hazards model for the subdistribution of a competing risk, *Journal of the American Statistical Association*, 94, 496-509.
- Howard, Elizabeth (2007) New shopping centres: is leisure the answer?, *International Journal of Retail and Distribution Management*, 35, 661-672.
- Jones, Michael (1999) Entertaining shopping experiences: an exploratory investigation, *Journal of Retailing and Consumer Services*, 6, 129-139.
- Wrigley, Neil and Les Dolega (2011) Resilience, fragility and adaptation: new evidence on the performance of UK high streets during global economic crisis and its policy implications, *Environment and Planning A*, 43, 2337-2363.
- Previšić, J.; Ozrešić Došen, Đ. (1999), *International marketing*, Zagreb, Masmedia.
- Pupavac, D. (2006), *Ethics Management*, Veleučilište, Rijeka.
- Rajkov M., Sajfer Z. (1996), *Human side of management*, FON, Beograd.
- R. Duane Ireland, Robert E. Hoskisson, Michael A. (2011), *The management of strategy: concepts and cases / Hitt*. 9th ed., international ed. South-Western, Cengage Learning, cop.
- Robbins S., Dupree J. (2001), *Organizational Behavior: instructor's resource manual*, Prentice Hall.
- Stacey, R. D. (1997) *Strategic management and organizational dynamic*, Mate, Zagreb.
- Sikavica, P. & Bahtijarević-Šiber F. (2012), *Management*, Masmedia, Zagreb.
- Sikavica, P. (2011), *Organisation*, Školska knjiga, Zagreb.
- Sendić R. (2010), *Market entry strategies*, Sarajevo.
- Stopford, J.M., Baden-Fuller, C.W.F. (1994), *Creating corporate entrepreneurship*, *Strategic management journal*, Vol. 15, 522.

ETHICS AND ENTERTAINING IN BUSINESS: A QUALITATIVE AND QUANTITATIVE INTERNATIONAL STUDY

Stefanie L. Boyer

Associate Professor
Department of Marketing
Bryant University 1150 Douglas Pike
Smithfield, 02917 Rhode Island, USA

Michael Rodriguez

Ph.D. (Stevens Institute of Technology), Lecturer
Campbell University
Lundy-Fetterman School of Business
Campbell University, Buies Creek, North Carolina
mrodriguez@campbell.edu

Abstract

Student expectations of entertaining have ethical implications for business in the global workforce. This two-part study examines entertaining from an international workforce perspective. A content analysis of 55 French and American graduating business students illustrates cultural differences in ethical challenges of entertaining related to boundaries, drinking, resources and bribes. Utilizing Partial Least Squares (PLS) and Hofstede's model as a framework, we analyzed the data from 228 American and French business school students and examined the relationship among internal bonding, perceived sales performance and entertaining orientation. Study two finds that entertaining behaviors have ethical implications in international business development in both samples. Therefore, onboarding training should address ethical standards across cultures from entertaining perspectives.

Keywords: *entertainment, Hofstede, cultural dimensions, relationship marketing, social exchange theory.*

INTRODUCTION

In today's global marketplace, sales organizations utilize relationship-building activities such as entertaining to conduct business and connect with customers from other countries and cultures at a more personal level. These social activities include having breakfast, lunch, dinner, or cocktails, or sharing in an experience such as a musical or sports event. Entertainment accounts for at least 6% of annual travel and entertainment spending for businesses (Concur, 2012). Due to the melting pot environment in the United States, individuals from across diverse ethnic backgrounds, countries and cultures influence how business is conducted. Entertaining guests from other countries and backgrounds provides an intriguing and unique experience, enabling sales professionals to gain a better understanding of their guests' needs (Finn and Moncrief, 1985). Cultural norms differ when conducting business over dinner or cocktails, yet minimal training on these differences and ethical

standards is provided, which can create legal implications for the company (Bordwin, 1994).

This misunderstanding and miscommunication of ethical standards can create a dissatisfied and hostile work environment (Bellizzi and Hasty, 1984).

The purpose of this research is to identify how entertaining impacts business, considering global and ethical impacts from the perspective of students entering the workforce. Both qualitative and quantitative analysis illustrates the current state in a multinational study of college students.

STUDY ONE

To gauge future business leaders' expectations of entertaining and potential ethical implications in the workforce, we conducted a content analysis. This exploratory method provides rich social context, too often overlooked in qualitative research (Vargo and Lusch, 2004).

Methodology

Seniors in French and American business schools were sent electronic surveys during class asking them to respond to the question, "What are some possible ethical issues that may arise while entertaining for business?" Students were given the following definition of entertaining: "Social occasions utilized by business and sales professionals to gain insights or better understanding of a prospect's or customer's wants, needs and problems." A total of 55 surveys were returned out of 60 surveys sent, a 91.6% response rate. Participants were 33 (60%) American students and 22 (40%) French students, and of that number, 36 (65%) were male and 19 (35%) female, with an average age of 22. At both business schools,

the percentage of male students is 60%; therefore, this sample aligns with the student population. To examine the data, a two-part method was deployed. First, NVivo 10 was used with the initial data to identify common themes and nodes present in the data. Several themes emerged related to inappropriate words, behaviors, decisions and intentions. Following this, two independent researchers examined the data to identify subthemes within the response set, a technique used by researchers exploring student data (Boyer et al., 2013). A third researcher was included to discuss the categorization of subthemes and any discrepancies were resolved through discussion. Finally, the data was separated by nationality to identify differences between French and American cultures.

Table 1 Content Analysis Results for U.S. and International Business Student Seniors: What are the possible ethical implications of entertaining in business

Theme	Subthemes	U.S.	French	Total	Percentage of total*
Inappropriate behavior		19	13	32	58%
	Boundaries	3	9	12	22%
	Excessive drinking	19	11	30	55%
	Waste of resources	7	--	7	13%
Inappropriate intentions		10	6	16	29%
	Bribe/pressure	11	4	15	27%
Inappropriate words		3	3	6	11%
Inappropriate decisions		3	1	4	7%

*A total of 55 students responded

Results and Discussion

Table 1 illustrates the findings from the content analysis. Four major themes emerged in the data, using NVivo: inappropriate words, decisions, behaviors and intentions. Independent coders found additional subthemes within the data set and the corresponding differences between French and American seniors in business school. Major subthemes identified include: boundaries, bribes/pressure, excessive drinking and waste of resources. Table 2 illustrates the categories, definition and examples of each categorization.

Table 2 Definitions and Examples of Ethical Implications of Entertainment in Business

Theme/ Subtheme	Definition	Example
Boundaries	Crossing a line that divides business with personal matters	"You may be muddying the waters between what is acceptable behavior from your client in a business transaction."
Bribe/pressure	Intention to persuade or pressure another party to act in one's favor in a dishonest way	"You could be seen as trying to buy the person's decision if you are competing with another company."
Excessive drinking	Consuming unreasonable amount of alcohol at work	"Overconsumption of alcoholic beverages leading to poorly reflect your organization and lead to termination of relationship."
Inappropriate behavior	Undesirable actions at work	"Feel too confident and have an inappropriate behavior / or make inappropriate offers."
Inappropriate decisions	Undesirable choices at work	"Entertaining can impair the client's judgment and make them more likely to agree."
Inappropriate intentions	Undesirable purpose or agenda at work	"Some clients may see it as attempting to "buy" their business with your entertainment."
Inappropriate words	Undesirable language at work	"People feel at ease and may say stupid things they regret after. It's not rare to hear discriminative remarks."
Waste of resources	Unnecessary spending of money, time or human capital	You can start abusing that power and using the company credit card to have a free meal and not discuss business.

Cultural differences emerged in four interesting subthemes: boundaries, bribes/pressure, excessive drinking and waste of resources. According to French students, about 40% suggested entertainment created far more ethical implications related to crossing boundaries between business and personal relationships by entertaining the client, as opposed to only 9% of American students. However, 58% of American students considered excessive consumption of alcohol would be an ethical implication while entertaining for business, while 50% of French students considered this a problem. This finding is interesting, considering Hofstede's cultural dimension of indulgence (1980). Americans rank higher on indulgence, which may resonate with students from the U.S. whose overindulgence in alcohol on the job could create this ethical challenge. Students from the U.S. (21%) also considered entertaining to be a waste of resources for the firm, while no students from France considered entertaining a waste of resources. Perhaps this is due to the more collective society

of France, compared to the more individualistic society of the U.S., according to Hofstede's cultural dimensions. Finally, 33% of American students considered bribes and pressure on the client a challenge during entertaining, while only 18% of French students felt bribes and pressure would be a result of entertaining. Again, this may be a result of Hofstede's cultural dimension of collectivism vs individualism, where spending time in a group and outside of work may be more acceptable in the collective culture (1980).

Since cultural differences exist in student perceptions of ethical impacts of entertaining, there is an opportunity to explore these differences and investigate the state of research on entertaining, in order to provide clarity to managers regarding where to start in onboarding. The findings related to boundaries, bribes/pressure and waste of resources illuminate differences between cultures related to internal (peers and management) vs external entertaining (clients and prospects). Previous

research (Rodriguez et al., 2015), explores these two forms of entertainment (internal and external) by salespeople in the US. Study two seeks to extend the sales entertainment literature by exploring whether cultural differences play a role in ethical expectations while entertaining in business.

HYPOTHESIS DEVELOPMENT

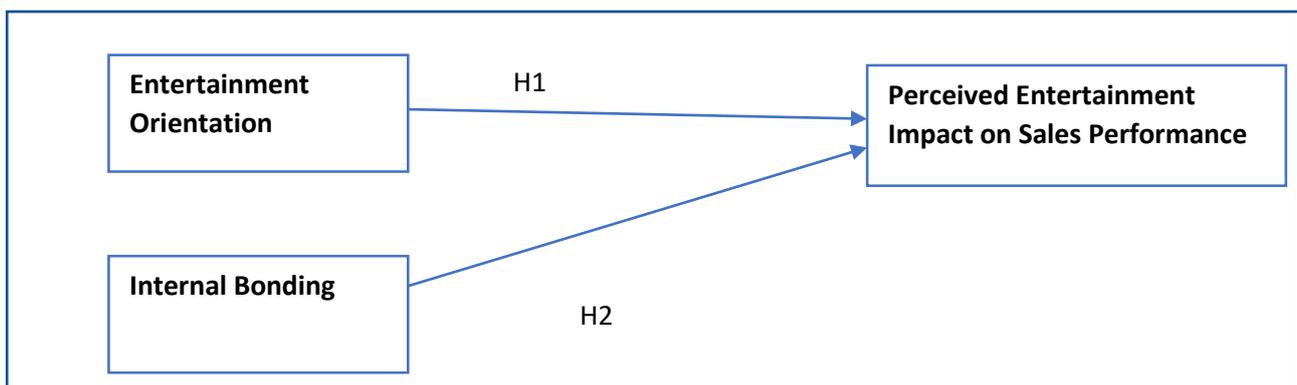
Relationship Marketing and Social Exchange Theory

The basic tenets of customer acquisition and retention are built on the fundamentals of relationship marketing, defined as “all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges” (Morgan and Hunt, 1994: 22). The extant research on relationship marketing suggests that building commitment with customers and prospects leads to improved sales performance (Moorman et al., 1992; Sirdeshmukh et al., 2002). Relationship marketing includes all activities in the sales process that enable professionals to build, nurture and retain connections with prospects and customers, including entertaining, and have a positive impact on seller performance (Palmatier et al., 2007). Entertaining is defined as “using social activities, such as taking customers to lunch or dinner, drinks, coffee, or sporting events, for the purpose of developing relationships with external stakeholders (clients or prospects)” (Rodriguez et al., 2015:260).

Social Exchange Theory (SET) reinforces the concept of entertaining in the sales process, defined as the “exchange of activity, tangible or intangible, and more or less rewarding or costly between at least two persons” (Homans, 1961: 13). Socializing involves interactions between individuals both personally and professionally that can influence one’s power on the relationship (Emerson, 1976; Cook and Emerson, 1984; Cook et al., 2006; Cook et al., 2013). Entertaining activities such as luncheons, cocktail hours, and dinners can build stronger relationships between seller and buyer, leading to potential revenue opportunities (Fu et al., 2009). This type of social exchange between buyer and seller can impact coalition formation, trust and positive emotions (Cook and Rice, 2003), leading to increased performance.

Building off the original research on entertaining conducted by Finn and Moncrief (1985), Rodriguez et al. (2015) examined the impact of entertaining orientation on perceived external bonding (social activities with clients and prospects) and internal bonding (social activities with colleagues and peers within the organization) related to sales performance. With both theories serving as the foundation, this study expands the conceptual model in Figure I and examines whether differences exist between the U.S. and France, utilizing two dimensions of Hofstede’s model: indulgence and collectivism.

Figure 1 Entertainment Orientation and Internal Bonding Model of Perceived Entertainment Impact on Sales Performance

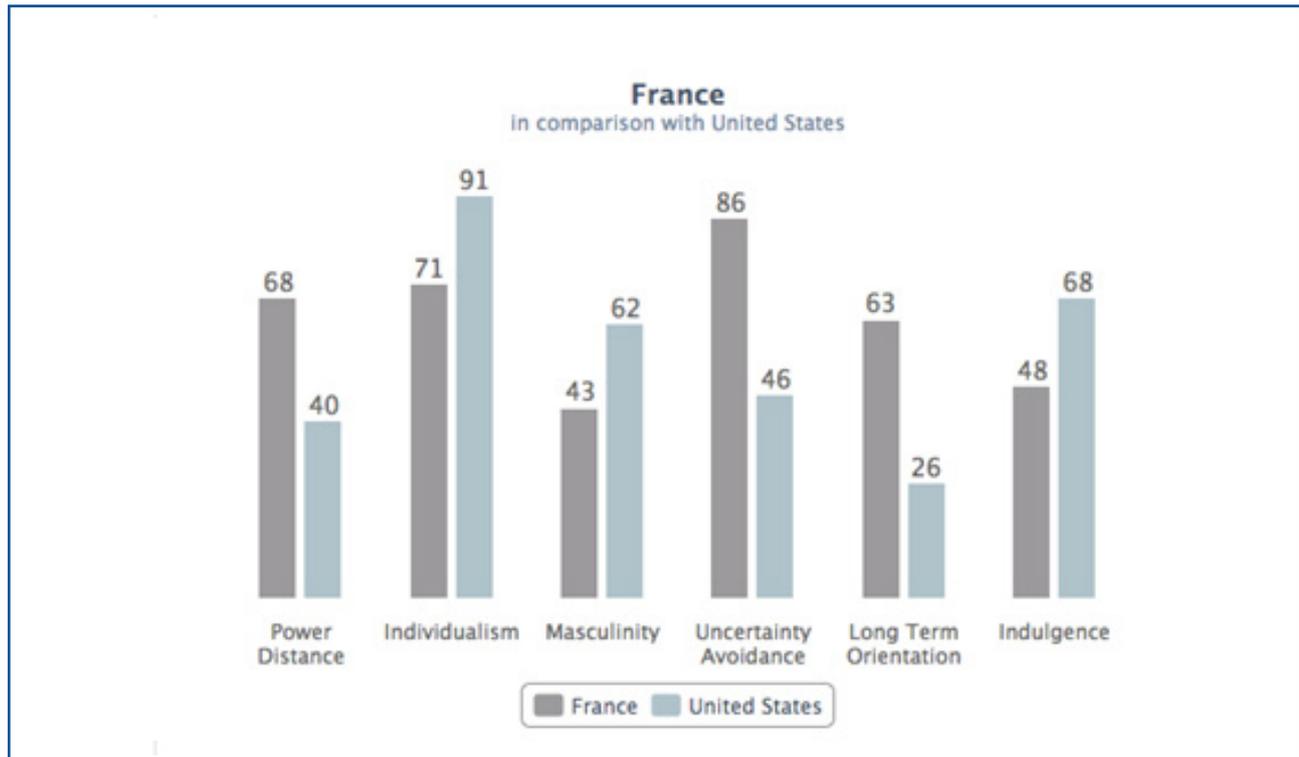


The primary focus of the study is to build on the entertainment orientation model by examining cultural differences between the U.S. and France. These two dimensions were chosen based on the content analysis, in-class discussion and parallels to those dimensions’ potential impact on socializing and entertaining. The following section provides more in-depth conversation on the two specific dimensions of indulgence and collectivism.

Hofstede’s Dimensions of Culture

Hofstede’s initial model included four dimensions of culture: Power Distance; Individualism-Collectivism; Masculinity-Femininity; and Uncertainty Avoidance (Hofstede, 1980). Two additional dimensions were then added to the framework: Long-Term (vs Short-Term) Orientation and Indulgence (Hofstede and Bond, 1988). The cross-cultural framework describes a society’s values and how differences in values relate to behavior. Figure II illustrates differences between U.S. and French culture, according to Hofstede.

Figure 2 Hofstede's Model of Cultural Dimensions: France vs. US.



The first dimension of focus for this study is Indulgence, which is defined as the extent to which a society allows gratification, outside of basic human needs, related to enjoying life (Hofstede, 2011). The opposite of indulgence is restraint. In restrained cultures, gratification is restricted and more controlled. Looking specifically at Indulgence, the score for the U.S. is much higher than French culture. Based on the higher score, American customers are more likely to seek gratification and indulge in entertainment-oriented activities such as dinners, golf outings or cocktails. Sales professionals utilize entertainment opportunities to develop closer relationships (Rodriguez et al., 2015). "A social event can predispose the buyer to be more receptive to subsequent sales overtures. It also increases awareness of the salesperson's product or services and, most importantly, of the sales rep as a person" (Geiger and Turley, 2005: 267). Though the measure generally describes the U.S. as a whole, past research has confirmed that entertainment plays a role in the sales process and has a positive relationship with sales performance (Lohtia et al., 2009; De Wulf et al., 2001; Finn and Moncrief, 1985; Rodriguez et al., 2015). Using Hofstede's model as a foundation and looking at the higher U.S. score of indulgence, we propose:

H1: The relationship between entertainment orientation and sales performance will be stronger for the more indulgent culture, the United States.

The second dimension considered is Individualism (versus Collectivism), which is defined as the level to which individuals are integrated into groups. In individualistic cultures, the focus is on personal achievements; those in collectivist societies are focused on working in harmony and as a cohesive group (Hofstede, 2001: 209). This suggests that there is some level of interdependence among members of a society, often expressed by an "I" vs "we" mentality. Countries that are higher in this dimension tend to look after themselves, while those on the lower end of the scale are more collective in nature and consider those who belong to their group. In Figure II, the U.S. scores 91 and France 71 in individualism, meaning that France is more collective. This collective association would indicate a greater need to form deep relationships with their peers at work. Rodriguez et al. (2015), identify this phenomenon as Internal Bonding, which is defined as "social activities used to engage internal members for the purpose of gaining trust, understanding needs, and/or gaining access to information" (261). As shown in past research, socialization among internal stakeholders (marketing service, management) contributes to future sales performance (Cropanzano and Mitchell, 2005). Using Hofstede's model of collectivism / individualism, we propose:

H2: The relationship between internal bonding and sales performance will be stronger for the more collective culture, France.

STUDY TWO

The focus of this study is to test the cultural relationship differences in student perception of Entertainment Orientation and Internal/External Bonding on Sales Performance.

Methodology

Data was collected using an online survey consisting of French and American business students. Participants were selected for the study based on several criteria: 21 years of age or older, minimum student standing as a senior, attending a French or American business school, from France or the United States, and currently enrolled in a business marketing or sales upper level course.

Sample

Student data was utilized for two reasons. First, the generation now entering the workforce will shape the business environment today and for years to come. By 2020, millennials alone will form 50% of the global workforce. Second, the new generation, now Gen Z, is different from those who have gone before, with different motivations and work attitudes (Rigoni and Adkins, 2016). With the potential for this generation to represent a large portion of the future workforce, and with different views, the findings will help sales managers develop guidance from an entertaining perspective. The sample for this study came from business marketing and sales classes in American and French business schools. An online survey yielded 228 participants out of 252 surveys sent (90.4% response rate). The sample included: 49% males, 55% French and 45% American, with ages ranging from 21-23 years.

Measures

All measures in this study were borrowed from previous research. Items were measured on a 7-point Likert scale with anchors of Strongly Disagree (1) and Strongly Agree (7). Entertainment Orientation comes from previous research on relationship-building activities (Geiger and Turley, 2005; Palmatier et al., 2007). An example question is: Entertainment is important in building business relationships. The construct, Internal Bonding, focuses on internal relationship-enhancing activities. An example question is: "It is extremely important to my career to have a drink with my colleagues after work," taken from Rodriguez et al. (2015). Relationship performance was adapted from Sujan et al. (1994) learning orientation scale. The scale measures the perception of entertainment's impact on performance. An example question is: "Entertaining enables business professionals to identify major accounts and sell to them."

The guidelines for examining internal consistency, convergent validity, and discriminant validity were followed to check the measurement validity of all constructs (Gefen and Straub, 2005). Table 3 presents the correlations among the constructs and the psychometric quality measures for each construct, including composite reliability and Cronbach's alpha.

Nunnally (1967) recommends that constructs have an alpha coefficient greater than .70. Composite reliability ranged from .797 to .821 for all entertainment orientation, internal bonding and relationship performance, exceeding the minimum requirement of 0.70. The average variance extracted (AVE) was slightly higher than .50 for all three constructs, exceeding 0.50 (Hair et al., 2012), indicating convergent validity for all constructs. We also calculated the Heterotrait-Monotrait Ratio (HTMT) values, with the highest value being .388, which is below .85 maximum criteria. Therefore, there is discriminant validity among the scales. Table 3 illustrates these correlations, reliability and validity measures.

Table 3 Correlations, Construct Validity and Reliability

	EO	IB	PER
Entertainment Orientation	.596		
Internal Bonding	.293	.732	
Perceived Entertainment Impact on Sales Performance	.361	.206	.757
Cronbach's Alpha	.821	.797	.814
Composite Reliability	.827	.851	.819
AVE	.515	.536	.573

Structural Model and Multigroup Analysis

In order to examine the relationships between the constructs and compare the path coefficients between American and French cultures, two analyses were performed. The first step was to examine the relationships with Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 2.0 (Ringle et al., 2005). PLS is similar to traditional covariance-based Structural Equation Modeling, in that both techniques model the structural relationship in a set of constructs (Lee, 1997). PLS-SEM requires fewer statistical specifications and data constraints than covariance-based SEM. Table 4 summarizes

the path coefficients to evaluate model fit and measure strength of association between independent and dependent variables (Hair et al., 2011). The estimated coefficients in the path diagram represent the strength of the empirical relationships. For the French sample, both path coefficients, internal bonding to relationship performance and entertainment orientation to relationship performance, are both significant at .315 and .280 respectively. The American sample shows the relationship between entertainment orientation and relationship performance is significant, at .600, and the relationship between internal bonding and relationship performance has a path coefficient of .168.

Table 4 Path Coefficients

	Path Coefficient French	T Statistics	P Values	Path Coefficient US	T Statistics	P Values
Internal Bonding -> Perceived Entertainment Impact on Sales Performance	.315	1.588	.113	.168	1.356	.176
Entertainment Orientation -> Perceived Entertainment Impact on Sales Performance	.280	.777	.438	.600	6.782	.001
R Square (Perceived Entertainment Impact on Sales Performance)	.271			.484		

In Hypothesis 1, we propose the relationship between entertainment orientation and sales performance is stronger for the more indulgent culture, the United States. With a path coefficient of .600, American entertainment orientation relationship with performance was higher than the culture with a lower score on indulgence, France; therefore, H1 was supported.

In Hypothesis 2, we propose that the relationship between internal bonding and sales performance will be stronger for the higher collectivism culture, France. With a path coefficient of .270, France's internal bonding relationship with performance was higher than the culture with a lower score on collectivism, the United States; therefore, H2 was supported.

Next, a PLS multigroup analysis (PLS-MGA) was used to determine whether significant differences between path coefficients for the U.S. and France exist (Keil et al., 2000). Prior to running PLS-MGA, we tested measurement invariance of composite (MICOM), to identify measurement invariance (Henseler et al., 2016). The results indicate p-values of outer loadings are higher than .05; therefore, establishing invariance of the measures. Additionally, absolute differences of the path coefficients and p-values are summarized in Table 5.

With p-values of .623 for entertainment orientation on performance and .171 for internal bonding on performance, the results show that there are no significant differences, since the values are not smaller than .005 or higher than .95.

Table 5 Multigroup Analysis

	Path Coefficients-diff (FRENCH - US)	p-Value (FRENCH - US)
Entertainment Orientation -> Perceived Entertainment Impact on Sales Performance	.320	.623
Internal Bonding -> Perceived Entertainment Impact on Sales Performance	0.147	0.171

Discussion and Implications

As the global workforce becomes more diverse, it is important for sales professionals to be aware of cultural differences and develop the skills to manage selling transactions from a cross-cultural perspective. Despite overall proof that people from diverse backgrounds and cultures differ in the way they conduct business, it is human nature to think that everyone behaves the same.

To begin to understand this, we examined student perceptions of possible ethical challenges faced while entertaining in business for both American and French student populations of graduating seniors. Although common themes emerged between the groups, notable differences exist in perceived ethical implications of entertaining related to blurring the boundaries between work and personal life, especially for the French students, and excessive drinking, entertainment seen as a waste of resources and bribes/pressure as a result of entertaining especially for the American students.

In Study Two, we examined two cultures, the U.S. and France, across entertainment orientation and internal/external bonding and entertainment's perceived impact on sales performance. We first proposed that the U.S. will have a stronger relationship between entertainment orientation and sales performance vs French culture, due to higher indulgence scores. The path coefficient for American culture was larger than French culture, which means that entertaining may play a big role in American culture. Those from other cultures may consider investing in social activities such as dinners, luncheons, and happy hours in order to conduct more successful business meetings. These type of selling techniques provide a unique tool to sales professionals (Rodriguez et al., 2015; Geiger and Turley, 2005). Other cultures doing business with American customers cannot overlook the power of conducting business outside the workplace. Understanding the American tendency to indulge can help sales professionals from other cultures work more effectively to achieve successful sales transactions. On the other side, American sales professionals should not assume that other cultures are as indulgent and embrace indulging in social activities. Over engaging in entertainment behaviors, such as drinking or expensive dinners, can lead to uncomfortable or difficult situation for those cultures who are low in indulgence scores. Entertainment from a cross-cultural perspective can be seen as confusing, offensive or unethical. It's important that cultures in the United States or other countries research the local etiquette, customs and protocol.

The second hypothesis proposed that French will have stronger relationships between internal bonding and sales performance vs American culture due to French culture's lower individualism (higher collectivism) scores. Though not significantly different, there is a relationship between internal bonding and

sales performance for France. The French are more of a collectivism society than the U.S., which means the culture places more focus on the group than the individual. When managing internal teams from a cross-cultural perspective, leaders should consider cultural customs and values. For the French, that may mean grabbing coffee, eating lunch together or coordinating team-building events. Additionally, managers can consider compensation models that benefit the entire group more than the individual. Based on the results, a collectivist society values internal bonding, believing this leads to increased performance for the firm. Managers from other cultures who are leading American sales teams, however, need to take into consideration the high individualistic scores and focus on individual rewards recognizing performance.

From an academic perspective, sales educators should incorporate more cross-cultural discussion and role plays in professional selling courses. Sales educators can utilize role-play simulations as an effective tool to develop the next generation of sales professionals (Inks and Avila, 2008), and although educators agree cultural difference training is valuable, few include training in their role plays and 80% of sales educators have limited knowledge of cultural differences. Therefore, Hofstede's Model may provide some foundational support to sales educators and sales managers alike (Rodriguez and Boyer, 2017).

Today's sales environment is becoming more global. It is projected that new emigrants will account for more than eighty percent of population growth from 2005 to 2050, and almost twenty percent of the U.S. population will be first-generation emigrants by mid-century (Passel and Cohn, 2008). With the increase of globalization in the current marketplace, the modern-day sales professional is faced with understanding different cultures, behaviors, and values from both inside (internal bonding) and outside (entertainment orientation) the firm. As Baker and Delpechitre suggest, "Developing cross-cultural adaptability thus requires cultural intelligence to supplement traditionally taught adaptive selling skills as a necessary component of the cross-cultural selling success" (2016: 78). Due to the forecasted growth for the U.S. to do business internationally, it is crucial that tomorrow's sales leaders adapt to each country's cultural differences. With the complexity of understanding the global business environment, the sales process is evolving, and therefore, modern sales professional should evolve as well. Those who are unwilling to adapt may fail in developing relationships in cross-cultural selling, crucial to evolving into global sales citizens.

Limitations and Future Research

Given the exploratory nature of this research in entertainment from a cross-cultural perspective, there are several limitations. First, the study is based on student perceptions for entertainment. Since they have not yet joined the workforce, the sample lacks the experience of socializing from a business perspective. At their age (21-23 years) socializing is central to their livelihood and may change with more responsibilities and maturity. Future studies should expand to include a broader sample of students and business professionals. Second, the study was limited to the U.S. and France. Future studies may seek to expand to other major countries that conduct business with the U.S., such as China, Brazil or South American countries. Third, the Hofstede Country Comparison Tool is referenced as a foundation to

understand cross-cultural differences from a general population perspective. As past research has shown, each individual may perceive culture differently (Marsick and Watkins, 2003). Future research should include an assessment such as the individualism/collectivism scale developed by Triandis and Gelfland (1998). Adding the construct would enable researchers to test the moderating effect of cultural dimensions directly. Finally, the model was limited to two dimensions of Hofstede's model: indulgence and collectivism. These two dimensions were chosen based on the exploratory study and in-class discussion on the potentials parallels between entertaining and the two dimensions of indulgence and collectivism. A future study should include all six dimensions of Hofstede's model and evaluate how each dimension influences entertainment orientation and internal bonding.

REFERENCES

- Baker, D. and D. Delpechitre. 2016. "An Innovative Approach to Teaching Cultural Intelligence in Personal Selling." *Journal of Advancement of Marketing Education* 24 (1): 78-87.
- Bellizzi, J.A. and R.W. Hasty. 1984. "Student Perceptions of Questionable Personal Selling Practices." *Journal of the Academy of Marketing Science* 12 (2):218-226.
- Bordwin, M. 1994. "Drinks are on the House ... Your House." *Management Review* 83(12), 35. Retrieved from <http://bryant.idm.oclc.org/login?url=https://search.proquest.com/docview/206706729?accountid=36823>
- Boyer, S. L., D. Edmondson, A. Artis and D. Fleming. 2013. "Self-directed learning: A Tool for Lifelong Learning." *Journal of Marketing Education* 36 (1): 20-32.
- Concur. 2012. "T&E Spend Report." Retrieved from <https://www.concur.com/newsroom/article/concur-proudly-presents-2012-te-spend-report>
- Cook, K. S., C. Cheshire, and A. Gerbasi. 2006. "Power, Dependence, and Social Exchange." *Contemporary Social Psychological Theories* 73 (2): 194-216.
- Cook, K. S., and C. Cheshire, E. R. Rice, and S. Nakagawa. 2013. "Social Exchange Theory." In *Handbook of Social Psychology* 61-88. Springer, Dordrecht.
- Cook, K. S., and R. M. Emerson 1984. "Exchange Networks and the Analysis of Complex Organizations." *Research in the Sociology of Organizations* 3:1- 30.
- Cook, K. S., and E. R. Rice. 2003. "Social Exchange Theory." 53-76 In *Handbook of Social Psychology*. Ed. J. Delamater. New York: Kluwer Academic/Plenum Publishers.
- Cropanzano, R. and M.S. Mitchell. 2005. "Social Exchange Theory: An interdisciplinary review." *Journal of Management* 31 (6): 874-900.
- De Wulf, K., G. Odekerken-Schröder, and D. Iacobucci. 2001. "Investments in Consumer Relationships: A Cross-Country and Cross Industry Exploration". *Journal of Marketing* 65 (4):33-50.
- Emerson, R. M. 1976. "Social Exchange Theory." *Annual Review of Sociology*. 2(1), 335-362.
- Finn, D. W. and W. C. Moncrief 1985. "Salesforce Entertainment Activities." *Industrial Marketing Management* 14 (4): 227-234.
- Fu, F. Q., W. Bolander and E. Jones. 2009. "Managing the Drivers of Organizational Commitment and Salesperson Effort: An Application of Meyer and Allen's Three-Component Model." *Journal of Marketing Theory & Practice* 17 (4): 335-350.

- Gefen, D. and D. Straub. 2005. "A Practical Guide to Factorial Validity Using PLS-Graph: Tutorial and Annotated Example." *Communications of the Association for Information Systems* 16 (5) Retrieved from <http://aisel.aisnet.org/cais/vol16/iss1/>
- Geiger, S. and D. Turley 2005. "Socializing Behaviors in Business-to-Business Selling: An Exploratory Study from the Republic of Ireland." *Industrial Marketing Management* 34 (3): 263-273.
- Hair Jr, J. F., C. M. Ringle, G. Tomas, M. Hult and M. Sarstedt. 2012. *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. Thousand Oaks, CA: Sage Publications, Inc.
- Hair Jr, J. F., C. M. Ringle and M. Sarstedt. 2011. "Pls-Sem: Indeed a Silver Bullet." *Journal of Marketing Theory & Practice* 19 (2): 139-151.
- Henseler, J., C. M. Ringle, and M. Sarstedt. 2016. "Testing Measurement Invariance of Composites Using Partial Least Squares." *International Marketing Review* 33(3), 405-431.
- Hofstede, G. 1980. "Culture's Consequences: International Differences in Work-Related Values." Beverly Hills, CA: Sage.
- Hofstede, G. 2001. "Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations. 2nd ed." Sage, Thousand Oaks, CA.
- Hofstede, G. 2011. "Dimensionalizing Cultures: The Hofstede Model in Context." *Online Readings in Psychology and Culture* 2 (1) Retrieved from <https://doi.org/10.9707/2307-0919.1014>
- Hofstede, G. and M. H. Bond. 1988. "The Confucius Connection: From Cultural Roots to Economic Growth," *Organizational Dynamics* Vol. 16(4): 4-21.
- Homans, G. C. 1961. "Social Behavior: Its Elementary Forms." New York: Harcourt Brace.
- Inks, S. A., and R. A. Avila. 2008. "Preparing the Next Generation of Sales Professionals Through Social, Experiential, and Immersive Learning Experiences." *Journal for Advancement of Marketing Education* 13 (4): 47-55.
- Keil, M., B.C.Y. Tan, K. Wei, T. Saarinen, V. Tuunainen, A. Wassenaar. 2000. "A Cross-Cultural Study on Escalation of Commitment Behavior in Software Projects." *Management Information Systems Quarterly* 24 (2):299-325.
- Lee, D. 1997. "The Impact of Poor Performance on Risk-Taking Attitudes: A Longitudinal Study with a PLS Causal Modeling Approach." *Decision Sciences* 28 (1): 59-80.
- Lohtia, R., D. C. Bello, and C. E. Porter. 2009. "Building Trust in US-Japanese Business Relationships: Mediating Role of Cultural Sensitivity." *Industrial Marketing Management* 38 (3): 239-252.
- Marsick, V. J., and K. E. Watkins. 2003. "Demonstrating the Value of an Organization's Learning Culture: The Dimensions of the Learning Organization Questionnaire." *Advances in Developing Human Resources* 5(2):132-151.
- Moorman, C., G. Zaltman and R. Deshpande. 1992. "Relationships between Providers and Users of Market Research: The Dynamics of Trust within and between Organizations." *Journal of Marketing Research* 29 (3): 314-328.
- Morgan, R. M. and S. D. Hunt. 1994. "The Commitment-Trust Theory of Relationship Marketing." *Journal of Marketing* 58 (3): 20-38.
- Nunnally, J. C. 1967. "Psychometric Theory." New York: McGraw-Hill.
- Palmatier, R. W., L. K. Scheer and J-B. E. M. Steenkamp. 2007. "Customer Loyalty to Whom? Managing the Benefits and Risks of Salesperson-Owned Loyalty." *Journal of Marketing Research*. 44 (2):185-199.
- Passel, J. S., and Cohn, D. V. 2008. "US Population Projections: 2005-2050"
- Rigoni, B., A. Adkins. 2016. "What Millennials Want from a New Job." *Harvard Business Review*. Retrieved from <https://hbr.org/2016/05/what-millennials-want-from-a-new-job>
- Ringle, C. M., S. Wende, and A. Will. 2005. "Smart PLS 2.0 M3." Hamburg: University of Hamburg. Retrieved from www.smartpls.de
- Rodriguez, M., E. Honeycutt and C. Ragland. 2015. "Preliminary Investigation of Entertainment Strategies Involving Alcohol: Implications for Professional Sales Education and Training in Business Markets." *Journal of Business-to-Business Marketing*. 22 (4): 257- 268.
- Rodriguez, M. and S. L. Boyer. 2017. "Developing Tomorrow's Global Sales Leaders: Adapting to Cultural Differences in Role Plays." *National Conference in Sales Management*. St. Louis Missouri.

- Sirdeshmukh, D., J. Singh and B. Sabol. 2002. "Consumer Trust, Value, and Loyalty in Relational Exchanges." *Journal of Marketing* 66 (1): 15-37.
- Sujan, H., B. A. Weitz and N. Kumar. 1994. "Learning Orientation, Working Smart, and Effective Selling." *Journal of Marketing* 58 (3): 39 - 52.
- Triandis, H. C. and M. J. Gelfland. 1998. "Converging measurement of horizontal and vertical individualism and collectivism." *Journal of Personality and Social Psychology* 74: 118-128.
- Vargo, S. L., and R. F. Lusch. 2004. "Evolving to a New Dominant Logic for Marketing." *Journal of Marketing* 68 (January): 1-17.

ESTIMATES ON ELECTRONIC COMMERCE DEVELOPMENT IN BOSNIA AND HERZEGOVINA

Faruk Unkić

Faculty of Economics, University of Zenica, funkcic@infoteh.ba

Džemal Kulašin

Faculty of Management and Business Economics, University of Travnik, kdzemal@gmail.com

Haris Hojkurić

Faculty of Business and Administration, International University Sarajevo, hhojkuri@yahoo.com

Abstract

The appearance of the Internet indicates the need to move to new business conditions, for not just the company, but also the user in terms of obtaining the information required for the desired products and / or services. Objective to the huge competition of companies must strive to satisfy as much as possible the needs of customers and to connect them to themselves. Companies have to build long-term relationships based on trust and loyalty, which can largely provide information technology as a well-organized database as one of the elements of e-business.

The aim of the paper is to investigate the most important preconditions for the development of e-commerce in Bosnia and Herzegovina and to examine the most important factors under certain assumptions that affect the successful development of e-commerce.

The subject of the research is to determine the relevant prerequisites for the development of electronic commerce by analyzing the mostly secondary data available to us.

The research results show that the development of e-commerce in Bosnia and Herzegovina was certain, but it is necessary to include in the most important trend and look for innovative solutions that can improve this development both quantitatively and qualitatively. Also, the strategy for the future development of e-commerce in Bosnia and Herzegovina needs to be saturated with the following assumptions: increasing the level of economic and social development, greater connectivity of telecommunication and information systems (technological preconditions), higher education of the population in terms of information technologies and knowledge of English. (social preconditions) as well as adequate legal regulation of electronic commerce.

Keywords: *electronic commerce, marketing, e-commerce prerequisites, information technology.*

JEL: M37

INTRODUCTION

Information technologies development worldwide and their impact on all aspects of human life and work is also evident within the areas of Bosnia and Herzegovina. This is the era in which most companies switch to electronic business. Nowadays, without the Internet and electronic business, it is digitally undoable to realize the business goals, as well as set and conduct business processes more efficiently.

The aim of the paper is to investigate the most important preconditions in development of e-commerce in Bosnia and Herzegovina and to examine which ones present the most important factors under certain assumptions that affect the successful development of e-commerce. The

invention of the Internet signified the need of switching to a new business environment, not only in the sphere of the company, but also for the users in terms of obtaining the information needed in pursue for the desired products and / or services. Given the tremendous competition, the company must strive to meet the best possible customer / customer needs and to connect these with themselves. Companies need to build long-term relationships based on trust and loyalty, which can be largely supported by information technology as a well-organized database-one of the key elements of e-business.

Within constant struggle environment, and strong competition, companies find new strategies in achieving better market position and more successful business. One of the key strategies is

marketing orientation to clients from which the respective goals are pursued, applying elements of electronic business, and a contemporary e-marketing strategy. This strategy implies constant fulfillment of customers' desires and their needs, establishing constant communication and maintaining customer relationships. As a result of this strategy, customers will gain the asset throughout a range of product and service enhancements. Such a trend is the result of continuous technological changes, especially in the field of information-communication technologies innovation, market development, and the improvement of production and service processes, changes within the process of physical goods production in terms of starting processes towards clients. According to the latest Internet-based research conducted worldwide, there has been a steady increase with the Internet users. The situation is similar in Bosnia and Herzegovina. Recently, strong advertising campaigns have been launched to promote (cheaper and faster)

Internet access services throughout the media. Based on this, it's evident that Bosnia and Herzegovina is also following the world trends in this area.

The Internet has become the basis of contemporary business communication on an international scale, on which the basis for the development of electronic marketing and e-commerce, gives the opportunity for companies to present products and services globally. Under these conditions, global companies are formed with a branch network, which is through EDI¹ in continuous communication with producers, trading companies, banks and finally, consumers.

THE ESTIMATES ON THE DEVELOPMENT OF ELECTRONIC COMMERCE IN BOSNIA AND HERZEGOVINA

In order to develop the electronic commerce in Bosnia and Herzegovina, it is crucial to achieve the necessary institutional and technical-technological assumptions. All the estimates do not have the same influence on the development of electronic commerce in Bosnia and Herzegovina, but each of them can affect the successful development or stagnate in the developing world. In the framework of institutional assumptions, the most important is to provide adequate legal regulation at state level of Bosnia and Herzegovina, which is about to be in a compliance with legislation of electronic business with other countries in the world and especially with the legislation of the European Union and the United States.

¹ Electronic Data Interchange (BiH, elektronska razmjena podataka)

Harmonization of the legal regulations on electronic banking with regulation the EU assumption makes faster and more efficient implementation of electronic commerce and electronic business at all in Bosnia and Herzegovina.

The legal assumptions

By analyzing secondary data, it makes evident that at the level of Bosnia and Herzegovina there is no legal regulation in the field of electronic business or electronic commerce as the most important segment of electronic business. Only the Law on Electronic Signature has been passed from the legal regulations. Based on an analysis of the legal regulations at the Entity level of the Bosnia and Herzegovina Federation and the Entities of Republika Srpska and the Brcko District, it is noted there is a legal gap in the Entity of the Federation of Bosnia and Herzegovina and the Brcko District in realization of electronic business as well as at the state level of Bosnia and Herzegovina, While the Entity of Republika Srpska has legally framed this area, but there are problems in realizing the adopted legal frameworks. Another problem is that at the level of Bosnia and Herzegovina, there is no certifying establishment in registration of electronic signatures. Perhaps the biggest obstacle to greater development of electronic commerce is the absence of the Electronic Commerce Act neither at the level of Bosnia and Herzegovina, nor at the Entity and Brcko level, which is necessary for faster development of e-commerce.

Economic assumptions

Economic issues affect the concept of electronic commerce and e-commerce, both within the organization itself and in relation with the environment. The new technologies appliance in the company's business results in lower operating costs, providing timely information and cheaper services to consumers. Within the company, the information application and communication technologies leads to the automation of the business process itself- the information that is available always is accessible to all organizational units in the company, thus speeding up the business cycle itself. Applying the concept of e-business outside the company, or the environment integration allows for a unified network between suppliers, large corporations, government agencies and other business factors, leading to a faster and more efficient business, thus increasing the company's competitiveness on the global market.² For the development of electronic commerce, economic assumptions are key factors. Realization of electronic commerce results with a reduction in the transaction costs and savings that can be achieved

² Novaković, J. (2005) Elektronsko poslovanje. Beograd: Megatrend univerzitet primenjenih nauka, str. 6.

throughout this business segment. Web-based business enables you to reduce your banking costs, which are in this case a lot lower. Here are the crucial fixed costs that arise from the need for equipment and telecommunication lines. Also, the additional costs of servicing business transactions on the Web might be very low. Electronic business enables relatively low costs, not just companies but also individuals, to be globally available. So, the location is no longer important. Companies now get to choose a location and a country depending on their business costs and choose the most convenient destination for realizing their business activities. Also, a company can engage a highly skilled work-related term that could be more competitive. It is important to observe the IT infrastructure, but it should not be forgotten that the transport infrastructure is very important, both land, sea, and air. The realization of an e-commerce project can't be implemented without thinking globally, which includes development and availability of markets, production organization, corporate governance and consumer strategy at the global level. In addition, twenty-four hours of work should be provided on daily basis. The key economic advantage for companies, both manufacturers and traders, is that e-commerce could have direct (direct) access to a greater market potential for the placement of their products and services. In addition, the company's economic benefits include:

- more efficient and effective business through automation of business processes, more efficient and faster communication with partners, more efficient management, more precise and up-to-date records and less administration burden;
- reduction of operating costs: transaction costs between business partners, leasing and sale costs, purchase, logistics, inventory, labor, marketing and sales costs;
- increasing competitiveness by opening new channels of communication and sales to customers and partners;
- innovating products, services and selling means through relationships improvement with customers, such as collecting feedback, customizing customer habits, etc.

Economic advantages for the customer are facilitating easier purchases³ :

- Availability of products and services 24-7, higher price transparency, better availability and comparability of product information, greater purchasing convenience, availability of many consumers which may be territorially degraded and the ability to perform many transactions in a short time;
- a greater choice of options and more stable offers, greater adaptability to individual requirements, a wider range of products not limited by the storage capacity of a store; Electronic commerce has great significance in developing countries, since without it, they could not realize outbound services, which are important for realizing business from their own country to companies in the global marketplace.⁴

Companies in Bosnia and Herzegovina recognize the importance of economic factors in the use of electronic commerce, which are reflected in reducing operating costs and increasing revenues.

Technological assumptions

Electronic commerce involves the use of a variety of electronic information and communication technologies, which include telephone, fax, electronic mail, the automatic identification of bar code-based, Eddie, direct access to the files of the business partner, the transfer of a message on the electronic forms, the transfer of electronic catalogs and the use of the Internet. Mechanical means in Commerce gradually replaces automation, and its technical-technological basis makes the computer and new systems of communication, based on the electronic exchange of data and business documentation. It's about innovation in the domain of dialogue between business partners, known under the name of EDI (Electronic Data Interchange). With the advent of the EDIFACT STANDARD of standards was created I rationalization option business documents such as purchase orders, shipments, receipts, invoices, and etc. Previous excessively expensive paper documentation to standardize and shares in electronic format between the manufacturer, trade

3 Tomić-Petrović, N., Petrović, D. (2011) Pravne i kulturološke pretpostavke za razvoj elektronske trgovine u Republici Srbiji, Beograd: XXIX Simpozijum o novim tehnologijama u poštanskom i telekomunikacionom saobraćaju – PosTel 2011, Beograd, 06. i 07. decembar 2011., str. 72.

4 Kshetri, N. (2007) Barriers to e-commerce and competitive business models in developing countries: A case study, Electronic Commerce Research and Applications, Volume 6, Issue 4, str. 449.

and consumers. This kind of spatially distributed communication system implies the existence of specific international standards.⁵

The standardization of information technology is a key factor of the development and application of the concept of electronic commerce. Depending on the level of standardization and differentiation that takes place, trading companies are mostly: 1) a globally oriented, 2) regionally oriented 3) locally oriented. Spatial decentralization of trade activities, it will be the privilege of the first in the chain which will lead to the exclusion from a business relationship "information non-standardized" companies. It means that the development of electronic commerce is not only a matter of management, but also professional associations, States and international organizations such as ISO, IEC, ITC.

The first significant changes in information and communication system for data transmission and business documentation in international trade transactions, they attach themselves to the formation of EAN system. Electronic point of sale (EPOS), based on bar-code represent a starting point marketing information system (MIS) in retail. This innovation delusional are the foundations of modern commerce. However, the EAN system and EPOS does not represent the ultimate range of information technology in the area of trade. The further development of the electronic data exchange and the adoption of EDIFACT STANDARD standards caused the need to launch within the EAN system a project called EANCOM. The EAN General Assembly, one year after the adoption of the EDIFACT standard, made a decision on the development of an international project called EANCOM. In 1989 they adopted a decision on the development of the international project under the name EANCOM. The goal of this project was standardization of business documents and telecommunications funds, which allowed the electronic exchange of information between business partners countries member of the EAN.

By the end of 2006, there was a standardized message 48 on the basis of the UN/EDIFACT STANDARD. Most of them are standardized in the store-27, then in transit-9, finance-7 and in customs-4 messages. Technological innovations in the field of electronics, Informatics and communications have announced significant changes in the functioning of the trade. Valuable insights for the development and implementation of technological innovation (EDI, EDIFACT STANDARD standards and the Internet) provides the theory and practice of the countries in which innovations in electronic marketing and

electronic commerce became reality. Not only is the turnover of the existing goods and services more efficient, but it also creates a need for new products. Hardware and software in the service of electronic commerce and marketing significantly represents the current economic market. Besides, many new, and some mature products through these sales channels are gaining the most optimal way out on the market. These countries' trade is open for an implementation of technical progress and as such is deeply ventured in the so-called information revolution, which is a development goal.⁶

One of the very important technological assumptions and to enable the payment of goods and services using a variety of Internet payment system, either through an intermediary, or debit and credit cards, given to a very small number of the company allows payment of its products and services through bank accounts, cash on delivery or some other old-fashion system of payment.

Every day, in the technology market, new models of computers, portable computers, cell phones and other communication devices are emerging, which have access to the bidders' web pages and the realization of the purchase, no matter how they approach the seller site.

To be able to keep up with this trend requires permanent education service users for the purpose of using different features of technological achievements, and in it, in many ways they can help salespeople using set guidelines on its Web site, and not just in text and image format than and video instructions.⁷

The development of information technologies and their connection with the vital spheres (International) business, represents the general basis of the development of electronic commerce.⁸

6 Ćuzović, S. Trgovanje u eri digitalne ekonomije, Poslovna politika, online: http://www.poslovnapolitika.com/index.php?option=com_content&task=view&id=347&Itemid=41, (12.01.2012)

7 Abrahams, A. S., & Singh, T. (2010). An Active, Reflective Learning Cycle for E-Commerce Classes: Learning about E-Commerce by Doing and Teaching. *Journal of Information Systems Education*, 21(4), 383+. <http://www.questia.com>

5 Stanić, R. (2007) *Elektronsko poslovanje*. Beograd: Ekonomski fakultet, str. 21.

8 Novaković, I. i Marić, S. (2006) *Elektronsko poslovanje*, Kraljevo: Kvarik, str. 24.

With the technological aspects in Bosnia and Herzegovina, it could be stated that there are available resources. However, the distribution of these resources is different in urban and rural areas. Because of the high competition that has emerged in the field of the provision of services of the Internet, both by the great BH Telecom operators, as well as on the Internet service providers service dozen, there is only a small number of places in Bosnia and Herzegovina that does not have the ability to access the Internet. Still, by the indicators at the level of Europe, Bosnia and Herzegovina, as well as her neighbors are placed at the bottom of the scale.

The social assumptions

Given that electronic commerce has global goals, the companies that develop electronic commerce must take into account the social and cultural assumptions in order to effectively carry out the business in other cultures (countries) as well. Companies must adapt to these cultures. It is necessary to take into account the language IE. It is necessary to create a website to keep track of localization for specific regional areas, as well as the language that is being used in certain areas⁹. Culture is a combination of language and customs, which is different in various countries and even within a single country there are different languages and customs. It is also necessary to work on the construction of e-culture that would be based on: trust, cooperation and lifelong learning. Studies have shown that users who can relate to a particular web page have an increase in their satisfaction, value and loyalty¹⁰, and to achieve this it is necessary to build up e-culture. Social factors that adversely affect the development of electronic commerce can be divided into external – that is, those that generally affect the acceptance of the Internet as a necessary means for the development of electronic commerce, and internal – cultural forms that affect the acceptance of electronic commerce with the already existing Internet users. When it comes to external factors, first of all we can state that the maximum potential number of users of electronic commerce services is equal to the number of Internet users. In addition to the number of the Internet users, the structure of the Internet users should be taken into account as a factor of the development of electronic commerce from the age structure¹¹ point of view.

9 Addo, T. B., Chen, M. M., & Leu, Y. (2003). B2B E-Commerce in the United States, Europe, and Japan: A Comparative Study. *Journal of Academy of Business and Economics*, 2(1), 138+. <http://www.questia.com>

10 Palvia, P. (2009) The role of trust in e-commerce relational exchange: A unified model Information & Management, Volume 46, Issue 4, str. 217.

11 Kshetri, N. (2010). Normative and Cognitive Institutions Affecting a Firm's E-Commerce Adoption1. *Journal of Electronic Commerce Research*, 11(2), 157+.

Usually among the users the young people dominate, many that still do not have their own material assets, or on the other hand, the favorable structural characteristics that should go in favor of the electronic commerce development, are reflected in the fact that Internet users in the world, and therefore in Bosnia and Herzegovina in general people are more educated and have significantly higher material revenue than the average.

However, the crucial question raised in connection with Internet users in less developed countries is why is there a large number of Internet users that have never purchased anything via the Internet. If the fears of the security of electronic transactions are excluded, a conclusion can be reached that the reason for this low level of electronic commerce should be sought in cultural factors, first of all, in a widespread fear of possible fraud as a result of this trade vision. This fear is the result of several factors. From one point of view, it stems from the absence of trust in the State institutions that are supposed to be a guarantee of reliability and fairness, which is primarily a consequence of the various events in the last twenty years (unfair transition, sanctions, wars, the absence of the social function of the State). On the other hand, a low level of confidence is also deeply rooted in forms of sociability of citizens¹².

Trust is a very important factor for the development of electronic commerce¹³. According to the results of a global survey of social values for the period 2005-2008. years, which covered 57 countries and around 80,000 of respondents around the world¹⁴, it can be seen that countries like the EU and the US, where the electronic business is specially developed, the level of confidence in the judiciary is generally moving at a level of over 50% (from Western European countries surveyed-the lowest in France, 40.1% and highest in Norway 86%, on the global level of 57.4% and NOW in Japan, 82%). Bosnia and Herzegovina is not included in this survey but I am sure a lot of does not fall short of the surrounding countries, whose level of trust in the judiciary (Serbia 28.5%; Romania 29.3%; Bulgaria with 36.9%, Slovenia 32.8%) while the average on the world level, 53.2%.

12 Tomić-Petrović, N., Petrović, D. (2011) *Pravne i kulturološke pretpostavke za razvoj elektronske trgovine u Republici Srbiji*, Beograd: XXIX Simpozijum o novim tehnologijama u poštanskom i telekomunikacionom saobraćaju – PosTel 2011, Beograd, 06. i 07. decembar 2011., str. 73-75.

13 Mehta, S. S., & Kline, D. M. (2002). Introduction by Guest Editors: E-Commerce Strategies for the Future. *Journal of Business Strategies*, 19(1), VII+. <http://www.questia.com>

14 <http://www.wvsevsdb.com/wvs/WVSDocumentation.jsp?Idioma=I> (12.01.2012)

The situation with confidence in the police is similar. In the EU countries, the level of confidence in the police is generally more varied from over 60% (from Western European countries-best is 59.4% in the Netherlands and the highest in Finland 91,8%), while in the global scale in the US amounts to 70.3% and Australia 83.1%. In the surrounding countries, the level of confidence in the police is similar to the level of trust in the judiciary (35%, Serbia, Romania, Bulgaria, 39.8% 54.8%, Slovenia 38.4%), which is far below the world average of 58.4%. The survey covered, aside from the State institutions, the trust in people as well. When it comes to EU countries, variations are far greater stretching from just 18.8% confidence in France up to 74.2% confidence in Norway. On a global scale, trust in other people, a priori, 39.3% of citizens trusted, 39.1% of the Japanese and 46.1% of Australians. As for the surrounding countries, the situation is as follows (15.3%, Serbia Slovenia 18.1%, Bulgaria 22.2%, Romania 20.3), while the average on a global scale amounts to 26.4%.

The research looked at a lot of other criteria that are interesting as a social component of the assumptions of the development of electronic commerce, but they all generally indicate, that the lower the social standard, and the purchasing power of that trust less and, therefore, the possibility of the development of electronic commerce. In these environments, electronic commerce could not immediately come across the fertile soil, but it is necessary to work on changes in State institutions, as well as on the education of citizens, and creating more favorable conditions for the development of electronic commerce. Without any changes to this atmosphere of distrust, especially in some segments where there is no direct control over the relationship or process, it can be difficult to talk about the more intense development of electronic commerce.

When it comes to the social factor, the more significant use of electronic commerce certainly is directly associated with a decrease in the number of employees and, therefore, a decrease in business costs. However, companies do not have to lay off employees that are already working, but educate the employees instead, introduce them to the importance of electronic commerce and to stimulate¹⁵ the best in sales. From the point of view of Economics and rational business, cost-cutting is one of the important preconditions of reduction in the price of products and services, and therefore of their greater competitiveness. However, the development of electronic commerce, no matter which branch of the economy is in question, creates the need for reduction of the workforce.

15 Maswera, T., Edwards, J., Dawson, R. (2009) Recommendations for e-commerce systems in the tourism industry of sub-Saharan Africa Telematics and Informatics, Volume 26, Issue 1, str. 16.

From the point of view of the economy and market operations, the development of information technology (it) business has a lot of justification, but for the purpose of retaining jobs it is essential for the continuous improvement of the workforce in order to accept and use the new technology.

A sense of usefulness and ease of use of electronic commerce service is certainly present in the population that uses the Internet on a daily basis, in their spare time and at work. On the other hand, a large part of the population is not inherently familiar with the possibilities and advantages of electronic commerce compared to some other forms of trade. It is necessary to emphasize the importance of the role of the funds, but also the information and school system in raising the level of knowledge about the benefits of the Internet and electronic commerce, through educational and informative programs, but also through the systematic promotion of case study and successful e-commerce organizations¹⁶.

The inclusion of a large number of the population in social networks via the Internet is contributing to an increase in the inclusion of options in various forms of electronic commerce. Today there are over 800 million members of social networks. At least 60% of the rich consumers in the United States are included in social networks. Companies are investing funds in advertising through social networks, therefore encouraging potential buyers, so that it is estimated that for the purpose of advertising in year 2013. up to 1.6 billion dollars¹⁷ were spent.

Currently, the most frequently used social networks: Facebook, MySpace, LinkedIn, and Twitter. Social network Facebook has officially 1,790 million users around the world¹⁸, and in Bosnia and Herzegovina, this number is 1,401.520, which is the percent of the total population of 30.53¹⁹ and we are in 74th place out of 213 countries around the world, according to data from the website Socialbakers.com. The number of Facebook users in BiH increased in the last six months up to 26.03%. The largest number of users of social networks is currently in the age bracket between the years 18-24, and then follow the users between the ages of 25 to 34 years.

16 Trninić, D (2010) Posle prvih deset godina: Analiza stanja, trendova i rešenja za dalji razvoj elektronske trgovine u Srbiji i regionu. Palić, Zbornik radova sa X Međunarodne konferencije E-trgovina 2010, str. 45.

17 Mathieson, R. (2010). The On-Demand Brand: 10 Rules for Digital Marketing Success in an Anytime, Everywhere World. New York: AMACOM, str. 60.

18 <https://www.socialbakers.com/statistics/facebook/> (21.05.2017)

19 <http://www.abc.ba/novost/39673/na-dnu-smo-liste-vise-od-30-posto-ukupne-populacije-u-bih-koristi-facebook> (21.05.2017)

These numbers show potential customers electronic commerce by using social networks, especially Facebook. Social networking can be used to obtain more information about consumers, because these pages contain user profiles that contain the data that is important to the company for the purpose of observation and monitoring of the trends in the behavior of consumers. Through social networks, companies can conduct marketing activities²⁰.

In the framework of social factors on the electronic commerce, affected are all factors that occur in the classic trade with the addition of technological components and relationships according to the same consumer. One of the important factors is the number of inhabitants as a purchasing power. This factor for Bosnia and Herzegovina's opportunities is not as favorable since in Bosnia and Herzegovina has a small number of inhabitants. Taking into consideration the internationalization of electronic commerce, this factor does not have to be the key to making decisions for the implementation of electronic commerce. Also very important, but adverse, is the social factor and the changes in the population structure (age, education, religion, culture, the ratio of the number of male and female population, the mobility of the population). For the implementation of electronic commerce, the structure of the consumption of the population is important, how much is spent on housing, food, clothing, energy, travel and the like. The development of electronic commerce contributes to the education level and population for the use of information technology. From the aspect of the educational process, we can be satisfied with regard to informatics as a subject was introduced in basic, secondary and higher education, so that the increasing number of population who work with a computer, information and communication devices as the reality of the contemporary ways of life, and the technology for them does not constitute a barrier to accept new forms of communication between sellers and buyers, and an electronic trade as one of the ways of mutual exchange of goods and services. The English language has become a subject that is studied in primary education, so there is a decrease in the existence of language barriers. Cultural attitude towards this aspect of trade represents the limiting factor.

Other assumptions of electronic commerce

In addition to the above assumptions, there are still a number of assumptions that affect the development of electronic commerce. Some of them have a great impact, while some have little impact, but they still must be considered for the sake of the more efficient development of electronic commerce. The first ones concern with companies that plan to develop electronic commerce, while the others relate to the environment with which the company is communicating daily.

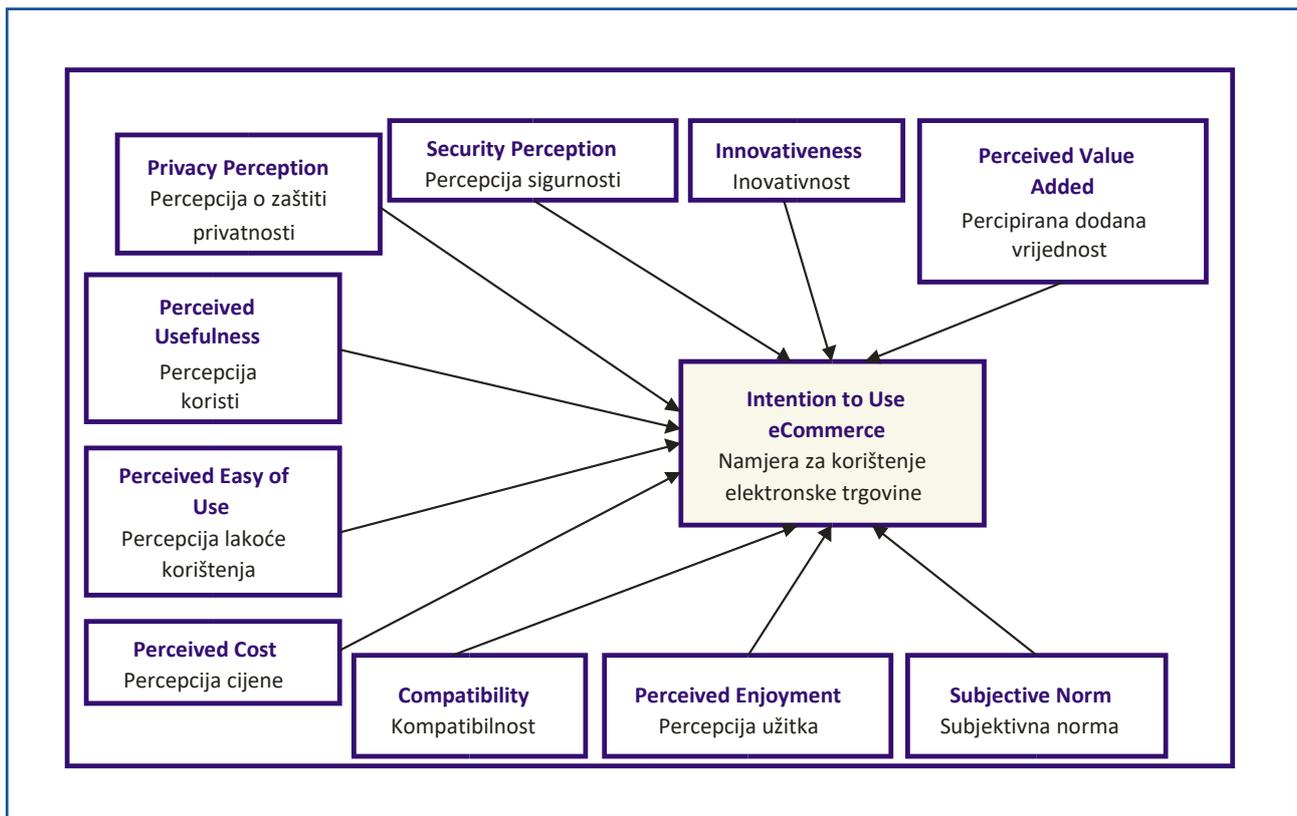
Within the company it is necessary to, beside the information-communication equipment, provide or further train the staff, which can conduct electronic commerce. The company must be 100% market-oriented and take care of the permanent increase in the quality of its services.

From an environmental point of view, there are very important and institutional prerequisites, because depending on them, the company can quickly fulfill the necessary requirements that are needed to exercise the right of the company to engage in electronic commerce. Also, one of the most important determinants is the state of information structure in the country, not only from the aspect of technological possibilities but also from the aspect of the population, which is informatically educated and ready to accept this trade. Also, e-commerce also depends on the financial capabilities of the population, given that with reduced financial resources there will also be a reduced possibility of developing this type of trade. The key factor is that, in conjunction with the convergence of mobile and Internet technologies, there is also progress in monetary transmission across the network, i.e. there is a possibility of interactive payment. However, all companies do not have the same chance to develop electronic commerce in the form they would like, to complete the process from order to delivery electronically, but each company can at least realize one electronic commerce segment itself. For example, electronic commerce makes it very difficult to sell expensive things like a car, but it can be ensured that a prospective buyer is well-acquainted with a product that he would like to buy, with all its features, prices, comparative advantages over other bidders and that based on the online information they come to the company and make a purchase.

It is also necessary to observe the intent of everyone to use electronic commerce, which is determined by a few other factors (Picture 1), of which the factor of privacy and security of transaction security and all other data that are exchanged and stored are of paramount importance.

20 Chailom, P. (2012). Antecedents and Consequences of E-Marketing Strategy: Evidence from E-Commerce Business in Thailand. *International Journal of Business Strategy*, 12(2), 75+. <http://www.questia.com>

Picture 1: Schema constructs the view factors that define the intention and willingness to use electronic commerce



Source: Adapted according to: Trninić, D. (2010) Posle prvih deset godina: Analiza stanja, trendova i rešenja za dalji razvoj elektronske trgovine u Srbiji i regionu. Palić, Zbornik radova sa X Međunarodne konferencije Etrgovina 2010, str. 45

CONCLUSION

Despite increasing volume of transactions and exchange of information in electronic form, however, the development of e-commerce in our country and region is significantly lagging behind other regions of Europe and developed countries of the world. There are several companies in Bosnia and Herzegovina that work on the development of electronic commerce, but the volume of this trade did not reach a significant level so that e-commerce as a special trade segment is not distinguished in Bosnia and Herzegovina's statistics as opposed to some countries in the region such as Serbia and Croatia, where electronic commerce can be found in the comprehensive trade of the mentioned countries.

The paper analyzes the prerequisites for the development of electronic commerce, which are universal for all countries in which electronic commerce is planned, as well as for Bosnia and Herzegovina. Electronic commerce in Bosnia and Herzegovina has its own future, because in the world this kind of business has long been widespread.

To promote the development of e-commerce in Bosnia and Herzegovina, it is necessary to include all relevant factors, primarily the state through the

adaptation of laws and regulations at all, to develop e-commerce development strategy and to carry out education both for citizens and companies, public institutions and other organizations. In addition, the state of Bosnia and Herzegovina must work to harmonize regulations and standards with international standards, since electronic commerce deals with international scale.

Therefore, the further development of e-commerce is certain, but it is necessary to include the most important trends and look for innovative solutions that can improve this development both quantitatively and in qualitative terms.

The strategy for the future development of e-commerce in Bosnia and Herzegovina should be based on the following assumptions: increasing the level of economic and social development (economic preconditions), greater connection between telecommunication and information systems (technological preconditions), higher education of the population in terms of information technologies and knowledge of English Social preconditions) as well as adequate legal regulation of electronic commerce (legal preconditions).

REFERENCES

- Abrahams, A. S., & Singh, T. (2010). An Active, Reflective Learning Cycle for E-Commerce Classes: Learning about E-Commerce by Doing and Teaching. *Journal of Information Systems Education*, 21(4), 383+. <http://www.questia.com>
- Addo, T. B., Chen, M. M., & Leu, Y. (2003). B2B E-Commerce in the United States, Europe, and Japan: A Comparative Study. *Journal of Academy of Business and Economics*, 2(1), 138+. <http://www.questia.com>
- Chailom, P. (2012). Antecedents and Consequences of E-Marketing Strategy: Evidence from E-Commerce Business in Thailand. *International Journal of Business Strategy*, 12(2), 75+. <http://www.questia.com>
- Ćuzović, S. Trgovanje u eri digitalne ekonomije, Poslovna politika, online: <http://www.abcb.ba/novost/39673/na-dnu-smo-liste-vise-od-30-posto-ukupne-populacije-u-bih-koristifacebook> (21.05.2017)
- http://www.poslovnapolitika.com/index.php?option=com_content&task=view&id=347&Itemid=41, (12.01.2012)
- <http://www.wvsevsdb.com/wvs/WVSDocumentation.jsp?Idioma=I> (12.01.2012)
- <https://www.socialbakers.com/statistics/facebook/> (21.05.2017)
- Kshetri, N. (2007) Barriers to e-commerce and competitive business models in developing countries: A case study, *Electronic Commerce Research and Applications*, Volume 6, Issue 4, str. 449.
- Kshetri, N. (2010). Normative and Cognitive Institutions Affecting a Firm's E-Commerce Adoption. *Journal of Electronic Commerce Research*, 11(2), 157+. <http://www.questia.com>
- Maswera, T., Edwards, J., Dawson, R. (2009) Recommendations for e-commerce systems in the tourism industry of sub-Saharan Africa *Telematics and Informatics*, Volume 26, Issue 1, str. 16.
- Mathieson, R. (2010). *The On-Demand Brand: 10 Rules for Digital Marketing Success in an Anytime, Everywhere World*. New York: AMACOM, str. 60.
- Mehta, S. S., & Kline, D. M. (2002). Introduction by Guest Editors: E-Commerce Strategies for the Future. *Journal of Business Strategies*, 19(1), VII+. <http://www.questia.com>
- Novaković, I. i Marić, S. (2006) *Elektronsko poslovanje*, Kraljevo: Kvarak, str. 24.
- Novaković, J. (2005) *Elektronsko poslovanje*. Beograd: Megatrend univerzitet primenjenih nauka, str. 6.
- Palvia, P. (2009) The role of trust in e-commerce relational exchange: A unified model *Information & Management*, Volume 46, Issue 4, str. 217.
- Stanić, R. (2007) *Elektronsko poslovanje*. Beograd: Ekonomski fakultet, str. 21.
- Tomić-Petrović, N., Petrović, D. (2011) Pravne i kulturološke pretpostavke za razvoj elektronske trgovine u Republici Srbiji, Beograd: XXIX Simpozijum o novim tehnologijama u poštanskom i telekomunikacionom saobraćaju – PosTel 2011, Beograd, 06. i 07. decembar 2011., str. 72.
- Tomić-Petrović, N., Petrović, D. (2011) Pravne i kulturološke pretpostavke za razvoj elektronske trgovine u Republici Srbiji, Beograd: XXIX Simpozijum o novim tehnologijama u poštanskom i telekomunikacionom saobraćaju – PosTel 2011, Beograd, 06. i 07. decembar 2011., str. 73-75.
- Trninić, D (2010) Posle prvih deset godina: Analiza stanja, trendova i rešenja za dalji razvoj elektronske trgovine u Srbiji i regionu. Palić, Zbornik radova sa X Međunarodne konferencije E-trgovina 2010, str. 45.
- Trninić, D. (2010) Posle prvih deset godina: Analiza stanja, trendova i rešenja za dalji razvoj elektronske trgovine u Srbiji i regionu. Palić, Zbornik radova sa X Međunarodne konferencije E-trgovina 2010, str. 45

SOCIAL ECONOMY IN THE FUNCTION OF LONG-TERM SOLUTION OF SOCIAL PROBLEMS IN BOSNIA AND HERZEGOVINA

Prof. dr Slavko Simić,

Independent University Banja Luka, Banja Luka, Bosnia and Herzegovina.

Prof. dr. Rajko Macura,

Banja Luka College, Banja Luka, Bosnia and Herzegovina.

Mr. Sc. Erol Mujanović

World Bank, Sarajevo, Bosnia and Herzegovina.

Abstract

Transition from public to private ownership, respectively from socialism to capitalism, generated enormous unemployment in Bosnia and Herzegovina. Most affected are vulnerable categories with reduced work abilities and a lack of competence, making them uncompetitive in the labour market. The above results in multiple social exclusion, unavailability of social amenities and poverty. This paper examines the burden of the problem and the possible solutions, and the measures that should enable sustainable solution to pressing social problems. The paper analyzed the policies and measures in developed countries and the state, problems and opportunities of Bosnia and Herzegovina in terms of the social economy as a powerful lever for employment of hard-to-employ categories. According to the authors' opinion, the social economy, with special emphasis on social entrepreneurship has no alternative, because the state does not have the resources to solve social innovation without increased social problems.

Keywords: *social economy, social entrepreneurship, hard-to-employ categories*

JEL Classification: *M2*

INTRODUCTION

The social situation in Bosnia and Herzegovina is complex and difficult. Bosnia and Herzegovina spends 4% of the annual GDP on the social aid system. However, as scarce as it is, this social aid is not fairly distributed.

The World Bank maintains that these overwhelming budget costs have been inadequately distributed, since 20% of the poorest categories of population receive a mere 17% of social benefits¹, whereas the entire remaining amount is allocated to the richer categories. These facts indicate that this system of social benefits is unsustainable and does not provide protection to the social groups that are at risk the most.

This issue has also been recognised by the Peace Implementation Council and the European Commission.²

Within the existing social protection system, there are two parallel systems of benefits that are awarded on the basis of the beneficiaries' status, not their needs. Such an approach is not in compliance with the international and European human rights standards. With such an approach, the priority is not given to those who need help the most. Awarding of funds intended for social protection on the basis of the beneficiary's status creates a heavy burden to the entity budgets on one hand, and prevents the provision of appropriate social services on the other. This prevents the proper provision of assistance and support to the most threatened categories, which in its turn makes the fight against social exclusion and poverty more difficult. Around 18% of Bosnia and

¹ Communiqué of the Steering Board of the Peace Implementation Council of 30 June 2009, Statement by the Ambassador of the Steering Board of 22 February 2010, as well as the BiH Progress Report from 2009 (Brussels, 14 October 2009, SEC (2009) 1338)

² Communiqué of the Steering Board of the Peace Implementation Council of 30 June 2009, Statement by the Ambassador of the Steering Board of 22 February 2010, as well as the BiH Progress Report from 2009 (Brussels, 14 October 2009, SEC (2009) 1338)

Herzegovina population live below the line of critical poverty, whereas 48% are on the verge of poverty and social exclusion. In year of 2018, the number of registered unemployed in BiH was 437.783.³

Table no. 1: Registered unemployment in Bosnia and Herzegovina

Bosnia and Herzegovina	Total
Registered unemployment (September 2018)	437.783

Source: Agency for Statistics of Bosnia and Herzegovina, September 2018

The fact that 119,733 (27%) of unemployed are unqualified labour force is the most worrying. If we take into account that, knowing that the chances to secure a job are minimal, the latent labour force abstain the form registering with the Employment Bureau, we have a picture of social needs. The state does not dispose of adequate resources or policies to provide these categories with a life worth living. Such a situation requires an innovative approach to solving the problem of social exclusion caused by unemployment. The policies and measures that would be implemented through the alternative forms of economy are required. Social economy encompasses all agents in social protection who may contribute to the inclusion of the hard to employ categories into social life and labour market.

In the past couple of decades, the terms such as social economy, social entrepreneurship, social enterprise and social entrepreneur have been increasingly used in relation to the alternative economy.

The social economy is a part of the economic reality in which the issues of social inclusion, well-being, social care and social capital intertwine, and the focus is on one development perspective. It implies the application of the principle of social responsibility. Social economy is a sector which largely contributes to the employment, sustainable growth and more equitable distribution of wealth.

Social entrepreneurship constitutes the part of the social economy. It is without any doubt very important and has no alternative when it comes to business activities with a social mission that includes support to the socially excluded categories. It represents an innovative method of solving different economy, education, health and environment related issues that people encounter in their community through one's own work, partnership and application of the sustainable business models.

The authors still have not reached the consensus when it comes to defining the concept of "social entrepreneurship". Also, there is no discernable

consistent theoretical framework for understanding of "social entrepreneurship" (Goldstein et al., 2009). What is certain is that the social entrepreneurship should be discerned from other private initiatives with a social mission aimed at general wellbeing, i.e. charity or philanthropy. Unlike the above mentioned activities, the social entrepreneurship implies an active work that relies on economic activities. Although the social entrepreneurs are committed to social objectives, they are also active on the market.

THE CONCEPT OF SOCIAL ECONOMY

According to the normative definition of social economy offered by Defourny and Delveterre, which is broadly accepted in academic and political circles:

"The social economy includes all economic activities conducted by enterprises, primarily cooperatives, associations and mutual benefit societies, whose ethics convey the following principles:

1. placing service to its members or to the community ahead of profit;
2. autonomous management;
3. a democratic decision-making process;
4. the primacy of people and work over capital in the distribution of revenues."

The social economy has the following key features:

- it constitutes a part of the market economy
- third sector
- it comprises a range of organisations: cooperatives, associations, charities, foundations, etc.
- it also comprises organisations which do not have purely economic role .

It should be emphasised that the normative approach does not translate well into the legalistic definition. In some countries, associations and foundations have no enhanced democratic decision-making processes (Smith and Teasdale, 2012). When it comes to organisational form, the social economy consists of associations, cooperatives, mutual organisations and foundations.

Social economy is a third sector among economies between the private (business) and public sectors (government). It includes organisations such as cooperatives, non-profit organisations and charities. It also includes the organisations that do not have only the economic role. Social economy theory attempts to situate these organisations into a broader political economic context. It investigates in particular the economic viability of cooperatives and the value of non-profit organisations and charities in traditional economic theory.

³ http://www.bhas.ba/saopstenja/2018/LAB_03_2018_10_0_BS.pdf

In the European Union, 2 million of companies operate in the social economy (10% of all European companies) and employ over 11 million of paid employees (the equivalent of 6% of working population of the EU), out of which 70% are employed in non-profit associations, 26% in cooperatives, and 3% in social enterprises. Mutual societies for healthcare and social protection provide assistance and cover more than 120 million of people. Organisations for mutual insurance take 23.7% of share on the market. Social enterprises are present in almost all sectors of economy, i.e. banking, insurance, agriculture, crafts, various commercial services, health and social services, etc.

Social economy studies the relationship between economy and social behaviour. It analyses how consumer behaviour is influenced by social morals, ethics and other humanitarian philosophies. The social economy examines activity that is related to economics amongst the community and exposes the information to the community. This includes the social enterprise and voluntary sectors.

A social economy develops because of a need for new solutions for issues (social, economic or environmental) and to satisfy needs which have been ignored (or inadequately fulfilled) by the private or public sectors. By using solutions to achieve not-for-profit aims, a social economy has a unique role in creating a strong, sustainable, prosperous and inclusive society. Successful social economy organisations play a role in fulfilling governmental policy objectives by:

- Increasing productivity and competitiveness
- Contributing to socially-inclusive wealth creation
- Enabling individuals and communities to renew local neighbourhoods.
- Demonstrating new ways to deliver public services
- Developing an inclusive society and active citizenship.

The most important activities of the social economy are:

- Public health
- Social services
- Employment services
- Supply
- Food production
- Primary production
- Tourism-related services
- Environment and sustainable development

DEVELOPMENT OF THE IDEA OF SOCIAL ECONOMY

Certain forms of social economy could be recognised as early as in 14th century in Italy. In 1489, the Republic of Lucca established the banks called “monte di pieta”, which used the savings of the rich to help the poor.

It is presumed that the term “social economy” appeared for the first time in 1830. That year, French liberal economist Charles Dunoyer published his Treaty on Social Economy in which he advocated a moral approach to economic science.

Term “social economy” has been in use since late

18th century, mainly in great political, economic and social debates. Historically speaking, a social economy pertains to a theoretical approach that was first developed by the Utopian socialists, especially early founders of cooperative tradition – Owen, Fourier, Saint-Simon and Proudhon. Term “social economy” was first time applied by the economists such as Charles Gide (1847-1932) and Leon Walras (1834-1910), as well as by sociologist Frederic Le Play (1806-1882), who saw in social economy also the values of conservative social Catholicism, which he endeavored to promote.

The first Loan Fund was set up by Dean Jonathan Swift in Dublin in the 1720s. The number of Loan Funds increased rapidly in the years before the Great Famine, when it is estimated that up to 20% of the Irish population were receiving credit from these funds.

In 1775, there were “Golden Cross” public houses, owned by Richard Kentley, operating in Birmingham and Kentley, where the Irish miners saved their money in order to buy material for building of their houses. This was a form of social entrepreneurship based on solidarity system.

The most important features of the contemporary concept of social economy were shaped in late 19th century and were based on values of democratic association, solidarity and cooperative movement.

After publishing of Studies in Social Economy: the Theory of Distribution of Social Wealth (*Études d'Économie Sociale: théorie de la répartition de la richesse sociale, Lausanne, 1986*), the social economy became a part of economic sciences, as well as an area of economic activity which largely involved cooperatives, mutual societies and associations we know today.

Social economy emerged as a response to capitalism, a system characterised by monopolism, as well as to a failure of governments to find solutions to the problems of society and to appropriately meet the social needs in a long run by means of money. This resulted in emergence of the first forms of socio-economic organisations in the 19th century Europe. These organisations provided support to the marginalised groups of population which were most affected by the underdeveloped market economies. Different types of socio-economic organisations appeared in the form of agricultural cooperatives – cooperatives, savings banks, credit societies and the like. Social economy represented a spontaneous re-

sponse to the economic conditions brought by industrial revolution.

PRINCIPLES OF SOCIAL ECONOMY

The most recent conceptual definition of the social economy by its own organisations is that of the Charter of Principles of the Social Economy promoted by the European Standing Conference on Cooperatives, Mutual Societies, Associations and Foundations (CEP-CMAF)

The principles in question are:

- The primacy of the individual and the social objective over capital
- Voluntary and open membership
- Democratic control by membership (does not concern foundations as they have no members)
- Combination of the interests of members/users and/or the general interest
- Defence and application of the principle of solidarity and responsibility
- Autonomous management and independence from public authorities
- Use of the most of the surpluses to pursue sustainable development objectives, services of interest to members or of general interest.

DEFINITION AND FEATURES OF THE SOCIAL ECONOMY

The European Commission (2010) defines social economy as inclusive cooperatives, social communities, non-profit associations, foundations and social enterprises (European Commission (2010)).

The European Economic and Social Committee (EESC) published numerous reports and opinions on contribution of the social economy enterprises to achievement of various public policy goals. This report proposes the following working definition of the social economy:

“The set of private, formally-organised enterprises, with autonomy of decision and freedom of membership, created to meet their members’ needs through the market by producing goods and providing services, insurance and finance, where decision-making and any distribution of profits or surpluses among the members are not directly linked to the capital or fees contributed by each member, each of whom has one vote. The social economy also includes private, formally-organised organisations with autonomy of decision and freedom of membership that produce non-market services for households and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them”. The social economy comprises two major sub-sectors:

- a) the market or business sub-sector, and
- b) the non-market social economy sub-sector.

From a socio-economic point of view there are close ties between market and non-market in the social economy.

According to the above definition, the shared features of these two sub-sectors of the social economy are:

1. They are private, in other words, they are not part of or controlled by the public sector;
2. They are formally-organised, that is to say that they usually have legal identity;
3. They have autonomy of decision, meaning that they have full capacity to choose and dismiss their governing bodies and to control and organise all their activities;
4. They have freedom of membership. In other words, it is not obligatory to join them;
5. Any distribution of profits or surpluses among the user members, should it arise, is not proportional to the capital or to the fees contributed by the members but to their activities or transactions with the organisation;
6. They pursue an economic activity in its own right, to meet the needs of persons, households or families. For this reason, social economy organisations are said to be organisations of people, not of capital. They work with capital and other non-monetary resources, but not for capital;
7. They are democratic organisations. Except for some voluntary organisations that provide non-market services to households, social economy primary level or first-tier organisations usually apply the principle of “one person, one vote” in their decision-making process, irrespective of the capital or fees contributed by the members. At all events, they always employ democratic and participative decision-making processes. Organisations at other levels are also organised democratically. The members have majority or exclusive control of the decision-making power in the organisation.

The European Commission supported European SE Conferences in 1990, 1992, 1993 and 1995, held in Rome, Lisbon, Brussels and Seville. In 1997, a summit was held in Luxembourg where the role of social economy enterprises in local development and creation of jobs was recognised. At this summit, the pilot project entitled “Third Sector and Employment” was launched and the area of social economy was accepted as the reference area.

In 2006, the European Parliament requested from the European Commission to “respect social economy and to publish communication on this cornerstone of the European social model”. In 2009, the European Parliament adopted the social economy report in which the social economy was recognised as social partner and key factor in reaching of the Lisbon Strategy objectives.

The European Commission has recently launched two important initiatives on social enterprises, a

range of enterprises that are the integral parts of the social economy: the Social Business Initiative (SBI) and the *Proposal of Ordinance on European Funds*.

THE MARKET OR BUSINESS SUB-SECTOR OF SOCIAL ECONOMY IN THE EU

In essence, the market sub-sector of the SE is made up of cooperatives and mutual societies and other SE organisations, other similar companies and certain non-profit institutions serving SE companies. The European Commission Manual emphasises three essential characteristics of SE companies:⁴

- *They are created to meet their members' needs through applying the principle of self-help, i.e. they are companies in which the members and the users of the activity in question are usually one and the same.*

In cooperatives and mutual societies, the members and the users of the activity in question are usually one and the same. The principle of self-help is a traditional principle of the cooperative and mutual movement. The main objective of these companies is to carry out a cooperativised or mutualist activity to meet the needs of their typical members (cooperativist or mutualist members) who are mainly individuals, households or families.

It is the cooperativised or mutualist activity that determines the relationship between the user member and the SE company. In a workers' cooperative, the cooperativised activity is employment for its members, in a housing cooperative it is building homes for the members; in a farming cooperative it is marketing the goods produced by the members; in a mutual society, the mutualist activity is to ensure the members, etc. Also, in the case of mutual societies, there is an inseparable relationship between being a member and being a policy-holder (a member is at the same time the recipient of the mutual activity). The beneficiaries of the activities of SE companies also play a leading role in these companies, which constitute reciprocal solidarity initiatives set up by groups of citizens to meet their needs through the market.

- *SE companies are market producers, which means that their output is mainly intended for sale on the market at economically significant prices.*

The ESA 95 (European System of National and Regional Accounts) considers cooperatives, mutual societies, holding companies, other similar companies and non-profit institutions serving them to be market producers.

⁴ European Economic and Social Committee. *The Social Economy in the European Union. Visits and Publications*" Unit EESC-2012-55-EN

- *While they may distribute profits or surpluses among their user members, this is not proportional to the capital or to the fees contributed by the members, but in accordance with the members's transactions with the organisation.*

The profit and the surpluses may be distributed to the members if the members want this. However, there are many cases in which cooperatives and mutual societies make it a rule or custom not to distribute surpluses to their members. Here the point is only to emphasise that the principle of not distributing surpluses to members is not an essential trait of social economy companies.

For a company to be considered part of the SE, the democratic criterion is considered a prerequisite.

In some countries, certain social economy companies created by workers in order to create or maintain jobs for themselves take the form of limited or public limited companies. These too may be considered democratic organisations with democratic decision-making processes, provided that the majority of their share capital is owned by the working partners and shared equally among them.

THE NON-MARKET SECTOR OF THE SOCIAL ECONOMY

The vast majority of this sub-sector consists of associations and foundations, although organisations with other legal forms can also be found. It is made up of all SE organisations that the national accounts⁵ criteria consider non-market producers, i.e. those that supply the majority of their output free of charge or at prices that are not economically significant. This includes private, formally-organised entities with autonomy of decision and freedom of membership that produce non-market services for families and whose surpluses, if any, cannot be appropriated by the economic agents that create, control or finance them. In other words, they are non-profit organisations in the strict sense of the term, since they apply the principle of non-distribution of profits or surpluses (the non-distribution constraint). As in all social economy entities, individuals are the true beneficiaries of the services they produce.

There are five institutional sectors within the national accounts system: nonfinancial sector, state sector, household sector, and the sector of non-profit institutions serving households (NPISH).

⁵ The system of National Accounts is an internationally adopted standard (SNA93 or ESA95), which departs from a broader concept of production. In addition to the production of material goods and services, it also comprises non-material services in the activities of education, health and social protection, banking services and services of the insurance companies, state authorities at all levels and other services not related to the material production.

The national accounts have a specific institutional sector, S.15, called “non-profit institutions serving the households”, to differentiate them from other sectors. The ESA95 defines this sector of consisting of non-profit institutions that are separate legal entities, that serve households and that are other private non-market producers. Their principal resources, apart from those derived from occasional sales, come from voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general government and from property income.

The sector of non-profit institutions includes a variety of organisations, mostly associations, which perform non-market activities for their members (entities of a mutualist nature) or for groups of non-member citizens (general interest entities). They include charities, relief and aid organisations, trade unions, professional or learned societies, consumers’ associations, political parties, churches or religious societies, and social, cultural, recreational and sports clubs.

SOCIAL ECONOMY AND THE CORPORATE SOCIAL RESPONSIBILITY

If the social economy is considered an action for the benefit of the local community members and if, in addition to the economic goal, the social mission is as important to the social economy subjects, then the Corporate Social Responsibility (CSR) may be observed within the frame of the social economy.

Some authors argue that CSR can be seen as either an integral part of the business strategy and corporate identity, or it can be used as a defensive policy, with the latter being used more often by companies targeted by activists.

The rationale for CSR can be based on moral argument, a rational argument, or an economic argument (Werther & Chandler, 2006). Ways of describing these rationales vary, from the more sceptical view of cause-related marketing to a more generous attribution of genuine socially responsible business practices (Kotler & Lee, 2005). Although there is substantial variation in the nature and the extent of the corporate approaches reflected in the literature, interest in the field seems poised to stimulate further research and to provide both researchers and CSR practitioners some valuable direction for action and reflection.

A good example of the contrast between CSR as business case and CSR as ethical issue is reported by Hartman, Rubin and Dhanda (2007). The U.S. companies justify CSR only if it is in the function of the economy, whereas European Union companies rely more heavily on corporate accountability and moral commitment.

SOCIAL ECONOMY AND SOCIAL ENTERPRISES

The concept of the social economy is being further complicated by an increasing use of term “social enterprises” which has been in use since the 1990s. Defining a social enterprise is problematic in itself, as the definitions thereof vary from one country to another, or even within one and the same country. Noya and Clarence indicate that the social enterprise means:

“Any public activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment”.

The more recent publications by OECD describe social enterprises as “a new and innovative business model that pursues both social and economic goals and contributes to the integration on the labour market, as well as to social inclusion and economic development”. Based on the work of the EMES International Research Network in Europe, they offer the following definition of the social enterprises:

“Social enterprise is a private and independent organisation that provides goods or services with the explicit goal to benefit the community, owned or managed by a group of citizens and where the material interest of the investor is limited”. Also, it is important that the focus is on broader democratic management structure and participation of more stakeholders.

The authors stress that the concept of a social enterprise expanded over time, and now it includes co-operatives, non-profit organisations and business in community. Social enterprises are considered a part of the social economy, but it is important to emphasise that the social economy comprises a wide range of other organisational forms.

Not all enterprises are established with a view to generating profit for their owners. In many areas of the economic activity, groups of individuals mutually establish their own structures in order to promote their own or public interests. These structures are founded on membership and solidarity. The members vote on the activities of the enterprise, and then they work in their common interest. From the farmers who established a cooperative in order to place their products more efficiently, through a group of savings depositors who established a mutual fund with a view to ensuring that each member receives a decent pension, to the charities and organisations offering services of general interest, the social economy includes a huge number of individuals throughout Europe.

Social enterprises are characterised by a noticeable personal involvement of their members in the management thereof, as well as by the absence of seeking of profits for the purpose of collecting the share cap-

ital. Due to the specific method of operation, which includes economic performances, democracy and solidarity among the members, they also contribute to the implementation of important objectives of the community, in particular in the area of employment, social cohesion, regional and rural development, environment protection, consumer protection and social security policy.

The following hypothesis analysis was performed below:

- that the term “Corporate Social Responsibility” is known in the Banja Luka region in Bosnia and Herzegovina.

SOCIAL ECONOMY’S CONTRIBUTION TO EMPLOYMENT

According to Evans and Sirett (2007, p. 60), “there are solid proofs that the social economy gives an important and growing contribution to the entire economy in Europe”. Meanwhile, Noya and Clarence (2007) point out that the organisations in the social economy may play an important role in fostering social inclusion. Securing jobs is one of the ways to achieve this. It is however important to stress that a significant portion of work in these organisations is unpaid work.

There is a dilemma as to whether the experience in jobs requiring low skills may present a solution, considering the low wages paid for such jobs, the lack of subventions and the living conditions that are below the poverty line. It is necessary to invest significant efforts to obtain additional skills that would enable individuals to secure better-paid jobs.

On the basis of data from 12 European countries, Bided and Spear (2003) pointed out to the role that the organisations in the social economy play on the European labour markets. They emphasised that the social enterprises are distinguished by what they offer when it comes to integration of at risk population into the workforce: some provide temporary training and employment, while others offer training and permanent employment. They also noticed that the persons who had good results at the employment are usually the ones who gained better skills and easily find jobs, whereas those who oppose find themselves in an unfavourable position on the labour market and it is harder for them to find jobs on the basis of temporary training or employment.

It was noted that the inflexible systems that do not offer possibility of advancement at work hinder efficient integration of individuals into full employment, while the bureaucratic procedures increase the employment costs for these organisations. Regardless of these difficulties, Bidet and Spear conclude that “with the proper support, the social economy can contribute to an efficient expansion of the labour market and to the creation of new possibilities for low-qualified workers or the workers with the reduced work abilities to use their skills and become fully active in

their professional life”. The authors warn that the individuals who have been socially excluded for a long time may not easily transform into business subjects through a mere placement into a social enterprise. Besides, sustainability of their inclusion into labour market would require a longterm support from the state, community and the employer.

RESEARCH

In Banja Luka region, in the first half of 2018, the students of the Banja Luka College did a research on the consumers’ perception of the corporate social responsibility.

N=115

The information according to which only 30% of the respondents heard about the term “Corporate Social Responsibility” is particularly unsettling.

When asked “Why is it good to buy organic produce?” the majority of respondents (77%) stated health as the main reason. Half of the respondents maintain that the organic produce should be bought because of health reasons, and 47% of them think that it should be bought because of its quality. The results indicate that the respondents value the environment, the quality and the health benefits.

Another question was “Which activities were a display of socially responsible behaviour?” – the absolute majority (89%) said that the socially responsible behaviour reflected in reduced pollution, and approximately as many named withdrawal of irregular products (83%) and recycling (81%). Around 77% of respondents maintain that a socially responsible behaviour is manifested through the activities such as: recycling, reduced energy consumption, organic produce, good quality and volunteering.

Table no. 2: Activities that are believed to be a display of socially responsible behaviour

Describe which of the following activities you believe are the expression of socially responsible business		
Reduction of pollution	102	89%
Withdrawal of irregular products	96	83%
Recycling	93	81%
Reduction in energy consumption	89	77%
Organic produce	88	77%
Good quality	88	77%
Volunteering	88	77%
Accurate information	85	74%
Donation of products	83	72%
Charity events	81	70%
Good working environment	79	69%
Energy efficiency of facilities	76	66%
Ethics	76	66%
Money donation	74	64%
Good treatment	71	62%
Not tested on animals	66	57%
Position toward investments	66	57%
Child labour	44	38%

When it comes to the perception of importance of certain activities that a company performs, the preferred ones are the following:

- Pollution reduction (65%), avoidance of exploitation and child labour (52%), good treatment of customers (48%), ethical conduct (48%), and recycling (43%).
- According to the respondents, the least important activities are: Donation of proceeds from charity sales (10%), Products not tested on animals (5%).

ASSERTION	0	1	2	3	4	0	1	2	3	4
Donation of proceeds from the charity sales (e.g. donation of money for UNICEF, cancer awareness, etc.)	12	19	9	27	35	10%	17%	8%	23%	30%
Energy efficiency	4	7	28	37	37	3%	6%	24%	32%	32%
Providing of appropriate information in the advertisements	5	9	23	48	22	4%	8%	20%	42%	19%
Organisation of charity events	2	10	23	39	38	2%	9%	20%	34%	33%
Return of products if they turn out to be irregular or unsuitable	0	2	7	32	69	0%	2%	6%	28%	60%
Reduction of environment pollution	2	0	8	26	75	2%	0%	7%	23%	65%
Good treatment of customers (e.g. provision of accurate information, fair prices, etc.)	1	2	18	34	55	1%	2%	16%	30%	48%
Products not tested on animals	6	4	24	39	39	5%	3%	21%	34%	34%
Investing in the relationships with the employees and among the employees (e.g. team building, promotion of group activities)	4	9	20	47	32	3%	8%	17%	41%	28%
Recycling	1	1	12	46	50	1%	1%	10%	40%	43%
Company allows its employees to volunteer during working hours (e.g. helping homeless, poor children, etc.)	1	5	28	41	34	1%	4%	24%	36%	30%
Investing in the safe working environment	4	4	19	46	39	3%	3%	17%	40%	34%
Avoiding of exploitation and child labour	3	6	19	23	60	3%	5%	17%	20%	52%
Reduction in energy consumption	3	5	16	47	40	3%	4%	14%	41%	35%
Ethical conduct	1	1	11	42	55	1%	1%	10%	37%	48%
Donation of products for charity	4	2	18	52	35	3%	2%	16%	45%	30%
Offering of organic produce	4	3	15	53	36	3%	3%	13%	46%	31%

Key: 0 = not important at all, 1 = rather unimportant, 2 = neutral, 3 = rather important, 4 = very important

In terms of arithmetic mean, the assertions with the greatest arithmetic means are: Reduction of environment pollution (3.49); Return of product in case of malfunction (3.43); Ethical conduct (3.29) and Recycling (3.24). Donation of proceeds from charity sales has the smallest arithmetic mean (2.48). This assertion also has the maximum variance (1.61) and variance coefficient (0.65). Return of product in case of malfunction has the minimum variance and the variance coefficient (0.39). In terms of mode, it ranges within the interval of 3 to 4. The assertions with the highest median (maximum of 4) are: Return of product in case of malfunction, Reduction of environment pollution, Avoidance of exploitation and child labour.

	Arith. mean (μ)	Variance (σ)	Stand. dev. (SD)	Variance coeff. (σ/μ)	Mode	Med.
Donation of proceeds from the charity sales	2,48	1,61	1,27	0,65	4	3
Energy efficiency	2,85	0,96	0,98	0,34	3	3
Providing of appropriate information in the advertisements	2,61	0,89	0,94	0,34	3	3
Organisation of charity events	2,88	0,81	0,90	0,28	3	3
Return of products if they turn out to be irregular or unsuitable	3,43	0,39	0,63	0,11	4	4
Reduction of environment pollution	3,49	0,60	0,77	0,17	4	4
Good treatment of customers	3,21	0,65	0,81	0,20	4	3,5
Products not tested on animals	2,88	1,07	1,03	0,37	3	3
Investing in the relationships with the employees	2,79	0,89	0,94	0,32	3	3
Recycling	3,24	0,54	0,73	0,17	4	3
Company allows its employees to volunteer during working hours	2,86	0,69	0,83	0,24	3	3
Investing in the safe working environment	3,00	0,86	0,93	0,29	3	3
Avoiding of exploitation and child labour	3,15	0,92	0,96	0,29	4	4
Reduction in energy consumption	3,02	0,77	0,88	0,25	3	3
Ethical conduct	3,29	0,54	0,73	0,16	4	3,5
Donation of products for charity	2,98	0,80	0,89	0,27	3	3
Offering of organic produce	3,00	0,79	0,89	0,26	3	3

From the aforementioned research it can rightly be concluded:

- that a worryingly small number of people questioned the concept of Corporate Social Responsibility.

The presented research leads to a conclusion that a worryingly small number of respondents even heard about the concept of Corporate Social Responsibility. The respondents have an awareness that the organic produce should be bought for its quality and health benefits. When it comes to the preferences regarding corporate activities, the respondents singled out the following:

- pollution reduction,
- withdrawal of malfunctioning products, and
- recycling.

Almost four fifths of respondents maintains that a socially responsible behaviour is reflected in the ac-

tivities such as:

- recycling,
- reduced energy consumption,
- organic produce,
- good quality, and
- volunteering.

When it comes to social responsibility, the respondents hold that it is most important that a company takes care of:

- reduction of environment pollution,
- avoids exploitation of child labour,
- that it is ethical in its conduct, and
- that it recycles.

The research however indicates that the customers, although nominally in support of socially responsible behaviour, are in fact led by other criteria (product price and quality ratio, etc.) while shopping.

CONCLUSION

The social economy represents a concept the interpretation, the meaning and the components of which vary from one country to another, and sometimes even within one and the same country. The social economy is mainly regarded on the basis of its features or operational principles that often (although not always) include democratic participation, limited distribution of profits and autonomous management. According to the legalist definition, the social economy consists of specific legal forms (cooperatives, mutual, foundations and associations). Due to various legal forms in which the social economy manifests itself, the amount of its contribution should be taken with a grain of salt. Not much is known of the social economy's total contribution to the opening of new jobs for the marginal groups, although it is often claimed that this is the primary role of social enterprises in Europe. The authors do not share an unanimous position regarding this. The practice shows that the social economy has the best effects in integration into workforce, although some of the authors have their reserves regarding this question.

The field research shows that a worryingly small number of respondents even heard of the concept of Corporate Social Responsibility. The awareness of importance of CSR for the society is yet to be raised.

REFERENCES

- Bornstein, D.: *How to change the world: Social entrepreneurs and the power of new ideas*, p. 233.
- Defourny, J., Develtere, P. and Fonteneau, B., (eds) (1999), *L'économie sociale au Nord et au Sud*, De Boeck, Bruxelles.
- Drucker, Peter (1989) *La innovación y el empresariado innovador*, Ed. Hermes, México, p. 35-160.
- Hartman, L. P., Rubin, R. S., & Dhanda, K. K. (2007). The communication of corporate social responsibility: United States and European Union multinational corporations. *Journal of Business Ethics*, 74, p. 373–389.
- Kolin, M. (2007) *Uloga neprofitnog sektora i socijalnih preduzeća u novim programima zapošljavanja u knjizi Ekonomija i sociologija* Institut društvenih nauka, Beograd
- Macura, R. *Socijalna uključenost: diskurs ili novi koncept* 1. izd. - Banja Luka : Besjeda : BLC, 2014 (Prijevod : UG Svjetionik). ISBN 978-99938-1-219-7
- Noya, A. and E. Clarence (2007), *The social economy: building inclusive communities*, OECD, Paris.
- Defourny, J., Develtere, P. and Fonteneau, B., (eds) (1999), *L'économie sociale au Nord et au Sud*, De Boeck, Bruxelles.
- Smith, G. and S. Teasdale (2012), "Associate democracy and the social economy: exploring the regulatory challenge", *Economy and Society*, Vol. 41, No. 2, p. 151-176
- Werther, W. B., Jr., & Chandler, D. A. (2006). *Strategic corporate social responsibility*. New York: Sage Publications.
- Communiqué of the Steering Board of the Peace Implementation Council of 30 June 2009, Statement by the Ambassador of the Steering Board of 22 February 2010, as well as the BiH Progress Report from 2009 (Brussels, 14 October 2009, SEC (2009) 1338)
- Communiqué of the Steering Board of the Peace Implementation Council of 30 June 2009, Statement by the Ambassador of the Steering Board of 22 February 2010, as well as the BiH Progress Report from 2009 (Brussels, 14 October 2009, SEC (2009) 1338)
- Goldstein, J. A., Hazy, J. K., Silberstang, J. (ur.) (2009.): *Complexity Science and Social Entrepreneurship: Adding Social Value Through Systems Thinking*, LitchfieldPark: ISCE Publishing.
- European Commission (2010), "Small and medium-sized enterprises (SMEs): social economy", http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/index_en.htm, October 2017.
- European Economic and Social Committee. *The Social Economy in the European Union. Visits and Publications*" Unit EESC-2012-55-EN
- The system of National Accounts is an internationally adopted standard (SNA93 or ESA95), which departs from a broader concept of production. In addition to the production of material goods and services, it also comprises non-material services in the activities of education, health and social protection, banking services and services of the insurance companies, state authorities at all levels and other services not related to the material production.

MOBILE SHOPPING SITE ATTRIBUTES CREATING USER VALUE AND SERVICE SATISFACTION

Kiseol Yang, Ph.D.

Department of Merchandising and Digital Retailing,
University of North Texas

Jiyoung Kim, Ph.D.

Department of Merchandising and Digital Retailing,
University of North Texas

Yurianna Castillo

Department of Merchandising and Digital Retailing,
University of North Texas

Yi-Ling Tsai

Department of Merchandising and Digital Retailing,
University of North Texas

Abstract

The study aims to examine mobile shopping site attributes that deliver values to customers and ultimately lead to mobile shopping service satisfaction. A sample of 305 mobile service users drawn from a purchased consumer panel completed a web-based survey and structural equation modelling were used to analyse the data. The results confirm that site quality, shopping information, and shopping convenience attributes fulfil utilitarian value and social interaction attribute fulfils hedonic value. Further, those values derived from the site attributes increase mobile shopping service satisfaction. The categorized mobile site attributes in this study play a role in fulfilling different values, providing insights to marketers for optimizing site attributes for consumer specific needs.

Keywords: *Mobile shopping site, Attributes, Values, Satisfaction*

Paper type: *Research paper*

INTRODUCTION

Increasing number of smartphone users are utilizing their mobile phones as a personal shopping assistant for obtaining product/price information, looking up customer reviews online, and getting advices from others in making a purchase in-store (Smith, 2012). As it is reported that 51 percent of American shoppers purchased via mobile phones (Pew Research Center, 2016), this trend pushes retailers to utilize their mobile sites and mobile apps as a platform to communicate with consumers and provide optimal services when they are on the move.

While mobile shopping is well recognized as a notable trend in retail (e.g., Pantano & Priporas, 2016), research in identifying specific site attributes that

motivate consumers to engage in mobile shopping is limited. Furthermore, examining consumer satisfaction in the use of mobile channel (Wang & Liao, 2007; Yeh & Li, 2009; Suki, 2011) can help retailers determine relevant services that fulfill consumer needs and wants. Retailers' abilities to design and manage mobile site attributes that suit consumers' shopping pattern and styles will serve as a competitive advantage, increasing user satisfaction with the retailer's mobile site.

Applying the hierarchical relationships of means-end theory and attributes-satisfaction theory, this study examines the causal linkages of attributes, values, and satisfaction (Gengler & Reynolds, 1995; Grunert et al., 1995; Woodruff & Gardial, 1996) and further tests the degree of importance of each at-

tribute and its impacts on satisfaction. By decomposing mobile shopping site attributes, this study takes steps to identify consumer value that can be derived from retailers' mobile sites and further aims to uncover individual and collective impacts of the properties on satisfaction. The result of the current study will increase our understanding in judging the relevance and salience of mobile site attributes that create value and form consumer satisfaction (Wilkie & Weinreich, 1972; Bettman et al., 1992).

LITERATURE REVIEW

Hierarchical Associations of Multi-Attributes-Value-Satisfaction

Grounded upon attributes-satisfaction theory, Swan (1988) proposed that consumers' degree of product satisfaction depends on how well the product attributes fulfill consumer needs and values. Higher satisfaction result from higher performance of product attributes and different attributes of a product shape consumer satisfaction in a different way (Swan, 1988). Furthermore, means-end theory framework suggests that consumers tend to translate product or service attributes into benefits or consequences of use and then into their own value orientation (Gengler & Reynolds, 1995). Means-end-theory explains that consumer value stems from attributes that facilitate consumer's concrete (e.g., monetary savings and convenience) as well as abstract shopping goals (e.g., shopping is an adventure and/or social interaction) (Rintamäki et al., 2006).

Shopping site attributes can be regarded as tools that deliver the values representing consumer's ultimate end-goals and guiding principles in consumer decision-making process (Woodruff & Gardial, 1996). This hierarchical association depicted in the means-end theory enables the analysis of products and services' attributes from the aspect of consumer value (Grunert et al., 1995; Walker & Olson, 1991). Incorporating the attributes-satisfaction theory and means-end theory, mobile site attributes are studied as the lowest level of the hierarchy that correspond to the specific mobile shopping site features and functions. Further, it is proposed that performances of site attributes fulfill utilitarian and hedonic values which in turn lead to consumer satisfaction.

Mobile Shopping Site Attributes and Consumer Values

In the context of general e-commerce, website attributes are defined as features or aspects of a website that facilitate functions of site capabilities (Huang, 2003). Broadly categorized, site attributes can be technology-oriented which concerns the structural properties of a site itself (e.g., hyperlink multimedia modalities), or user-oriented which provides qualitative experiences with the structural properties of a

site (e.g., navigability and demonstrability) (Huang, 2003).

Consumers across shopping channels are likely to pursue utilitarian and hedonic value simultaneously (Kim & Shim, 2002). Kim and Oh (2011) researched customer perceived value in mobile data service and identified utilitarian and hedonic values as the key predictors of mobile data service acceptance and continuance. In accordance with previous studies, this study regard perceived value as a multi-dimensional construct that includes utilitarian and hedonic dimensions.

Utilitarian value is derived from the functions performed by a mobile service, and is closely related to the effectiveness and efficacy that are engendered with the use of such service (Babin & Darden, 1994). Further, utilitarian value is identified as the instrumental benefit derived from its non-sensory attributes (Huang, 2003), which relates to usefulness, convenience, and efficiency (Batra & Ahtola, 1990; Chitturi et al., 2008). Utilitarian value is weighted on task completion (Hirschman & Holbrook, 1982) and can be achieved when products or services satisfy consumer functional or economic need (Babin et al., 1994). In other words, utilitarian value can be met when consumers accomplished their shopping tasks (Davis et al., 1992; Venkatesh, 2000). While utilitarian value is drawn from shopping task completion, hedonic value is based on subjective and personal evaluation of the subject that relates to a fun and playfulness shopping process (Holbrook & Hirschman, 1982). Hedonic value is defined as aesthetic, experiential, and entertainment aspect of value (Chitturi et al., 2008) derived from sensory attributes (Batra & Ahtola, 1990; Crowley et al., 1992).

It was found that consumers fulfill utilitarian and/or hedonic values through composition of website attributes or with individual website attributes (Huang, 2003). When the level of attribute performance maximizes goal fulfillment (i.e., consumer value), it in turn leads to higher satisfaction (Mittal et al., 1994; Woodruff & Gardial, 1996). In mobile shopping context, utilitarian value may be delivered when the mobile site provides services that enable consumers to shop easier, more conveniently, and more efficiently. Hedonic value is fulfilled when consumers perceive the site to be enjoyable in its own right as they interact with the composition of sensory site attributes (e.g., color, sounds, decent mobile site design) (Davis et al., 1992; Igbaria et al., 1994; Venkatesh, 2000). In this regard, this research proposes that mobile site attributes have a significant influence in fulfilling hedonic and/or utilitarian value which in turn shape consumer satisfaction.

STUDY 1

Method

In order to discover the different mobile website attributes, content analysis was performed. Seven websites were selected based on the list of mobile 500 merchants (Internet Retailer, 2014) (i.e., Amazon.com, eBay.com, Sephora.com, JCPenney.com, Wal-Mart.com, Barnes and Noble.com, and Target.com.). The coding scheme was developed based on the previous literature on website attributes (i.e., Chen et al., 2010; Ganesh et al., 2010; Wolfingbarger & Gilly, 2003). Content of each mobile website was analyzed by two trained independent coders. The coders visited URL links of mobile sites to independently analyze the attributes using a systematic coding scheme and a guideline. When there were disagreements between coders during the initial training and pilot-coding processes, the researcher discussed the coding scheme and operational definitions with the coders to reach consensus.

Key Attributes of Mobile Websites

Based on the analyses of the mobile websites, this study categorizes the attributes based on its common characteristics and benefits defined as the following. *Site quality* attributes is identified as technological capabilities that facilitate financial and service transactions on mobile websites (Chen et al., 2010; Schaupp & Belanger, 2005). Mobile shopping site attributes associated with the site quality capability include reliable network, safety/security of mobile site, well-designed mobile site/application, simple mobile site/application, ease to connect to customer services, and ease of payment (Schaupp & Belanger, 2005).

Shopping information attribute is identified as proper display of various shopping related information that allow consumers to evaluate among alternatives to assist smart shopping decision (Montoya-Weiss, Voss, & Grewal, 2003; Ducoffe, 1996). The mobile site attributes associated with the shopping information attribute include product reviews/ratings, ease of product information search, daily deals, product recommendations, price comparison across multiple retailers, and alert for coupons/price promotions of stores/services based on the user location.

Social interaction attribute include features facilitating the idea of staying connected or linked to other sites, information resources and people (Jones, 2009). Social interaction attribute include links to social media, personal shoppers, sharing product/service information using email and text.

Shopping convenience attribute refer to the services and practices that save consumer time and effort in the transaction process (Chen et al., 2010). Mobile site attributes categorized as shopping convenience include efficient product/services search, search by barcode scanning, express checkout with one or two clicks, and search by a product photo taken by mobile phone camera.

STUDY 2

Based on the findings in Study 1, Study 2 examines whether the identified mobile site attributes have effect on consumer perceived value and satisfaction, following the attributes-satisfaction theory and means-end theory.

Mobile website attributes and value

Site Quality

Site quality is associated with service quality and it affects the consumer's overall assessment of the service provider (Lu et al., 2009). Attributes associated with site quality (e.g., reliable network, safety/security of mobile site, ease to connect to customer service, simple mobile site/application, and ease of payment) can increase consumer trusts toward the site while reducing consumer concerns for privacy and security issues (Hillman & Neustaedter, 2017). Reliable mobile site network and transaction/payment system are critical as it influences consumer decision on whether or not to disclose personal/financial information via mobile network. In addition, well-designed mobile sites give impression that the site is designed and managed professionally, which leads to higher reliability (Wixom & Todd, 2005). While mobile site quality delivers utilitarian value, well-designed mobile site also offers hedonic value as it provides aesthetically pleasing environment, interactive communication and enjoyable shopping experience. For example, when consumers are unable to immediately connect to customer assistances or do not receive quality customer service, it may result in unpleasant shopping experience, failing to fulfill hedonic values. Further, more flexible and secure payment methods may increase convenience and freedom of mobile shopping transaction experience, delivering an enjoyable shopping experience at the site. With the preceding discussion, this research proposes that the level of performance on site quality attributes develop both utilitarian and hedonic values:

H1: Site quality attribute positively affects utilitarian (a) and hedonic value (b).

Shopping Information

Seeking shopping information via mobile sites is a main activity for mobile shoppers and the root of their purchasing decisions. Mobile shopping, unlike general online shopping, has limitations in terms of screen size and data processing capabilities. Thus, displaying rich information with minimal textual description is critical to provide handful shopping information quickly (Islam et al., 2011). As a result, mobile shopping sites with well-organized information can increase utilitarian value. For example, neatly organized product reviews and ratings help consumers obtain the information they want easily on a small screen and save shopping time. Daily deal function automatically sends good deals to mobile shoppers, reducing consumers' efforts in searching for the information. Also, product recommendation feature based on individual consumer profile enables consumers to receive opt-in recommendations that meet their situational needs and preferences. Price comparison feature across multiple retailers helps consumers save time and reduce complex comparison. Lastly, alert function for coupon/price promotion based on user location provides consumers with location specific information. Thus, the following hypothesis is examined:

H2: Shopping information attribute positively affects utilitarian value.

Social Interaction

Social interaction on mobile sites provides enjoyment (Reychav, Ndicu, & Wu, 2016) thus derive hedonic value by letting consumers share experience with others. The link to retailer social media sites can facilitate consumers to share product information with their friends and families and obtain coupon or special deal. Personal shopping assistance service equipped with virtual sales associates can offer advices or suggestions to consumers, fulfilling their needs for a shopping companion. Enabling product/service information sharing via email or texting may satisfy consumer's desire to interact with others and obtain opinions. Therefore, the following hypothesis is developed:

H3: Social interaction attribute positively affects hedonic value.

Shopping Convenience

Consumers utilize technology for their convenience (Islam et al., 2011). Mobile shopping can provide the convenience consumers are seeking that no other medium could thus far offer. Mobile site functions such as express checkout enhance shopping convenience by minimizing purchasing steps and shopping times. For example, Google Wallet allows customers to pay by tapping on their phones, expediting the checkout process (Davis, 2012). Further, consumers

can easily locate product information through barcode scanning, visual search (i.e. searching the web based on photos), and comparison shopping (e.g., comparing product prices across multiple retailers) (Reed, 2011). These functions enable consumers to reduce their efforts in searching for product information, increasing efficiency and efficacy in purchasing process. Therefore, the following hypothesis is formulated:

H4: Shopping convenience attribute positively affects utilitarian value.

Value and Satisfaction

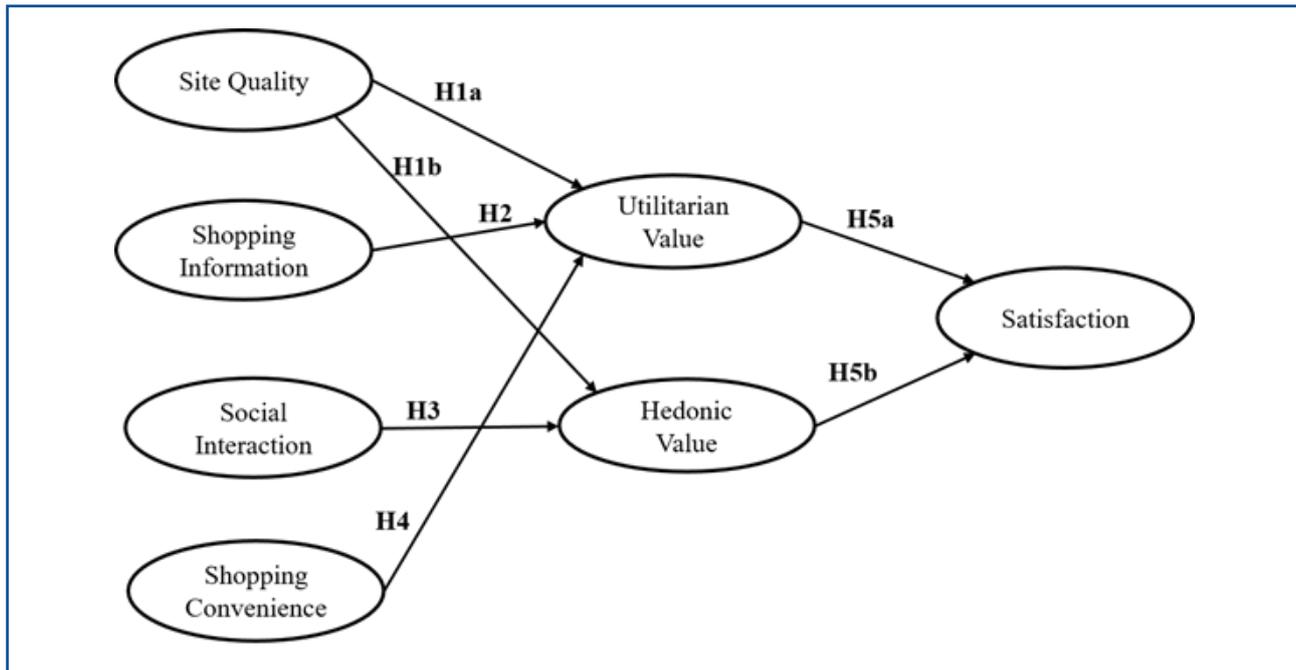
Satisfaction is defined as consumer judgment on whether or not a product or service provides a pleasurable level of consumption-related fulfillment (Oliver, 1997). Satisfaction can be determined by the value fulfilled through retailer's mobile site attributes. When the performance of the new service is better than expected, the satisfaction toward the new service will be formed (Yeh & Li, 2009). In mobile shopping context, consumer satisfaction for the service can be increased when mobile shoppers' expected valued is achieved during the shopping process.

Utilitarian and hedonic values are often considered as key factors in determining usage intention of mobile service, and they are complementary in nature. In this regard, an individual may evaluate a particular product/service based on a maximization of overall perceived value (Kim & Han, 2009). Further, it was found that the higher value achieved, the higher satisfaction can be expected (Mittal et al., 1994). Positive relationship between utilitarian/hedonic values and satisfaction can be found when individual site attributes are designed to facilitate consumer specific shopping goals while satisfying their internal enjoyment (Chitturi et al., 2008). Thus the following two hypotheses were examined;

H5: Utilitarian (a) and hedonic (b) values positively affect satisfaction in using mobile shopping services.

Hypothesized relationships are depicted in Figure 1.

Figure1. Hypothesized Research Model



Data Collection

Randomly selected consumer panel members of the marketing research company received an e-mail containing the survey link. Total of 305 completed responses were collected. About half of the respondents are female (52.1%) and 38% have college degree. Approximately 70% of respondents are between the ages of 19 and 49, with overall age ranging from 19 to 63 (see Table 1). For mobile shopping behaviors, 48.9% of respondents use smart phone for private purpose and 85.6% of respondents have shopped by mobile phone. According to Pew research center report, around 92% of Americans between the ages of 18-29 and 88% of those ages of 30-39 are smartphone users (Pew Research Center, 2017). Therefore, it is concluded that the sample characteristics of this study reflects the current profile of U.S. mobile shoppers.

Table 1. Sample Description

Variables	Scale	Frequency	Percent of Total
Age	19-29	72	23.6%
	30-39	74	24.3%
	40-49	68	22.3%
	50-59	64	20.9%
	Over 60	27	8.9%
Gender	Female	159	52.1%
	Male	146	47.9%
Education	High School	39	12.8%
	Some College	100	32.8%
	College	116	38.0%
	Graduate School	47	15.4%
	Others	3	1.0%

Income	Under \$ 25,000	33	10.8%
	\$25,001-\$34,999	29	9.5%
	\$35,000-\$49,999	53	17.4%
	\$50,000-\$74,999	89	29.2%
	\$75,000-\$99,999	40	13.1%
	\$100,000-\$124,999	34	11.1%
	Over \$125,000	27	8.9%
Purpose of use a mobile phone	Exclusively for private purposes	149	48.9%
	More for private, than for business purposes	68	22.3%
	About 50/50 private and business	83	27.2%
	More for business, than private purposes	5	1.6%
Ever shop by a mobile phone	Yes	261	85.6%
	No	44	14.4%

Measures

The initial measures for four mobile shopping site attributes were consisted of 32 items drawn from previous studies in e-commerce (Chen et al., 2010; Ganesh et al., 2010; Wolfinbarger & Gilly, 2003) and Study 1. Seven-point importance scale (anchored from 1 is 'not at all important' to 7 is 'extremely important') was used to evaluate each attribute. Four items on utilitarian value and 5 items on hedonic value were adapted from previous studies (Van de Heijden et al., 2004; Batra & Ahtola, 1990). Three items measuring satisfaction were adapted from Flavian et al. (2006). 7-point Likert scale (anchored from 1 is 'strongly disagree' to 7 is 'strongly agree') was used to measure values and satisfaction.

Results

Measurement Model

Principal component analysis was used to examine whether high level of common method variance exist in the data. Due to its multi-faceted characteristics among attributes, an Exploratory Factor Analysis (EFA) found 13 items were cross-loaded among the attribute items. In order to establish discriminant validity among mobile site attribute categories, items with a weak factor loading (loading lower than .50) and cross-loaded items (loading more than .50 on two factors) were dropped (Hair et al., 1998). As a result, total 13 items out of 32 items were removed and a final-19 item was determined for further analysis. Total 7 factors with eigenvalues greater than one were drawn from exploratory factor analysis. The quality of measurement model was evaluated using Confirmatory Factor Analysis (CFA). The measurement model showed an acceptable fit to the data ($\chi^2 = 1008.456$, $df = 405$ ($p = .00$) $CFI = .928$, $RMSEA = .070$). Reliability for each construct ranged from Cronbach's alpha .77 to .93, meeting the recommended level of .70. All items loaded on the intended constructs with standardized factor loadings

ranging from .71 to .93 ($p < .001$). The magnitude of the factor loadings of each indicator of the latent constructs was evaluated to confirm convergent validity (Anderson & Gerbing, 1988). In addition, the Composite Reliabilities (CR) of each construct ranged from .78 to .94, exceeding the recommended level of .65. Average Variance Extracted (AVE) ranged from .55 to .83, meeting the recommended level of .50 (see Table 2).

Discriminant validity among constructs was confirmed by comparing AVE and the squared correlations between the two constructs of interest. AVEs for the constructs were greater than their squared correlations indicating discriminant validity (Fornell & Larcker, 1981) with the exception of site quality and shopping information constructs ($\phi^2 = .74$) and social interaction and hedonic value ($\phi^2 = .64$) (see Table 3). However, the AVEs for the four constructs ranged from .54 to .82, indicating adequate discriminant validity. Thus, discriminant validity among constructs was acceptable.

Hypothesis Testing

The fit statistics of the structural model indicated an acceptable fit to the data ($\chi^2 = 10353.192$ $df = 413$ ($p < .001$), $CFI = .926$, $RMSEA = .070$). The results showed that all hypothesized paths were significant at $p < .05$ in line with the hypothesized directions except one. The effect of site quality on utilitarian value (p -value $< .05$; $\Gamma = .349$, $t = 3.195$) was significant, supporting H1a while the effect of site quality on hedonic value (p -value = .110; $\Gamma = .091$, $t = 1.574$) was insignificant, rejecting H1b. The relationship between shopping information and utilitarian value was significant and positive (p -value $< .05$; $\Gamma = .262$, $t = 2.262$), supporting H2; the relationship between social interaction and hedonic value was significant and positive, supporting H3 (p -value $< .01$; $\Gamma = .741$, $t = 10.736$); and the relationship between shopping convenience and utilitarian value was significant and positive (p -value $< .05$; $\Gamma = .174$, $t = 1.955$) supporting H4.

Table 2. Measurement Model Results

Latent Construct	Observed Indicators	N=305		
		Factor Loadings	AVE ^a	α ^b
Site Quality	Safety/Security of mobile site	0.81	.67	.93
	Well-designed mobile site/application	0.85		
	Cutting –edge mobile site/application	0.82		
	Simple mobile site/application	0.82		
	Ease to connect to customer services	0.81		
	Ease of payment	0.83		
	Network reliability	0.79		
Shopping Information	Product reviews/ratings	0.78	.58	.90
	Ease to search product information	0.81		
	Daily deals	0.77		
	Product recommendations (i.e., expert advice)	0.79		
	Price comparisons across multiple retailers	0.73		
	Alert for coupons/price promotions of stores/services based on the user location	0.71		
Social Interaction	Links to social media (e.g., Facebook, Twitter)	0.61	.54	.77
	Personal shoppers	0.77		
	Sharing product/service information using email or testing with others	0.82		
Shopping Convenience	Search by barcode scanning	0.78	.68	.84
	Express checkout with one or two clicks	0.84		
	Search by a product photo taken by mobile phone camera	0.85		
Utilitarian Value	Effective	0.93	.79	.94
	Functional	0.93		
	Practical	0.88		
	Productive	0.81		
Hedonic Value	Exciting	0.84	.76	.94
	Fascinating	0.90		
	Playful	0.87		
	Thrilling	0.91		
	Amusing	0.84		
Satisfaction	I think that I made the correct decision to use mobile shopping services.	0.90	.82	.93
	The experience that I have had with mobile shopping services has been satisfactory.	0.93		
	In general, I am satisfied with mobile shopping services.	0.90		

^a Average Variance Extracted, ^b Cronbach's α

Table 3. Correlation Matrix of Variables

	1	2	3	4	5	6	7
1. Site Quality	0.67						
2. Shopping Information	0.74	0.58					
3. Social Interaction	0.30	0.43	0.54				
4. Shopping Convenience	0.58	0.57	0.52	0.68			
5. Utilitarian Value	0.50	0.48	0.30	0.39	0.79		
6. Hedonic Value	0.25	0.25	0.64	0.38	0.30	0.76	
7. Satisfaction	0.45	0.43	0.26	0.37	0.75	0.28	0.82

The AVE is reported on the diagonal.

In addition, utilitarian value (p -value < .01; β = .822, t = 17.145) and hedonic value (p -value < .05; β = .095, t = 2.408) were positively related with satisfaction supporting H5a and b.

Additionally, indirect effects of utilitarian and hedonic values on the relationships between mobile site attributes and satisfaction were tested. The result showed that hedonic value mediated the effect of social interaction on satisfaction (β = .71, p -value = .034). The Squared Multiple Correlations (SMC) of hedonic value, utilitarian and satisfaction were .63, .55, and .75 respectively, indicating that 63% of variance in hedonic value was explained by social interaction construct and 55% of variance in utilitarian value was explained by site quality, shopping information, and shopping convenience. Further, 75% of variance in satisfaction was explained with the two values derived from using four attribute constructs. The results of standardized path coefficients for each hypothesized path are provided in Table 4.

Table 4. Results of Hypothesis Testing

Paths	N=305	
	Standardized Coefficients	t-value
H1a: Site Quality ->Utilitarian Value	.340*	3.084
H1b: Site Quality->Hedonic Value	.090	1.561
H2: Shopping Information->Utilitarian Value	.288*	2.590
H3: Social Interaction->Hedonic Value	.743**	10.740
H4: Shopping Convenience ->Utilitarian Value	.160*	2.038
H5a: Utilitarian Value->Satisfaction	.822**	17.172
H5b: Hedonic Value ->Satisfaction	.096*	2.424

Note: p * < 0.05, ** p < 0.001

DISCUSSIONS AND IMPLICATIONS

The present study aims to identify specific mobile shopping site attributes and utilitarian and hedonic values derived from such attributes. Further, it was examined whether utilitarian and hedonic values ultimately influence consumer satisfaction using mobile shopping services. The study results confirmed that site quality, shopping information, and shopping convenience attributes create utilitarian value and social interaction attribute creates hedonic value

which in turn lead to user satisfaction.

Site quality positively related to utilitarian value in this study. The site quality facilitating consumer shopping transactions may leverage the degree of consumer satisfaction while they seek functional, efficient, and effective shopping method. Site quality is closely related to back-end of mobile technology supporting all of consumer shopping activities, meaning it is a critical attribute delivering utilitarian value using mobile shopping services. Insignificant result regarding the effect of site quality on hedonic

value may be a result of that the study measured the site quality with the measurement items containing functional aspects mainly. In addition, site quality attributes may not directly affect hedonic value creation, but hedonic value may be accelerated as utilitarian value increases.

As shown in the results, social interaction creates hedonic value, suggesting that social interaction is the main contributing factor for shopping enjoyment and pleasure. Social interaction via mobile channel enables consumers to access virtual contact point where members share information, personal testimonials, customer reviews. For this reason, mobile channel is regarded as key viral marketing place for retailers (Davis, 2012).

In addition, mobile shopping services can provide tremendous shopping convenience and information. However, providing large amount information without considering value and relevant attributes that satisfy consumer needs and wants can lead to distracting and disadvantageous results. Nevertheless, mobile shoppers still face some limitations -small screen, tiny key pads, limited bandwidth, costly connection time, and limited mobile contents and services (Zeng and Zhang, 2010). This study suggests that retailers need to compose and manage mobile shopping site attributes that effectively facilitate con-

sumer specific needs and wants within the unique mobile shopping encounter. Although mobile shopping provides more personalized shopping information and location-based services (e.g., Geo-fencing, Beacon), consumers may not return to the retailer's mobile site if the individual and/or collective site attributes fail to deliver value to consumers. It further implies that retailers lose consumer touch point via ubiquitous characteristic of mobile channel.

LIMITATIONS AND FUTURE STUDY

In order to increase discriminant validity among constructs, many mobile site attribute items that initially proposed in this study were removed from further analysis. During the process, this study may have overlooked some attributes that contribute to consumer value and satisfaction. Future study is encouraged to develop the measure of mobile site attributes by scrutinizing emergence of popular retailers' mobile sites with innovative mobile site features and functions. In addition, site attributes associated specific value can be positioned with individual consumer characteristics and situations. In the future study, the relationships between situational factors and benefits of mobile shopping site attributes need to be examined.

REFERENCES

- Anderson, J.C. & Gerbing, D. W. (1988). Structural equation modeling in practice: a review and recommended two-step approach. *Psychological Bulletin*, 103(3), 411-23.
- Babin, B. J., Darden, W. R., & Griffin, M. (1994). Work and/or fun: measuring hedonic and utilitarian shopping value. *Journal of Consumer Research*, 20(4), 644-656.
- Batra, R., & Ahtola, O. T. (1990). Measuring the hedonic and utilitarian sources of consumer attitudes. *Marketing Letters*, 2(2), 159-170.
- Bettman, J. R., Johnson, E. J., & Payne, J. W. (1992). Consumer decision making. In Robertson, T. S. & Kassirjian, H. (Eds), *Handbook of Consumer Behavior* (pp. 50-84). Englewood Cliff, NJ: Prentice Hall.
- Chen, Y., Hsu, I., & Lin, C. (2010). Website attributes that increase consumer purchase intention: A conjoint analysis. *Journal of Business Research*, 63(9-10), 1007-1014.
- Chitturi, R., Raghunathan, R., & Mahajan, V. (2008). Delight by design: The role of hedonic versus utilitarian benefits. *Journal of Marketing*, 72(3), 48-63.
- Crowley, A. E., Spangenberg, E. R., & Hughes, K. R. (1992). Measuring the hedonic and utilitarian dimensions of attitudes toward product categories. *Marketing Letters*, 3(3), 239-249.
- Davis, F.D., Bagozzi, R. P., & Warshaw, P.R. (1992). Extrinsic and intrinsic motivation to use computers in the workplace. *Journal of Applied Social Psychology*, 22(14), 111-1132.
- Davis, G. (2012). Mobile marketing muscle. *Entrepreneur*, 12 April, pp. 36.
- Ducoffe, R. H. (1996). Advertising value and advertising on the web. *Journal of Advertising Research*, 36(5), 21-35.
- Flavian, C., Guinaliu, M., & Gurrea, R. (2006). The role played by perceived usability, satisfaction and consumer trust on website loyalty. *Information and Management*, 43, 1-14.
- Fornell, C. & Larcker, D. (1981). Evaluating structural equation models with unobservable variables and measurement. *Journal of Marketing Research*, 18(1), 39-50.
- Ganesh, J., Reynolds, K., Lockett, M., & Pomirleanu, N. (2010). Online shopper motivations, and e-store

- attributes: An examination of online patronage behavior and shopper typologies. *Journal of Retailing*, 86(1), 106-115.
- Gengler, C. & Reynolds, T. J. (1995). Consumer understanding and advertising strategy: Analysis and strategic translation of laddering data. *Journal of Advertising Research*, 35 (4), 19-33.
- Grunert, K. G., Sorensen, E., Johansen, L. B., & Nielsen, N. A. (1995). Analysing food choice from a means-end perspective. *European Advances in Consumer Research*, 2, 366-71.
- Hair, J. F. Jr., Anderson, R.E., Tatham, R.L., & Black, W. C. (1998), *Multivariate Data Analysis* (5th Edition), Upper Saddle River, NJ: Prentice Hall.
- Hillman, S., & Newstaedter, C. (2017). Trust and mobile commerce in North America. *Computers and Human Behavior*, 70, 10-21.
- Hirshman, E. C. & Holbrook, M. B. (1982). Hedonic consumption: emerging concepts. *Journal of Marketing*, 46(3), 92-101.
- Huang, M. (2003). Designing website attributes to induce experiential encounters. *Computers in Human Behavior*, 19, 425-442.
- Internet Retailer (2014). *Mobile 500*. Vertical Web Media LLC. ISSN 1527-7089
- Igbaria, M., Schiffman, S. J., & Wieckowski, T. J. (1994). The respective roles of perceived usefulness and perceived fun in the acceptance of microcomputer technology. *Behavior & Information Technology*, 13(6), 349-361.
- Islam, M., Khan, M., Ramayah, T. T., & Hossain, M. (2011). The adoption of mobile commerce service among employed mobile phone users in Bangladesh: Self-efficacy as a moderator. *International Business Research*, 4(2), 80-89.
- Jones, R. (2009). *Social Media Marketing 101*, Part 1. Internet article on February 1, 2009. Retrieved on Sept 23, 2018 from <https://searchenginewatch.com/sew/opinion/2064413/social-media-marketing-101-part>
- Kim, B., & Han, I. (2009). What drives the adoption of mobile data services? An approach from a value perspective. *Journal of Information Technology*, 24, 35-45.
- Kim, B., & Oh, J. (2011). The difference of determinants of acceptance and continuance of mobile data services: a value perspective. *Expert Systems with Applications*, 38, 1798-1804.
- Kim, Y.M. & Shim, K.Y. (2002). The influence of Internet shopping mall characteristics and user traits on purchase intent. *Irish Marketing Review*, 15, 25-34.
- Lu, Y., Zhang, L., & Wang, B. (2009). A multidimensional and hierarchical model of mobile service quality. *Electronic Commerce Research & Applications*, 8(5), 228-240.
- Mittal, V., Katrichis, J. M., Forkin, F., & Konkell, M. (1994). Does satisfaction with multi-attribute products vary over time? A performance based approach", in Allen, C. T. & Johan, D. R. (Eds.). *Advances in Consumer Research*. 21, 412-417.
- Montoya-Weiss M, Voss, G.B., & Grewal, D. (2003). Determinants of online channel use and overall satisfaction with a relational, multichannel service provider. *Journal of Academy Marketing Sciences*. 31(4), 448-58.
- Pantano, E., & Priporas, C-V. (2016). The effect of mobile retailing on consumers' purchasing experiences: A dynamic perspective. *Computers in Human Behavior*, 61, 548-555.
- Pew Internet & American Life Project (2017). *Mobile Fact Sheet*", Retrieved from <http://www.pewinternet.org/fact-sheet/mobile/>
- Oliver, R. L. (1997). *Satisfaction: A Behavior Perspective on the Consumer*. Irwin, NY: McGraw Hill.
- Reed, N. U. (2011). Social mobile retail's dynamic duo. *Response*, 19(12), 48-52.
- Reychav, I., Ndicu, M., & Wu, D (2016). Leveraging social networks in the adoption of mobile technologies for collaboration. *Computers in Human Behavior*, 58, 443-453.
- Rintamäki, T., Kanto, A., Kuusela, H., & Spence, M. T. (2006). Decomposing the value of department store shopping into utilitarian, hedonic and social dimensions: Evidence from Finland. *International Journal of Retail & Distribution Management*, 34(1), 6-24.
- Sadia, S. (2011). User acceptance decision towards mobile commerce technology: A study of user decision about acceptance of mobile commerce technology. *Interdisciplinary Journal of Contemporary Research In Business*, 2(12), 535-547.
- Schaupp, L. C. & Belanger, F.A. (2005). A conjoint analysis of online consumer satisfaction. *Journal of Electronic Commerce Research*, 6(2), 95-111.

- Smith, A. (2012). The rise of in-store mobile commerce. Retrieved from <http://www.pewinternet.org/2012/01/30/the-rise-of-in-store-mobile-commerce/>
- Suki, N. M. (2011). A structural model of customer satisfaction and trust in vendors involved in mobile commerce. *International Journal of Business Science & Applied Management*, 6(2), 18-30.
- Swan, J. E. (1988). Consumer satisfaction related the disconfirmation of expectations and product performance. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 1, 40-47.
- Van der Heijden, H. (2004). User acceptance of hedonic information systems. *MIS Quarterly*, 28(4), 695-704.
- Venkatesh, V. (2000). Determinants of perceived ease of use: integrating control, intrinsic motivation, and emotion into the technology acceptance model. *Information System Research*, 11(4), 342-365.
- Walker, B. A., & Olson, J. C. (1991). Means-end chains: Connecting products with self. *Journal of Business Research*, 22(2), 111-118.
- Wang, Y. & Liao, Y. (2007). The conceptualization and measurement of m-commerce user satisfaction. *Computers in Human Behavior*, 23(1), 381-398.
- Wilkie, W. L. & Weinreich, R. P. (1972). Effects of the number and type of attributes included in an attitude model: More is not better in proceedings of the 3rd annual conference, association for consumer research, pp. 325-340.
- Wixom, B. & Todd, P. (2005). A theoretical integration of user satisfaction and technology acceptance. *Information Systems Research*, 16(1), 85-102.
- Wolfenbarger, M. & Gilly, M.C. (2003). etailQ: Dimensionalizing, measuring and predicting etail quality. *Journal of Retailing*, 79, 183-198.
- Woodruff, R. B. & Gardial, S. (1996). *Know Your Customer* (pp. 54-63, 65, 69). Cambridge, MA: Blackwell Publishers.
- Yeh, Y. S. & Li, Y. (2009). Building trust in m-commerce: contributions from quality and satisfaction. *Online Information Review*, 33(6), 1066-1086.
- Zeng, Z. & Zhang, X. (2010). Research on mobile e-commerce information search approach based on mashup technology. *International Journal of Business & Management*, 5(5), 89-96.



www.ijstrm.com
ISSN 2045-810X